



Together. At every moment.

The Triglav Group and Zavarovalnica Triglav d.d. Annual Report 2020



This report is dedicated to the exceptional solidarity and engagement shown by Triglav Group employees.

Confirmation of our resilience, stability and loyalty to clients.

At the heart of the Triglav Group's business model is the creation of value for clients through an agile culture, digital transformation and new ways of doing business.

The Triglav Group's development strategy proved to be appropriate and operational even in a strongly changed environment, thus the planned strategic guidelines continued to be pursued.

[Strategy and plans](#)

[Development and sales activities](#)

Together. At every moment.

We are pleased that even in the uncertain situation brought about by the COVID-19 pandemic our operations were stable and that we stood by our clients.

[Address by the President of the Management Board](#)

[Risk management](#)

Building a safer future. For 120 years.



Nataša Kaurin, Human Resource and Compliance Coordinator, Triglav Osiguranje, Banja Luka

“Living and working in an extraordinary situation is a special challenge due to restrictions and the precautionary principle in limiting the spread of the disease. The openness of co-workers to the different and new in this situation really means a lot. The COVID-19 pandemic is unprecedented and therefore there are no established good practices to follow, including in the field of human resource management.

Despite the adapted models of operation, we have and must constantly learn and test, determine what works best and what will work in the future, and above all, co-operate and protect one another. It is necessary to look for a new work-life balance. Exercising outdoors has always helped me to achieve this.”



Jelena Agafonova, Head of the Digital Strategy and Innovation Department,
Zavarovalnica Triglav

“A lively year is behind us. It has brought many changes that helped us achieve progress on many levels, both strategic and operational, and accelerated the digitalisation of our business. I would like to highlight the development of a number of remote business solutions for working smoothly during the epidemic.

We have developed an innovation methodology and linked innovation to direct business objectives. We are designing and implementing new digital solutions and promoting digitalisation as our strategic guidelines.”



Aleš Furlanič, an independent expert
in the Digital Strategy Department,
Zavarovalnica Triglav

“The environment is changing. Technological development always means boldness and constant improvement, which also applies to our activities. Therefore, we are defining the methodology and expanding innovation processes, and including the main stakeholders. In doing so, we account for the fact that new generations are not only digitally literate but that their financial literacy is also higher.”

Financial highlights of the Triglav Group and Zavarovalnica Triglav in 2020



Jasmina Dunovska,
Client Support Centre,
Zavarovalnica Triglav

43 companies

The parent company
was founded in 1900

Leading market share
in the Adria region

5,316 employees

Balance sheet:
EUR 4.1 billion

NPS 67.1

Customer satisfaction of Zavarovalnica Triglav (NPS index) improved and reached high values throughout the year.

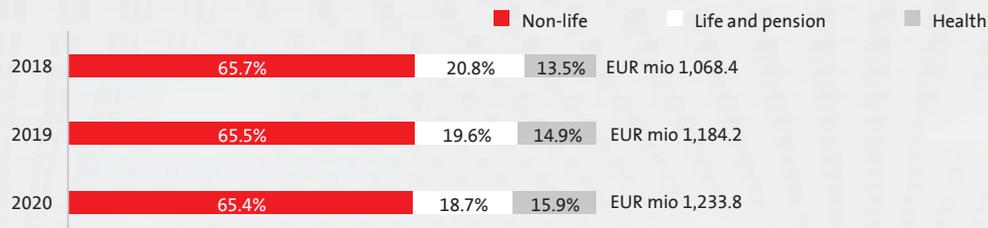
Credit rating

»»A««

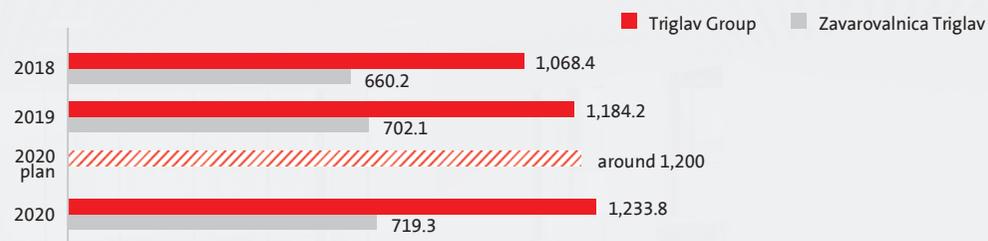
of the Triglav Group
with a stable
medium-term outlook



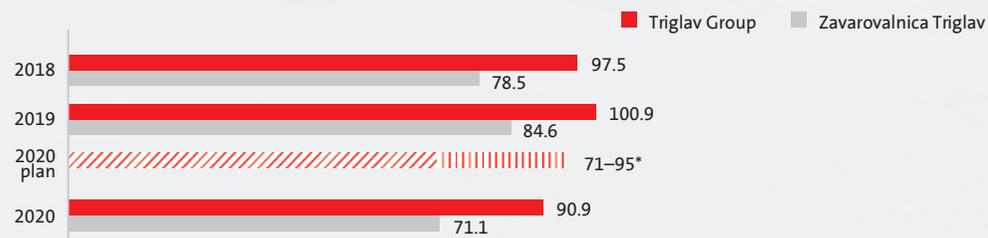
Consolidated gross written premium of the Triglav Group by segment



Gross written premium for insurance, coinsurance and reinsurance contracts in EUR million



Net profit before tax in EUR million



* Interim estimate: a 10-25% decline in the planned range of profit before tax of EUR 95-105 million

Combined ratio of the Triglav Group

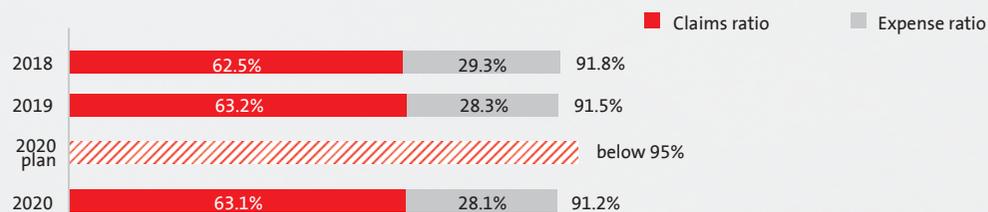


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Triglav d.d. for the Year Ended 31 December 2020

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About the report

The PDF version of the report is designed in accordance with the MAR Regulation and is unofficial. Pursuant to Commission Delegated Regulation (EU) 2019/815 and paragraph one of Article 134 of the Market in Financial Instruments Act (ZTFI-1), the official version of the report is the one designed in the ESEF format and published on the SEOnet of Ljubljanska borza d.d., the Company's official announcement site.

The Annual Report of the Triglav Group and Zavarovalnica Triglav d.d. for 2020 is integrated and describes the balance and plans as at 31 December 2020. When compiling the report, the aim was to present a comprehensive overview of the main financial and non-financial (ESG) aspects, results and plans. You can read more about the report in [the section Statement on non-financial reporting](#).

Navigation

You can access the contents of the report through interactive indexes and quick links to related or additional content, for example: [Section 4. Strategy and plans of the Triglav Group](#).

Keep updated about our activities and offers

Detailed information for investors and existing shareholders is available below:
Information for shareholders:
Zavarovalnica Triglav d.d., Ljubljana
Miklošičeva cesta 19, 1000 Ljubljana
Helena Ulaga Kitek,
Head of Investor Relations
Telephone: +386 1 47 47 331
E-mail: investor.relations@triglav.si



»» During the COVID-19 pandemic and the low interest rate environment in 2020, the Triglav Group demonstrated its resilience and financial strength.«

1. Address by the President of the Management Board¹

**Dear Shareholders,
Business Partners and
Colleagues,**

The Triglav Group's operations in 2020 were marked by the COVID-19 pandemic and the persisting low interest rate environment. In this situation, we demonstrated our resilience, maintaining our financial strength and proving our ability to adapt effectively to changes. The situation in the business environment and the capital markets had a negative impact on our profit, but we are nevertheless satisfied with the business results, as they are close to the originally planned. The difficult year behind us confirms that our strategy is well set out and that we are developing into a modern, innovative and dynamic insurance and financial group, which firmly remains the leader both in Slovenia and the wider region.

In view of the already implemented strategic projects and based on the planned projects, business continuity, reliability and client focus were ensured in all markets. We further increased our market share in the largest, Slovenian market by 0.4 percentage point to 36.5%. We are especially pleased that clients rated our work with the highest satisfaction scores to date. We are aware that employees are the main foundation of our success, thus for several years we have been strategically transforming our organisation and culture to be even more cooperative and agile. The results of our efforts are already visible. The team of over 5,300 employees in all seven markets is distinguished by diversity, appropriate stability and cooperation. We are proud that the measurements confirmed this increased satisfaction not only with clients but also with employees.

» The situation in the business environment and the capital markets had a negative impact on our profit, but we are nevertheless satisfied with our business results.«

In the difficult year of 2020, we pursued our strategic commitment to the long-term and stable profitability of the Group's operations. The Group generated a profit before tax of EUR 90.9 million and achieved an 8.9% return on equity. The result is lower than originally planned and the one achieved the year before, but it is in line with the published interim

estimate. It was positively influenced by our underwriting discipline, increased business volume and prudent cost management. On the other hand, the result was affected by the situation in the financial markets (a further decrease in interest income and increase in expenses due to the long-term servicing of investment guarantees), major CAT events (hail storms in three markets and the Zagreb earthquake) and an increase in insurance technical provisions due to the current business conditions. The value of the investment portfolio, which continues to be managed conservatively, grew by 5% to EUR 3,496 million. Its composition was not significantly changed. Through active investment, the shares of individual investment grades were adjusted, thus maintaining the appropriate diversification and security of the entire portfolio.

The Group with the high, "A" credit rating

During the year, the Group assessed the impact of the situation on its operations according to different scenarios and regularly reported thereon. These assessments showed that the Group's insurance and investment portfolios are sufficiently resilient and that its capital position is appropriate to effectively cope with any increased risks due to the COVID-19 pandemic. Through comprehensive risk management and prudent capital management, the Group ensured not only an optimal composition of the capital but also its cost-effectiveness. The Group's strong financial stability, capital adequacy and profitability were confirmed by the credit rating agencies S&P Global Ratings and AM Best, which re-affirmed the Group's "A" credit rating with a stable medium-term outlook. This is one of our strategic objectives, which ensures an appropriate competitive position of the Group in insurance, reinsurance and financial markets, as it reflects our financial strength and sound performance.

Good results in insurance and asset management

The volume of written premium rose by 4% to EUR 1,234 million, thus fulfilling the plans, although most countries in the region were marked by the decline in GDP, shrinking insurance markets and fierce competition.

Non-life insurance premium increased by 4% and health insurance premium by 11%, while life and pension insurance premium remained at the same level as in the preceding year. Premium growth was recorded in most insurance markets. Growth stood at 3% in the Slovenian market, thus being at the level of market movements, and 4% in markets outside Slovenia.

We strategically ensure geographical and product diversification of the total written premium and use an omni-channel approach to our clients. We are gradually increasing the share of premium written in markets outside Slovenia (standing at 18.2% in 2020). In addition to non-life insurance, the share of other insurance classes that are part of our offering is being strengthened (the share of non-life insurance at the Group level decreased to 65.5%). Two-thirds of written premium come from retail clients and the rest from corporate clients, whose share increased by 1.4 percentage points. In addition to major CAT events, the

claims experience was affected by the pandemic. The total volume of gross claims paid was 3% lower than in 2019. In addition, we expect that a certain part of claims not incurred in 2020 due to decreased economic activity or other restrictions of the policyholders' movement will be paid in 2021. For this purpose, appropriate insurance technical provisions were formed. The Group's combined ratio was 91.2%, which is in the lower end of its average target strategic value range. Compared to the preceding year, it is lower by 0.3 percentage point due to an improvement in both the claims ratio and the expense ratio.

We are also satisfied with the results of the asset management business. The volume of own insurance portfolio grew by 6% to EUR 2,995 million and the volume of clients' assets in mutual funds and discretionary mandate assets increased by 5% to EUR 1,156 million. Discretionary mandate services are provided by Triglav Skladi, which also manages the investment portfolios of the Group's clients within the framework of unit-linked life insurance and guarantee funds backing supplemental voluntary pension insurance.

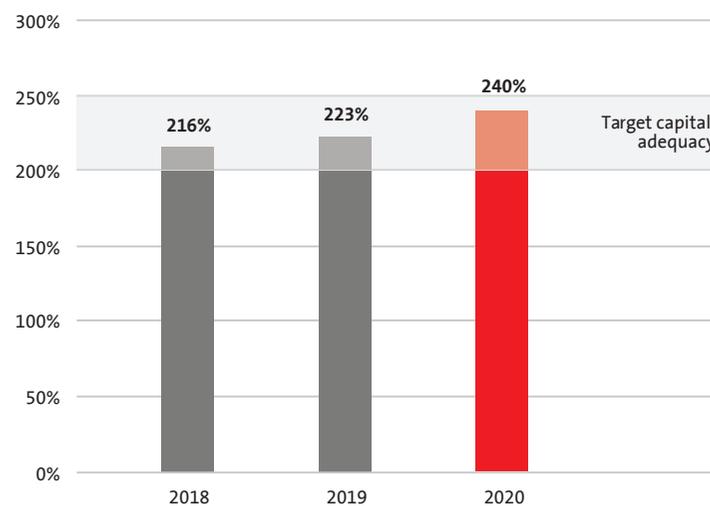
Following the takeover of the ALTA mutual fund manager, we effectively carried out all integration procedures and brought together 110,000 clients under a single brand. With a 32.9% share in the Slovenian mutual fund market at the end of the year, we are one of the leading asset managers.

Client focus and development remain at the forefront

The new situation gave additional impetus to the overall digital business transformation of the Group. We have effectively adapted to the changed environment and the behaviour of our clients. Among the achievements that stand out are the upgraded remote business and the consistent implementation of the measures taken to curb the spread of infection and protect the health of employees, clients and other stakeholders. We upgraded and launched new products and assistance services, improved the handling of claims and introduced artificial intelligence in some processes. Furthermore,

» In 2020, employee and client satisfaction reached the highest levels ever measured.«

Capital adequacy ratio of the Triglav Group as at 31. 12. 2020



we strengthened digital sales, communication and distribution channels and tools. By enhancing our digital presence and promoting the use of online and mobile platforms, we have increased the average premium per employee, achieved higher cost-effectiveness and improved user experience by simplifying procedures for our clients.

»» By adopting the Triglav Group's commitment to sustainability, the Group committed itself, through its activities, to reduce uncertainty in the environment, provide its clients with financial and other security, and create sustainable value for its shareholders and other stakeholders.«

We continued to consolidate our own sales network as our most important sales channel, where 73.3% of premium is written. In accordance with the omni-channel approach, our own sales network was supplemented with the external sales network, which contributed to premium growth in individual markets. In 2020, in line with the planned geographical diversification of operations, Zavarovalnica Triglav provided cross-border insurance services in more than 15 EU Member States. Long-term partnerships were expanded from Greece and Italy to the Norwegian and Dutch insurance markets. These forms of business, which are otherwise marginal in terms of premium volume, are considered important in terms of development.

Implementation of the dividend policy

In accordance with the positions of the Slovenian insurance regulator, Zavarovalnica Triglav's shareholders approved the proposal of the Management Board and the Supervisory Board that the accumulated profit for 2019 remain undistributed. The dividend policy remained unchanged. In its implementation, depending on the circumstances, we take into account the prudent management of the Triglav Group's capital and its financial stability, the need to reinvest profit in the implementation of the growth and development strategy, and the payment of appealing dividends to the shareholders. When the business conditions will normalise, we will be able to continue to implement it by paying dividends.

Commitment to sustainability (ESG)

By pursuing our mission *to build a safer future*, we are realising our sustainability goals. At the end of 2020, the Triglav Group's commitment to sustainability was adopted on these principles as a formal document that sets out the direction of the Group's development in the environmental, social and governance areas (ESG). We committed ourselves, through our activities, to reduce uncertainty in the environment, provide our clients with financial and other security, and create sustainable value for our shareholders and other stakeholders. When designing insurance products, providing services and managing its own portfolios and clients' assets, the Group considers the fundamental aspects of sustainable operations.



We will remember the previous year as one of the most difficult ever. The pandemic has brought both business and personal challenges and affected us all. We thank our clients for their loyalty, our shareholders for their trust, our employees for their dedication and effort, and all our partners for their constructive cooperation.

Andrej Slapar

President of the Management Board of Zavarovalnica Triglav

2. Triglav Group and Zavarovalnica Triglav in 2020

- Despite the COVID-19 pandemic, the operations of the Triglav Group and its parent company were successful and profitable.
- Strategic development activities were carried out actively and systematically in accordance with the Triglav Group's strategy.
- The Group is financially sound, its capital adequacy is within the target range and the "A" credit rating has a stable medium-term outlook.
- The Group is the leader in both the Adria region, where it has increased its market share, and the Slovene insurance market.
- Premium growth was achieved in most insurance markets and the value of assets under management was increased.

The calculation of indicators and the chosen terms are explained in the glossary enclosed to the Annual Report.
[See page 315.](#)

2.1 Financial highlights of the Triglav Group²

	in EUR million				
	2020	2019	2018	Index	
				2020/2019	2019/2018
Gross written premium from insurance, coinsurance and reinsurance contracts	1,233.8	1,184.2	1,068.4	104	111
Net premium income	1,066.8	1,027.6	951.8	104	108
Gross claims paid	697.4	716.7	679.6	97	105
Net claims incurred	683.6	684.1	626.6	100	109
Gross operating expenses	306.7	305.3	288.8	100	106
Profit before tax	90.9	100.9	97.5	90	104
Net profit	73.7	83.9	80.8	88	104
Net profit attributable to the controlling company	73.5	83.7	80.7	88	104
Combined ratio	91.2%	91.5%	91.8%	100	100
Insurance technical provision as at 31 December	3,033.2	2,878.9	2,713.1	105	106
Equity as at 31 December	870.2	792.0	746.9	110	106
Equity attributable to the controlling company as at 31 December	867.6	789.5	744.6	110	106
Return on equity	8.9%	10.9%	10.8%	81	101
Return on equity attributable to the controlling company	8.9%	10.9%	10.8%	81	101
Book value per share (in EUR)	38.16	34.73	32.75	110	106
Net earnings per share (in EUR)	3.24	3.69	3.56	88	104
Number of employees as at 31 December	5,316	5,281	5,166	101	102

2.2 Financial highlights of Zavarovalnica Triglav³

	in EUR million				
	2020	2019	2018	Index	
				2020/2019	2019/2018
Gross written premium from insurance, coinsurance and reinsurance contracts	719.3	702.1	660.2	102	106
Net premium income	583.9	573.6	551.9	102	104
Gross claims paid	408.3	425.2	421.0	96	101
Net claims incurred	375.3	376.8	359.9	100	105
Gross operating expenses	180.0	180.5	174.4	100	103
Profit before tax	71.1	84.6	78.5	84	108
Net profit	58.0	70.6	65.5	82	108
Combined ratio	86.1%	85.6%	86.1%	101	99
Insurance technical provisions as at 31 December	2,199.0	2,149.0	2,061.4	102	104
Equity as at 31 December	644.0	580.5	560.1	111	104
Return on equity	9.5%	12.4%	11.6%	77	107
Book value per share (in EUR)	28.33	25.53	24.64	111	104
Net earnings per share (in EUR)	2.55	3.11	2.88	82	108
Number of employees as at 31 December	2,244	2,253	2,290	100	98

2.3 Other economic and environmental, social and governance (ESG) aspects of the Triglav Group's operations

	2020	2019	2018	Index	
				2020/2019	2019/2018
1. Environmental aspects					
Carbon footprint (tonnes of CO ₂ equivalent)*	6,339	7,877	9,486	80	83
Carbon footprint per employee (tonnes of CO ₂ equivalent)	2.02	2.31	2.39	87	97
Electricity consumption (MWh)*/**	6,904	7,550	8,602	91	88
Share of electricity consumption from renewable sources (%)	4.1	1.4	4.0	297	35
Separate waste collection (share of participating employees in Zavarovalnica Triglav in %)	94	94	94	100	100
Average daily consumption of office paper per employee	21.9	30.2	30.2	72	100
Number of insurance products that promote environmental responsibility	4	2	2	200	100
2. Social aspects					
Employee satisfaction (ORVI)	3.99	3.88	3.87	103	100
Average employee age	44.05	44.06	43.96	100	100
Women employees to total employees ratio (%)	53.5	53.5	52.2	100	102
Proportion of women at first and second management levels under the management board (%)	42.1	43.5	42.2	97	103
Employee turnover (number of leavers/average number of employees; in %)	11.7	14.4	12.1	81	119
Average number of training hours per employee	24	31	21	77	146
Lost time incident rate – LTIR (number of work-related incidents/total number of hours of all employees * 200,000)	0.21	0.38	0.27	56	143
Client satisfaction at Zavarovalnica Triglav (NPS)***	67.1	60.6	58.9	111	103
Number of insurance products and services sold online	20	18	19	111	95
Number of insurance products that promote prevention	62	62	62	100	100
Number of suppliers checked against ESG criteria	311	140	0	222	0
Investments into the community (prevention, donations, sponsorships) (EUR million)	7.8	7.3	6.3	108	115
3. Governance aspects					
Proportion of women in the management board/supervisory board/at the first management level under the management board (%)	33.3/0/45.8	33.3/11.1/46.9	40.0/11.1/47.2		
Average age of Zavarovalnica Triglav Management Board members	48	46.7	45.8	102	102
Independence of Zavarovalnica Triglav Supervisory Board members, shareholder representatives (% of members)	100	100	100	100	100
President of the Management Board salary to the average employee salary ratio (factor x)****	5	5	5	100	100
Term of office of the current President of the Management Board (years)	7	6	5	117	120
Policies adopted: equal opportunities policy, anti-corruption policy, employee protection/whistleblower protection policy	YES	YES	YES		
Fair conduct (rate of fraud cases investigated in %)*****	1.134	1.040	752	109	138
Internationally renowned audit firm (Big 4)	YES	YES	YES		
Period of cooperation with the existing auditor (years)	2	1		200	
Investor relations when publishing results	YES	YES	YES		
Economic value generated (EUR million)	1,274.9	1,292.4	1,107.7	99	117
Economic value distributed (EUR million)	1,179.2	1,245.6	1,069.3	95	116
Economic value retained (EUR million)	95.7	46.8	38.3	204	122

* Data capturing for electricity consumption for Zavarovalnica Triglav was changed in 2020, thus data for 2019 and 2018 were also adjusted.

** Data for 2019 and 2020 are collected for the Triglav Group's key companies (all insurance companies, Triglav Skladi and Triglav, pokojninska družba), whereas for 2018 only for Zavarovalnica Triglav.

*** NPS shows the share of promoters who would recommend the Company to their acquaintances, friends and others based on experience.

**** Pursuant to the ZPPOGD, the base salary of the President of the Management Board is determined in relation to the average gross salary in the Group members in the previous financial year, which are headquartered in Slovenia and whose data are included in the consolidated annual report.

***** Data for 2019 and 2020 are collected for all insurance companies and Triglav Skladi, whereas for 2018 only for Zavarovalnica Triglav.

For additional information about this report please contact:⁴ **Zavarovalnica Triglav d.d., Ljubljana, Miklošičeva cesta 19, 1000 Ljubljana**
Tomaz Žust, Director of Strategic Planning and Controlling Department | Phone: ++386 (1) 47 47 449 | Fax: ++386 (1) 23 16 456 | E-mail: tomaz.zust@triglav.si

2.4 Major events in 2020

The COVID-19 pandemic:

During the COVID-19 pandemic, the Triglav Group continuously provided its services to clients. The Group operated in accordance with the measures taken to curb the spread of infection and protect the health of its employees, clients and other stakeholders. In an uncertain and volatile business environment, it regularly assessed impacts on its operations according to various, most probable scenarios. It is assessed that the Group's insurance and investment portfolios are sufficiently resilient and that the capital position is appropriate to further effectively cope with any risks increased due to the pandemic.

Good business results:

Despite the difficult conditions caused by the pandemic, the operations of the Triglav Group were successful and profitable. Its strategy, market position and operations within its two core activities remained unchanged. Premium growth was recorded in most insurance markets and in the health and non-life insurance segments. The profit achieved during the pandemic was influenced by the situation in the global financial markets and the increase in provisions due to the current business conditions.

The "A" credit rating affirmed:

The credit rating agencies S&P Global Ratings and AM Best re-affirmed the Group's "A" credit rating with a stable medium-term outlook. See [Section 6.6 Credit rating of the Triglav Group and Zavarovalnica Triglav](#) for more information.

Major CAT events:

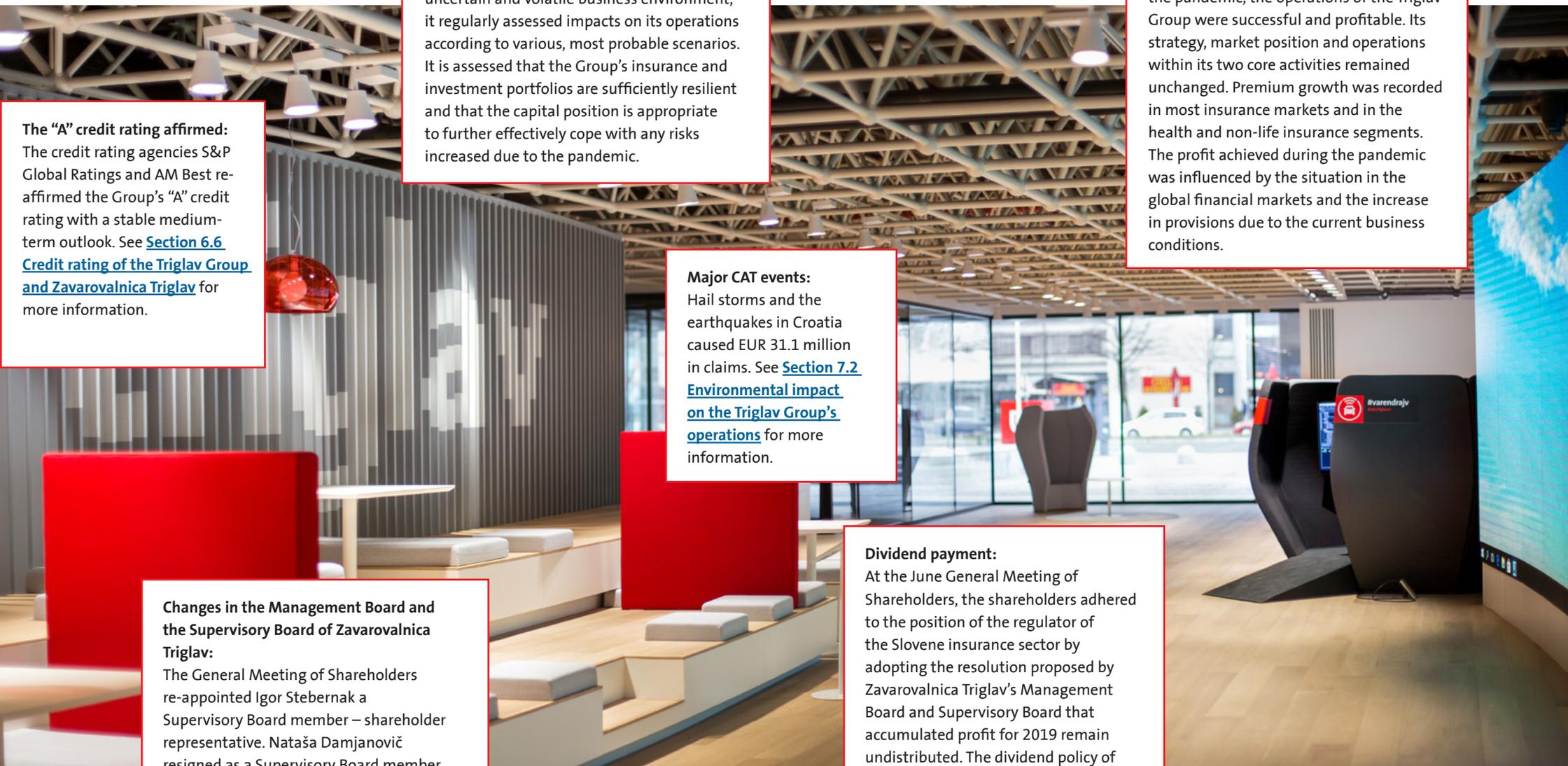
Hail storms and the earthquakes in Croatia caused EUR 31.1 million in claims. See [Section 7.2 Environmental impact on the Triglav Group's operations](#) for more information.

Changes in the Management Board and the Supervisory Board of Zavarovalnica Triglav:

The General Meeting of Shareholders re-appointed Igor Stebernak a Supervisory Board member – shareholder representative. Nataša Damjanovič resigned as a Supervisory Board member due to commitments related to her new employment. The Supervisory Board appointed its existing Vice Chairman Andrej Andoljšek its Chairman. See [Section 5.3.3 Supervisory Board](#) for more information.

Dividend payment:

At the June General Meeting of Shareholders, the shareholders adhered to the position of the regulator of the Slovene insurance sector by adopting the resolution proposed by Zavarovalnica Triglav's Management Board and Supervisory Board that accumulated profit for 2019 remain undistributed. The dividend policy of the Company remained unchanged. See [Section 6.4 Dividend and dividend policy](#) for more information.



2.5 The Triglav Group's operations during the COVID-19 pandemic



Jožica Jakšič,
an insurance sales clerk,
Zavarovalnica Triglav

The consequences of the COVID-19 pandemic in 2020 also affected the operations of the Triglav Group. Insurance markets in the countries where the Group operates contracted (with the exception of the Slovenian and Serbian insurance markets) and economic activities declined. The pandemic also affected the high volatility of financial markets (see the [sections 7.1 The general economic environment worldwide and in Slovenia](#) and [7.2 Environmental impact on the Triglav Group's operations](#) for more information).

Business continuity was ensured primarily through effective measures to prevent infections and protect the health of employees, clients and other stakeholders, and through adapted organisation (see [Section 12.4.3 Working safely during the pandemic](#) for more information). For the wide accessibility and availability of its services, the Group

took various measures and enabled its clients to adapt the way they do business. Public calls and instructions on what steps to take in the event of a pandemic and major CAT events were published using an omni-channel approach. The pandemic accelerated the introduction of already planned innovations, which significantly strengthened digital sales, communication and distribution channels and tools (see [Section 11.1 Comprehensive client relationship](#) for more information).

The pandemic also had an impact on lower demand and the decline in written premium of some insurance classes of the Group (see [Section 7.5 Gross written insurance, coinsurance and reinsurance premiums](#) for more information), lower growth in gross claims paid due to lower economic activity and lower population mobility due to restrictive measures to curb the spread of the epidemic (see [Section 7.6 Gross claims paid](#) for more information) and a reduction of some types of operating expenses (see [Section 7.7 Gross operating expenses](#) for more information). Additional provisions for bonuses and discounts

and other insurance technical provisions for were formed (see [Section 7.8 Risk equalisation](#) for more information), in addition to some impairments of financial investments (see [Sections 3.5, 3.6 and 4.3 of the Accounting Report](#) for more information).

Due to the significantly changed business conditions, the Company additionally tested the adequacy of accounting policies, estimates and assumptions used in 2020 and assessed the impact of changes on its financial position, cash flows and profit or loss (see [Section 2.5 The impact of the COVID-19 epidemic in the Accounting Report](#) for more information).

In such an uncertain and volatile business environment, the risks and impacts on operations according to a variety of most probable scenarios were assessed regularly. Market and credit risks were assessed as the most material risks. In the context of market risks, interest rate risk and change in credit spreads are at the forefront, including a sudden change in credit spreads. With respect to credit risks, special attention will continue to be paid to the payment discipline of receivables and the credit quality of major partners (see [Risk management, Section 2.9 Future risks as a result of the pandemic](#) for more information). It is assessed that the Group's insurance and investment portfolios are sufficiently resilient and that the capital position is appropriate to further effectively cope with any increased risks due to the COVID-19 pandemic.

Despite the difficult business conditions and unfavourable situation in the financial markets, it is estimated that the Group performed well in 2020 and prudently pursued its set strategic objectives and goals.



2.6 Financial calendar 2021

Calendar of financial announcements for 2021

Date of announcement*	Type of announcement	Quiet period**
Tuesday, 2 March 2021	Preliminary key figures for 2020	From Tuesday, 9 February 2021
Wednesday, 31 March 2021	Audited annual report for 2020	From Wednesday, 17 March 2021
Thursday, 22 April 2021	Convocation notice of the General Meeting of Shareholders to decide on the distribution of accumulated profit	
Tuesday, 18 May 2021	January–March 2021 interim financial report	From Tuesday, 4 May 2021
Tuesday, 25 May 2021	General Meeting of Shareholders and announcement of its resolutions	
Tuesday, 17 August 2021	January–June 2021 interim financial report	From Tuesday, 3 August 2021
Wednesday, 17 November 2021	January–September 2021 interim financial report	From Wednesday, 3 November 2021

The financial calendar as well as any amendments to the dates of publication will be published on the Ljubljana Stock Exchange website via the SEOnet system (www.seonet.ljse.si) and on the Company's website (www.triglav.eu).

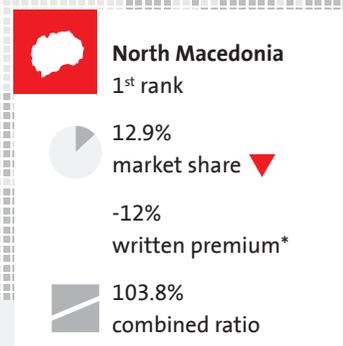
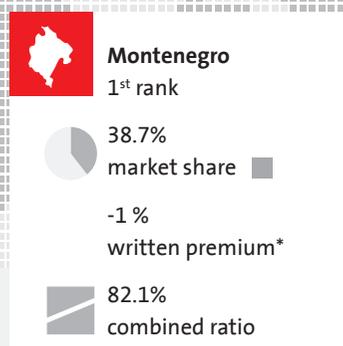
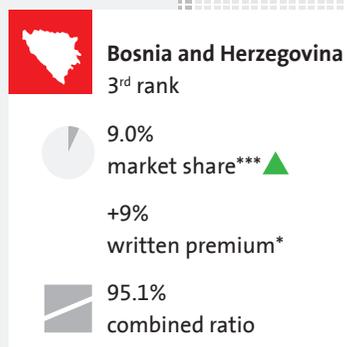
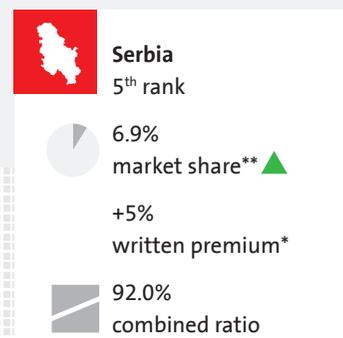
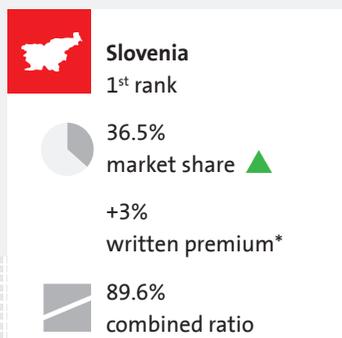
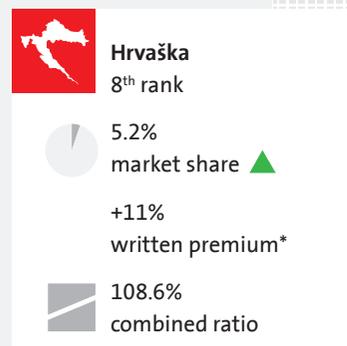
* Announcement dates as planned. The actual dates may differ from the above-stated planned dates.

** The quiet period denotes a period preceding the announcement of a performance report, during which Zavarovalnica Triglav does not disclose information on current operations to the public.

2.7 Activities, markets and position of the Triglav Group⁵

The Triglav Group is the leading insurance/financial group in Slovenia and the Adria region as well as one of the leading groups in South-East Europe.

The Group operates in seven markets in six countries. Furthermore, it operates in the wider international environment through partnerships with foreign insurance brokerage and agency companies as well as reinsurers.



Strategic activities	
Insurance	Asset management
Non-life	Own insurance portfolio (asset backing liabilities and backing funds)
Life	
Pensions	Mutual funds and individual asset management
Health	
Reinsurance	Pension funds

* The data show the growth of the Triglav Group's gross written premium by an individual market
 ** Data for January–September 2020
 *** Data for January–June 2020

⁵ GRI GS 102-2, GS 102-4, GS 102-6

2.7.1 The Triglav Group business model

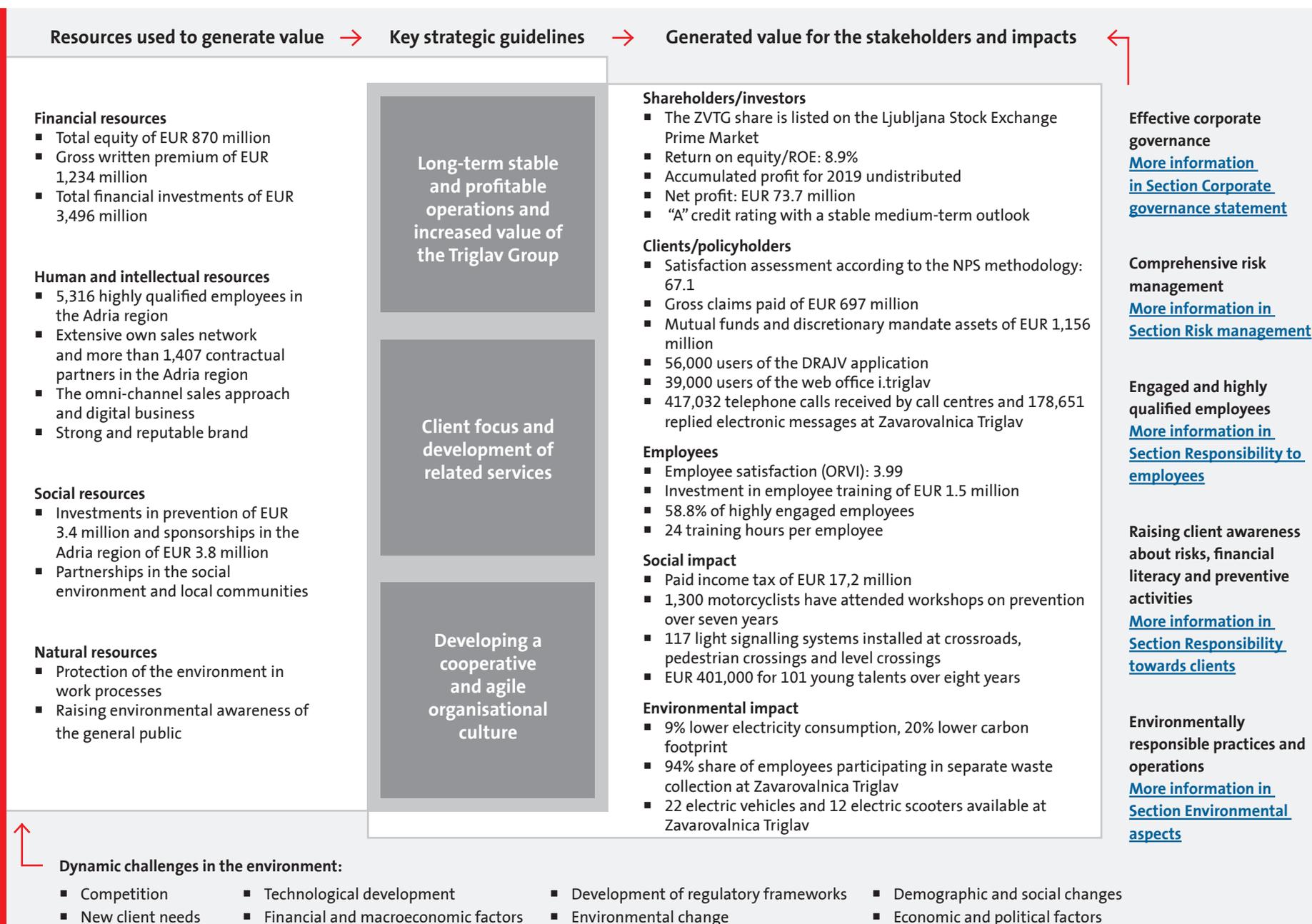
Strategic activities

Insurance

- Non-life
- Life
- Pension
- Health
- Reinsurance

Asset management

- Own insurance portfolio
- Mutual funds and discretionary mandate assets
- Pension funds



2.7.2. Insurance

Insurance is the most extensive strategic activity of the Triglav Group, which includes non-life, health, life and pension insurance as well as reinsurance.

The insurance business of the Group comprises:

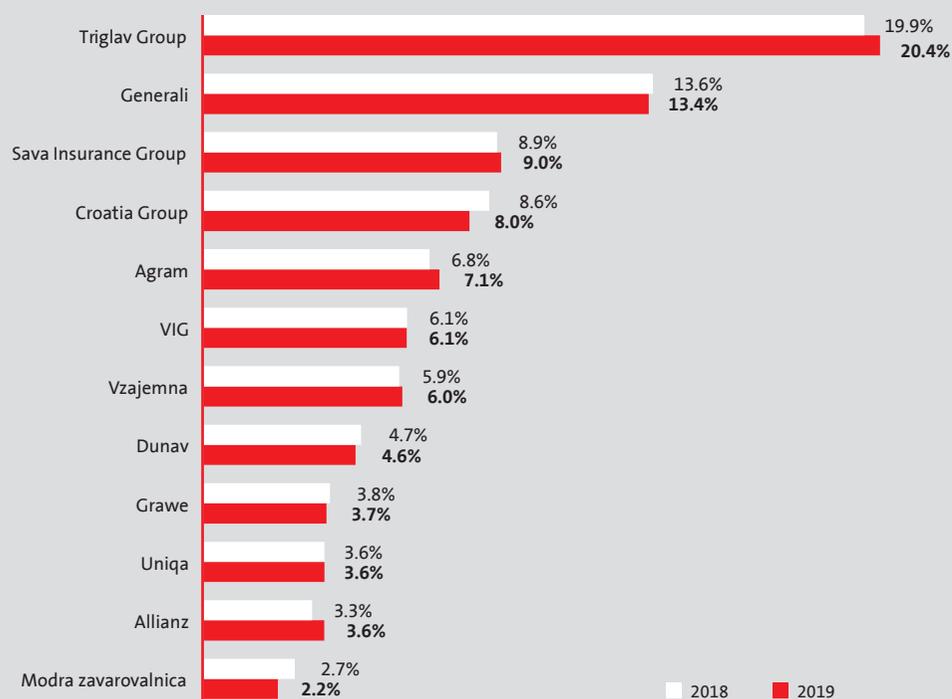
- **in Slovenia:** Zavarovalnica Triglav d.d., Triglav, Zdravstvena zavarovalnica d.d., Pozavarovalnica Triglav Re d.d., and Triglav, pokojninska družba d.d.;
- **abroad:** eight insurance undertakings in Croatia, Serbia, Montenegro, Bosnia and Herzegovina, and North Macedonia.

Position in the regional insurance market

In 2019, the Triglav Group increased its market share in the Adria region (Slovenia, Croatia, Serbia, Montenegro, Bosnia and Herzegovina, and North Macedonia) to 20.4% as at the year-end. By doing so, it has consolidated its dominant position in the region

In 2019, the parent company Zavarovalnica Triglav was again the leading insurer in South-East Europe (Albania, Bosnia and Herzegovina, Bulgaria, Montenegro, Croatia, Kosovo, Moldova, Romania, North Macedonia, Serbia and Slovenia). According to a SeeNews survey, 8 insurance subsidiaries of the Triglav Group (Triglav, pokojninska družba was among them for the first time) and 14 Slovene insurers (three Slovene insurers are among the largest five) rank among the top 100 insurers in South-East Europe in terms of gross written premium. Zavarovalnica Sava remained in second place, while the Romanian insurer City Insurance ranked third (Croatia Osiguranje the year before). The three highest ranked insurers recorded growth in both insurance premium and profit. Among the top 100 insurers, Zavarovalnica Triglav earned the highest profit in 2019.

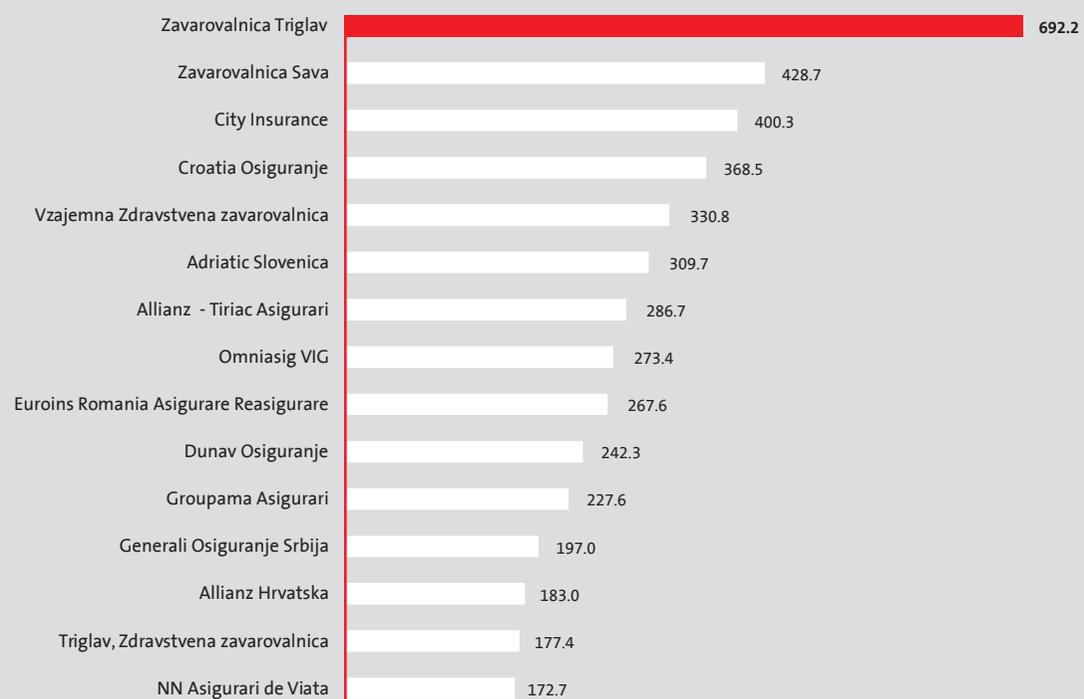
*The market share of the insurance undertakings in the Adria region in 2019 and 2018 (%)**



* Data for 2020 not yet available.

Source: The calculation of Zavarovalnica Triglav based on the data of national insurance supervision agencies and insurance associations

The largest insurers in South-East Europe by written premium in 2019 (EUR million)



Source: SeeNews 2020

2.7.3. Asset management

The **asset management** activity at the Triglav Group, which is performed by Zavarovalnica Triglav, the Group's life insurance and pension insurance companies, Triglav Skladi d.o.o., Triglav, Upravljanje nepremičnin d.o.o. and Triglav d.o.o., includes saving via the Group's insurance services and investing in the Group's mutual funds, pension funds and private equity funds.

2.7.4. Structure of the Triglav Group

The Triglav Group consisted of 43 companies as at 31 December 2020. In addition to the parent company, it included 28 subsidiaries and 14 associates.



The Triglav Group members directly involved in or supporting the Group's strategic business lines

	Insurance	Asset Management	Other
Slovenia	<ul style="list-style-type: none"> Zavarovalnica Triglav d.d. Pozavarovalnica Triglav Re d.d. Triglav, Zdravstvena zavarovalnica d.d. Triglav, pokojninska družba d.d. 	<ul style="list-style-type: none"> Triglav Skladi d.o.o. Triglav, Upravljanje nepremičnin d.o.o. Triglav d.o.o. 	<ul style="list-style-type: none"> Triglav INT d.d. Triglav Svetovanje d.o.o. Triglav Avtoservis d.o.o. Triglavko d.o.o. ZTSR d.o.o. Alifenet d.o.o.
Croatia	<ul style="list-style-type: none"> Triglav Osiguranje d.d., Zagreb 		<ul style="list-style-type: none"> Triglav Savjetovanje d.o.o.
Serbia	<ul style="list-style-type: none"> Triglav Osiguranje a.d.o., Beograd 		<ul style="list-style-type: none"> Triglav Savetovanje d.o.o.
Montenegro	<ul style="list-style-type: none"> Lovćen Osiguranje a.d., Podgorica Lovćen životna osiguranja a.d., Podgorica 		<ul style="list-style-type: none"> Lovćen auto d.o.o.
Bosnia and Herzegovina	<ul style="list-style-type: none"> Triglav Osiguranje d.d., Sarajevo Triglav Osiguranje a.d., Banja Luka 	<ul style="list-style-type: none"> PROF-IN d.o.o. Društvo za upravljanje Evropskim dobrovoljnim penzijskim fondom a.d., Banja Luka 	<ul style="list-style-type: none"> Triglav Savjetovanje d.o.o. Autocentar BH d.o.o.
North Macedonia	<ul style="list-style-type: none"> Triglav Osiguruvanje a.d., Skopje Triglav Osiguruvanje Život a.d., Skopje 	<ul style="list-style-type: none"> Triglav penzisko društvo a.d., Skopje 	

Changes in the structure of the Triglav Group in 2020⁶

The Croatian regulator (HANFA) rejected the issue of authorisation to acquire a majority stake in the Croatian pension insurance company Raiffeisen mirovinsko osiguravajuće društvo by the Triglav Group. The acquisition of the majority stake was one of the conditions precedent for the validity of the agreement concluded in April 2018 between Triglav INT d.d. and Raiffeisen Bank Austria d.d., Zagreb as the seller.

Lovćen Osiguranje a.d. increased the capital of its subsidiary Lovćen auto d.o.o. twice (on 23 April 2020 and 28 September 2020), thus remaining its 100% owner. The total in-cash contribution amounted to EUR 700,000.

On 15 July 2020, Lovćen Osiguranje a.d. received a decision of the Capital Market Commission, based on which—in accordance with the General Meeting of Shareholders resolution—the existing two series of Lovćen Osiguranje shares were replaced by issuing a new series of 1,828,634 LOVH shares at a nominal value of EUR 5.72. As a result, the participating interest of Triglav INT d.d. increased from 96.59% to 99.07%. Amendments to the Articles of Association resulting from the homogenisation of shares were entered in the Companies Register on 30 September 2020.

Triglav INT d.d. acquired a 0.38% participating interest amounting to MAK 3,016,812 or EUR 48,951 from non-controlling interest holders of Triglav Osiguruvanje a.d., Skopje, thus becoming its 80.83% owner.

Triglav INT d.d. increased the capital of its subsidiary Triglav Osiguranje a.d., Banja Luka on 16 June 2020, thus retaining its 100% participating interest in said company. The in-cash contribution amounted to BAM 3,912,000 or EUR 2,000,174.

Triglav, Upravljanje nepremičnin d.d. was converted into a limited liability company on 5 October 2020.

ZTSR d.o.o., in which Zavarovalnica Triglav d.d. and Sava Re d.d. each hold a 50% participating interest, completed the acquisition procedure (which was initiated in 2019) of the healthcare service provider Diagnostični center Bled d.o.o. on 19 March 2020.

By converting the loan in the amount of EUR 73,202 into a participating interest, Zavarovalnica Triglav acquired a 23.58% participating interest in Alifenet d.o.o. on 29 December 2020.

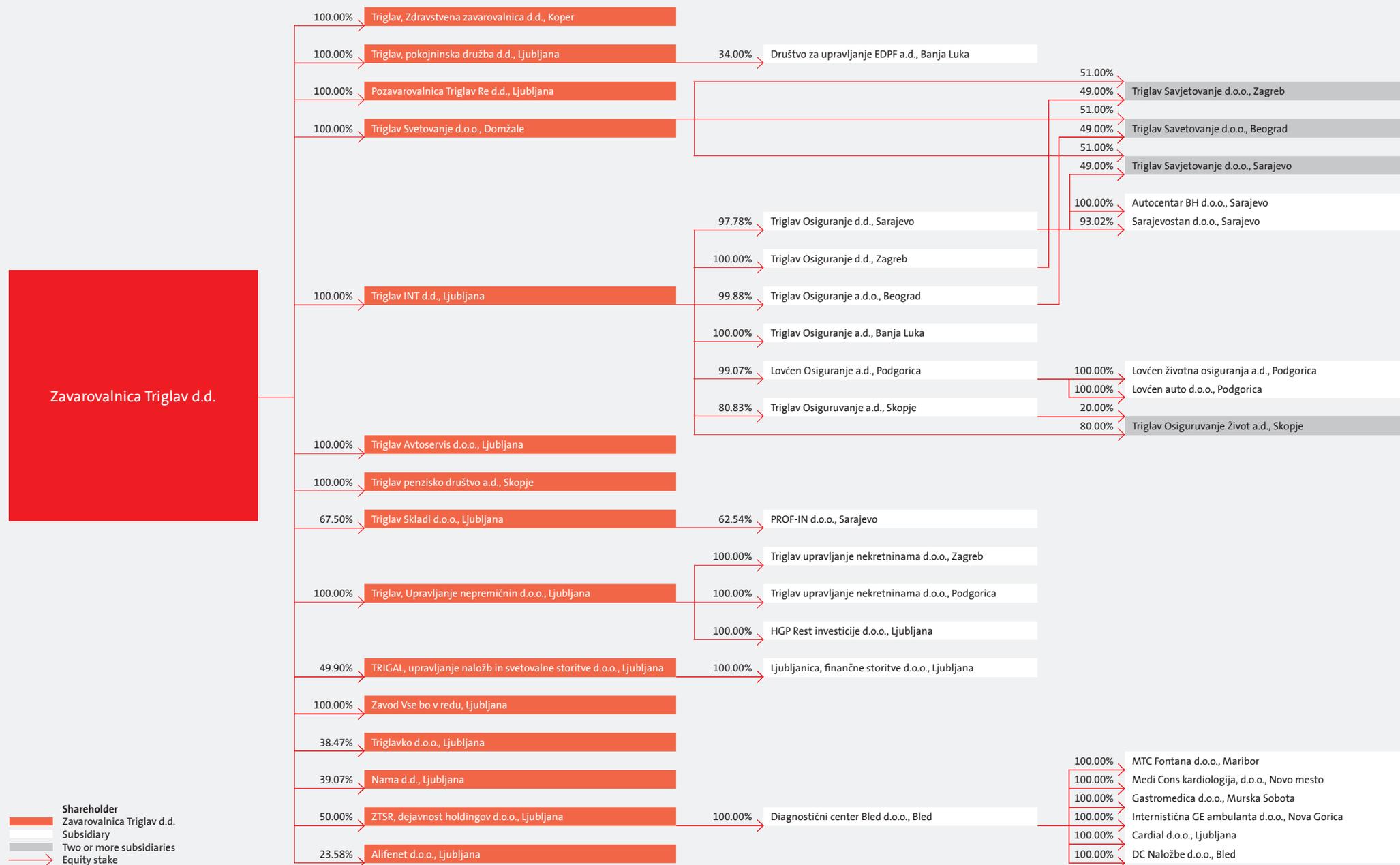
Zavarovalnica Triglav increased the capital of its joint venture ZTSR d.o.o. twice, thereby maintaining its 50.0% participating interest. The first capital increase was carried out with the in-cash contribution of EUR 13.5 million on 12 March 2020 and the second one with the in-cash contribution of EUR 1.4 million on 22 October 2020.

In Q3 2020, Triglav Svetovanje d.o.o. and Triglav Osiguranje d.d., Zagreb increased the capital of their subsidiary Triglav Savjetovanje d.o.o., Zagreb in accordance with their proportional stakes. The capital increase of HRK 570,000 or EUR 76,249, the two companies retained their participating interests of 51% and 49% respectively.

In 2020, Hotel Grad Podvin d.o.o. was merged with Triglav, Upravljanje nepremičnin d.o.o.

The changes in the Triglav Group are discussed in greater detail in [Section 2.12 of the Accounting Report](#).

Subsidiaries and associated companies of the Triglav Group as at 31 December 2020 and their participating interests



2.8 Management of Zavarovalnica Triglav

As at 31 December 2020, the Management Board of Zavarovalnica Triglav was comprised of the following members:

Andrej Slapar

President

First appointment to the office and end of term of office: 2013–2024
Employed at the Triglav Group: from 1997



Uroš Ivanc

Member

First appointment to the office and end of term of office: 2014–2024
Employed at the Triglav Group: from 2001

Tadej Čoroli

Member

First appointment to the office and end of term of office: 2014–2024
Employed at the Triglav Group: from 2001



Barbara Smolnikar

Member

First appointment to the office and end of term of office: 2017–2022
Employed at the Triglav Group: from 2017

David Benedek

Member

First appointment to the office and end of term of office: 2019–2024
Employed at the Triglav Group: from 2014, except from 1 April 2018 to 28 February 2019



Marica Makoter

Member

First appointment to the office and end of term of office: 2011–2021
Employed at the Triglav Group: from 2001

3. Report of the Supervisory Board

**Report of the Supervisory Board of Zavarovalnica Triglav d.d.
on the verification of the Annual Report of the Triglav Group and
Zavarovalnica Triglav d.d. for 2020
and
Opinion of the Supervisory Board of Zavarovalnica Triglav d.d. on
the Annual Internal Audit Report of the Internal Audit Department
of Zavarovalnica Triglav d.d. for 2020**

In 2020, the Supervisory Board of Zavarovalnica Triglav responsibly supervised the operations of Zavarovalnica Triglav d.d. and the Triglav Group. It discussed different aspects of their operations and development, and on that basis took appropriate decisions and followed up on their implementation. Individual issues were first discussed within the framework of the Supervisory Board's committees. On the basis of their findings and proposals and careful assessment, the Supervisory Board passed appropriate resolutions. The Supervisory Board monitored the implementation and effectiveness of the Triglav Group's strategy.

The Supervisory Board performed its work within the scope of its powers and competencies set out by law, the Articles of Association and its own Rules of Procedure.



3.1 Introduction

Pursuant to Article 282 of the Companies Act and Article 69 of the Insurance Act, the Supervisory Board hereby presents its Report on the verification of the Annual Report of the Triglav Group and Zavarovalnica Triglav d.d. for 2020 (hereinafter: the report) and its Opinion on the Annual Internal Audit Report for 2020.

The findings are based on the supervision of operations of Zavarovalnica Triglav d.d. (hereinafter: the Company, the controlling company or the parent company) in 2020 and on the verification of the Audited Annual Report of the Triglav Group and Zavarovalnica Triglav d.d. for 2020, including the report of the non-life insurance actuarial function holder and the life insurance actuarial function holder for 2020.

The integral part of the report is also the opinion of the Supervisory Board on the work of the Internal Audit Department in 2020 and the Annual Internal Audit Report of the Internal Audit Department of Zavarovalnica Triglav d.d. for 2020.

3.2 General information

The Supervisory Board and its committees in 2020

The composition of the Supervisory Board in 2020 is described in [Section 5. Corporate Governance Statement \(Supervisory Board\) of the Business Report](#). In 2020, the Supervisory Board held nine sessions and had four committees: the Audit Committee, the Appointment and Remuneration Committee, the Strategy Committee and the Nomination Committee. The composition of the Supervisory Board committees in 2020 as well as the significant duties and competencies of individual committees are described in

[Section 5. Corporate Governance Statement \(Composition of Supervisory Board committees and their activities in 2020\) of the Business Report](#).

Audit Committee

In 2020, the Audit Committee held five meetings, at which it, among others:

- monitored and discussed financial reporting procedures and the external audit of the annual financial statements of the Triglav Group and Zavarovalnica Triglav d.d.;
- assessed the compilation of the Annual Report of the Triglav Group and Zavarovalnica Triglav d.d. for 2019 and interim reports;
- discussed the Solvency and Financial Condition Report of Zavarovalnica Triglav d.d. as at 31 December 2019 and the Solvency and Financial Condition Report of the Triglav Group as at 31 December 2019, including the independent auditor's assurance reports;
- monitored and discussed the risk management systems, the functioning of internal controls, the Internal Audit Department's reports, recommendations, annual work plan for 2021 and guidelines for the 2022–2024 period;
- supervised and discussed the conclusion of agreements with audit firms, the independence of the certified auditor, the quality of auditing and the audit plan;
- discussed risk reports of Zavarovalnica Triglav d.d. and the Triglav Group;
- discussed the Compliance Office Annual Report for 2019, risk and investment reports and the report on testing IT recovery plans;
- discussed the Statement of Compliance with the Slovenian Corporate Governance Code.

The external expert Jernej Pirc provided his expertise and support to the work of the Audit Committee in relation to information technology

issues. The Audit Committee conducted a performance self-assessment with the aim of ensuring continued improvement and quality of its work and adopted an action plan for the improvement of its performance.

Appointment and Remuneration Committee

Major activities of the Appointment and Remuneration Committee in 2020 included:

- drawing up of draft periodic fit and proper assessments of the members of the Management Board and the Supervisory Board and of the two bodies as a whole;
- drawing up of draft fit and proper assessments of the candidates for the members of the Supervisory Board and of the abovementioned bodies as a whole;
- discussion of the calculation and amount of the average gross salary for 2020 in the Group members, which are headquartered in the Republic of Slovenia and were in full consolidation of the Group pursuant to the Act Governing the Remuneration of Managers of Companies with Majority Ownership held by the Republic of Slovenia or Self-Governing Local Communities (ZPPOGD);
- discussion of the report on the development of key promising staff at Zavarovalnica Triglav in 2019;
- discussion of the Succession Policy for the Members of the Management Board of Zavarovalnica Triglav d.d. and amendments to the Fit and Proper Policy for the Management and Supervisory Board Members of Zavarovalnica Triglav d.d.;
- consideration of the adjustment of the base salary of the Management Board members and the calculation of the factor on which the variable part of remuneration of the Management Board members depends;

- discussion of additional training programme for the Supervisory Board members in 2020;
- consideration of proposals to issue approval to authorisations of key function holders.

The committee held eight meetings.

Strategy Committee

The Strategy Committee, which held three meetings in 2020, devoted special attention to the realisation of Triglav Group's strategy and starting points for the development of the Triglav Group's business plan for 2021.

Nomination Committee

The Nomination Committee was formed three times in 2021. It was first formed in December 2019 and started operating in January 2020, with the aim of carrying out the nomination procedure for appointing a candidate for a Supervisory Board member – shareholder representative to replace Igor Stebernak, whose four-year term of office expired on 2 June 2020. At the General Meeting of Shareholders, Igor Stebernak was re-appointed as a Supervisory Board member for a new four-year term of office.

For the second time, the Nomination Committee was formed due to the termination of the term of office of Nataša Damjanovič, a Supervisory Board member – shareholder representative, on 18 September 2020.

The last Nomination Committee was formed on 12 November 2020 due to the expiry of the term of office of Supervisory Board members – shareholder representatives, Andrej Andoljšek, Žiga Škerjanec, Mario Gobbo and Milan Tomažević, on 13 June 2021.

3.3 Work of the supervisory board and scope of supervision of the company's operations in 2020

The description of the Supervisory Board's operations and the scope of monitoring and supervision over the governance of the Company and the Group in 2020 are based on the supervision of the Company's and the Group's operations performed by the Supervisory Board in 2020, acting within its powers.

The Supervisory Board's duty is to supervise how the Company conducts its business and to perform other tasks in accordance with the Companies Act, the Insurance Act, the Articles of Association, the Rules of Procedure of the Supervisory Board and the Slovenian Corporate Governance Code. The methods and organisation of its work are set out in the Rules of Procedure of the Supervisory Board, which are published on the Company's website.

a) With regard to its core competences, the Supervisory Board in 2020:

- approved the Solvency and Financial Condition Report of Zavarovalnica Triglav and the Triglav Group as at 31 December 2019;
- adopted the Audited Annual Report of the Triglav Group and Zavarovalnica Triglav d.d. for 2019, the Report by the Supervisory Board of Zavarovalnica Triglav d.d. on the verification of the Annual Report of the Triglav Group and Zavarovalnica Triglav d.d. for 2019 and the Opinion of the Supervisory Board of Zavarovalnica Triglav d.d. on the Annual Internal Audit Report for 2019 of the Internal Audit Department of Zavarovalnica Triglav d.d.;
- discussed the Annual Internal Audit Report of the Internal Audit Department for 2019;
- approved the Triglav Group's business policy and business plan for 2021;

- approved the Internal Audit Department's work plan for 2021 and its guidelines for the 2022–2024 period;
- proposed to the 45th General Meeting of Shareholders of Zavarovalnica Triglav to grant discharge to the Management Board for 2019 and to appoint Igor Stebernak a Supervisory Board member;
- discussed the call of the Insurance Supervision Agency of 31 March 2020 not to pay out dividends and not to undertake any irrevocable commitments to pay out dividends by 1 October 2020 and agreed with the Management Board's proposal to propose a resolution to the 45th General Meeting of Shareholders to keep accumulated profit as at 31 December 2019 undistributed;
- considered the notification of the Insurance Supervision Agency dated 20 August 2020 on the verification of the ability to pay dividends for 2019 in 2020;
- discussed the findings of the Insurance Supervision Agency, tax inspection and other supervisory bodies in the supervision procedures and was briefed on procedures related to these findings or requirements;
- adopted amendments to the Management Board Rules;
- approved the amendments to the Governance System and Policy of Zavarovalnica Triglav d.d. and the Fit and Proper Policy for the Management and Supervisory Board Members of Zavarovalnica Triglav d.d.;
- approved individual transactions in accordance with the law and the Rules of Procedure of the Supervisory Board;
- adopted the Succession Policy for the Members of the Management Board of Zavarovalnica Triglav d.d.

b) With respect to supervision of the management of the Company's operations, the Supervisory Board in 2020:

- was briefed on financial reports of Zavarovalnica Triglav d.d., the Triglav Group and the subsidiaries of Zavarovalnica Triglav d.d.;
- took note of the implementation of the Triglav Group's strategy;
- monitored the assessed performance indicators of the Company in each period, capital adequacy, the implementation of the business plan and potential measures;
- took note of risk and capital adequacy reports;
- oversaw the work of the Internal Audit Department and was briefed on its internal audit reports as well as on the Compliance Office Annual Report for 2019 and its work plan for 2020;
- took note of the Report of the Life Insurance Actuarial Function Holder in Zavarovalnica Triglav d.d. and the Report of the Non-Life Insurance Actuarial Function Holder in Zavarovalnica Triglav d.d.;
- was briefed on insurance products;
- was briefed on the results of the impact analysis of the pandemic on the operations of Zavarovalnica Triglav d.d. and the Triglav Group;
- took note of the report on the work of the Marketing Department, the report on key activities and projects of the Corporate Communication Department and the report on the development of key promising staff in Zavarovalnica Triglav d.d. in 2019;
- discussed the Statement of Compliance with the Slovenian Corporate Governance Code;
- discussed the reports of the Audit Committee, the Appointment and Remuneration Committee, the Strategy Committee and the Nomination Committee;

- was briefed on other information regarding Zavarovalnica Triglav d.d., the Triglav Group and its subsidiaries.

c) Other major actions of the Supervisory Board in 2020:

- adopted fit and proper assessments of the candidates for members of the Supervisory Board and the Supervisory Board as a collective body;
- discussed the periodic fit and proper assessments of the members of the Management Board and the Management Board as a collective body as well as the members of the Supervisory Board and the Supervisory Board as a collective body;
- set the annual performance bonus for the Management Board of Zavarovalnica Triglav d.d. for 2019;
- decided to waive 30% of its remuneration in the first wave of the epidemic up to and including the month when the epidemic in Slovenia was declared to be over;
- discussed the report of the Works Council of Zavarovalnica Triglav d.d.;
- appointed the Chairman and Vice Chairman of the Supervisory Board, a member and chair of the Appointment and Remuneration Committee of the Supervisory Board and a member of the Audit Committee of the Supervisory Board;
- formed the Nomination Committee and appointed Boštjan Koler an external member of the Nomination Committee;
- approved the powers of key function holders;
- adopted amendments to the Rules of Procedure of the Supervisory Board of Zavarovalnica Triglav d.d.;
- performed other activities related to the supervision or work of the Supervisory Board or its committees.

The costs in connection with the Supervisory Board's work other than the remuneration paid to its members and committees (disclosed in [Section 5.6 Management and supervisory bodies and their remuneration in the Accounting Report](#) and in [Section 5.3.3.2 Supervisory Board in the Business Report](#)) mostly included translation costs of materials for Supervisory Board's sessions and meetings of its committees, the costs of interpreting at its sessions and the rental costs of interpretation equipment, training costs of the members of the Supervisory Board and its committees, and the outsourced IT services for the Audit Committee. In 2020, these costs amounted to EUR 361,241.00.

3.4 Self-assessment

Specific topics were discussed in advance by the Supervisory Board's committees, which drafted resolutions to be adopted by the Supervisory Board and carried out other tasks within the scope of their powers. The committee chairs regularly reported on their work at the sessions of the Supervisory Board, which discussed the adopted decisions, submitted recommendations and opinions and passed appropriate resolutions after due consideration.

All members were involved in the work of the Supervisory Board and its committees. With their attendance at its sessions and active participation in discussions and decision-making, they contributed to the effective discharge of duties within the powers of the Supervisory Board and its committees. The work of the Supervisory Board is well managed and supported, whilst the frequency of its sessions is adequate. The Rules of Procedure of the Supervisory Board include the rules regulating possible conflicts of interest. The Supervisory Board amended these rules by incorporating the provisions of the Rules of Zavarovalnica Triglav d.d. on managing conflicts of interest pertaining to the Supervisory Board and its members. The members of the Supervisory

Board signed and submitted statements of independence in accordance with the Slovenian Corporate Governance Code, which the Company published on its website. All members of the Supervisory Board (except the employee representatives Branko Gorjan and Peter Celar) and an external member of the Audit Committee (an independent expert qualified in accounting and auditing) are considered independent in accordance with the criteria of the Slovenian Corporate Governance Code (all statements of independence are published on the website). In 2020, to the knowledge of the Supervisory Board, there was no case of conflict of interest with an individual Supervisory Board member in the discussions and decisions of the Supervisory Board and its committees.

The Supervisory Board is of the opinion that its cooperation with the Management Board was adequate, in accordance with the applicable legislation and good practices. To its best knowledge, the Supervisory Board was informed of all events of material significance to the assessment of the situation and its consequences, and to the supervision of the Company's operations. The documents provided as materials for the Supervisory Board's sessions are of good quality and information is accurate, relevant, reliable, comparable and exhaustive. The Supervisory Board regularly followed the implementation of its resolutions. The Governance System and Policy of Zavarovalnica Triglav d.d. sets out main corporate governance guidelines, taking into account the set long-term objectives and the defined role and work of the Supervisory Board and its committees.

The fit and proper criteria as set out in the Fit and Proper Policy for the Management Board and Supervisory Board Members of Zavarovalnica Triglav d.d. apply to both the Supervisory Board as a collective body and to Supervisory Board members as individuals. Fit and proper assessments were made periodically by the Appointment and Remuneration Committee.

The Supervisory Board as a collective body was assessed as fit and proper, taking into account the adequate range of qualifications, knowledge and experience in view of the circumstances and requirements under which the Company operates.

The Supervisory Board regularly carries out the self-assessment procedure. Based on the findings of the self-assessment, it adopts an action plan containing a series of proposals and measures aimed at improving its future performance. The implementation of the action plan is monitored on an ongoing basis. By implementing the self-assessment procedures, the quality of the Supervisory Board's work is improved, which is reflected in a higher quality of supervision of the operations and the areas material for the Company and the Group.

The Supervisory Board believes that its composition in 2020 corresponded to the size, activities and set objectives of both the Company and the Group, which enabled it to make quality decisions.

Despite the extraordinary circumstances due to the COVID-19 epidemic, the Supervisory Board carried out its duties and powers smoothly. The sessions of the Supervisory Board and its committees were held in person and, in exceptional cases, virtually.

In view of the above, the Supervisory Board is of the opinion that its work and the work of its committees in 2020 were successful.

3.5 Opinion of the annual internal audit report for 2020

In accordance with paragraph three of Article 165 of the Insurance Act (ZZavar-1), the Annual Internal Audit Report of the Internal Audit Department of Zavarovalnica Triglav d.d. for 2020 was submitted to the Supervisory Board, which took note of it at its session on 30 March 2021. The report contains an overview of the implementation of the Internal Audit

Department's (hereinafter: IAD) planned activities in 2020 and a summary of material audit findings, including an assessment of the adequacy and effectiveness of risk management and the internal control system of the audited areas, the assessment of the adequacy of the IAD's funds for its work, and the statement of independence and impartiality of the IAD and its employees.

The Internal Audit Department conducted the planned internal audits in the Company and other companies of the Group and presented its internal audit findings to the relevant persons in charge and made recommendations for improving risk management and the internal control system of audited areas. On the basis of conducted internal audits and the follow-up of implementation of recommendations, the IAD assessed that risk management and the internal control system of the audited areas within the Company and at the Group level were overall appropriate and were constantly improving. The IAD also performed advisory activities, followed up on the implementation of recommendations made by external auditors, and carried out tasks related to quality assurance and improvement of the IAD and the internal audit departments of other Group members. The IAD reported on the implementation of its work plan, material audit findings and the implementation of recommendations on a quarterly basis to the Audit Committee and on a semi-annual basis to the Supervisory Board.

On the basis of the monitoring of the work of the IAD and the submitted Annual Internal Audit Report of the Internal Audit Department of Zavarovalnica Triglav d.d. for 2020, the Supervisory Board is of the opinion that the IAD operated in line with its work plan for 2020, which was adopted by the Management Board with the approval of the Supervisory Board, and the expectations of the Supervisory Board and that its work contributed to the better functioning of the internal control system and improved risk management both in the Company

and the Group. The Supervisory Board has no objection to the Annual Internal Audit Report of the Internal Audit Department of Zavarovalnica Triglav d.d. for 2020.

3.6 Findings of the supervisory board regarding the operations of Zavarovalnica Triglav in 2020

On the basis of its monitoring and supervision of the Company's operations in 2020 and the examination and verification of the Annual Report of the Triglav Group and Zavarovalnica Triglav d.d., the Supervisory Board hereby establishes that the Company performed well and consistently pursued its set strategic objectives despite significantly changed business circumstances.

The Group generated EUR 90.9 million of consolidated profit before tax (index 90) and EUR 73.7 million of consolidated net profit (index 88). The parent company's net profit amounted to EUR 58.0 million (index 82).

Insurance subsidiaries of the Group generated insurance and coinsurance premiums of EUR 1,233.8 million in 2020 (index 104), of which EUR 719.3 million (index 102) was earned by the parent company. Premium growth was achieved in non-life and health insurance segments and in almost all markets where the Group operates.

The Group recorded gross claims paid of EUR 697.4 million, a 3% decline relative to 2019. Gross claims paid of the parent company amounted to EUR 408.3 million (index 96).

Total consolidated gross operating expenses incurred by the Triglav Group in the amount of EUR 306.7 million remained at approximately the same level as in 2019 and those of the Company totalled EUR 180.0 million (index 100).

The Group's total equity amounted to EUR 870.2 million as at 31 December 2020 and was 10% higher compared to the preceding year, primarily due to higher net profit brought forward resulting

from the non-payment of dividends. Return on equity (ROE) stood at 8.9%.

The Triglav Group's financial stability, high capital adequacy and high profitability in 2020 were again confirmed by the two renowned rating agencies S&P Global Ratings and AM Best by assigning an "A" rating to the Group. Both credit ratings have a stable medium-term outlook.

The findings of the Supervisory Board are also based on the following:

- Report of the non-life insurance actuarial function holder for 2020,
- Report of the life insurance actuarial function holder for 2020,
- Annual Internal Audit Report of the Internal Audit Department of Zavarovalnica Triglav d.d. for 2020.

The Supervisory Board has no objection to the aforementioned reports.

3.7 Annual report

The Management Board submitted the Audited Annual Report of the Triglav Group and Zavarovalnica Triglav d.d. for 2020 to the Supervisory Board.

The Supervisory Board hereby ascertains that the Annual Report was compiled within the statutory deadline and submitted to the appointed auditor. The Annual Report of the Triglav Group and Zavarovalnica Triglav d.d. for 2020 was audited by the audit firm Deloitte revizija d.o.o., Ljubljana, which on 10 March 2021 expressed an unqualified opinion on the stand-alone and consolidated financial statements in the Annual Report of the Triglav Group and Zavarovalnica Triglav d.d. for 2020. In their report as an independent auditor, they took a stance on key audit issues regarding the assessments which are the basis for the calculation of insurance technical provisions and the liability adequacy test (LAT) and expressed their opinion on other information contained in the Annual Report as to their consistency with the

stand-alone and consolidated financial statements and their compliance with the applicable legislation and other regulations.

The certified auditor, a key audit partner, who signed the Annual Report attended the session of the Supervisory Board and the Audit Committee during the items when the Annual Report was discussed and provided the required additional explanations to the Audit Committee and the Supervisory Board. The Audit Committee discussed the report after the pre-audit and the final audit and the letter to the Management after the audit, which was also discussed by the Supervisory Board.

On the basis of a detailed verification, the Supervisory Board established that the Annual Report of the Triglav Group and Zavarovalnica Triglav d.d. for 2020, which was prepared by the Management Board and verified by a certified auditor, was compiled in a clear and transparent manner and that it was a true and fair presentation of the assets, liabilities, financial position, and profit or loss of the Triglav Group and Zavarovalnica Triglav d.d. The Supervisory Board is of the opinion that the Corporate Governance Statement, which is included in the Annual Report, is appropriate and has no objections to it.

In accordance with the aforementioned findings, the Supervisory Board expresses no objection to the unqualified opinion of the certified audit firm Deloitte revizija d.o.o., Ljubljana, which found that in all material respects the consolidated and stand-alone financial statements presented a true and fair presentation of the financial position of the Triglav Group and Zavarovalnica Triglav d.d. as at 31 December 2020, their profit or loss, comprehensive income and cash flows for the year then ended, in accordance with the International Financial Reporting Standards as approved by the EU.

In view of the above, the Supervisory Board approves the Audited Annual Report of the Triglav Group and Zavarovalnica Triglav d.d. for the Year Ended 31 December 2020.

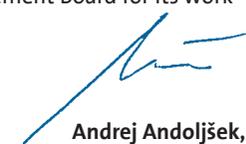
3.8 Proposal for the distribution of accumulated profit

At its 2nd/2021 session, the Supervisory Board examined the Management Board's proposal for the distribution of accumulated profit as at 31 December 2020, which will be subject to a final decision by the General Meeting of Shareholders of Zavarovalnica Triglav d.d., and approved the following draft resolution on the distribution of accumulated profit to be proposed by the Management Board to the General Meeting of Shareholders:

"The accumulated profit totalling EUR 89,624,175.26 as at 31 December 2020 shall be distributed as follows:

- A part of the accumulated profit amounting to EUR 38,649,751.60 shall be distributed for dividend payments. The dividend in the amount of EUR 1.70 gross per share shall be paid to the shareholders appearing in the Share Register as at 9 June 2021. On 10 June 2021, the Company shall ensure funds for the payment of all dividends on the account of KDD – Centralno klirinška depotna družba d.d., intended to execute the corporate action of paying out dividends to the shareholders in accordance with the common European standards for corporate actions.
- The distribution of the remaining accumulated profit of EUR 50,974,423.66 shall be decided on in the coming years and remain undistributed."

The Supervisory Board hereby proposes to the General Meeting of Shareholders to grant a discharge to the Management Board for its work in 2020.


Andrej Andoljšek,
Chairman of the Supervisory Board

Ljubljana, 30 March 2021

4. Strategy and plans of the Triglav Group

Jožefa Mlinar, an insurance agent, Zavarovalnica Triglav

"I was surprised and delighted by how openly our clients accepted the changes and new ways of doing business. Both agents and other colleagues offered their support, we stood by them when they needed help or advice.

Responsive, simple, reliable – just like our values. The new situation has in many cases made our bond even stronger, despite the safety measures. Some new digital solutions only needed to be integrated in the underwriting and claim handling procedures, and now they support the whole process, from which we all have benefited."



- Even in a greatly changed situation, the Triglav Group's strategy has proven to be effective, aimed at developing the Group into a modern, innovative and dynamic insurance/financial group, which firmly remains the leader both in Slovenia and the wider region.
- The implementation of strategic guidelines and projects was accelerated, the Group's responsiveness and agility were increased and effective action was taken.
- Business continuity, stability and client focus were ensured. Employee and client satisfaction reached the highest levels ever measured.
- Performance of the Triglav Group in 2020 was consistent with its plans.
- Profit before tax of the Triglav Group is planned at EUR 85–95 million for 2021. Consolidated gross written premium is planned at EUR 1.2–1.3 billion.

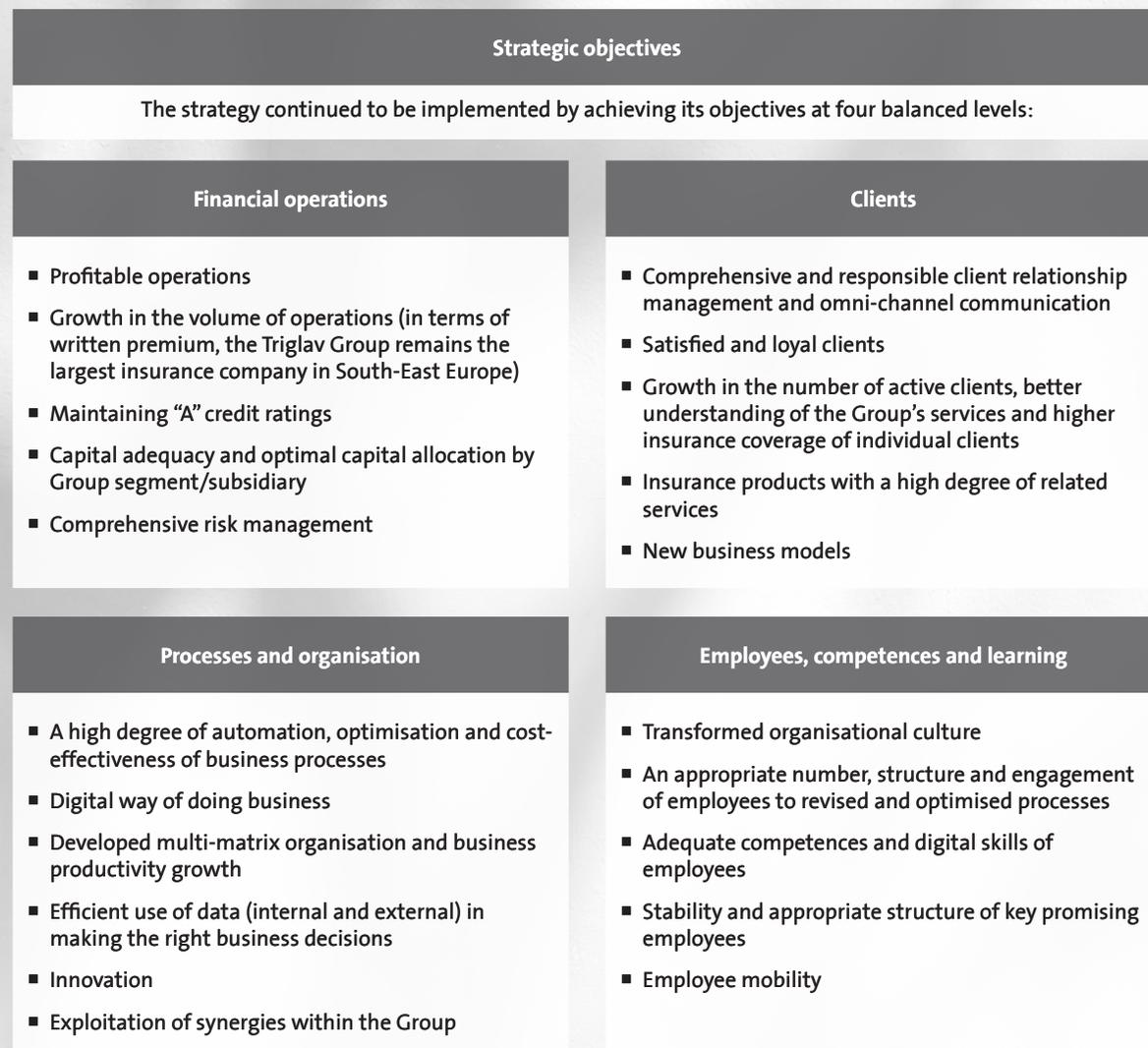
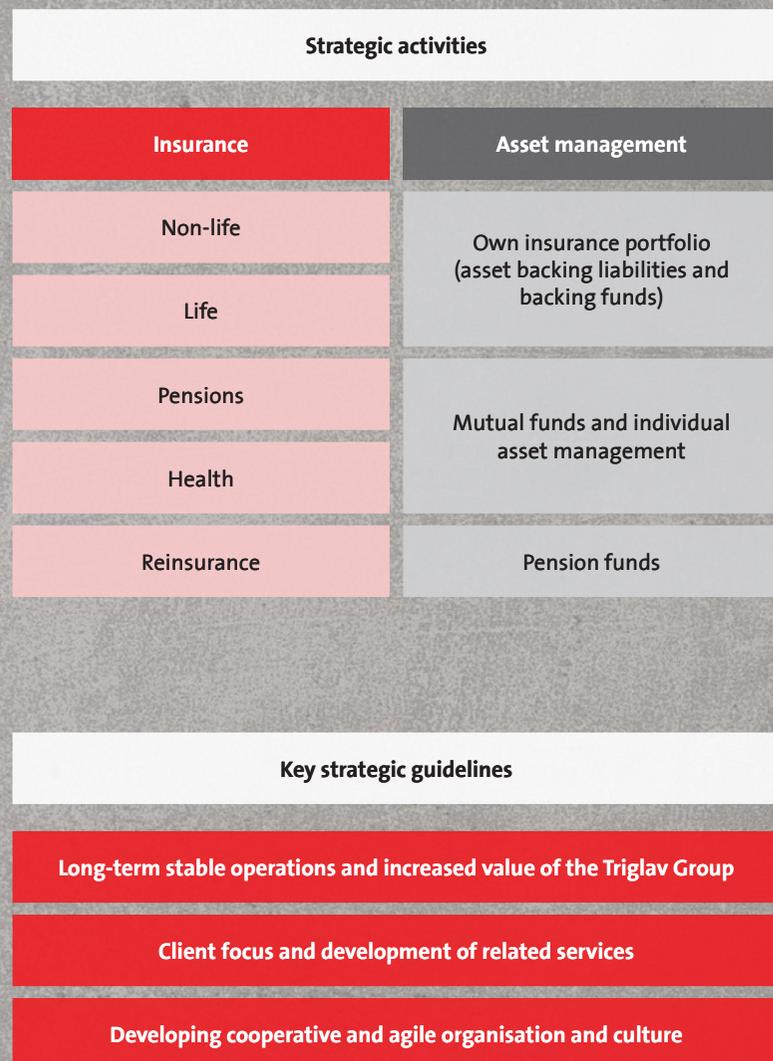
4.1 Mission, values and vision of the Triglav Group

By being committed to the common values and vision, the Triglav Group was able to effectively adjust to the extraordinary situation and ensure reliable operations.

Mission	Values	Vision of the Triglav Group
<p>Building a safer future.</p>	<ul style="list-style-type: none"> ▪ Responsiveness: We respond immediately and effectively. ▪ Simplicity: We are simple and transparent. ▪ Reliability: We deliver as promised. 	<p>Based on its client-centric approach, the Triglav Group dynamically develops new ways of doing business as the foundation of its responsible long-term development, while at the same time earns profit and operates safely.</p> <ul style="list-style-type: none"> ▪ In South-East Europe, the Group is recognised as the leading provider of innovative and comprehensive insurance-service products and asset management services. ▪ The Group is the largest in terms of income and the best in terms of client satisfaction. ▪ Clients perceive the Group's omni-channel products and services as simple and desirable. ▪ Client experience is the Group's main competitive advantage. ▪ The Group dynamically develops new ways of doing business, setting top trends in digitalisation. ▪ The Group is well-positioned in dynamic networks of business ecosystems. ▪ The Group effectively manages the risks and ensures its financial stability. ▪ Return on equity (ROE) exceeds 10% throughout the whole strategy period. ▪ The standalone "A" credit rating assigned by a renowned rating agency is being maintained. ▪ The Group's governance and management systems are structured and effective. ▪ The Group's processes are lean, simple, technologically advanced and cost-effective. ▪ Engaged and highly skilled employees are the cornerstone of the Group's culture of openness and cooperation, as well as its sustainable development and a responsible attitude towards all stakeholders.

4.2 The Triglav Group strategy for 2019–2022 and its implementation in 2020⁷

Even in greatly changed business conditions in 2020, the strengthening of the Triglav Group as a modern, digital and dynamic insurance/financial system proved to be an effective strategy.



Monitoring the implementation of the strategy (through periodic review and adjustment to internal and external changes) was introduced in all subsidiaries and thus standardised at the Group level in 2020, which was reflected in greater responsiveness and agility and more effective action in the event of changes in the environment. The Group as a whole responded immediately to any identified business risk during the pandemic. The Group accelerated the implementation of the strategy of strengthening the Group as a modern, digital and dynamic insurance/financial group, which will remain the leader both in Slovenia and the wider region. In an uncertain and volatile business environment, the Group regularly carried out an assessment of impact on its operations according to various probable scenarios, based on which it was assessed that the Group was able to effectively cope with any future increased risks arising from the COVID-19 pandemic.

See [Challenges and opportunities of today in Section Risk management](#) for more information; for further information on the Triglav Group's response see related sections, especially in [Sections 11. Development and marketing activities](#) and [12. Sustainable development and ESG aspects of the Triglav Group](#).

Major risk factors in the environment

- The COVID-19 pandemic
- Declining economic growth
- Low and negative interest rates
- Changed client expectations and needs
- Increased need for digitally supported services
- Increased cyber risks
- Effects of climate change
- Demographic changes
- The need for greater social security of the population

Main responses of the Triglav Group

- Smooth organisational and process transition to remote business
- Expansion of digital channels, launch of new technologically supported services and redesign of assistance services
- Implementation of new forms of work
- Training and knowledge transfer to improve the digital skills of all employee age groups
- Client support in the transition to remote business
- Regular monitoring of the implementation of the strategy in all subsidiaries
- Uniform internal business standards
- Prudent adjustment of the risk profile and investment policy
- Active reduction of market risks and careful liquidity risk management
- Upgraded information security management system and security controls
- Continuous operation of the new security control centre
- Custom-tailored insurance products for cyber security
- Prudent diversification of risks assumed through reinsurance
- Adoption of The Triglav Group's commitment to sustainability (ESG)
- Upgraded climate change risk management
- Redesigned financial products for social security at all stages of life (life, pension and health)
- Effective multi-channel communication with stakeholders on service accessibility and doing business in new circumstances

The tables below present in greater detail the implementation of the Group's strategic guidelines and objectives in the reporting year, which was not only marked by the COVID-19 pandemic but also by intense development activities. In this respect, important innovations for further business digitalisation were introduced and the implementation of several strategic projects was accelerated. The set strategic objectives were fulfilled. To sum up, all that was achieved helped to consolidate the foundations of the Group's operations and provided additional momentum for achieving the set strategic objectives.

Among the achievements stands out the upgraded remote business, which together with changes in the way of working and business processes is an important milestone in the digital transformation of the Group's operations. During the COVID-19 pandemic, the Group continuously provided its services to clients, taking into account the measures taken to curb the spread of infection and protect the health of its employees, clients and other stakeholders. The Group is satisfied with the response and the results achieved and so are its clients, who rated the Group the highest so far in the most difficult months.



1. Long-term stable and profitable operations and increased value of the Triglav Group

■ Profitable operations

- Profit before tax: EUR 90.9 million.
- Return on equity (ROE): 8.9%.

■ Growth in business volume

- Gross written premium: +4%.
- Overall market share in the Slovenian insurance market: +0.4 percentage point.
- Seized opportunities in new target markets; achieved target financial effects of new partnerships.

■ Increased value of the Triglav Group

- Share annual turnover: +4%.
- Market position: strengthened through capital investment management (capital increase of subsidiaries and increase of participating interest in the subsidiaries of strategic importance, integration of an acquired company, a structure for investing in healthcare service providers).
- Credit rating: reaffirmed "A" credit rating with a stable medium-term outlook.

■ Capital adequacy and optimal capital allocation by Group segment/subsidiary

- Achieved target capital adequacy and upgraded capital adequacy monitoring process.
- Risk, capital and asset liability management system: effective operation; the parent company's portfolio is in line with the revised investment policies.
- Investment processes: upgraded to enable the Group to take a comprehensive approach to implementing its commitment to sustainability.

■ Comprehensive risk management and introduction of new business models

- Ongoing analyses of the impact of the COVID-19 pandemic, its effects on operations and taking action; upgrading the risk monitoring and reduction process.
- Communication and verification of implementation of the strategy of the Group and its members.

■ A high degree of automation, optimisation and cost-effectiveness of business processes

- The proportion of operating expenses of the insurance business in gross written premium lower: -1.1 percentage points.
- Business digitalisation and optimisation: new technological solutions already introduced or being implemented.

■ Efficient use of data (internal and external) in making business decisions

- Improved data warehouse functionality and an expanded database at several organisational levels.
- In-depth knowledge of business processes at the Group level and client expectations.

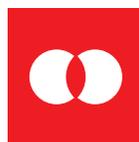
■ Developed multi-matrix organisation, business productivity growth and utilisation of synergies within the Group

- Business productivity increased by 3%; average gross written premium per Company employee is EUR 267.5 thousand.
- Transfer of good practices and exploitation of internal potential; adapting products and services to markets; implemented minimum business standards in subsidiaries.



2. Client focus and development of related services

- **Comprehensive and responsible client relationship management and omni-channel communication**
 - Enhanced communication with existing and potential clients via all communication channels to achieve high responsiveness, reliability and transparency; a new client communication platform launched.
 - Redesigned websites triglav.si and triglav.eu; upgraded i.triglav web platform.
- **Increased client satisfaction and loyalty**
 - The highest client satisfaction score achieved (NPS = 67).
 - Adaptation of products and services to client expectations and rewarding of their loyalty.
- **Growth in the number of active clients, better understanding of the Group's services and higher insurance coverage of individual clients**
 - Diverse and innovative marketing and sales approaches; targeted promotional activities to attract new clients.
 - Increased scope of measurements and analyses of user experience, activities to improve understanding of the Group's products and services.
- **Insurance products with a high degree of related services**
 - Upgrade of several assistance services; product development in mobility.
 - Strengthening of existing and establishment of new partnerships in related services.
- **Digitalisation and implementation of innovative forms of doing business**
 - Adaptation of key insurance processes to remote work and business, implementation of new digital solutions, such as remote video identification.
 - Expansion and simplification of taking out insurance and settling claims remotely.



3. Developing cooperative and agile organisation and culture

- **Transformed organisational culture**
 - Realisation of key values in relation to all stakeholders.
 - Enhanced agility of employees and their attitude to change.
 - Promotion of intergenerational cooperation, teamwork and a healthy lifestyle and work practices.
- **An appropriate number, structure and engagement of employees to revised and optimised processes**
 - Exceeded target level of employee engagement and satisfaction at the Group level.
 - Adaptation of the organisation and main processes to changed circumstances and market needs.
- **Adequate competences and digital skills of employees**
 - Training system: adapted to changed circumstances; empowered employees with improved digital competences for independent teleworking.
 - Management-by-objective system: strengthened by periodic development interviews.
- **Stability and appropriate structure of key promising employees and employee mobility**
 - Maintaining stable and adequate occupation of key posts.
 - Enhanced cooperation, knowledge transfer and mobility of employees within the Group.

4.3 Implementation of the Triglav Group's business plans in 2020

In challenging conditions aggravated by the COVID-19 pandemic and the unfavourable situation in the financial markets, the Triglav Group performed well and generated **profit before tax of EUR 90.9 million**. The profit earned is lower than originally planned for 2020, but **in line with the interim estimate of the reduced planned profit** (see [Section 8. Financial result of the Triglav Group and Zavarovalnica Triglav](#) for more information).

The Group **increased the volume of written premium by 4% and fulfilled its plans** despite the demanding market conditions marked by fierce competition. Premium growth was recorded in most insurance markets of the Group and in the health and non-life insurance segments. Premium growth in the Slovenian market was 3%, while in markets outside Slovenia it stood at 4%. See [Section 7.5 Gross written insurance, coinsurance and reinsurance premiums](#) for further information on insurance premium.

The **combined ratio of the Triglav Group was 91.2%**, which is in the lower end of its average target strategic value range (the performance indicator of the Company in the core non-life and health insurance business excluding return on investment). Compared to the preceding year, it is lower by 0.3 percentage point due to an improvement in both the claims ratio and the expense ratio. See [Section 8. Financial result of the Triglav Group and Zavarovalnica Triglav](#) for more information.

The credit rating agencies S&P Global Ratings and AM Best re-affirmed the Group's **"A" credit rating with a stable medium-term outlook**, thus confirming the Group's **strong financial stability, capital adequacy and profitability**. The achievement of the "A" credit rating is in line with the Group's strategy. It ensures an appropriate competitive position of the Group in insurance, reinsurance and financial markets, as it confirms its financial strength and sound performance. See [Section 6.6 Credit rating of the Triglav Group and Zavarovalnica Triglav](#) for more information.

4.4 Plans of the Triglav Group for 2021

The Triglav Group business plan for 2021 is the continuation of the consistent implementation of the Group's planned strategic guidelines and a new step towards the realisation of its vision.

The Triglav Group business plan is based on strategic starting points and goals, performance assessment in 2020, market potential, competitive conditions, and the forecasts of macroeconomic trends and trends in financial markets.

Expected business conditions: According to the selected baseline scenario, the Group estimates that in 2021 the macroeconomic environment will improve compared to the previous year and that the economy will gradually recover, with GDP growth not offsetting the 2020 declines. It is taken into account that the proportions of the epidemiological situation remain a factor of great uncertainty and pose a risk that the period of paralysed economic activity will continue and that the decline in GDP will be higher and more lasting than expected.

Triglav Group Business Plan for 2021

Profit before tax: Profit before tax of EUR 85–95 million is planned. The planned profit is based on projected performance of the Group's both activities, taking into account the anticipated conditions in the financial markets that will affect the rates of return on investment.

Premium: In the insurance business, written premium volume is planned to increase to EUR 1.2–1.3 billion. Through continued underwriting discipline, the Group plans to maintain the profitability of its insurance business. By implementing a client-focused strategy, the Group will promptly adapt to the competitive situation in its markets. The main emphasis will remain on the achievement of high-quality services aimed at comprehensively addressing the challenges and needs of clients, the innovative development of technologically advanced sales processes, and the development of the sales network by using an omni-channel approach to clients.

Claims: In the claims segment, an increase in the volume of claims paid is expected, particularly due to the growth of the insurance portfolio and other factors. With regard to major CAT events, similar trends as in previous years are expected and, therefore, the prudently selected reinsurance protection will be maintained.

Combined ratio: The Triglav Group's combined ratio of below 95% is planned, which is in the lower (more favourable) end of its average target strategic value range of around 95%.

Cost-effectiveness: Cost streamlining measures predominantly focused on the types of costs not directly related to insurance acquisition will continue to be implemented. An increase is expected in costs related to insurance sale, expansion of digitalisation, development and maintenance of IT support, and depreciation costs due to past and planned investments in information technology. The planning of staffing levels and labour costs, which account for the bulk of the Group's total operating expenses, will comply with the strategic guidelines, changed business processes and the requirements of individual work areas.

Profit from financial investments: The situation, which is characterised by low or negative interest rates, is expected to continue, therefore the plan took into account that the rates of return on investment, excluding unit-linked assets, will continue to decline. The Group's investment policies remain unchanged. Their main focus in 2021 will continue to be ensuring security, liquidity and diversification of investments while achieving adequate profitability. The Group will maintain a conservative investment structure, placing emphasis on fixed-rate investments, and continue to ensure the high quality of the whole investment portfolio. In some parts of the portfolio, the Group intends to achieve slightly higher rates of return at a lower liquidity of investments by improving the matching of asset-liability maturity. The Group will ensure that the underwritten risks will be in line with the defined risk appetite of the Triglav Group.

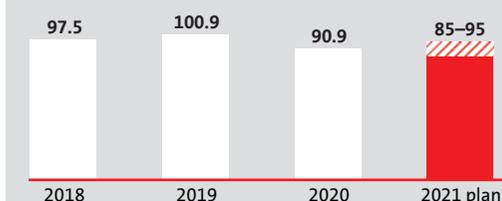
Asset management: The Group will pursue the strategic objectives of increasing the volume of assets under management by selling existing savings and insurance products and increasing the assets of investment funds managed by Triglav Skladi.

Maintaining high credit ratings: The Group will maintain its high financial stability and security in 2021 by ensuring the amount of capital that, in accordance with strategic guidelines, adequately exceeds the set level of underwritten risks. This and profit earned are the bases to retain high credit ratings assigned by the renowned credit rating agencies S&P Global Ratings and AM Best.

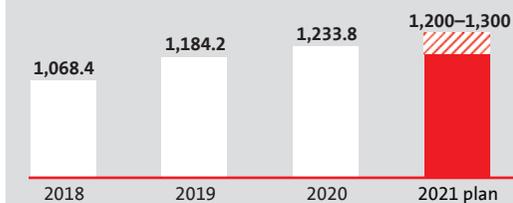
Financial highlights of the Triglav Group business plan for 2021 (EUR million)

	2018	2019	2020	2021 plan
Profit/loss before tax	97.5	100.9	90.9	85–95
Gros written premium from insurance, coinsurance and reinsurance contracts	1,068.4	1,184.2	1,233.8	1,200–1,300
Combined ratio in non-life insurance	91.8%	91.5%	91.2%	below 95%

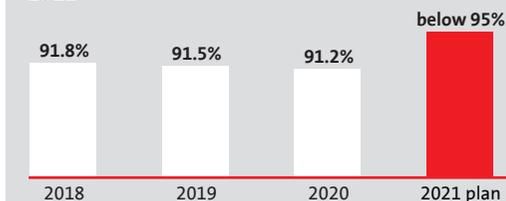
Planned net profit before tax of the Triglav Group for 2021 (EUR million)



Planned gross written premium for insurance, coinsurance and reinsurance contracts of the Triglav Group for 2021 (EUR million)



Planned combined ratio of the Triglav Group for 2021



Disclaimer

The planned figures for 2021 are based on the outlook, expectations about events and circumstances, and forecasts available to the Company when drafting the plan. The actual results, performance and events may significantly deviate from those taken into account in the plan. When publishing the interim results of the Triglav Group in 2021, the Company will each time comment on the Group's planned annual profit before tax.

5. Corporate Governance Statement

- The Supervisory Board appointed Andrej Andoljšek its Chairman and Milan Tomažević its Vice Chairman.
- Igor Stebernak, shareholder representative, was re-appointed a Supervisory Board member.
- The business functions in subsidiaries are even more closely integrated with Zavarovalnica Triglav's business segments. The governance system of the Triglav Group's subsidiaries was upgraded with uniform treatment and a higher level of integration of all subsidiaries.

5.1 Governance policy

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

5.2 Statement of Compliance with the Slovene Corporate Governance Code⁸

In its operations, Zavarovalnica Triglav abides by the Corporate Governance Code (hereinafter: the Code), which was adopted on 27 October 2016 and which is available on the website of the Ljubljana Stock Exchange in Slovenian and English (www.ljse.si).

Zavarovalnica Triglav's statement of compliance with the Corporate Governance Code for the period from 1 January 2020 to the day of publication in 2021 is available on SEOnet and Zavarovalnica Triglav's official website (www.triglav.eu).

Zavarovalnica Triglav adheres to the provisions of the Code. For well-grounded reasons, the Company did not comply with the following provisions of the Code:

- Point 5.7 of the *Code relating to an external assessment of the appropriateness of the Corporate Governance Statement by an independent institution*: The Corporate Governance Statement, as part of the annual report, is reviewed annually by an independent external auditor. Zavarovalnica Triglav is a regulated company whose operations are supervised by the Insurance Supervision Agency. In addition, one of its key functions is internal audit, which performs continuous and comprehensive supervision of the Company's operations in order to verify and assess whether the processes of risk management, control procedures and management of the Company are appropriate.

- Point 14.4 of the *Code stipulating that at least once in every three years the supervisory board should ensure an external assessment in which it cooperates with an institution or external experts*: Each year, the Supervisory Board, with the assistance of competent departments, carries out self-assessment of its work and the work of its committees and draws up a report. It takes a position on this and adopts an action plan to improve its functioning. At its discretion, the Supervisory Board also performs external assessment, in which it cooperates with relevant external experts.
- Point 19.6 of the *Code relating to the prior approval of the Supervisory Board before the appointment of the members of the Management Board to the management or supervisory bodies in other companies*: Pursuant to the resolution of the Supervisory Board, the members of the Management Board do not require the approval of the Supervisory Board prior to their appointment to the management or supervisory bodies of Zavarovalnica Triglav's direct and indirect subsidiaries and associates; however, the Management Board members promptly inform the Supervisory Board in writing about their appointment in accordance with point 1 of paragraph two of Article 62 of the Insurance Act (ZZavar-1).
- Point 23 of the *Code stipulating that all supervisory board and committee members are independent*: Two members of the Supervisory Board, both employee representatives, are not independent in accordance with point g) of Appendix B3 of the Code, as they have served on the Supervisory Board for more than three terms.

In its operations, the Company abides by the principles of the Insurance Code, available on the website of the Slovenian Insurance Association (www.zav-zdruzenje.si).

Zavarovalnica Triglav also has its own code, published on its official website (www.triglav.eu). This code presents Zavarovalnica Triglav's fundamental values and principles of operation in order to achieve its business objectives, strategic guidelines and competitive advantages in a fair and transparent 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 Capital Assets of the State and the Recommendations and Expectations of the Slovenian Sovereign Holding (both available on the website of Slovenski državni holding d.d. at www.sdh.si), which is published on the Company's official website (www.triglav.eu).

The Statement of compliance with the Slovenian Corporate Governance Code is available both on SEOnet and the Company's official website (www.triglav.eu).

Two-tier governance of Zavarovalnica Triglav

General Meeting of Shareholders

12,982

Shareholders
(31 December 2020)

Supervisory Board

4-year term of office
9 members

Management Board

5-year term of office
6 members

5.3 Management bodies of Zavarovalnica Triglav⁹

The Company uses a two-tier governance system. Its management and supervisory bodies are as follows: **General Meeting of Shareholders**, **Management Board** and **Supervisory Board**. They operate in compliance with the primary and secondary legislation, the Articles of Association and adopted rules of procedure. Zavarovalnica Triglav's Articles of Association are published on its official website (www.triglav.eu).

5.3.1 General Meeting of Shareholders

The shareholders of Zavarovalnica Triglav exercise their rights in respect of the 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 in the law and the Articles of Association, and when it is in the interest of the Company.

The powers 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 amendment.

Each share of Zavarovalnica Triglav gives its holder the right to:

- one vote at the General Meeting of Shareholders,
- proportional dividends from the profit intended for the dividend payment and
- a proportional share from the remaining bankruptcy or liquidation estate in the event of bankruptcy or liquidation.

All shareholders who are entered in the share register managed by KDD – Centralno klirinška depotna družba d.d. 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 by the specified deadline.

The rights and obligations attached to the shares as well as the notes on the restriction of transfer of shares and on reaching a qualifying holding are described in [Section 6.2 Equity](#). See the Insurance Act for further details.

In accordance with the Financial Instruments Market Act, the following three shareholders of Zavarovalnica Triglav hold a qualifying holding (as at 31 December 2020):

- 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 stake remained unchanged in 2020. On behalf 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 is the direct holder of 6,386,644 shares or 28.09% of the share capital of Zavarovalnica Triglav. Its stake remained unchanged in 2020.
- Addiko Bank d.d., Pension fund 1 – fiduciary account, Zagreb, is the holder of 1,526,190 shares or 6.71% of the share capital of Zavarovalnica Triglav, representing an increase of 32,129 shares or 0.14 percentage point over the 2019 year-end.

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

General Meeting of Shareholders in 2020

Zavarovalnica Triglav's shareholders met once, i.e. on 2 June 2020, at the 45th General Meeting of Shareholders. The total number of shares and voting rights represented at the General Meeting of Shareholders was 18,884,305 or 83.06% of all shares to which the voting rights are attached.

The General Meeting of Shareholders was briefed on:

- the Annual Report of the Triglav Group and Zavarovalnica Triglav d.d. for 2019,
- the opinion given by the audit firm,
- the Annual Internal Audit Report of the Internal Audit Department of Zavarovalnica Triglav d.d. for 2019,
- the Report of the Supervisory Board of Zavarovalnica Triglav d.d. on the Verification of the Annual Report of the Triglav Group and Zavarovalnica Triglav d.d. for 2019,
- the Opinion of the Supervisory Board on the Annual Internal Audit Report of the Internal Audit Department of Zavarovalnica Triglav d.d. for 2019,
- the remuneration policy for the members of the management and supervisory bodies of Zavarovalnica Triglav d.d. and the remuneration policy for the members of the management bodies for the three largest Triglav Group subsidiaries for 2019 and
- the appointment of new Supervisory Board members, employee representatives.

When deciding on the use of accumulated profit, the shareholders adopted a resolution not to distribute accumulated profit, which amounted to EUR 60,543,474.97 as at 31 December 2019.

The shareholders granted a discharge for the 2019 business year to both the Management Board and the Supervisory Board of Zavarovalnica Triglav.

The General Meeting of Shareholders took note of the expiry of the term of office of the Supervisory Board member Igor Stebernak, shareholder representative, and reappointed him for a four-year term of office, which commenced on 3 June 2020.

At the General Meeting of Shareholders, the Pan-Slovenian Shareholders' Association (VZMD) announced an action to set aside all adopted resolutions. However, no such action was filed against Zavarovalnica Triglav.

5.3.2 Management Board

The Management Board 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 is 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 fit and proper criteria, which the Management Board members and other individuals are required to meet, are clearly defined in the Fit and Proper Policy for the Management and Supervisory Board Members of Zavarovalnica Triglav d.d., which sets out the fit and proper assessment procedure for Management Board members to be performed before the appointment, periodically, extraordinarily or after the appointment of an individual Management Board member. Furthermore, the policy determines the fit and proper assessment criteria and procedures for the Management Board as a collective body. With respect to the latter, 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 are required to 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 addition to the above, the Diversity Policy, which aims to ensure complementarity and diversity in the Management Board by taking into account various qualifications, experience and knowledge defined in the Fit and Proper Policy for the Management and Supervisory Board Members of Zavarovalnica Triglav d.d., gender balance and representation of different age groups, is taken into account in the appointment of an individual Management Board member. In the selection process, if several candidates meet the fit and proper criterion, the candidate who will contribute to greater diversity of the Management Board will have priority. The aim is for both genders to be represented on the management body. A comprehensive approach enables prudent and careful management of the Company, thus achieving strategic objectives and ensuring long-term values for all key stakeholders.

In November 2020, a periodic assessment of all Management Board members and the Management Board as a collective body was performed, whereby all members individually and the Management Board as a collective body were assessed as fit and proper.

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, one of whom one is the president. The number of the Management Board members, their powers, the manner of representation and presentation, and the delegation of the Management Board's powers 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 without limitation. Zavarovalnica Triglav has one Worker Director, who is a member of the Management Board.

The appointment and dismissal of an individual or all Management Board members 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's powers 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 by issuing new shares for in-cash contributions within five years of 2 June 2016. The issue of new shares, the amount of capital increase, the rights attached to the 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. Following a share capital increase, the Supervisory Board is authorised to amend the Company's Articles of Association.

5.3.2.2 Presentation of the Management Board, its functioning and powers

Composition of the Management Board in 2020¹⁰

First and last name	Function	Area of work in the Management Board (as at 31 December 2020)	State of term of office (the first)	End of term of office	Gender	Nationality	Date of birth	Education	Professional profile	Membership in the supervisory and/or management bodies of other companies
Andrej Slapar	President	Manages and directs the work of the Management Board and head office support departments (the Management Board Office, the Legal Office, the Internal Audit Department, the Corporate Communication Department and the Compliance Office). In charge of the Corporate Accounts, Marketing, and Business Intelligence and Client Relationship Management divisions, HR matters related to the employees with special powers, arbitration and Jedrski Pool GIZ (a nuclear insurance and reinsurance pool).	22 May 2013	12 November 2024	Male	Slovenian	1972	LL.B.	Management, strategic management, commercial law, insurance and reinsurance, actuarial science	Krka d.d. (until 20 August 2020) Pozavarovalnica Triglav Re d.d.
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 independent Non-Life Insurance Development and Actuarial Department, and the Accounting and Finance divisions excluding the Investment Department.	14 July 2014	15 July 2024	Male	Slovenian	1975	MSc in business and organisation	Management and organisation, strategic management, insurance, financial management, financial markets and analyses, asset management, risk management	Triglav, upravljanje naložb in svetovalne storitve d.o.o. Triglav, Zdravstvena zavarovalnica d.d. ZTSR d.o.o. (from 17 March 2020)
Tadej Čoroli	Member	In charge of the Non-Life Insurance, Non-Life Insurance Claims, Insurance Sales, and Digitalisation, Processes and Technology divisions.	29 July 2014	30 July 2024	Male	Slovenian	1975	LL.M.	Management, strategic management, commercial law, insurance, marketing	
Barbara Smolnikar	Member	In charge of the Life Insurance Division and the independent Life Insurance Development and Actuarial Department. Responsible for anti-money laundering.	17 October 2017	17 October 2022	Female	Slovenian	1967	PhD in management	Management, strategic management, banking, bancassurance, financial markets and analyses, risk management	Triglav, pokojninska družba d.d.
David Benedek	Member	In charge of the Subsidiary Management Division and the Investment Department.	29 August 2019	29 August 2024	Male	Slovenian	1973	MSc in business and organisation	Management, strategic management, banking, insurance, financial markets and analyses, corporate governance	Triglav Osiguranje, Zagreb d.d. Triglav INT d.d. Triglav, upravljanje naložb in svetovalne storitve d.o.o. Triglav, Upravljanje nepremičnin d.o.o. Triglav Skladi d.o.o. Diagnostični center Bled d.o.o. (from 2 April 2020)
Marica Makoter	Member and Worker Director	Represents the workers' interests as set out in the Worker Participation in Management Act. In charge of the independent Fraud Prevention, Detection and Investigation Department and the Change and Project Portfolio Management Department. Responsible for the IT, Back Office and Human Resource Management divisions (excluding HR matters related to the employees with special powers).	21 December 2011	22 December 2021	Female	Slovenian	1972	LL.B.	Management, strategic management, commercial law, insurance, human resources and organisation, worker representation	

Andrej Slapar took over the position of the President of the Management Board seven years ago, and in 2020 all members of the Management Board (together) performed their function for an average of five years.

Data on the remuneration of the Management Board members are disclosed in [Section 5.6 of the Accounting Report](#). The basis for the remuneration of the Management Board is the Remuneration Policy of Zavarovalnica Triglav d.d., which is based on Directive 2009/138/EC – Solvency II, as amended by Directive 2012/23/EU, and Commission Delegated Regulation (EU) 2015/35 supplementing Directive 2009/138/EC.

The Remuneration Policy of Zavarovalnica Triglav d.d. is designed to ensure the Company's appropriate capital strength, to encourage reliable and effective risk management while not promoting the assumption of risks exceeding the allowed risk limits, and to provide for the acquisition and retention of appropriately professionally qualified, competent, responsible and engaged employees. The policy serves as a foundation for implementing a robust and reliable governance system and ensures business integrity and transparency.

Composition and remuneration of the Management Board in 2020 (EUR)

Name and surname	Function	Fixed remuneration – gross (1)	Variable remuneration – gross			Deferred remuneration – gross (3)	Severance pay (4)	Benefits and SVPI (5)	Claw-back (6)	Total gross (1+2+4-6)	Total net (1+2+4-6)
			based on quantitative criteria	Based on qualitative criteria	Total variable remuneration (2)						
Andrej Slapar	President	188,542	51,114	0	51,114	57,786	0	73,806	0	239,656	79,885
Uroš Ivanc	Member	179,219	48,559	0	48,559	54,896	0	44,322	0	227,778	81,428
Tadej Čoroli	Member	179,219	48,559	0	48,559	54,896	0	50,387	0	227,778	78,945
Barbara Smolnikar	Member	179,219	28,764	0	28,764	51,039	0	50,546	0	207,983	71,136
David Benedek	Member	179,839	8,559	0	8,559	8,559	0	51,619	0	188,398	63,155
Marica Makoter	Member	179,219	48,559	0	48,559	54,896	0	49,837	0	227,778	78,068
Benjamin Jošar	Member until 2 November 2017	0	4,365	0	4,365	3,857	0	0	0	4,365	2,550
Total		1,085,257	238,479	0	238,479	285,929	0	320,517	0	1,323,736	455,167

* The disclosure does not include travel expenses, accommodation costs and daily allowance as, by their nature, they are not considered remuneration of the Management Board.

** The data under item (2) contain the third portion of the bonus for 2016, the second portion of the bonus for 2017 and the first portion of the bonus for 2019, which were paid in 2020.

*** The data under item (3) contain the third portion of the bonus for 2017, the second and third portions of the bonus for 2018 and the second and third portions of the bonus for 2019, which will be paid out in the coming years.

**** The data under item (5) include the benefits and the supplemental voluntary pension insurance premium.

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 management with full responsibility.

Shareholder representatives are elected by the General Meeting of Shareholders and employee representatives by the Works Council. The Chairman and Vice Chairman of the Supervisory Board are elected from among its members representing shareholders. Their appointment and dismissal are made in accordance with the applicable legislation and the documents of the Company. The members of the Supervisory Board are given a four-year term of office and may be re-elected without limitation. The General Meeting of Shareholders may dismiss any elected member 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.

The fit and proper criteria as set out in the Fit and Proper Policy for the Management and Supervisory Board Members of Zavarovalnica Triglav d.d. also apply to both the Supervisory Board as a collective body and to Supervisory Board members as individuals. Fit and proper assessments are made before the appointment, periodically, extraordinarily or after the appointment of an individual Supervisory Board member.

In assessing the composition and performance of the Supervisory Board as a collective body along with a diverse gender and age structure, the Supervisory Board takes into account diversity in such a manner that all members possess the relevant knowledge, skills 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 addition to the above, the Diversity Policy, which aims to ensure complementarity and diversity in the Supervisory Board by taking into account various qualifications, experience and knowledge defined in the Fit and Proper Policy for the Management and Supervisory Board Members of Zavarovalnica Triglav d.d., is taken into account in the appointment of an individual Supervisory Board member. This enables prudent and careful supervision of the Company, thus achieving strategic objectives and ensuring long-term values for all key stakeholders, representation of both genders and representation of different age groups.

The Diversity Policy was also taken into account in the appointment of Igor Stebernak, a Supervisory Board member – shareholder representative, for a new four-year term of office. Igor Stebernak, whose term of office expired on 2 June 2020 and whose new term of office commenced on 3 June 2020, contributes to the greater diversity of the Supervisory Board with his knowledge and experiences.

Nataša Damjanovič resigned as a Supervisory Board member on 18 June 2020 due to commitments related to her new employment. Pursuant to paragraph two of Article 21 of Articles of Association of Zavarovalnica Triglav d.d., her term of office ended upon the expiry of a three-month notice period, i.e. on 18 September 2020.

At its session on 18 August 2020, the Supervisory Board appointed Andrej Andoljšek its Chairman and Milan Tomažević its Vice Chairman.

In accordance with the Fit and Proper Policy for the Management and Supervisory Board Members of Zavarovalnica Triglav d.d., a fit and proper periodic assessment was carried out in November 2020 for all Management and Supervisory Board members, excluding Igor Stebernak. Due to his reappointment as a Supervisory Board member, he was assessed in accordance with the prescribed procedure before the appointment of supervisory body members. All individual members and the Supervisory Board as a collective body were assessed as fit and proper.

5.3.3.1 Powers of the supervisory Board

The powers and operation of the Supervisory board are set out in the applicable legislation, the Company's Articles of Association and the Rules of Procedure of the Supervisory Board (available at www.triglav.eu). Besides the powers specified in the Companies Act and the Insurance Act, the Supervisory Board has the power 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:

- the founding of limited companies in Slovenia and abroad;
- the acquisition or sale of Zavarovalnica Triglav's participating interests in domestic or foreign companies, except in the case of participating interests for which the conventional portfolio management approach is used;
- the issue of debt securities and long-term borrowing from domestic or foreign banks;
- the acquisition and sale of real property and investment in real property of Zavarovalnica Triglav.

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

5.3.3.2 Supervisory Board in 2020

Composition of the Supervisory Board in 2020¹¹

First and last name	Function	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	Year of birth	Education	Professional profile	Independence pursuant to Article 23 of the Corporate Governance Code	Existence of conflict of interest in 2020	Membership in the supervisory and/or management bodies of other companies while serving on the Supervisory Board in 2020	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
Andrej Andoljšek	Member	13 June 2017	13 June 2021	9 of 9	Male	Slovenian	1970	BSc in Economics	Financial and general management, financial markets and analyses, banking, corporate governance, business and financial restructuring of companies	YES	NO	/	Strategy Committee Nomination Committee	Member Chairman Member	3 of 3 12 of 12
	Vice Chairman	21 June 2017	13 June 2021												
	Chairman	18 August 2020	13 June 2021												
Milan Tomažević (former President of the Management Board of Zavarovalnica Triglav d.d.)	Member Vice Chairman	13 June 2017 18 August 2020	13 June 2021 13 June 2021	9 of 9	Male	Slovenian	1946	BSc in Economics	Insurance and reinsurance, informatics, management and actuarial science	YES	NO	/	Strategy Committee	Chairman	3 of 3
Igor Stebernak	Chairman Member	18 August 2016 3 June 2020	2 June 2020 3 June 2024	9 of 9	Male	Slovenian	1968	BSc in Electrical Engineering, MBA	Banking, insurance, strategic management, financial markets and analyses, controlling, accounting and business process reengineering	YES	NO	/	Appointment and Remuneration Committee Nomination Committee Audit Committee	Chairman Chairman Member	7 of 8 5 of 12 1 of 5
Žiga Škerjanec	Member	13 June 2017	13 June 2021	9 of 9	Male	Slovenian	1978	LL.B.	Corporate law and finance and the operation of supervisory boards	YES	NO	/	Strategy Committee Appointment and Remuneration Committee Nomination Committee	Member Member Member	3 of 3 8 of 8 12 of 12
Nataša Damjanovič	Member	13 June 2017	18 September 2020	6 of 9	Female	Slovenian	1965	Bachelor of Economics	Financial markets and analyses, banking, marketing and strategic management	YES	NO	/	Audit Committee Appointment and Remuneration Committee	Member Member	3 of 5 5 of 8
Mario Gobbo	Member	12 June 2013	13 June 2021	9 of 9	Male	Italian	1953	PhD in Economics	Banking, financial management, financial markets and analyses, investment banking, investment, restructuring, acquisition of financial assets and privatisation	YES	NO	/	Audit Committee	Chairman	5 of 5
Peter Celar	Member	29 May 2007 1 June 2019	31 May 2019 2 June 2023	9 of 9	Male	Slovenian	1958	Bachelor of Economics	Insurance	NO	NO	/	Appointment and Remuneration Committee Nomination Committee	Member Member	8 of 8 12 of 12
Branko Gorjan	Member	14 March 1995 1 June 2019	30 May 2015 1 June 2023	9 of 9	Male	Slovenian	1960	Economic technician	Insurance	NO	NO	/	Strategy Committee	Member	3 of 3
Igor Zupan	Member	27 September 2019	1 June 2023	9 of 9	Male	Slovenian	1972	Bachelor of Administrative Organisation – IT Specialist	Insurance	YES	NO	Lovčen životna osiguranja a.d., until 16 February 2020	Audit Committee	Member	5 of 5

External members of Supervisory Board committees in 2020

First and last name	Supervisory Board committee	Attendance of meetings of Supervisory Board committees / total number of committee meetings	Gender	Nationality	Education	Year of birth	Professional profile	Membership in the supervisory bodies of other companies while serving on a Supervisory Board committee in 2020
Simon Kolenc	Audit Committee	5 of 5	Male	Slovenian	BSc in Economics	1977	Finance, accounting, audit	/
Boštjan Koler	Nomination Committee	12 of 12	Male	Slovenian	LL.B.	1961	Law	/

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 B of the Annex to the Corporate Governance Code.

Data on the remuneration of the Supervisory Board members are disclosed in [Section 5.6 of the Accounting 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 members and committees in 2020 (EUR)

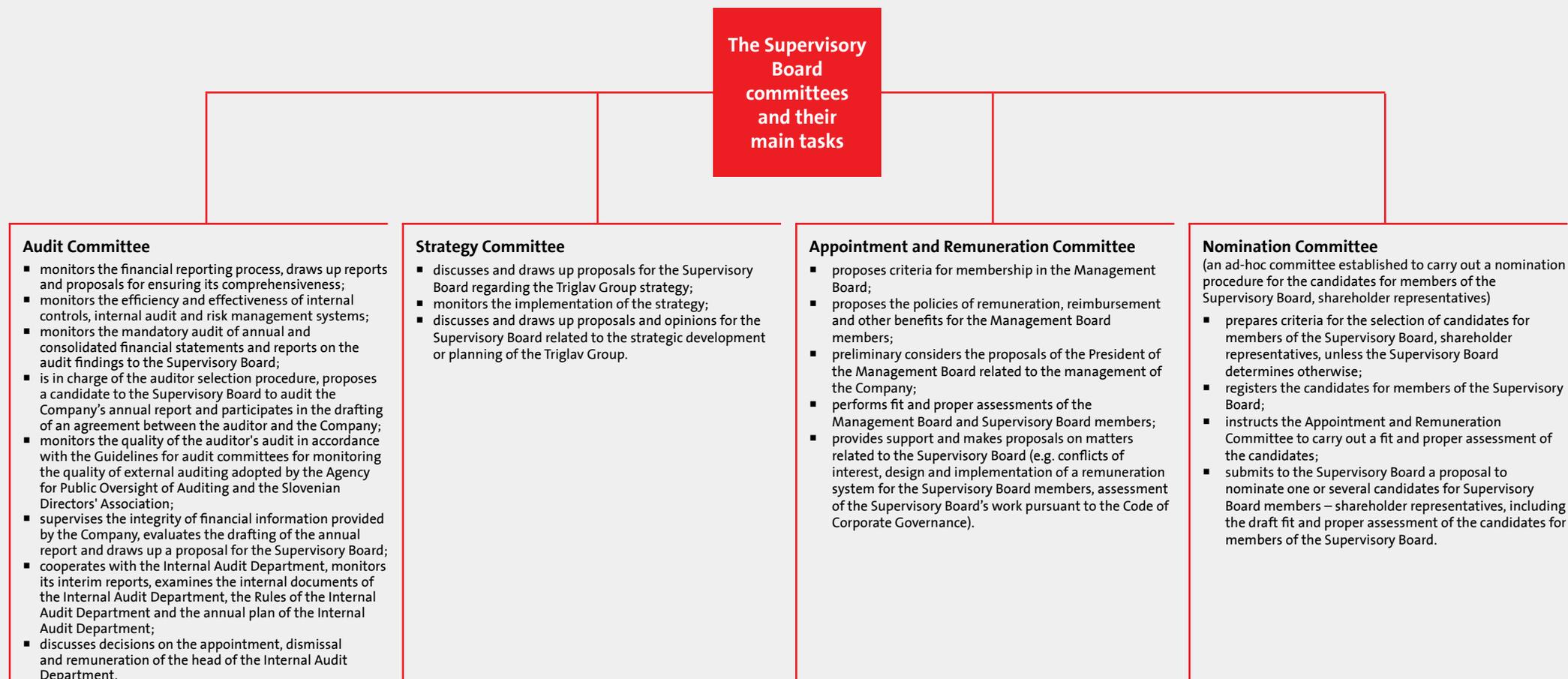
Name and surname	Function	Remuneration for performing the function – gross per year (1)	Attendance fees for SB sessions and committee meetings – gross per year (2)	Total gross (1+2)	Total net*	Gross travel expenses	Net travel expenses*
Andrej Andoljšek	Chairman	25,166	5,368	30,534	22,208	0	0
Milan Tomažević	Vice Chairman	20,202	2,794	22,996	16,725	0	0
Igor Stebernak	Member	21,787	5,874	27,661	20,118	0	0
Žiga Škerjanec	Member	21,431	7,942	29,373	21,363	0	0
Mario Gobbo	Member	19,645	3,234	22,879	15,072	12,550	8,268
Nataša Damjanovič	Member	15,056	3,124	18,180	13,223	0	0
Peter Celar	Member	20,254	7,348	27,602	20,075	487	355
Branko Gorjan	Member	17,859	2,794	20,653	15,021	0	0
Igor Zupan	Member	17,859	3,234	21,093	15,341	0	0
Simon Kolenc	External committee member	7,144	1,293	8,437	6,136	59	43
Boštjan Koler	External committee member	3,031	3,454	6,485	4,716	0	0
Total		189,434	46,459	235,893	169,998	13,096	8,666

* 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 2020

In 2020, the Company had the following committees: the Audit Committee, the Appointment and Remuneration Committee, the Strategy Committee and the Nomination Committee as an ad-hoc committee. Supervisory Board committees prepare draft resolutions for the Supervisory Board, assure their implementation and carry out other tasks.

The duties and powers of the committees are set out in the Companies Act, the Rules of Procedure of the Supervisory Board, Supervisory Board resolutions and the rules of procedure of individual committees. The main committees are presented in the diagram below.



In 2020, the **Audit Committee** was composed of Dr Mario Gobbo as chair and Nataša Damjanovič (until 18 September 2020), Igor Stebernak (from 19 September 2020), Igor Zupan and Simon Kolenc, an independent external expert, as members.

The **Appointment and Remuneration Committee** had the following composition: Igor Stebernak as chair (until 2 June 2020 and from 18 August 2020) and Nataša Damjanovič (until 18 September 2020), Žiga Škerjanec and Peter Celar as members.

The **Strategy Committee** was composed of Milan Tomažević as chair and Andrej Andoljšek, Žiga Škerjanec and Branko Gorjan as members.

The **Nomination Committee** as an ad-hoc committee was established by the Supervisory Board after the resignation of the Supervisory Board member Nataša Damjanovič became effective (she submitted her resignation letter on 18 June 2020 and her term of office ended on 18 September 2020). The five-member Nomination Committee was established on 25 September 2020 for the period to the appointment of a new Supervisory Board member but not later than 1 January 2021. The committee was composed of Igor Stebernak as chair, Žiga Škerjanec, Andrej Andoljšek and Peter Celar as members, and Boštjan Koler as the external member.

Since the four-year term of office of the Supervisory Board members Žiga Škerjanec, Andrej Andoljšek, Dr Mario Gobbo and Milan Tomažević will expire on 13 June 2021, on 12 November 2020 the Supervisory Board established a four-member Nomination Committee for the period to the appointment of Supervisory Board members – shareholder representatives but not later than 25 May 2021. The committee is composed of Igor Stebernak as chair, Žiga Škerjanec and Peter Celar as members, and Boštjan Koler as the external member.

5.4 Governance and management of subsidiaries¹²

The Triglav Group is comprised of Zavarovalnica Triglav as the controlling company and its subsidiaries and associates. The subsidiaries operate as independent legal entities in accordance with the applicable legislation, resolutions passed by the general meetings and the management and supervisory bodies of subsidiaries, business cooperation agreements (if any) and other adopted internal documents implemented by individual subsidiaries.

The Governance Policy of the Triglav Group's Subsidiaries is the basis for the establishment and implementation a robust and reliable governance system. The policy is designed to establish an internally consistent governance system of the Group by standardising and harmonising the rules and procedures in individual business segments within Zavarovalnica Triglav's subsidiaries. The main objective of the Group's governance system is to implement uniform minimum standards for core business activities, reporting and supervision at Group level. The Governance Policy takes into account both the Group's internal environment and its strategic objectives as well as external environment factors, including the local regulatory environment and the regulators' requirements, the business environment of each subsidiary and good business practices.

Corporate governance is used to govern the Group's subsidiaries by actively exercising the management rights in compliance with the law applicable to individual subsidiaries, taking into account their internal regulations. Corporate governance includes business management with mechanisms for effective business supervision and cooperation in all business segments,

harmonisation of business standards and mutual information of the Group's subsidiaries. This approach also comprises business and professional coordination of activities within the Group, as well as holding various training courses with an aim to unify business processes, coordinate key functions and transfer know-how, corporate culture and good business practices at Group level.

Zavarovalnica Triglav as the controlling company actively manages its direct subsidiaries in accordance with the Governance Policy of the Triglav Group's Subsidiaries. Direct subsidiaries assume responsibility for the transfer of the governance system and active management of their subsidiaries. The detailed methods of transferring the system and implementing the activities are defined in the minimum standards for individual business segments.

Based on previous experience in achieving strategic objectives, it was estimated that the governance system of the Group's subsidiaries functioned appropriately even during the pandemic in 2020.

The governance and management of subsidiaries follows the key guidelines and objectives of the strategy of the Triglav Group, as described in [Section 4. Strategy and plans of the Triglav Group](#). The pursuit of the Group's values is an ongoing process in all subsidiaries and the key guideline in their governance, with a special emphasis on long-term effort to increase the value of the Group's assets. All of the above was implemented with great engagement in 2020. A responsive and effective subsidiary governance system continued to ensure ongoing monitoring of the business environment, the operations of subsidiaries and the implementation of the outlined strategy. Furthermore, identification of business

opportunities and challenges both in the local and wider environment was encouraged to achieve the optimal development of individual subsidiaries and the whole Group.

With a unified approach and a higher level of integration of subsidiaries into the system, the Company achieved a tighter connection of the subsidiaries' business functions with the Company's business segments, which proved to be effective even in the unpredictable pandemic-related situation.

The composition of governance and management bodies as at 31 December 2020

Slovenia		Croatia	Montenegro	North Macedonia
<p>Pozavarovalnica Triglav Re d.d., Ljubljana</p> <p>Gregor Stražar – President, Tomaž Rotar – Member, Stanislav Vrtunski – Member</p> <p>Supervisory Board: Andrej Slapar – Chairman, Tomaž Žust, Sebastjan Debevc, Janko Šemrov</p>	<p>Triglav Svetovanje, zavarovalno zastopanje d.o.o., Domžale</p> <p>Edvard Kranjčič – Director</p> <p>Supervisory Board: Jasna Kajtazović – Chairwoman, Jana Polda, Matjaž Novak, Lidija Breznik</p>	<p>Triglav Osiguranje d.d., Zagreb</p> <p>Marin Matijaca – President, Denis Burmaz – Member</p> <p>Supervisory Board: David Benedek – Chairman, Tomaž Žust, Gorazd Jenko, Darko Popovski, Nives Matijević</p>	<p>Lovćen Osiguranje a.d., Podgorica</p> <p>Matjaž Božič – Executive Director</p> <p>Board of Directors: Tedo Djekanović – Chairman, Tomaž Žust, Darko Popovski</p>	<p>Triglav Osiguruvanje a.d., Skopje</p> <p>Gjorgje Vojnović – Chief Executive Officer, Rok Pivk – Executive Director</p> <p>Board of Directors: Tedo Djekanović – Chairman, Darko Popovski, Matej Ferlan, Blaž Kmetec, Gjorge Vojnović, Rok Pivk, Gjorgji Jančevski</p>
<p>Triglav, Zdravstvena zavarovalnica d.d., Koper</p> <p>Meta Berk Skok – President, Simon Vidmar – Member</p> <p>Supervisory Board: Uroš Ivanc – Chairman, Nataša Veselinovič, Tomaž Krevatin</p>	<p>Triglav INT, holdinška družba d.d., Ljubljana</p> <p>Tedo Djekanović – Executive Director</p> <p>Management Board: David Benedek – Chairman, Tedo Djekanović, Saša Kovačič</p>	<p>Triglav Savjetovanje d.o.o., Zagreb</p> <p>Dragica Dalić – Director</p>	<p>Lovćen životna osiguranja a.d., Podgorica</p> <p>Zorka Milić – Executive Director</p> <p>Board of Directors: Janez Rožmarin – President, Slobodanka Vukadinović, Edvard Kranjčič</p>	<p>Triglav Osiguruvanje Život a.d., Skopje</p> <p>Vilma Učeta Duzlevska – Chief Executive Director</p> <p>Board of Directors: Tedo Djekanović – Chairman, Ivan Sotošek, Vilma Učeta Duzlevska, Gjorgji Jančevski, Jasna Kajtazović</p>
<p>Triglav, pokojninska družba d.d., Ljubljana</p> <p>Aljoša Uršič – President, Peter Krassnig – Member, Vida Šeme Hočevar – Member</p> <p>Supervisory Board: Barbara Smolnikar – Chairwoman Nataša Veselinovič, Miha Grilec, Jaka Kirn, Miran Kalčič, Vesna Vodopivec, Borut Simonič, Tomaž Jontes</p>	<p>Triglav Avtoservis d.o.o., Ljubljana</p> <p>Edvard Zabukovnik – Director, Boris Kuhelj – Director</p> <p>Supervisory Board: Matej Ferlan – Chairman, Nataša Novak Priveršek, Aleš Klement, Lidija Breznik</p>	<p>Serbia</p> <p>Triglav Osiguranje a.d.o., Beograd</p> <p>Dragan Marković – Managing Director, Blaž Jakič – Member of the Executive Committee</p> <p>Supervisory Board: Tedo Djekanović – Chairman, Radenko Purić, Vuk Šušić, Gorazd Jenko, Fejsal Hrustanović</p>	<p>Bosnia and Herzegovina</p> <p>Triglav Osiguranje d.d., Sarajevo</p> <p>Edib Galijatović – Chairman, Edin Muftić – Member</p> <p>Supervisory Board: Tedo Djekanović – Chairman, Janko Šemrov, Matej Gostiša, Uroš Cvetko, Aleš Levstek</p>	<p>Triglav penzisko društvo a.d., Skopje</p> <p>Vojdan Jordanov – President Marijan Nikolovski – Member</p> <p>Supervisory Board: Aljoša Uršič – President, Darko Popovski, Blaž Kmetec, Miroslav Vujić</p>
<p>Triglav Skladi, družba za upravljanje d.o.o., Ljubljana</p> <p>Benjamin Jošar – President, Andrej Petek – Member, Miha Grilec – Member</p> <p>Supervisory Board: David Benedek – Chairman, Blaž Kmetec, Meta Berk Skok, Nataša Veselinovič, Matej Runjak</p>	<p>Triglav, Upravljanje nepremičnin d.o.o., Ljubljana</p> <p>Mitja Selan – President</p> <p>Supervisory Board: David Benedek – Chairman, Ksenija Zajc, Nataša Novak Priveršek</p>	<p>Triglav Savetovanje d.o.o., Beograd</p> <p>Dušan Dujmić – Director</p>	<p>Triglav Osiguranje a.d., Banja Luka</p> <p>Darko Popovski – Director, Dejan Vujičić – Member of the Executive Committee, Sanja Štrkić – Member of the Executive Committee</p> <p>Management Board: Blaž Jakič – President, Iztok Šekoranja, Draško Milinović</p>	
			<p>Triglav Savjetovanje d.o.o., Sarajevo</p> <p>Zlatko Hadžić – Director</p>	

5.5 External and internal audit

On 28 May 2019, the General Meeting of Shareholders appointed the audit firm Deloitte revizija d.o.o. the auditor of Zavarovalnica Triglav for the 2019, 2020 and 2021 financial years.

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

5.6 Internal controls and risk management in relation to financial reporting¹³

The effective and integrated internal control and risk management system established within the Group is promptly adapted to the development, organisational changes and good practices. The system exceeds the basic statutory requirements for insurance undertakings 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 characteristics and operation of the risk management system is discussed in detail in [the first section of Risk management](#). 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 duties and powers;
- 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);
- ensuring compliance with the applicable regulatory requirements.

The Internal Audit Department is an independent organisational unit, set up in compliance with the law. It regularly reviews the effectiveness 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.

Internal controls are guidelines and procedures established by Zavarovalnica Triglav as the parent company of the Group and implemented at all levels. Their purpose is not only to manage the risks relating to financial reporting, but also to ensure reliability of financial reporting and compliance with the applicable laws and other external and internal regulations.

Accounting controls are based on the principles of truthfulness and an 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 execution 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

Zavarovalnica Triglav is subject to the Takeover Act (hereinafter: ZPre-1).

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. The share and shareholders of Zavarovalnica Triglav](#).

5.8 Disclosure of existence of any 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 authorisation to increase the share capital is described in [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 on 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 or as a consequence of a takeover bid as defined by the ZPre-1.

Zavarovalnica Triglav has not entered into any agreements with the members of its management or supervisory bodies or employees which would provide for remuneration if a takeover bid in line with the Zpre-1 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

David Benedek
Member of the Management Board

Marica Makoter
Member of the Management Board

6. The share and shareholders of Zavarovalnica Triglav

- Zavarovalnica Triglav is the third largest listed company in Slovenia, and its share is one of the most liquid shares on the Ljubljana Stock Exchange.
- The General Meeting of Shareholders decided to keep the accumulated profit for 2019 undistributed as called upon by the Slovenian insurance sector regulator.
- The Triglav Group was again assigned the high credit rating of “A” with a stable medium-term outlook.
- There were no significant changes in the shareholder structure of Zavarovalnica Triglav in 2020.

6.1 Share of Zavarovalnica Triglav

With EUR 682 million in market capitalisation, Zavarovalnica Triglav is **the third largest** listed Slovenian company, and its share (ZVTG) is **one of the most liquid** shares on the Ljubljana Stock Exchange (ranking fourth in 2020). Compared to the preceding year, the share annual turnover increased by 4% and amounted to EUR 33 million, accounting for 9% of total annual turnover on the Slovenian stock

exchange excluding block trades. One third of stock exchange turnover was performed by the ZVTG’s liquidity provider. The Company has been cooperating with the latter since 2019, when it started to provide its services on the Ljubljana Stock Exchange. According to the data available, the ZVTG share is included in indices owned by MSCI, STOXX and S&P and the Ljubljana, Vienna, Zagreb and Warsaw stock exchanges.

Key figures relating to the share of Zavarovalnica Triglav

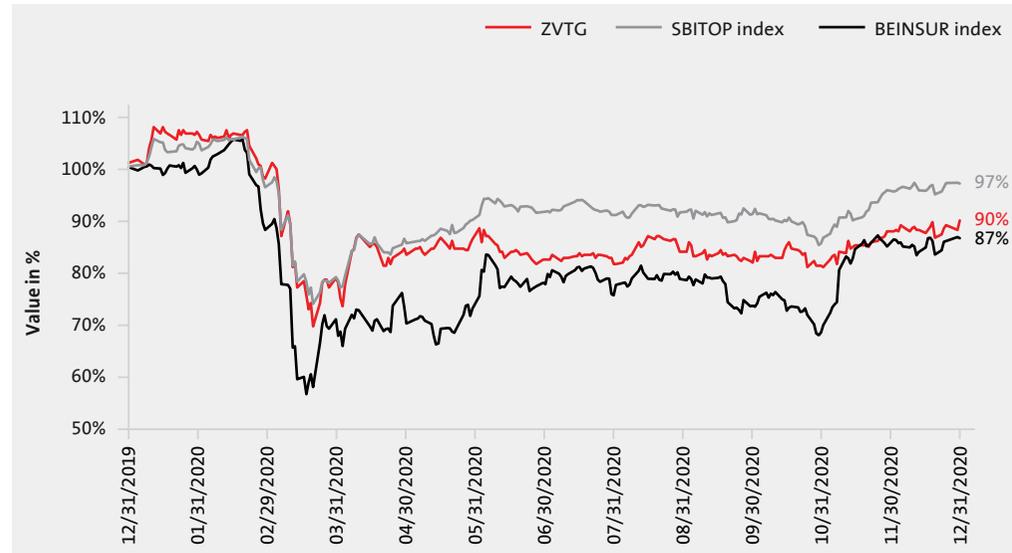
Items	31 December 2020	31 December 2019	31 December 2018
Maximum closing price	36.00	35.40	34.50
Minimum closing price	23.20	29.50	27.20
Closing price	30.00	33.30	30.30
Book value per share (parent company)	28.33	25.53	24.64
Book value per share (consolidated data)	38.16	34.73	32.75
Net earnings per share (consolidated data)	3.24	3.69	3.56
Market capitalisation	682,054,440	757,080,428	688,874,984
Average daily trading volume	131,945	135,518	176,495
Dividend paid per share for the previous year	to be defined	0.00	2.50
Number of shares	22,735,148	22,735,148	22,735,148
The percentage of floating stock	30.73%	30.87%	30.89%
Traded on	Ljubljana Stock Exchange - LJSE		
ISIN code	SI0021111651		
Ticker symbol	ZVTG		
Bloomberg	ZVTG SV		
Reuters	ZVTG.LJ		
Credit rating (S&P Global Ratings, AM Best)	“A”, stable medium-term outlook	“A”, stable medium-term outlook	“A”, stable medium-term outlook

The return on the ZVTG share in 2020 deviates from previous years. From 2015 to 2019, its annual return ranged from 9% to 33%, which is 17% on average. Dividend yield was on average 9%, and the proportion for dividend payment averaged 70% of consolidated net profit.

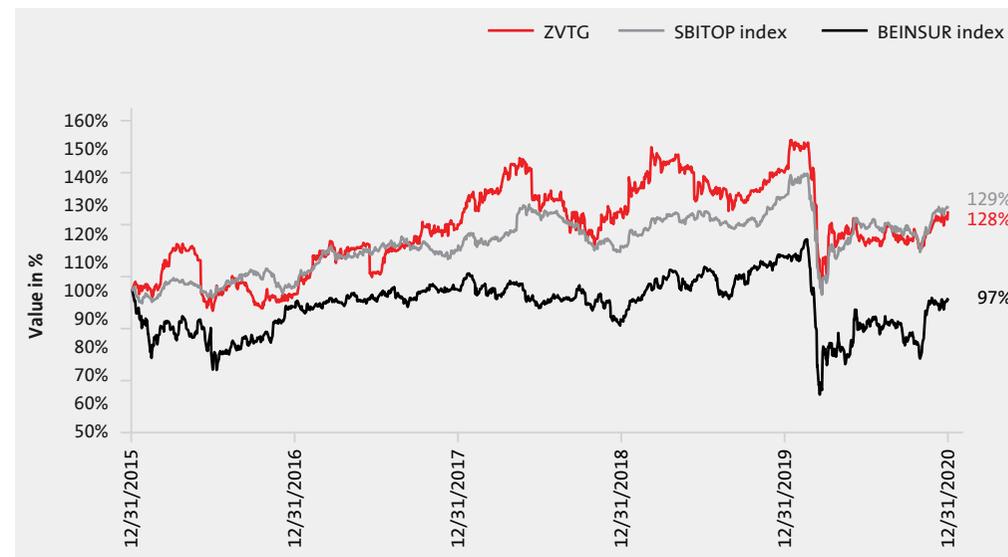
In 2020, the year marked by the pandemic, the ZVTG share price **decreased by 10%** compared to the preceding year. However, by comparison, it fell by 3 percentage points less than the value of the BEINSUR sectoral index (which consists of 32 shares of European insurers). As seen in the figure below, in the few weeks following the outbreak of the COVID-19 epidemic, the ZVTG share price fell sharply, reaching its lowest value on 23 March 2020 when it was EUR 23.20 or 35% less than the

value on the baseline date before the crash of 21 February 2020. The value of the Slovenian stock exchange index SBI TOP fell by 30% in the same 30-day period, while the BEINSUR sectoral index decreased by 44%. From April to the year-end, ZVTG share trading and its return were further affected by the Slovenian regulator's calls to the insurers to suspend the payment of dividends for 2019 and the resolution adopted by the Company's General Meeting of Shareholders **that accumulated profit for 2019 remain undistributed** (see sections [5.3.1 General Meeting of Shareholders](#) and [6.4 Dividend and dividend policy for more information](#)). The market value of ZVTG was EUR 30.00 as at 31 December 2020, which is 79% of its consolidated book value.

Movement in the ZVTG share price in 2020 compared to the BEINSUR sectoral index and the Ljubljana Stock Exchange index (as at the 2019 year-end = 100)



Movement in the ZVTG share price in the last five years compared to the BEINSUR sectoral index and the Ljubljana Stock Exchange index (as at the 2015 year-end = 100)



A five-year comparison of the movement of the ZVTG share price with the sectoral index and the stock exchange index shows that it exceeded them both most of the 2016–2020 period. In addition, it grew by 28% by the 2020 year-end compared to the 2015 year-end. The Ljubljana Stock Exchange index rose by 29% over the same period, while the European insurance sector index was 3% lower.

6.2 Equity

As at 31 December 2020, Zavarovalnica Triglav's share capital amounted to EUR 73,701,391.79. It was divided into 22,735,148 ordinary registered no-par value shares of the same class. All shares are issued in a dematerialised form and are freely transferable. Each share represents the same stake and corresponding amount in share capital, and all have been fully paid up. Each share gives its holder the right to one vote at the General Meeting of Shareholders, a proportionate share of profit allocated for dividend payment and a proportionate share of residual bankruptcy or liquidation estate after the payoff of preference shareholders.

In acquiring shares, the existing and potential shareholders of Zavarovalnica Triglav are required to comply with the Insurance Act (ZZavar-1). An authorisation of the Insurance Supervision Agency is a prerequisite for:

- the acquisition of shares of an insurance undertaking by which a person acquires or exceeds a qualifying holding (i.e. a direct or indirect holding of shares or other rights that gives the holder a minimum 10% share of voting rights or capital, or that gives the holder a share of voting rights or capital lower than 10%, but nevertheless allows the holder to significantly influence the management of the company). In its decision on issuing an authorisation to acquire a qualifying holding, the Insurance Supervision Agency determines the level of the share in the voting rights or capital of the insurance undertaking for which the authorisation is issued as one of the following ranges:
 - the share of the voting rights or capital of the insurance undertaking that is equal to or greater than a qualifying holding and less than 20%;
 - the share of the voting rights or capital of the insurance undertaking that is equal to or greater than 20% and less than one third;
 - the share of the voting rights or capital of the insurance undertaking that is equal to or greater than one third and less than 50%;
 - the share of the voting rights or capital of the insurance undertaking that is equal to or greater than 50%;
 - the share on the basis of which the future qualifying holder becomes the parent company of the insurance undertaking;
- before any subsequent acquisition of shares by the qualifying holder that would result in the qualifying holding exceeding the range subject to the already issued authorisation for acquisition of a qualifying holding;
- for the entities that agree to a concerted acquisition of the shares of the insurance undertaking or a concerted exercising of management rights arising from the shares (joint qualifying holders) and intend to acquire a holding by which they would jointly reach or exceed a qualifying holding of the undertaking;

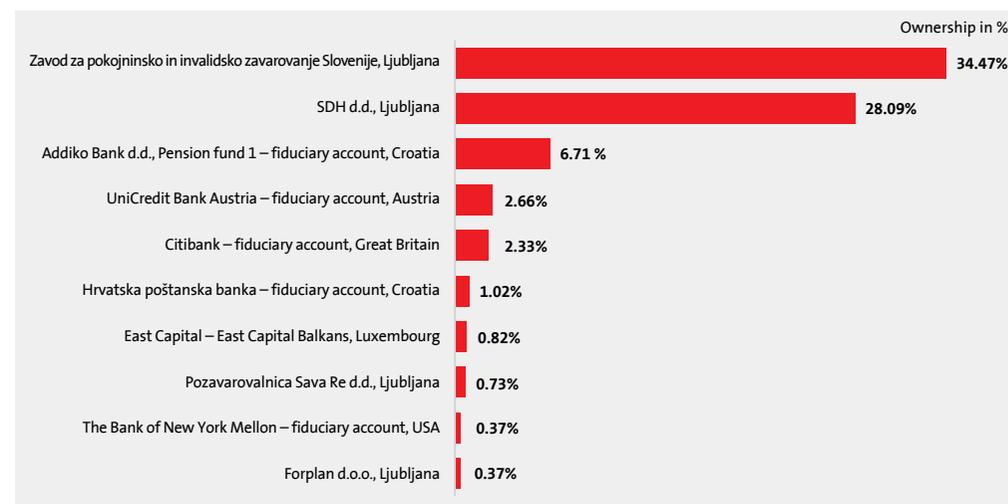
- before any subsequent acquisition of shares by the joint qualifying holders that would result in their joint qualifying holding exceeding the range subject to the already issued authorisation for acquisition of a qualifying holding.

The holder of shares of an insurance undertaking that were acquired or are being held in contravention of the ZZavar-1 have no voting rights with respect to those shares. See the ZZavar-1 for further information.

6.3 Shareholder structure¹⁴

Zavarovalnica Triglav's shareholder structure did not change significantly in 2020 compared to the preceding year. The stakes of the two largest shareholders, funds owned by the Republic of Slovenia, remained unchanged, while the total stake of the ten largest shareholders stood at 77.6% (77.1% in 2019). The Kuwait Investment Authority is no longer a top 10 shareholder, while several major shareholders partially adjusted their stakes. The table below shows that the biggest change was made by Citibank, London, which increased its investment in Zavarovalnica Triglav by 76%.

Top ten shareholders of Zavarovalnica Triglav as at 31 December 2020 and their stakes



Top ten shareholders of Zavarovalnica Triglav as at 31 December 2020 relative to 31 December 2019

Shareholder	Number of shares		Ownership (in %)		Change	
	2020	2019	2020	2019	No. of shares	Percentage points
Zavod za pokojninsko in invalidsko zavarovanje Slovenije, Ljubljana	7,836,628	7,836,628	34.47	34.47	0	0.00
SDH d.d., Ljubljana	6,386,644	6,386,644	28.09	28.09	0	0.00
Addiko Bank d.d., Pension fund 1 – fiduciary account, Zagreb, Croatia	1,526,190	1,494,061	6.71	6.57	32,129	0.14
UniCredit Bank Austria – fiduciary account, Vienna, Austria	604,642	619,634	2.66	2.73	-14,992	-0.07
Citibank – fiduciary account, London, Great Britain	530,402	301,183	2.33	1.32	229,219	1.01
Hrvatska poštanska banka – fiduciary account d.d., Zagreb, Croatia	232,644	232,644	1.02	1.02	0	0.00
East Capital – East Capital Balkans, Luxembourg, Luxembourg	186,201	190,420	0.82	0.84	-4,219	-0.02
Pozavarovalnica Sava Re d.d., Ljubljana	166,678	166,678	0.73	0.73	0	0.00
The Bank of New York Mellon – fiduciary account, New York, USA	84,399	132,658	0.37	0.58	-48,259	-0.21
Forplan d.o.o., Ljubljana	84,298	83,108	0.37	0.37	1,190	0.01

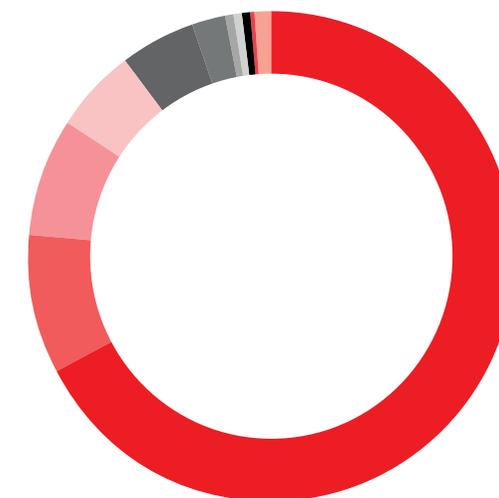
The share of Zavarovalnica Triglav's free float was 30.7% as at 31 December 2020, globally dispersed among **12,982** shareholders/subscribers in the share register from 36 countries, mostly Europe and the USA.

The Company is pleased to note that **Slovenian citizens** are actively trading in the ZVTG shares and gradually increasing their stake, which grew by 1.0 percentage point to 12.0% in 2020. Individual **international shareholders/subscribers in the Company's share register** adjusted their position, while their total stake remained stable relative to previous years. As at 31 December 2020, it accounted for 16.8% of all shares or 32.7% of the free float.

Shareholder structure of Zavarovalnica Triglav as at 31 December 2020

	Total	Domestic	International	Legal entities	Natural persons
Number of shares	22,735,148	18,924,295	3,810,853	20,015,818	2,719,330
Number of shareholders	12,982	12,423	559	479	12,503
Number of shares - percentage	100.00%	83.24%	16.76%	88.04%	11.96%
Number of shareholders - percentage	100.00%	95.69%	4.31%	3.69%	96.31%

Source: Centralna klirinško depotna družba (data on the country of origin are based on the country of entry in the share register)

The free float shareholder structure of Zavarovalnica Triglav by the country of origin of shareholder/subscriber in the share register as at 31 December 2020

■ Slovenia: 67.3%	■ France: 0.6%
■ Austria: 9.2%	■ Czech Republic: 0.5%
■ Great Britain: 7.6%	■ Hungary: 0.5%
■ Croatia: 5.8%	■ Ireland: 0.3%
■ Luxembourg: 4.8%	■ Other 26 countries: 1.0%
■ USA: 2.3%	

The members of the Management Board and the Supervisory Board held 5,688 shares of Zavarovalnica Triglav as at 31 December 2020, the same as the year before.

The number of shares owned by members of the Management and Supervisory Boards as at 31 December 2020

Name and surname	Post	Number of shares	Equity stake
Management Board		80	0.00%
Andrej Slapar	President	-	-
Uroš Ivanc	Member	80	0.00%
Tadej Čoroli	Member	-	-
Barbara Smolnikar	Member	-	-
David Benedek	Member	-	-
Marica Makoter	Member, Working Director	-	-
Supervisory Board		5,608	0.02%
Shareholder representatives		4,004	0.02%
Andrej Andoljšek	President	-	-
Milan Tomažević	Deputy Chairman	4,004	0.02%
Igor Stebernak	Member	-	-
Žiga Škerjanec	Member	-	-
Mario Gobbo	Member	-	-
Employee representatives		1,604	0.01%
Peter Celar	Member	400	0.00%
Branko Gorjan	Member	1,204	0.01%
Igor Zupan	Member	-	-
Management and Supervisory Board Combined		5,688	0.03%

6.4 Dividend and dividend policy

The gross dividend per ZVTG share amounted to EUR 2.50 in the last five years (payments in 2015–2019). Between 64% and 82% of consolidated net profit, or an average of 70%, was paid out as dividends.

The dividend policy in 2020 was adjusted to the situation caused by the pandemic. On the proposal of the Management Board and the Supervisory Board, the General Meeting of Shareholders of Zavarovalnica Triglav held on 2 June 2020 decided that **accumulated profit for 2019 remain undistributed** and thus allocated for the future payment of dividends or for other purposes in accordance with the General Meeting of Shareholders' resolution. In its decision-making, the General Meeting of Shareholders complied with the previous **calls and recommendations of the Slovenian insurance market regulator to the insurers to suspend the payment of dividends during the pandemic**. The call of the Slovenian regulator complied with the recommendations and actions of EU regulators and authorities (EIOPA and IAIS) to ensure the solvency and capital adequacy of insurance companies in the EU.

Zavarovalnica Triglav's dividend policy remains unchanged and provides as follows: "The Company pursues an attractive and sustainable dividend policy. A part of consolidated net profit of the preceding year, which is to be allocated to dividend payment, accounts for at least 50%. The Company will strive to pay out a dividend not lower than the dividend paid out in the preceding year. As thus far, the future implementation of the dividend policy will be subordinated to achieving the medium-term sustainable target capital adequacy of the Triglav Group. The proposal of the Management Board and the Supervisory Board as regards the annual distribution of accumulated profit of the Company will therefore take into account the following three objectives in a balanced manner: to ensure prudent capital management of the Triglav Group and its financial stability, to reinvest net profit in the implementation of the strategy of growth and development of the Triglav Group and to pay out attractive dividends to the shareholders."

The strategic objectives of capital management and the dividend policy are described in [Section 1.3 Risk management](#).

Dividend payments in 2016–2020

Items	2020	2019	2018	2017	2016
Total dividends (EUR)	to be defined	0	56,837,870	56,837,870	56,837,870
Dividends per share (EUR)	to be defined	0.00	2.50	2.50	2.50
General Meetings of Shareholders	25 May 2021	26 May 2020	28 May 2019	29 May 2018	30 May 2017

6.5 Investor relation management¹⁵

Through active management of relations with investors, shareholders and analysts, the Company **promotes the attractiveness of its issued financial instruments**. In doing so, the Company follows best international practices and, as one of the largest listed companies on the Ljubljana Stock Exchange, strives to co-create the standards of this market.

The Company continued to provide **transparent information** to its shareholders, investors and analysts even in the uncertain situation in 2020. All key information about the Company's operations, position and outlook is regularly published in Slovenian and English on the SEOnet information system of the Ljubljana Stock Exchange and on the Company's redesigned website www.triglav.eu.

Contact with investors was promptly adjusted to the restrictions and carried out as videoconferencing meetings, conference calls and by email. The Company participated in eight virtual events held for institutional investors in Europe and the USA. The calendar of past investor conferences, including the presentation material, and the calendar of future events are available on the Company's website. For any information, please use the contact below.

Information for shareholders:

Zavarovalnica Triglav, d.d., Ljubljana
Miklošičeva cesta 19, 1000 Ljubljana
Ms Helena Ulaga Kitek, Head of Investor Relations
Telephone: ++386 (1) 47 47 331
Email: investor.relations@triglav.si

Credit ratings of Zavarovalnica Triglav since 2008

Year	Credit rating	Medium-term outlook	Rating agency
2020	A	Stable	AM Best
			S&P Global Ratings
2019	A	Stable	AM Best
			S&P Global Ratings
2018	A	Stable	AM Best
			S&P Global Ratings
2017	A	Stable	AM Best
			S&P Global Ratings
2016	A	Stable	AM Best
			S&P Global Ratings
2015	A-	Positive	AM Best
			S&P Global Ratings
2014	A-	Positive	AM Best
		Stable	S&P Global Ratings
2013	A-	Stable	S&P Global Ratings
		Stable	AM Best
	BBB+	Positive	S&P Global Ratings
		Negative	S&P Global Ratings
2011	A	Negative	S&P Global Ratings
2010	A	Stable	S&P Global Ratings
2009	A	Stable	S&P Global Ratings
2008	A	Stable	S&P Global Ratings

6.6 Credit rating of the Triglav Group and Zavarovalnica Triglav

The credit ratings of the Triglav Group – and thus its parent company Zavarovalnica Triglav and its subsidiary Pozavarovalnica Triglav Re – are assigned by two renowned credit rating agencies: S&P Global Ratings (hereinafter: S&P) and AM Best. The Triglav Group was assigned an **“A” stand-alone credit rating with a stable medium-term outlook** by both. The latest credit rating report, i.e. the announcement of the credit rating agency from 2020, is available on the website www.triglav.eu under the Investor Relations tab.

In assigning its credit ratings on 11 September 2020, **the credit rating agency S&P** pointed out that the “A” credit rating exclusively reflects the Group’s standalone credit profile. The credit rating is based on stable and profitable operations of the Group, its strong capitalisation, sound reinsurance protection and its leading market position in Slovenia and the region. The business risk profile of the Group was assessed as strong and its financial risk profile as very strong. By maintaining its client-centric approach, the Group’s business remained stable and profitable in both activities, even during the challenging times in 2020. The leading position in the Slovenian market enables the Group to implement economies of scale, which it complements with its diversified product range and sales network, as well as a strong brand. The Group’s sound risk profile benefits from its conservative investment policy and a stable and effective reinsurance protection. Its investment portfolio is of high quality and well-diversified, with most assets invested across the euro area. The underwriting discipline is a key factor for the Group’s stable earnings and capital position. The medium-term outlook reflects S&P’s expectations that the Group will continue to effectively implement its business strategy at least over the next two years, focusing on growth and further diversifying its operations. S&P expects that despite the pandemic and its impacts the Group will sustain strong, stable earnings and strong capitalisation.

In its report issued on 16 October 2020, **the credit rating agency AM Best** assessed the Group’s balance sheet strength as very strong and its operating performance as strong, the impact of both the business profile and the majority holding on the credit rating as neutral, and its risk management as appropriate given the complexity and scope of its operations. By re-affirming the high credit rating of Pozavarovalnica Triglav Re, AM Best highlighted its strategic importance as the reinsurer of all Triglav Group members and its strong integration into the Group. The Group’s very strong balance sheet is underpinned by its risk-adjusted capitalisation at the strongest level. In the life insurance portfolio, the Group is reducing its exposure to products with a guaranteed return and has further improved its asset and liability management. Furthermore, the Group has a prudent reserving approach and good financial flexibility with access to equity and bond markets. AM Best pointed out the Group’s strong operating performance over the recent years, which has been driven by excellent non-life insurance technical earnings in the domestic market and healthy investment income. In highly competitive markets outside Slovenia, the Group is constantly increasing its volume and improving its operations, also by actively seeking alternative, cost-effective distribution channels. AM Best highlighted the benefits of the Group’s dominant position both in the Slovenian market and the region. Through its various companies, the Group is a global provider of insurance and reinsurance services, leading to a well-diversified portfolio by product/service and geography.

6.7 Bonds of Zavarovalnica Triglav

Zavarovalnica Triglav has one issued subordinate bond, which is included in its capital adequacy. The bond was issued in 2019 as part of the Group's regular capital management to ensure its optimal composition and cost efficiency and to replace the bond that matured on 21 March 2020. See the table for more information.

Bond of Zavarovalnica Triglav

ISIN	XS1980276858
Type	Subordinated bond (Tier 2 pursuant to the Solvency II regulations)
Issue size in EUR	50,000,000
Currency	EUR
Coupon rate and payment	fixed at 4.375% annually until first call date, payable annually thereafter variable at 3-month Euribor plus 4.845% (equal to the original initial credit spread + 1 percentage point), payable quarterly
First call date	22 October 2029
Maturity date	22 October 2049
Maturity in years	30.5
Regulated market	Luxembourg Stock Exchange
Issue rating	BBB+ (S&P)

7. Operations of the Triglav Group and Zavarovalnica Triglav

- The COVID-19 pandemic resulted in the contraction of most insurance markets (with the exception of the Slovenian and Serbian insurance markets) and the fall in GDP of the countries where the Triglav Group operates.
- Premium growth was recorded in most insurance markets of the Group and in the non-life and health insurance segments.
- The Group maintained its leading market position in Slovenia, Montenegro and North Macedonia. Its market share improved in Bosnia and Herzegovina, Slovenia, Croatia and Serbia.
- Unlike the year before, the year 2020 was less favourable in terms of major CAT events.
- Premium growth was higher than the growth in operating expenses of the insurance business.
- Low interest rates continued to reduce rates of return on investment.

7.1 The general economic environment worldwide and in Slovenia

The year 2020 was marked by the COVID-19 pandemic and its effects on the global economy. The deep and unusual recession far exceeded the known consequences of the great financial crisis in 2008 and hit service activities the hardest. At the beginning of the year, tight measures to curb the spread of the virus paralysed the entire economy. Central banks and governments responded swiftly and uniformly and provided support in historic proportions. The adopted aid packages mitigated unemployment growth relatively successfully, but at the same time they significantly expanded the balance sheets of central banks and caused the fiscal statistics to deteriorate. With the epidemiological situation improving, the global economy recovered in the middle of the year, but the recovery was uneven, as the opening up of activities was gradual and selective. Industrial production and related international trade in particular strengthened. Towards the end of the year, a resurgence in the number of infections and renewed containment measures was seen, which slowed down economic growth again, but to a lesser extent. Expectations also deteriorated again. In December, financial institutions forecast a 7.4% decline in the real GDP of the euro area for 2020, while consumer prices are expected to rise by only a few tenths of a percent.

The fate of the euro area was shared by the Slovenian economy. In its December publication for 2020, the Institute of Macroeconomic Analysis and Development (IMAD) forecast a 6.6% decline in real GDP and a slightly milder recession than in the euro area, while consumer prices are expected to stagnate at zero inflation. Slovenian industrial production recovered considerably over the year, but the more modest recovery in the service sector had a strong impact on the decline in economic activity and international trade. Nevertheless, the latter made a slightly positive contribution to real GDP growth. The steep decline in final consumption mitigated the growth of government consumption. At the same time, government aid packages halted a significant reduction in household consumption and mitigated the decline in employment. The surveyed unemployment rate rose moderately to 5.1%, which is significantly less than during the previous financial crisis. Compared to the preceding year, the budget deficit and gross government debt increased sharply. According to the European Commission's November forecast, the former was 8.7% and the latter 82.2% of GDP.

Following the extremely high fall in stock market prices in March, the decline in risk-free interest rates and the opening of credit spreads, the financial markets recovered by the end of the year. Some stock indices even reached all-time highs. In the first quarter, the US Federal Reserve (Fed) reduced the key interest rate range to 0.0–0.25% in two steps and began with unlimited and accelerated purchase of government bonds. Towards the end of the year, the Fed announced that no change in the key interest rate range was expected over the next three years. The European Central Bank (ECB) did not change its record-low interest rate policy and outlook, but adopted a number of quantitative measures. One such measure was the pandemic emergency purchase programme (PEPP) adopted in March, which was further expanded in two steps later in the year. The ECB, like the Fed, emphasised its commitment to a loose monetary policy in order to maintain favourable financial conditions and meet its inflation target. Apart from that, financial markets responded positively to the December conclusion of an agreement on future trade relations between the EU and the United Kingdom of Great Britain and Northern Ireland, ending the transitional period following the UK's official exit in January. At the end of the year, the focus of EU government measures was on the recovery instrument, i.e. Next Generation EU, and its record seven-year budget. In the United States, on the other hand, presidential elections and the adoption of anti-crisis aid packages were at the forefront.

After the first wave of the epidemic, bond markets remained under the strong influence of central banks for most of the year. The required yield on the ten-year German bond saw a record-high drop in March 2020 (when it was also affected by oil prices and the general withdrawal of investors into safe investments), but later stabilised, ending the year at –0.57%. The required yields on

low-rated bonds rose sharply in the first quarter, followed by a gradual decline. The required yield on Italian and Slovenian bonds was thus only 0.54% and -0.17% respectively by the year-end. Stock market indices suffered high losses in the first quarter, over 30%, which were largely offset over the rest of the year, while some stock market indices even recorded positive annual growth. This was also seen in the American S&P and the German DAX, which recorded a 16.5% and 3.5% annual growth respectively, while the European STOXX50 and the Slovenian SBITOP fell by 5.1% and 2.8% respectively.

Forecasts for the global and European economy in 2021 are moderately favourable and uncertain. Most official institutions anticipate an end to the health crisis and the phasing out of containment measures, which will boost growth, together with sustainable development programmes. Nevertheless, the recovery will be uneven across sectors and countries, and on average, economies will only reach pre-epidemic levels of activity in mid-2022. According to the estimates of institutions, the euro area and Slovenia will record around 4% real GDP growth and a 1% inflation rate in 2021, but the forecasts are accompanied by a high level of uncertainty. This is mainly related to the course of the health crisis, and the risk of lower-than-forecast growth is high. Given the situation in which loose economic policies will continue to be pursued, it is expected that the extensive quantitative easing programmes of central banks will maintain most required yields on government bonds at negative values. In the absence of unforeseen shocks, credit spreads on corporate bonds, especially those that will not be paralysed by the pandemic, will remain low, and equity investments will be an appealing investment alternative in such circumstances.

7.2 Environmental impact on the Triglav Group's operations¹⁶

Due to the COVID-19 pandemic, insurance markets contracted and GDP declined in most countries where the Triglav Group operates (with the exception of the Slovenian and Serbian insurance markets). Challenging market conditions and fierce price competition continued in the insurance markets. Zavarovalnica Triglav and its subsidiaries cope with the demanding market conditions by pursuing marketing, sales and pricing policies, launching new products and redesigning the existing ones, upgrading business processes, and taking various measures to improve the underwriting result. [See Section 11. Development and marketing activities](#) for more information.

The unfavourable situation continued in the financial markets, as low interest rates resulted in lower rates of return on investment. Due to low interest rates, additional insurance technical provisions were formed for life and non-life insurance.

The pandemic also had an impact on the decline in written premium of some insurance classes ([see Section 7.5 Gross written insurance, coinsurance and reinsurance premiums for more information](#)), lower growth in gross claims paid due to lower economic activity and lower population mobility due to restrictive measures to curb the spread of the epidemic ([see Section 7.6 Gross claims paid for more information](#)) and reduction of some types of gross operating expenses ([see Section 7.7 Gross operating expenses for more information](#)). Due to the pandemic, additional provisions for bonuses and discounts and other insurance technical provisions for health insurance were formed ([see Section 7.8 Risk equalisation for more information](#)).

Business conditions in 2020 were also less favourable due to major CAT events, which amounted to a total estimated value of EUR 31.1 million. Hail storms in Slovenia, Croatia and North Macedonia caused EUR 22.0 million in claims (of which claims of EUR 18.8 million were reported and settled). The earthquakes in Croatia are estimated to have caused EUR 8.6 million in claims; the earthquake with the epicentre near Zagreb with a 5.3 magnitude on the Richter scale at the end of March caused EUR 5.4 million in claims, while the earthquake at the end of December with the epicentre near Petrinja with a 6.3 magnitude caused EUR 3.1 million in claims. Pozavarovalnica Triglav Re received claims estimated at EUR 474 thousand due to the Maysak typhoon in South Korea.

7.3 Global insurance market

Total premiums written on the **global insurance market** reached USD 6.3 trillion (according to latest official data from Swiss Re reinsurance company) or 2.9% real growth (nominal growth was 2.3%). Non-life insurance premium increased by 3.5% in real terms, while life insurance premium grew by 2.2%. The US, which remained the market leader, accounted for 43.7% of total global written premium and reached a 2.2% growth. The highest growth among groups of countries was again contributed by Asia (Asia-Pacific), as it achieved a 4.4% growth and increased its share by 0.4 percentage point to 27.7%. Advanced Europe accounted for 25.5% of total global written premium, up by 2.4%. The countries of the Middle East and Africa maintained their 1.8% share in the global insurance market, while emerging Europe and Central Asia represented a 1.3% share (Slovenia is also part of this group). Advanced markets accounted for 81.5% of the global insurance premium (2.1% premium growth) and the rest was contributed by emerging markets (6.6% premium growth).

Swiss Re estimates that the pandemic will put global premium growth back by 3% in 2020. Life insurance premium will shrink by 6%, while non-life insurance premium will remain at approximately the same level as in 2019. According to expectations, at a 3% increase the premium will recover to the 2019 level over the course of 2021. Emerging markets will outperform advanced markets in both 2020 and 2021.

Global premium growth in 2019, estimates for 2020 and forecasts for 2021 (%)

	Total written premium			Non-life insurance			Life insurance		
	2019	2020 estimate	2021 forecast	2019	2020 estimate	2021 forecast	2019	2020 estimate	2021 forecast
Advanced markets	+2.1	-4	+2	+2.7	-1	+3	+1.3	-8	+2
Emerging markets	+6.6	+1	+7	+7.7	+3	+7	+5.6	0	+7
World	+2.9	-3	+3	+3.5	0	+3	+2.2	-6	+3

Source: Swiss RE, SIGMA 4/2020

7.4 Operations of the Triglav Group in the Adria region (South-East Europe)¹⁷

7.4.1 South-East Europe

The Triglav Group sells insurance on seven insurance markets in six countries: Slovenia, Croatia, Serbia, Montenegro, Bosnia and Herzegovina, and North Macedonia. The Group operates in the wider international environment through partnerships with foreign insurance brokerage and agency companies as well as with reinsurers.

The Slovenian insurance market is well developed. Zavarovalnica Triglav and the specialised insurers Triglav, Zdravstvena zavarovalnica and Triglav, pokojninska družba are active in the Slovenian market. Pozavarovalnica Triglav Re operates throughout the region and in the wider international environment. The insurance markets in the Adria region are relatively undeveloped but have a large potential for growth. They continue to be dominated by motor vehicle insurance.

Due to the COVID-19 pandemic, a decline in insurance markets and a drop in GDP were recorded in most countries. More premiums were written only in the Slovenian and Serbian markets.

Main macroeconomic indicators for 2020 by insurance market of the Triglav Group and the EU

Macroeconomic indicators	Slovenia	Croatia	Serbia	Montenegro	Bosnia and Herzegovina	North Macedonia	European Union
Population (in million)	2.1	4.0	6.9	0.6	3.3	2.1	444.7
GDP growth (estimate in %)	-6.7	-9.0	-2.5	-12.0	-6.5	-5.4	-7.6
2020 GDP (estimate in USD million)	51.8	56.8	52.0	4.9	18.9	12.5	14,926.5
2020 GDP per capita (estimate in USD)	25,039	14,033	7,497	7,933	5,762	6,019	43,616
2020 inflation rate (estimate in %)	0.5	0.3	1.5	-0.1	-0.8	0.9	0.8
2020 unemployment rate (estimate in %)	8.0	9.3	13.4	19.0*	19.0	20.2	n/a

Source: IMF, World Economic Outlook, October 2020

*Agency for Statistics of Montenegro (Q3 2020)

The Group maintained its dominant market position in Slovenia, Montenegro and North Macedonia. Its market share grew in Bosnia and Herzegovina, Slovenia, Croatia and Serbia, while premium volume increased in most markets. More information is provided below and in [Section 7.5 Gross written insurance, coinsurance and reinsurance premiums](#).

Market shares and market position of the insurance subsidiaries of the Triglav Group in 2020

Market	Market share	Market share trend	Ranked in 2020	Ranked in 2019
Slovenia	36.5%	↑ +0.4-percentage point	1	1
Croatia	5.2%	↑ +0.6-percentage point	8	8
Serbia*	6.9%	↑ +0.4-percentage point	5	5
Montenegro	38.7%	■ 0.0-percentage point	1	1
Bosnia and Herzegovina**	9.0%	↑ +1.3-percentage point	3	6
- Federation of BiH	9.7%	↑ +0.9-percentage point	5	7
- Republic of Srpska**/***	6.4%	↑ +0.9-percentage point	6	8
North Macedonia	12.9%	↓ -1.0-percentage point	1	1

* Data for January–September 2020

** Data for January–June 2020

*** The market shares of Triglav Osiguranje, Banja Luka and the branch Triglav Osiguranje, Sarajevo in Banja Luka are included.

During the COVID-19 pandemic, great attention continued to be paid to strengthening business development and the competitive position of insurance subsidiaries outside Slovenia. In the existing markets, the Group intensively implemented the market processing strategy, maintained and strengthened the competitive position and carried out the product development strategy, i.e. the launch of upgraded and new or innovative products and services, especially for remote business. The implementation of the market development strategy (entry into new markets, establishing partnerships and building visibility) and the diversification strategy (development of new products and services in new markets) was adapted to the new situation.

In achieving the strategic objectives in core and support activities, cooperation among Group members was strengthened. This was especially seen in the health and pension insurance segments and strategic projects, where the development of digital content and modern approaches to sale and marketing were at the forefront. At the organisational level, a significant step towards the target organisational culture was made. Special attention was devoted to the setting up of a single information and data system, which will enable the Group to achieve the highest level of transparency and business transformation at the Group level.

In the coming period, even greater focus will be on strengthening and achieving synergies in various fields of activity, especially at a horizontal level, i.e. among the core segments or activities, which will be a key guideline at the leadership and management levels.

Presented below are the characteristics of individual markets and the market position of the Group members.

7.4.1.1 Slovenian insurance market

Despite being somewhat small, the Slovenian insurance market is well-developed. On a global scale, in 2019 Slovenia ranked 30th by premium per capita (a rank lower than the preceding year) and 29th by insurance penetration (premium share in GDP), which is a rank higher than the year before. Globally, the Slovenian insurance market ranked 54th by written premium (a rank higher than the preceding year), accounting for 0.04% of the global insurance market and 0.8% of the largest European insurance market – UK (Swiss Re data for 2019).

Premium per capita and market penetration for Slovenia and some other European countries in 2019

	Premium per capita		Insurance penetration	
	(in USD)	World rank	(% of GDP)	World rank
Slovenia*	1,354	30	5.2%	29
Croatia	391	49	2.6%	50
Serbia	140	65	1.9%	64
Switzerland	6,835	4	8.4%	14
United Kingdom	4,362	13	10.3%	9
Austria	2,219	25	4.4%	37
Czech Republic	677	37	2.8%	45
Poland	418	47	2.7%	48
Turkey	131	67	1.5%	71
European union	2,374	-	6.8%	-
Euro area	2,784	-	7.2%	-

Source: Swiss RE, SIGMA 4/2020

* Data for Slovenia: Slovenian Insurance Association

The average premium per capita in Slovenia rose to EUR 1,210 in 2019, reaching its peak value in the last ten years. Premium as a percentage of GDP slightly increased to 5.24% (compared to 5.07% in 2017, its bottom in the last ten years).

A total of 13 insurance companies, four foreign branches and two reinsurance companies were active on the Slovenian insurance market in 2020, all members of the Slovenian Insurance Association (hereinafter: SZZ). On 3 January 2020, Generali acquired Adriatic Slovenica. The portfolio of the ERGO branch, which ceased to operate in Slovenia on 1 October 2020, was transferred to ERGO Versicherung Aktiengesellschaft, Vienna. After taking over Pozavarovalnica Sava d.d., the insurer NLB Vita, življenjska zavarovalnica was renamed Vita, življenjska zavarovalnica.

* Source: Slovenian Insurance Association



Slovenia

Premium per capita*
(2019 data)

1,210 EUR

Premium as a percentage of GDP
(2019 data)

5.2 %

Insurance market growth index
in 2020

102.7

36.5% market share of the Triglav Group

1st rank

There were seven composite and ten specialised insurers (life, health and non-life insurance) operating in Slovenia. These data exclude direct insurance transactions of the insurers from other EU Member States (foreign-owned subsidiaries – FOS). Even though their share is growing, it is still negligible.

The insurance companies recorded gross written insurance, coinsurance and reinsurance premiums of EUR 2.6 billion, **up by 2.7%**. **Non-life insurance premium** recorded a 4.8% growth and a 73.2% share. Excluding **health insurance**, which experienced a higher premium growth (7.1%), non-life premium growth would be 3.7%. Health and real property insurance (fire and natural disaster insurance and other non-life insurance) contributed the most to the increase in non-life insurance premium. **Life insurance** premium declined by 2.7% due to lower premiums of life and unit-linked life insurance.

The Slovenian insurance market continues to be highly concentrated, with the four largest insurers holding a 75.0% market share. With a 27.6% market share (compared to 27.7% in 2019), **Zavarovalnica Triglav** is the market leader, followed by Zavarovalnica Sava (a 17.5% market share). **The Triglav Group** (the parent company, Triglav, Zdravstvena zavarovalnica and Triglav, pokojninska družba) increased its market share by 0.4 percentage point to 36.5%.

The market shares of **the Triglav Group** by segment:

- non-life insurance (excluding health insurance): 43.6% (an increase of 0.3 percentage point);
- life insurance: 29.7% (the same as in 2019);
- health insurance: 30.1% (an increase of 1.0 percentage point).

The market shares of **Zavarovalnica Triglav** by segment:

- non-life insurance: 28.6% (a decrease of 0.1 percentage point);
- life insurance: 25.0% (a decrease of 0.1 percentage point).

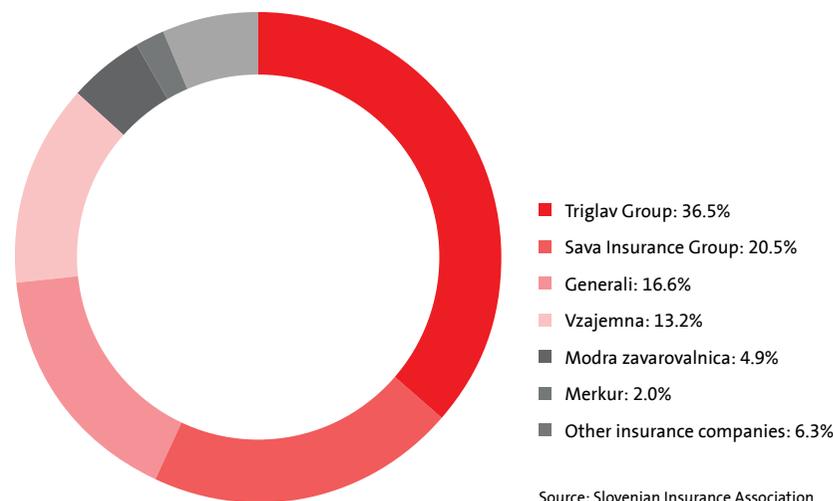
The market share of **Triglav, Zdravstvena zavarovalnica**:

- health insurance: 30.0% (an increase of 1.0 percentage point).

The market share of **Triglav, pokojninska družba**:

- supplemental voluntary pension insurance (SVPI): 19.8% (the leading position, an increase of 0.1 percentage point).

The market share of insurance companies in Slovenia in 2020



7.4.1.2 Croatia

After a more encouraging start of the year when Croatia took over the Presidency of the Council of the European Union, the year 2020 was marked by deteriorating circumstances. In addition to the extraordinary situation caused by the COVID-19 pandemic, the country was hit by a strong earthquake in the spring, followed by two slightly more severe earthquakes at the end of the year. At the end of the third quarter, Croatia saw a 9.0% drop in GDP, the unemployment rate was estimated at 9.3% and the inflation rate was 0.3%.

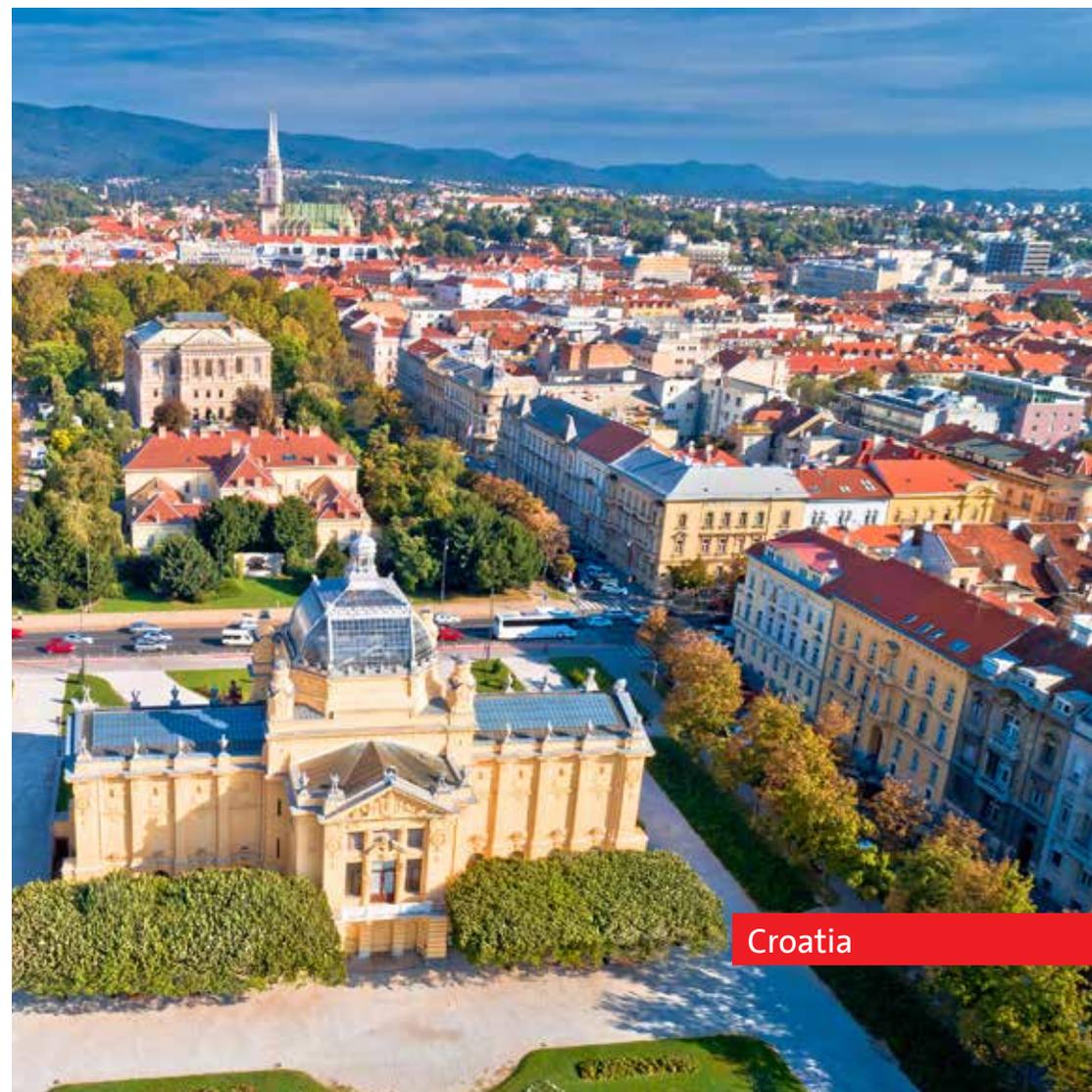
As a result of effects of the COVID-19 pandemic, Croatia is one of the most affected countries in Europe, as it has experienced a shock in the labour market due to its dependence on the tourism industry. The unemployment rate for the next year is expected to reach 10.3%.

In July 2020, Croatia joined the EU Exchange Rate Mechanism (ERM II), committing itself to at least two years of price and exchange rate stability in order to meet the condition for the introduction of the euro.

Insurance market

A total of 16 insurance companies (two fewer than in 2019) were active in the Croatian market, of which nine were composite insurers, five non-life insurers and two life insurers. The whole portfolio of Ergo osiguranje and Ergo životno osiguranje was transferred to the branch Sava osiguranje. Total written premium of HRK 10.5 billion (EUR 1.4 billion) was slightly lower than in 2019 (index 99.3). Non-life insurance premium increased by 4.7%, whereas life insurance premium fell by 13.7%. In total written premium, non-life insurance premium increased to 74.7% (compared to 70.9% in 2019) and life insurance accounted for the rest.

Market concentration continued to be high, with top three insurers controlling almost 50% of the market. With a 25.8% market share, Croatia osiguranje retained its dominant position (0.1 percentage point more than in the preceding year). Having increased its market share by 0.6 percentage point to 5.2%, Triglav Osiguranje, Zagreb again ranked eighth.



Croatia

Premium per capita*
(2019 data)

349 EUR

Premium as a percentage of GDP
(2019 data)

2.6 %

Insurance market growth index
in 2020

99.3

5.2% market share of the Triglav Group

8th rank

* Source: Swiss RE, SIGMA 4/2020, Croatian Insurance Bureau

7.4.1.3 Serbia

The Serbian economy showed resilience to the first effects of the pandemic and recorded a lower fall in gross domestic product than most European countries. Increased indebtedness will make it more difficult to solve existing structural problems. At the end of the third quarter, Serbia recorded a 2.5% drop in GDP, the inflation rate fell to 1.5% and the unemployment rate rose to 13.4%.

A stable exchange rate between the Serbian dinar and the euro and a low inflation rate are expected in 2021, which will have a negative impact on international price competitiveness. Among major events in the financial sector was the takeover of Komercijalna banka, the largest state-owned bank, by Nova Ljubljanska banka.

In 2020, Serbia continued to strengthen bilateral relations with countries in the region and activities for gradual accession to the European Union. It signed a memorandum of cooperation with North Macedonia and Albania in the fight against COVID-19 and an interstate agreement with Albania on the free movement of citizens.

Insurance market

The Serbian insurance market was characterised by high concentration, where 16 insurance companies were active (six composite insurers, six non-life insurers and four life insurers). The top three insurers (Dunav, Generali Osiguranje and DDOR) control nearly 60% of the market. Total written premium increased by 2.2% in the first nine months of 2020 to RSD 80.7 billion (EUR 686 million). Non-life insurance premium recorded a 2.2% growth, while life insurance premium grew by slightly less, 2.1%. In total written premium, non-life insurance accounted for the bulk (77.6%).

Triglav Osiguranje, Belgrade increased its market share to 6.9% (compared to 6.4% in 2019) and maintained its fifth place. Its growth was somewhat higher than the Serbian insurance market growth by 7.0 percentage points.



Serbia

Premium per capita*
(2019 data)

125 EUR

Premium as a percentage of GDP
(2019 data)

1.9 %

Insurance market growth index
in Q1–3 2020

102.2

6.9% market share of the Triglav Group

5th rank

* Source: Swiss RE, SIGMA 4/2020, National Bank of Serbia

7.4.1.4 Montenegro

Montenegro recorded a 12% drop in GDP in the first three quarters, resulting from the general decline in economic activity in the region due to its significant dependence on the tourism industry. The inflation rate was -0.07% .

The development of transport infrastructure was one of the main development goals of Montenegro. In addition to the demanding construction of the Bar–Boljare motorway, the construction of a EUR 2.5 billion container terminal in Bar was announced in 2020, which could become the first port for ships sailing to Europe across the Adriatic Sea. This will have a positive impact on improving connections and infrastructure investment in other countries in the region.

Apart from focusing on meeting the conditions for joining the EU and privatisation, Montenegro will strive to increase future fiscal stability in order to ensure the long-term sustainability of public finance. Furthermore, it plans to reduce public debt, which is very high due to the aforementioned investments, and exceeds 80.0%.

Insurance market

A total of nine insurance companies were active in the rather small Montenegrin insurance market in 2020 (five non-life insurers and four life insurers), which together collected EUR 93.7 million in written premium, down by 1.1% relative to the preceding year. Life insurance premium increased by 15.1%, whereas non-life insurance premium, representing 78.9% of total written premium, declined by 4.7%.

Lovćen Osiguranje and its subsidiary **Lovćen životna osiguranja**, both insurance subsidiaries of the Triglav Group, together hold a 38.7% market share, maintaining their dominant market position (as in 2019). Lovćen Osiguranje is followed by Uniqa (non-life and life insurance together) with a 14.5% market share and Sava Osiguranje with a 13.7% market share.



Montenegro

Premium per capita*
(2019 data)

152 EUR

Premium as a percentage of GDP
(2019 data)

1.9 %

Insurance market growth index
in 2020

98.9

38.7% market share of the Triglav Group

1st rank

* Source: Insurance Supervision Agency of Montenegro

7.4.1.5 Bosnia and Herzegovina

In recent years, Bosnia and Herzegovina's economy has shown high potential for growth and development, but the COVID-19 pandemic has severely hampered economic activity and shifted it toward levels in previous years. The estimated decline in GDP after the end of the third quarter is 6.5%. Negative inflation of -0.8% was recorded, whereas the unemployment rate rose to 19.0%. High dependence on the euro area, where economic activity is expected to decline, is also problematic.

As a potential candidate for EU membership, Bosnia and Herzegovina will need to implement economic and social changes, including: improving the business environment, increasing competitiveness, reforming the healthcare system and promoting economic growth.

In 2021, Bosnia and Herzegovina will continue negotiations for the approval of a loan from the International Monetary Fund in the amount of EUR 750 million. In the future, the focus will be on measures designed to mitigate pandemic-related effects, including the establishment of a guarantee fund at the FBiH Development Bank and direct assistance to the most affected industries, such as tourism, transport and export-oriented industry.

Insurance market

A total of 25 insurance companies operated on the very small but highly competitive insurance market of Bosnia and Herzegovina in the first half of 2020 (one fewer than in 2019 because Atos was merged with Grawe osiguranje), of which 11 are domiciled in the Federation of BiH and 14 in the Republika Srpska. Insurers in the insurance market of Bosnia and Herzegovina as a whole collected BAM 375.1 million (EUR 192 million) in written premium, down by 2.0% relative to the preceding year. The premium written in the Federation of BiH was 3.1% lower, whereas in the Republika Srpska it was slightly higher than last year (index 100.7). In total written premium, non-life insurance premium represented 80.0%.

In the Federation of BiH, the Agram corporate group (Adriatic Osiguranje and Euroherc) remained the market leader with a 22.7% market share in 2020. By increasing its market share by 0.9 percentage point to 9.7%, **Triglav Osiguranje, Sarajevo** ranked fifth (vs. seventh in 2019).

With a 13.2% market share, Grawe osiguranje was the market leader in the Republika Srpska (Drina osiguranje was the market leader in 2019) in the first half of 2020. By increasing its market share by 0.1 percentage point to 4.9%, **Triglav Osiguranje, Banja Luka** ranked eighth (vs. tenth in 2019). The branch of **Triglav Osiguranje, Sarajevo**, which sells only life insurance, achieved 133% premium growth and increased its market share to 1.5% (compared to 0.6% in 2019).

In the insurance market of Bosnia and Herzegovina as a whole, the **two insurance companies of the Triglav Group** taken together ranked third (sixth the year before) and increased their market share by 1.3 percentage points to 9.0% in the first half of 2020.



Bosnia and Herzegovina

Premium per capita*
(2019 data)

110 EUR

Premium as a percentage of GDP
(2019 data)

2.2 %

Insurance market growth index
in H1 2020

98.0

9.0% market share of the Triglav Group

3rd rank

* Source: FBiH Insurance Supervision Agency, RS Insurance Agency

7.4.1.6 North Macedonia

The increase in attractiveness for foreign investors and the improved position in South-East Europe have placed North Macedonia among the countries with high market potential. Its economic growth in recent years has been largely the result of increased government consumption and foreign investment, but in 2020 the effects of the pandemic shifted the growth curve downward. GDP fell 5.4% after the first three quarters. The inflation rate rose slightly to 0.9%, and due to the poor economic situation, the unemployment rate climbed to 20.2%.

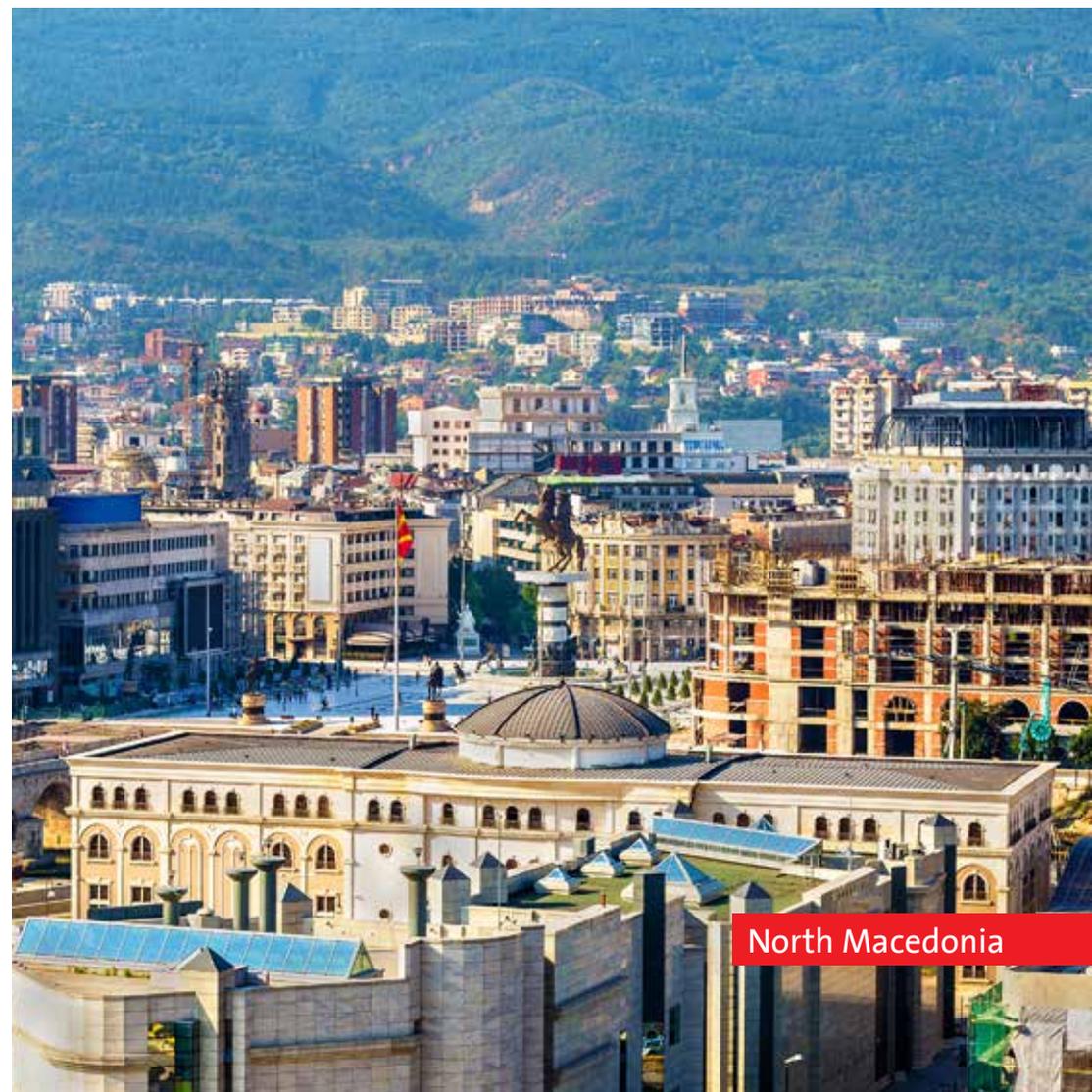
The export-oriented manufacturing industry focused on higher value-added products, but the government will be forced to address structural problems related to the education system and infrastructure investments, which are essential for improving labour productivity and competitiveness of the economy, in addition to implementing measures to mitigate the effects of the pandemic on economic growth and employment.

In 2020, North Macedonia signed a memorandum of cooperation with Serbia and Albania in the fight against the COVID-19 pandemic. It also became a full member of NATO and fulfilled all the conditions for the start of EU accession negotiations, which were suspended due to the opposition of Bulgaria.

Insurance market

A total of 16 insurance companies were active in the North Macedonian insurance market as at the 2020 year-end (11 non-life insurers and five life insurers), of which Osiguruvanje Makedonija also holds a licence to conduct reinsurance business. In 2020, the insurance companies booked MKD 10.1 billion (EUR 163 million) in written premium or 4.9% less than the year before. Non-life and life insurance premiums also shrank by 4.9%. The non-life insurance premium represented 82.7% of total premium written in the market. The five largest insurers booked 47% of total written premium. The market concentration was particularly high in the life insurance segment, with Croatia život and Grawe controlling 68% of the market.

With a 12.2% market share (1.2 percentage points less than in 2019), **Triglav Osiguruvanje, Skopje** continues to remain the leader in the North Macedonian insurance market. The insurer only sells non-life insurance products, holding a 14.8% market share (compared to 16.3% in 2019). It is followed by Eurolink, holding a 11.6% market share, and Osiguruvanje Makedonija (the VIG Group) with a 10.4% market share. **Triglav Osiguruvanje Život, Skopje** achieved a 3.6% market share in the life insurance market (compared to 2.0% in 2019) **Both insurers taken together** held a 12.9% market share, down by 1.0 percentage point compared to the year before.



North Macedonia

Premium per capita*
(2019 data)

83 EUR

Premium as a percentage of GDP
(2019 data)

1.5 %

Insurance market growth index
in 2020

95.1

12.9% market share of the Triglav Group

1st rank

* Source: Insurance Supervision Agency of North Macedonia

7.5 Gross written insurance, coinsurance and reinsurance premiums

The Triglav Group collected 4% more consolidated gross insurance, coinsurance and reinsurance premiums than in the preceding year. The volume of written premiums amounted to EUR 1,233.8 million and increased in the non-life and health insurance segments:

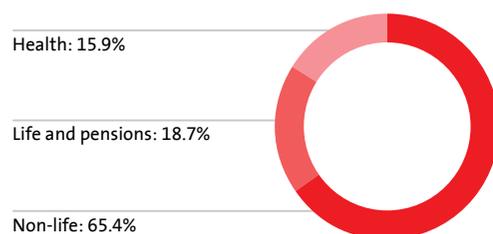
- **non-life insurance:** EUR 807.2 million (index 104),
- **life and pension insurance:** EUR 230.8 million (index 100),
- **health insurance:** EUR 195.7 million (index 111).

The proportion of health insurance premium in total consolidated gross written premium increased, whereas the proportion of non-life, life and health insurance premiums decreased:

- non-life insurance: a 65.4% share (compared to 65.5% in 2019),
- life and pension insurance: an 18.7% share (compared to 19.6% in 2019),
- health insurance: a 15.9% share (compared to 14.9% in 2019).

The Group continues to gradually increase the share of insurance premium written in markets outside Slovenia, which grew by 0.1 percentage point compared to the year before. A total of 74.9% of consolidated gross written premium was generated in the Slovenian insurance market, 18.2% of the premium was charged in markets outside Slovenia, while international reinsurance premium represented 6.9%.

Consolidated insurance, coinsurance and reinsurance premiums of the Triglav Group by segment



Consolidated insurance, coinsurance and reinsurance premiums of the Triglav Group by market



Consolidated gross written insurance, coinsurance and reinsurance premiums of the Triglav Group by market

Country	Gross written premium			Index		Share		
	2020	2019	2018	2020/2019	2019/2018	2020	2019	2018
Slovenia	924,490,143	900,665,415	820,229,351	103	110	74.9%	76.1%	76.8%
Croatia	72,871,040	65,827,865	57,876,297	111	114	5.9%	5.6%	5.4%
Serbia	60,770,184	58,052,569	48,979,893	105	119	4.9%	4.9%	4.6%
Montenegro	36,249,030	36,627,953	32,880,893	99	111	2.9%	3.1%	3.1%
Bosnia and Herzegovina	33,220,348	30,460,993	28,032,889	109	109	2.7%	2.6%	2.6%
North Macedonia	20,976,376	23,738,156	23,438,597	88	101	1.7%	2.0%	2.2%
International reinsurance	85,198,244	68,801,156	56,956,487	124	121	6.9%	5.8%	5.3%
Total	1,233,775,365	1,184,174,107	1,068,394,407	104	111	100.0%	100.0%	100.0%

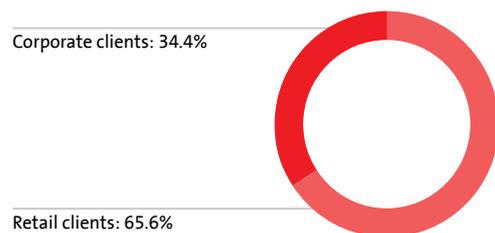
Premium growth was recorded in **most insurance markets** with the exception of the Montenegrin and Macedonian insurance markets. Premium growth in the Slovenian market was 3%, while in markets outside Slovenia it stood at 4%. The Group insurance subsidiaries (excluding Pozavarovalnica Triglav Re) generated EUR 1,173.1 million in non-consolidated gross written premium, up by 4% relative to 2019.

The share of non-consolidated gross insurance premium of **retail clients**, amounting to EUR 769.4 million, accounted for 65.6% of total written premium and decreased by 1.4 percentage points. The remaining EUR 403.7 million was accounted for by the premium of **corporate clients**.

+4%

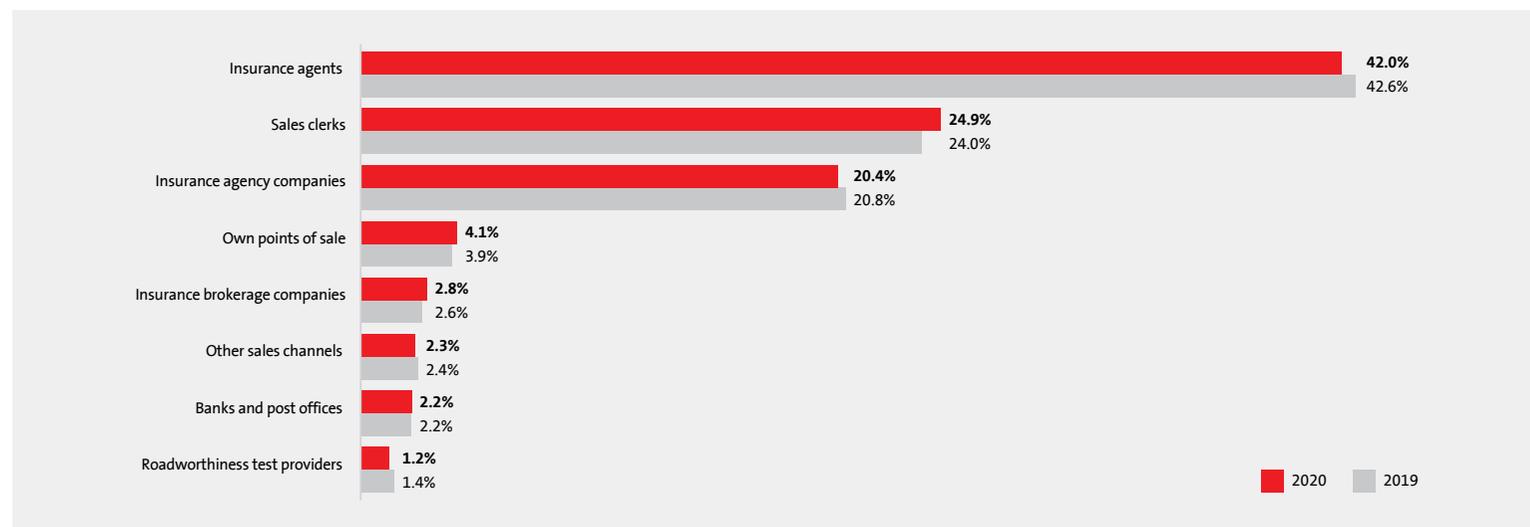
Consolidated gross written premium of the Triglav Group

The structure of non-consolidated gross written insurance, coinsurance and reinsurance premiums in 2020 of the Triglav Group (excluding Pozavarovalnica Triglav Re) by policyholder type



In terms of sales channels, the share of non-consolidated gross written premium of the Group, which was collected via own sales network (agents, sales clerks, own points of sale, online and other own sales channels), reached 73.3% of total written premium and slightly strengthened. It increased by 0.3 percentage point and amounted to EUR 860.2 million. The remaining share of gross written premium of EUR 312.9 million was collected via the external sales network (insurance agency and brokerage companies, banks, post offices and roadworthiness test providers).

Non-consolidated gross written insurance, coinsurance and reinsurance premiums in 2020 by sales channel of the Triglav Group (excluding Pozavarovalnica Triglav Re)



Gross written insurance, coinsurance and reinsurance premiums in 2020 by the insurance company of the Triglav Group

Insurance company	Gross written premium			Index		Share	
	Non-life	Life and pension	Total	Non-life	Life and pension	Total	2020
Zavarovalnica Triglav*	544,795,372	174,468,691	719,264,063	104	97	102	61.3%
Triglav, Zdravstvena zavarovalnica	196,770,140	0	196,770,140	111	0	111	16.8%
Triglav, pokojninska družba	0	32,841,315	32,841,315	0	99	99	2.8%
Triglav Osiguranje, Zagreb	64,918,960	7,967,169	72,886,129	112	99	111	6.2%
Triglav Osiguranje, Sarajevo	16,678,200	10,899,291	27,577,491	99	136	111	2.4%
Lovćen Osiguranje, Podgorica	31,963,960	0	31,963,960	97	0	97	2.7%
Triglav Osiguranje, Belgrade	54,369,276	6,401,421	60,770,697	101	143	105	5.2%
Triglav Osiguranje, Banja Luka	5,702,454	0	5,702,454	100	0	100	0.5%
Triglav Osiguruvanje, Skopje	19,969,792	0	19,969,792	86	0	86	1.7%
Lovćen životna osiguranja, Podgorica	0	4,285,070	4,285,070	0	122	122	0.4%
Triglav Osiguruvanje Život, Skopje	0	1,023,718	1,023,718	0	170	170	0.1%
Total	935,168,154	237,886,675	1,173,054,829	105	100	104	100.0%
Pozavarovalnica Triglav Re	180,967,469	0	180,967,469	115	0	115	
Consolidation eliminations	-113,177,911	-7,069,022	-120,246,933	119	124	119	
Total consolidated	1,002,957,712	230,817,653	1,233,775,365	105	100	104	

* The data already include pre-consolidation adjustments.

7.5.1 Non-life insurance

In the **non-life insurance** segment, the Triglav Group's insurance subsidiaries charged EUR 935.2 million in non-consolidated written premium, a 5% increase compared to the preceding year. Growth was recorded in most insurance classes, with the exception of credit insurance, accident insurance and general liability insurance.

Motor vehicle insurance remained the largest insurance class with a 28.1% share in total written premium. Its share is lower by 0.7 percentage point, while its premium increased by 1% to EUR 329.2 million. A total of EUR 175.7 million was generated in motor vehicle liability insurance, up by 1% relative to the preceding year. Due to the consequences of the pandemic, most insurance subsidiaries recorded a decline in written premium, with the exception of the parent company and Triglav Osiguranje, Zagreb. A 4% growth in Zavarovalnica Triglav was achieved primarily through effective sales based on the principle of freedom of movement of services in the EU markets. The Croatian insurer achieved a 6% growth mainly through an increase in the value of the average premium despite a lower insurance premium for rent-a-car vehicles.

Comprehensive car insurance premium totalled EUR 153.5 million, an increase of 2% compared to the year before. High (11%) growth was achieved by Triglav Osiguranje, Belgrade with effective sales through leasing companies and agencies, sales to major policyholders and premium growth in insurance products for retail clients. Premium growth was also recorded by Triglav Osiguranje, Zagreb (index 103) and Zavarovalnica Triglav (index 102). Lovćen Osiguranje, Triglav Osiguruvanje, Skopje, and Triglav Osiguranje, Sarajevo recorded a decline in written premium

due to non-renewal of insurance or lower insurance coverage of some major policyholders and lower sales of new cars.

Real property insurance premium (fire and natural disaster insurance and other damage to property insurance) rose by 11% to EUR 237.4 million, thereby increasing its share in total written premium to 20.2%. A 14% premium growth was recorded in other damage to property insurance and a 6% premium growth in fire and natural disaster insurance. High premium growth was seen in most insurance subsidiaries. The highest growth was achieved by Triglav Osiguranje, Zagreb (index 138), Triglav Osiguranje, Sarajevo (index 122) and Lovćen Osiguranje (index 121) by attracting new policyholders and increasing the scope of insurance coverage with existing policyholders. In addition, the Croatian insurer achieved premium growth in animal insurance and crop insurance. A 10% growth was recorded by the parent company (a 79% share in total written premium) by attracting new policyholders and developing new projects, increasing the scope of insurance coverage and partly through different premium charging dynamics. Strong growth was mainly recorded in combined non-life insurance, cyber insurance and mobile phone insurance.

In **health insurance**, EUR 204.1 million was collected in premium, up by 11% relative to the preceding year. The majority of premium was written by Triglav, Zdravstvena zavarovalnica in the amount of EUR 196.8 million, an 11% increase, which was predominantly a result of last year's increase in average premium. The bulk of its premium was accounted for by supplemental health insurance, in addition to being successful in the sale of additional health insurance products. Moreover, high growth was

recorded by Triglav Osiguranje, Sarajevo and Triglav Osiguranje, Belgrade by attracting new policyholders, mainly corporate clients.

In **general liability insurance**, the Group generated EUR 48.4 million in written premium, down by 1% relative to the year before. Zavarovalnica Triglav, accounting for 80% of total written premium, also recorded a 1% drop in written premium. This predominantly resulted from a premium decrease in general liability insurance and product liability insurance due to different premium charging dynamics, completed projects and cancelled insurance policies due to the pandemic. A decline in premium was seen in the majority of the remaining insurance subsidiaries. The exception are the Croatian and the Serbian insurer, which achieved growth by acquiring new policyholders and increasing the scope of insurance coverage with existing policyholders.

Accident insurance premium amounted to EUR 38.2 million, down by 5% (representing 3.3% of total written premium). Excluding Triglav Osiguruvanje, Skopje, lower premium was recorded in all insurance subsidiaries, the largest of which was seen in Triglav Osiguranje, Belgrade (due to lower sales of accident insurance to borrowers via one of the banks) and Triglav Osiguranje, Sarajevo (lower group accident insurance and car accident insurance premium).

Credit insurance premium amounted to EUR 25.5 million, down by 14% compared to the year before (representing 2.2% of total written premium). Zavarovalnica Triglav's written premium, which accounted for 75% of total written premium, declined by 17%. The main reason for this trend is the lower volume of consumer loan insurance, which was influenced by the Bank of Slovenia's measures to limit retail lending, changes in the

credit policy of some banks and the consequences of the pandemic (less lending by banks). A drop in premium was recorded by Triglav Osiguranje, Zagreb (a lower volume of loans due to the pandemic), Triglav Osiguruvanje, Skopje (lower insurance coverage of a major policyholder) and Lovćen Osiguranje (premium decrease in loan protection insurance covering loss of employment, accidental death or disability).

Premium from **other non-life insurance** (accounting for 4.5% of total written premium) increased by 7% to EUR 52.5 million. Said premium grew in Triglav Osiguranje, Zagreb (index 133) and Zavarovalnica Triglav (index 109). Triglav Osiguranje, Zagreb generated high premium growth through fruitful partnership with one of the agencies with regard to marine insurance and by attracting new policyholders in suretyship insurance. The parent company achieved a good result in railway insurance, marine insurance (high growth of international comprehensive marine insurance) and assistance insurance (premium growth in roadside assistance insurance).

7.5.2 Life and pension insurance

The Group booked EUR 237.9 million in non-consolidated gross written premium from **life and pension insurance**, which is approximately at the same level as in 2019 (index 100). Life and pension insurance accounted for 20.3% of total gross written premium, down by 0.8 percentage point compared to the year before.

Life insurance premium (traditional life, annuity, pension annuity and voluntary pension insurance) grew by 3%. With EUR 106.8 million, it accounted for 44.9% of total life and pension insurance premium. Strong premium growth was seen in Triglav Osiguranje, Sarajevo (effective sales via bank and agency sales channels), Triglav Osiguranje, Belgrade (effective sales via the bank sales channel), Lovćen životna osiguranja (effective sales of group loan protection insurance covering death via the bank sales channel) and Triglav Osiguruvanje Život, Skopje (effective sales via own sales channel). The parent company's premium was 3% lower than in the preceding year.

The premium generated by **unit-linked life insurance** (life insurance linked to the units of investment funds) declined by 3% to EUR 112.2 million. This insurance class accounted for 47.2% of total written life and pension insurance premium. Triglav Osiguranje, Zagreb achieved a 9% premium growth due to increased sales via one of the banks. Zavarovalnica Triglav's premium dropped by 5% primarily due to less success in retaining assets from matured policies. The premium volume of Triglav, pokojninska družba decreased by 1%, which is a result of lower payments by some employers due to increased uncertainty in doing business during the pandemic.

Capital redemption insurance increased by 7% relative to the preceding year and amounted to EUR 18.9 million (representing 7.9% of total life and pension insurance premium). The growth stemmed from transfers of assets from other insurance companies and higher regular premium payments at the parent company.

Non-consolidated gross written insurance, coinsurance and reinsurance premiums of insurance companies of the Triglav Group (excluding Pozavarovalnica Triglav Re) by insurance class

Insurance class	Gross written premium			Index		Share
	2020	2019	2018	2020/2019	2019/2018	2020
Accident insurance	38,181,300	40,143,471	39,686,378	95	101	3.3%
Health insurance	204,060,344	184,488,230	149,749,316	111	123	17.4%
Comprehensive car insurance	153,459,390	150,648,365	141,013,328	102	107	13.1%
Real property insurance	237,408,204	213,086,928	196,458,671	111	108	20.2%
Motor liability insurance	175,732,026	174,254,220	163,017,829	101	107	15.0%
General liability insurance	48,408,488	48,981,728	45,614,375	99	107	4.1%
Credit insurance	25,453,099	29,437,207	26,807,158	86	110	2.2%
Other non-life insurance	52,465,305	49,014,062	39,442,439	107	124	4.5%
Non-life insurance	935,168,156	890,054,211	801,789,494	105	111	79.7%
Life insurance	106,799,922	103,963,662	98,726,660	103	105	9.1%
Unit-linked life insurance*	112,206,228	116,014,370	111,706,354	97	104	9.6%
Capital redemption insurance	18,880,523	17,655,904	16,748,583	107	105	1.6%
Life and pensions insurance	237,886,673	237,633,936	227,181,597	100	105	20.3%
Total	1,173,054,829	1,127,688,147	1,028,971,091	104	110	100.0%

* According to the definition of the Insurance Supervision Agency, premiums generated by Triglav, pokojninska družba are included in unit-linked life insurance.

Gross written insurance, coinsurance and reinsurance premiums of Zavarovalnica Triglav by insurance class

Insurance class	Gross written premium			Index		Share
	2020	2019	2018	2020/2019	2019/2018	2020
Accident insurance	25,696,568	26,948,216	26,173,583	95	103	3.6%
Health insurance	926,557	728,634	692,746	127	105	0.1%
Comprehensive car insurance	127,536,357	124,555,111	118,662,442	102	105	17.7%
Real property insurance	188,545,816	171,195,183	157,967,652	110	108	26.2%
Motor liability insurance	106,754,958	102,352,357	92,416,996	104	111	14.8%
General liability insurance	38,619,888	39,134,048	37,671,614	99	104	5.4%
Credit insurance	19,137,654	22,962,440	25,456,965	83	90	2.7%
Other non-life insurance	37,569,379	34,351,972	27,054,464	109	127	5.2%
Non-life insurance	544,787,177	522,227,961	486,096,462	104	107	75.7%
Life insurance	79,466,230	82,300,599	81,164,340	97	101	11.0%
Unit-linked life insurance	76,121,938	79,947,507	76,201,048	95	105	10.6%
Capital redemption insurance	18,880,523	17,655,904	16,748,583	107	105	2.6%
Life and pensions insurance	174,468,691	179,904,010	174,113,971	97	103	24.3%
Total	719,255,868	702,131,971	660,210,433	102	106	100.0%

7.5.3 Gross written reinsurance premium of Pozavarovalnica Triglav Re

Pozavarovalnica Triglav Re posted a total of EUR 181.0 million in gross written reinsurance premium, up by 15% relative to 2019. The highest growth was recorded in other damage to property insurance and marine insurance in transactions outside the Group and land motor vehicle insurance in transactions within the Group.

An 8% premium growth was seen in transactions within the Group and a 24% premium growth in transactions outside the Group, which is the result of organic growth of renewed transactions from the preceding year and the increase in shares in some contracts. The reinsurer recorded the highest premium growth in the markets of Japan, Central and South America (Peru and Chile), Thailand and Hong Kong.

7.6 Gross claims paid

Consolidated gross claims paid of the Triglav Group dropped by 3% and amounted to EUR 697.4 million (including claim handling expenses less income from collected subrogation receivables). Gross claims paid in the **non-life insurance** segment decreased by 4% to EUR 380.9 million, while in the **life and pension insurance** segment they declined by 5% to EUR 172.9 million. In contrast, gross claims paid in the **health insurance** segment increased by 2% and amounted to EUR 143.7 million.

-3%
Consolidated
gross claims
paid of the
Triglav Group

Business interruption insurance claims due to the COVID-19 pandemic are estimated at around EUR 8 million.

A 2% decrease was seen in some non-consolidated gross claims paid of the Group insurance subsidiaries (excluding Pozavarovalnica Triglav Re), which totalled EUR 669.0 million. Most

insurance subsidiaries recorded a decline in gross claims paid, whereas growth was recorded by Triglav Osiguruvanje Život, Skopje (index 753), Lovćen životna osiguranja (index 113), Triglav Osiguranje, Belgrade (index 112), Triglav, Zdravstvena zavarovalnica (index 102) and Triglav, pokojninska družba (index 101).

Gross claims paid in 2020 by insurance company of the Triglav Group

Insurance company	Gross claims paid			Index			Share
	Non-life	Life and pension	Total	Non-life	Life and pension	Total	2020
Zavarovalnica Triglav*	258,037,808	150,240,333	408,278,141	97	94	96	61.0%
Triglav, Zdravstvena zavarovalnica	143,657,792	0	143,657,792	102	0	102	21.5%
Triglav, pokojninska družba	0	12,501,341	12,501,341	0	101	101	1.9%
Triglav Osiguranje, Zagreb	32,636,595	5,772,816	38,409,411	89	103	91	5.7%
Triglav Osiguranje, Sarajevo	9,121,078	3,240,535	12,361,613	91	115	96	1.8%
Lovćen Osiguranje, Podgorica	13,886,054	0	13,886,054	95	0	95	2.1%
Triglav Osiguranje, Belgrade	21,271,029	4,056,467	25,327,496	110	125	112	3.8%
Triglav Osiguranje, Banja Luka	1,604,915	0	1,604,915	91	0	91	0.2%
Triglav Osiguruvanje, Skopje	9,590,558	0	9,590,558	93	0	93	1.4%
Lovćen životna osiguranja, Podgorica	0	3,157,851	3,157,851	0	113	113	0.5%
Triglav Osiguruvanje Život, Skopje	0	226,489	226,489	0	753	753	0.0%
Total	489,805,829	179,195,832	669,001,661	98	96	98	100.0%
Pozavarovalnica Triglav Re	76,015,279	0	76,015,279	103	0	103	
Consolidation eliminations	-41,255,823	-6,317,549	-47,573,372	111	127	113	
Total consolidated	524,565,285	172,878,283	697,443,568	98	95	97	

* The data already include pre-consolidation adjustments.

7.6.1 Non-life insurance

Non-consolidated gross claims paid in **non-life insurance** amounted to EUR 489.8 million, down by 2% relative to the preceding year. Despite some major CAT events, which are reported in more detail in [Section 7.2 Environmental impact on the Triglav Group's operations](#), gross claims paid were lower primarily as a result of the decline in economic activity and population mobility due to restrictive measures to curb the COVID-19 epidemic.

The movement of gross claims paid by insurance class is presented below. Compared to the preceding year, a decline was seen in most insurance classes, whereas an increase was recorded in health insurance, general liability insurance and credit insurance.

In **health insurance**, gross claims paid rose by 3% and amounted to EUR 147.9 million, representing 22.1% of total gross claims paid. The majority (EUR 143.7 million) was accounted for by gross claims paid of Triglav, Zdravstvena zavarovalnica, which at a 2% increase lagged slightly behind the trend in health insurance claims paid. This trend reflects the lower number of healthcare services provided in the context of both supplemental and additional health insurance, mainly in the second quarter of 2020 due to the COVID-19 epidemic. In contrast, equalisation scheme expenses grew by 5% to EUR 7.9 million.

Gross claims paid in **motor vehicle liability insurance** totalled EUR 94.2 million, down by 1% relative to the year before. They represented 14.1% of the Group's total gross claims paid. Lower population mobility due to restriction measures also resulted in a smaller number of reported claims and therefore all insurance

subsidiaries, except Triglav Osiguranje, Belgrade (index 108) and the parent company (index 101), recorded a decline in gross claims paid.

Gross claims paid in **comprehensive car insurance** dropped by 6% and reached EUR 92.9 million. They represented 13.9% of the Group's total gross claims paid. Most insurance subsidiaries in this insurance class recorded a decline in gross claims paid due to a lower number of claims reported. Growth was recorded only by Triglav Osiguranje, Belgrade (index 134) due to some major individual claims paid and Triglav Osiguranje, Banja Luka (index 105) as a result of higher average amount of claims paid.

In **real property insurance**, gross claims paid amounted to EUR 89.1 million, down by 3% compared to the preceding year (representing 13.3% of total gross claims paid). The decrease was recorded in most insurance subsidiaries, the highest in Triglav Osiguranje, Banja Luka (index 37), Lovćen Osiguranje (index 86) and Triglav Osiguranje, Zagreb (index 89).

Compared to the preceding year, the decline was the highest in gross claims paid in **accident insurance**, which fell by 12% and amounted to EUR 20.7 million. The decline in gross claims paid was primarily a result of lower gross claims paid in Zavarovalnica Triglav (lower payouts in group accident insurance and AO-plus insurance predominantly as a result of business restrictions and the lower activity of policyholders due to the pandemic), Triglav Osiguranje, Sarajevo (lower growth in group accident insurance claims) and Triglav Osiguranje, Belgrade (a lower number of reported claims).

Growth in gross claims paid was recorded in **general liability insurance**, which amounted to EUR 18.2 million, up by 4% relative to the year before. This increase was primarily a result of a 6% rise in gross claims paid by the parent company (which accounted for 89% of the gross claims paid by the Group in this insurance class) due to the payment of a large claim in directors and officers liability insurance. As a result of some major claims paid, gross claims paid increased also at Lovćen Osiguranje and Triglav Osiguranje, Sarajevo.

Gross claims paid in **credit insurance** totalled EUR 6.1 million, up by 1% despite their decrease at Zavarovalnica Triglav. They increased sharply in Triglav Osiguranje, Belgrade (the payment of a major claim) and Triglav Osiguranje, Zagreb (payments of claims based on a court decision). At the parent company (representing 77% of total credit insurance claims paid by the Group), gross claims paid were 10% lower than in the preceding year when a major domestic trade credit insurance claim was paid.

Gross claims paid from **other non-life insurance** fell by 5% to EUR 20.7 million. The decrease was recorded by Triglav Osiguranje, Zagreb (a lower number of reported marine insurance claims due to the pandemic), Triglav Osiguranje, Banja Luka (a lower number of reported travel health insurance claims due to the pandemic) and the parent company (lower claims paid in insurance for business interruption due to fire and railway insurance). Gross claims paid by other insurance subsidiaries went up.

7.6.2 Life and pension insurance

Non-consolidated gross claims paid in **life and pension insurance** declined by 4% to EUR 179.2 million. Their share in total non-consolidated claims paid decreased to 26.8% (compared to 27.3% in 2019).

The bulk of total claims paid was accounted for by **life insurance** (traditional life, annuity, pension annuity and voluntary pension insurance), Gross claims paid in life insurance reached EUR 111.6 million, up by 2% relative to the preceding year. Significant growth in gross claims paid was seen in Triglav Osiguranje, Sarajevo (higher claims paid due to death and policyholders' unemployment), Triglav Osiguruvanje Život, Skopje and Triglav Osiguranje, Belgrade (higher claims paid due to maturity), and Lovćen životna osiguranja (higher claims paid due to death). Gross claims paid by the parent company remained at approximately the same level as in 2019 (index 100).

Gross claims paid in **unit-linked life insurance** amounted to EUR 62.9 million, down by 12% relative to the preceding year. This significant decrease resulted predominantly from lower payments due to surrenders and advances and from lower payments due to maturity at the parent company (index 84).

Gross claims paid in **capital redemption insurance** (supplemental voluntary pension insurance) were 8% lower, which was mainly a result of lower payments due to insurance transfers in the parent company.

Non-consolidated gross claims paid of the insurance subsidiaries of the Triglav Group (excluding Pozavarovalnica Triglav Re) by insurance class

Insurance class	Gross claims paid			Index		Share
	2020	2019	2018	2020/2019	2019/2018	2020
Accident insurance	20,727,007	23,673,861	23,608,780	88	100	3.1%
Health insurance	147,911,003	143,785,330	121,356,577	103	118	22.1%
Comprehensive car insurance	92,882,937	98,799,095	93,863,228	94	105	13.9%
Real property insurance	89,057,583	91,798,667	111,847,394	97	82	13.3%
Motor liability insurance	94,229,264	95,003,851	93,438,289	99	102	14.1%
General liability insurance	18,212,366	17,589,035	18,430,832	104	95	2.7%
Credit insurance	6,079,260	6,012,228	3,881,949	101	155	0.9%
Other non-life insurance	20,706,410	21,731,247	23,186,370	95	94	3.1%
Non-life insurance	489,805,830	498,393,314	489,613,419	98	102	73.2%
Life insurance	111,595,230	109,763,192	92,472,985	102	119	16.7%
Unit-linked life insurance*	62,944,570	71,885,180	75,211,711	88	96	9.4%
Capital redemption insurance	4,656,031	5,050,338	5,885,491	92	86	0.7%
Life and pension insurance	179,195,831	186,698,710	173,570,187	96	108	26.8%
Total	669,001,661	685,092,024	663,183,606	98	103	100.0%

* According to the definition of the Insurance Supervision Agency, gross claims paid by Triglav, pokojninska družba are included in unit-linked life insurance.

Gross claims paid of Zavarovalnica Triglav by insurance class

Insurance class	Gross claims paid			Index		Share
	2020	2019	2018	2020/2019	2019/2018	2020
Accident insurance	11,259,216	13,732,622	13,893,520	82	99	2.8%
Health insurance	425,255	252,787	141,362	168	179	0.1%
Comprehensive car insurance	77,548,159	81,388,346	78,121,265	95	104	19.0%
Real property insurance	67,698,027	68,522,847	79,094,590	99	87	16.6%
Motor liability insurance	64,244,617	63,861,193	61,265,319	101	104	15.7%
General liability insurance	16,143,731	15,188,764	16,915,196	106	90	4.0%
Credit insurance	4,709,310	5,217,685	3,701,849	90	141	1.2%
Other non-life insurance	16,009,493	17,220,406	19,114,790	93	90	3.9%
Non-life insurance	258,037,808	265,384,650	272,247,891	97	97	63.2%
Life insurance	96,431,879	96,566,196	81,883,672	100	118	23.6%
Unit-linked life insurance	49,152,423	58,203,197	60,985,528	84	95	12.0%
Capital redemption insurance	4,656,031	5,050,338	5,885,491	92	86	1.1%
Life and pension insurance	150,240,333	159,819,731	148,754,691	94	107	36.8%
Total	408,278,141	425,204,381	421,002,582	96	101	100.0%

7.6.3 Gross claims paid of Pozavarovalnica Triglav Re

Gross claims paid by Pozavarovalnica Triglav Re amounted to EUR 76.0 million, up by 3% compared to the preceding year. Gross claims increased by 4% in transactions outside the Group and by 2% in transactions within the Group. The increase in gross claims paid in transactions outside the Group was predominantly a result of the payment of comprehensive car insurance claims under the French non-life insurance contract and marine insurance claims paid in the South Korean market. Higher gross claims paid in the Group mainly resulted from the payment of a major general liability insurance claim under the facultative contract with the parent company and higher payments of motor vehicle liability insurance claims.

7.7 Gross operating expenses

Total consolidated gross operating expenses incurred by the Triglav Group amounted to EUR 306.7 million, thus remaining at approximately the same level as the year before (index 100). **Insurance business expenses** totalled EUR 272.3 million, down by 1% relative to the preceding year. The share of insurance business operating expenses in gross written premium dropped by 1.1 percentage points to 22.1%. Operating expenses varied by insurance group. **Health insurance** operating expenses decreased by 18% to EUR 14.8 million, **non-life insurance** operating expenses of EUR 217.8 million remained at approximately the same level as the year before, whereas **health and pension insurance** operating expenses grew by 4% to EUR 39.8 million.

Non-insurance business expenses amounted to EUR 34.4 million. The 11% increase is mainly a result of the merger of ALTA Skladi with Triglav Skladi and the rise in other costs of services in Sarajevostan.

In contrast, acquisition costs (fees and commissions) fell by 4% to EUR 54.1 million, primarily due to lower costs at Triglav, Zdravstvena zavarovalnica. The decline is mostly a result of lower sales due to restrictive measures related to the COVID-19 pandemic. The 12% increase in depreciation costs in the amount of EUR 22.0 million was predominantly the consequence of higher depreciation costs of computer equipment and intangible fixed assets at the parent company and higher depreciation costs at Triglav Skladi due to the aforementioned merger of ALTA Skladi.

At 48.8%, labour costs accounted for the largest portion of total expenses, amounting to EUR 157.5 million, up by 2% relative to the preceding year. This increase is predominantly a result of the higher number of employees at Triglav Osiguranje, Belgrade, the merger of ALTA Skladi with Triglav Skladi and higher labour costs at Zavarovalnica Triglav. The latter were influenced by a change in the salary model, reassignment of employees from the subsidiary Triglav INT to the parent company, higher payments to insurance agents due to increased sale of insurance products and more accrued provisions for unused annual leave. Costs of services provided by natural persons other than sole traders decreased by 8%. They amounted to EUR 1.2 million and represented only 0.4% of total expenses. Other operating expenses dropped by 2% to EUR 87.9 million. Due to the measures related to the COVID-19 pandemic, the highest decrease was recorded in the reimbursement of work-related costs and the costs of representation, advertising and trade shows. With regard to the growth of costs, the highest increase was seen in the costs of payment transactions and banking services (at Triglav Skladi due to the merger of ALTA Skladi), rent and lease costs (due to the change in the recording of costs of certain computer software licenses previously classified as maintenance costs) and other costs of services (provisions were formed due to additionally established tax liabilities at Sarajevostan).

Acquisition costs represented 60.0% (the largest share) of total gross operating expenses of the insurance business broken down by functional group. Other operating expenses represented 28.4%, claim handling expenses 9.9% and asset management costs 1.6% of total gross operating expenses of the insurance business.

Gross operating expenses of the Triglav Group by nature

Operating expenses by nature	Gross operating expenses			Index		Share
	2020	2019	2018	2020/2019	2019/2018	2020
Acquisition costs (fees and charges)	54,124,019	56,219,931	50,066,326	96	112	16.8%
Costs of goods sold	11,179	48,845	52,904	23	92	0.0%
Depreciation of operating assets	22,001,097	19,694,948	14,264,627	112	138	6.8%
Labour costs	157,524,456	154,621,686	146,572,719	102	105	48.8%
- wages and salaries	110,229,227	107,324,972	101,612,962	103	106	34.1%
- social security and pension insurance costs	24,559,378	24,289,499	23,640,837	101	103	7.6%
- other labour costs	22,735,851	23,007,215	21,318,920	99	108	7.0%
Costs of services provided by natural persons other than SPs, including related taxes	1,208,769	1,317,788	2,756,994	92	48	0.4%
Other operating expenses	87,942,602	90,018,718	93,062,955	98	97	27.2%
- costs of entertainment, advertising, trade shows	17,181,444	19,394,377	22,174,825	89	87	5.3%
- costs of material and energy	8,426,457	8,261,184	8,232,171	102	100	2.6%
- maintenance costs	15,181,848	15,575,036	14,126,532	97	110	4.7%
- reimbursement of labour-related costs	3,202,363	5,690,278	5,483,902	56	104	1.0%
- costs of intellectual and personal services	5,560,110	5,781,460	5,620,509	96	103	1.7%
- non-income related costs, excluding insurance	3,241,068	3,391,165	3,492,721	96	97	1.0%
- costs of transport and communication services	5,360,314	5,584,949	5,499,061	96	102	1.7%
- costs for insurance premiums	1,159,846	1,121,622	1,843,152	103	61	0.4%
- payment transaction costs and banking services	9,495,754	8,470,561	7,344,413	112	115	2.9%
- rents	4,847,443	4,062,029	7,919,477	119	51	1.5%
- costs of professional training services	1,099,790	1,354,981	1,141,933	81	119	0.3%
- other costs of services	13,183,530	11,310,828	10,175,371	117	111	4.1%
- long-term employee benefits	2,635	20,248	8,888	13	228	0.0%
Total	322,812,122	321,921,916	306,776,525	100	105	100.0%
Consolidation eliminations	-16,065,703	-16,653,191	-17,950,309	96	93	
Total consolidated	306,746,419	305,268,725	288,826,216	100	106	

Gross operating expenses of Zavarovalnica Triglav by nature

Operating expenses by nature	Gross operating expenses			Index		Share
	2020	2019	2018	2020/2019	2019/2018	2020
Acquisition costs (fees and charges)	28,550,727	28,759,114	27,174,985	99	106	15.9%
Depreciation of operating assets	12,145,270	11,167,744	9,603,035	109	116	6.7%
Labour costs	101,313,635	99,873,831	96,407,090	101	104	56.3%
- wages and salaries	72,334,018	70,238,081	68,211,092	103	103	40.2%
- social security and pension insurance costs	12,000,752	11,837,017	11,730,444	101	101	6.7%
- other labour costs	16,978,865	17,798,733	16,465,554	95	108	9.4%
Costs of services provided by natural persons other than SPs, including related taxes	289,970	349,916	339,137	83	103	0.2%
Other operating expenses	37,651,247	40,343,368	40,898,603	93	99	20.9%
- costs of entertainment, advertising, trade shows	7,607,576	8,598,847	8,712,404	88	99	4.2%
- costs of material and energy	3,782,544	3,425,880	3,606,749	110	95	2.1%
- maintenance costs	8,823,036	9,627,759	8,869,489	92	109	4.9%
- reimbursement of labour-related costs	2,175,475	3,360,635	3,306,295	65	102	1.2%
- costs of intellectual and personal services	2,072,025	1,963,379	2,246,162	106	87	1.2%
- non-income related costs, excluding insurance	1,380,668	1,628,366	1,523,918	85	107	0.8%
- costs of transport and communication services	2,978,697	3,072,649	3,210,568	97	96	1.7%
- costs for insurance premiums	379,318	327,304	1,093,183	116	30	0.2%
- payment transaction costs and banking services	1,218,983	1,698,171	1,602,368	72	106	0.7%
- rents	3,024,699	2,216,058	3,303,744	136	67	1.7%
- costs of professional training services	764,945	902,200	632,487	85	143	0.4%
- other costs of services	3,443,281	3,522,120	2,791,236	98	126	1.9%
Total	179,950,849	180,493,973	174,422,850	100	103	100.0%

7.8 Risk equalisation

7.8.1 Insurance technical provisions

The Triglav Group equalised 87.0% of the risks within its own equalisation capacities. Claims were covered with the current annual inflow of technical premium by insurance class and the insurance technical provisions formed. The Group was able to equalise risks that exceeded its own equalisation capacities by reinsurance and, to a lesser extent, by coinsurance arrangements.

Gross insurance technical provisions of the Triglav Group are the basis for balanced operations and ensure the long-term safety of insured persons. They amounted to EUR 3,033.2 million as at 31 December 2020, up by 5% relative to 2019. The amount of gross insurance technical provisions increased in non-life insurance (index 105), life and pension insurance (index 104) and health insurance (index 201). Zavarovalnica Triglav allocated EUR 2,199.0 million to gross insurance technical provisions, up by 2% relative to 2019.

Provisions by type as at 31 December 2020 relative to 31 December 2019:

- **Gross unearned premium** was 4% higher and amounted to EUR 344.8 million. Unearned premium from non-life insurance also increased by 4% to EUR 340.9 million, unearned premium from life and pension insurance rose by 3% to EUR 458 thousand and unearned premium from health insurance grew by 1% to EUR 3.4 million. The movement of gross unearned premium corresponds to the movement and duration of gross written premium and the nature of underwritten risks.
- **Gross claims provisions** rose by 5% to EUR 645.3 million. Gross claims provisions are formed for covering claims incurred but not settled by the end of the accounting period. Claims provisions from non-life insurance totalled EUR 609.3 million, up by 5%, primarily due to earthquakes in Croatia and claims provisions formed as a result

of the decision of the Supreme Court of the Republic of Croatia, which changed the criteria and amounts for determining monetary compensation for non-pecuniary damages from motor vehicle liability insurance. Claims provisions from life and pension insurance totalled EUR 21.4 million (index 103) and those from health insurance amounted to EUR 14.6 million (index 101).

- **Mathematical provisions** were 4% higher and amounted to EUR 1,967.0 million. The rise in mathematical provisions is also a result of additional provisions, both due to the lower internally set maximum interest rate used for the valuation of life insurance liabilities and due to the increase in provisions as a result of the liability adequacy test. Mathematical provisions for the guarantee fund backing life insurance totalled EUR 1,457.0 million (index 104), while insurance technical provisions for unit-linked life insurance contracts amounted to EUR 510.0 million (index 105). They increased due to the growth in the price of fund units. Zavarovalnica Triglav's mathematical provisions of EUR 1,490.3 million accounted for the bulk (index 102), of which mathematical provisions for the guarantee fund backing life insurance amounted to EUR 1,041.6 million (index 102) and insurance technical provisions for unit-linked life insurance contracts equalled EUR 448.7 million (index 103).
- **Provisions for bonuses and discounts** grew by 43% to EUR 28.2 million, mainly as a result of additional insurance technical provisions created due to the pandemic.
- **Other insurance technical provisions** rose by 119% to EUR 47.9 million as a result of additional other insurance technical provisions for health insurance due to the pandemic in the amount of EUR 18.5 million.

Gross insurance technical provisions of the Triglav Group as at 31 December 2020

	Gross insurance technical provisions			Index	
	31 Dec. 2020	31 Dec. 2019	31 Dec. 2018	2020/2019	2019/2018
Unearned premiums	344,760,927	332,510,935	300,166,946	104	111
Mathematical provisions	1,967,008,673	1,889,382,583	1,759,831,056	104	107
Claims provisions	645,331,168	615,398,744	614,943,915	105	100
Provisions for bonuses and discounts	28,195,354	19,683,771	19,833,253	143	99
Other insurance technical provisions	47,917,732	21,894,138	18,325,930	219	119
Total	3,033,213,854	2,878,870,171	2,713,101,100	105	106

Gross insurance technical provisions of Zavarovalnica Triglav as at 31 December 2020

	Gross insurance technical provisions			Index	
	31 Dec. 2020	31 Dec. 2019	31 Dec. 2018	2020/2019	2019/2018
Unearned premiums	235,190,816	232,791,056	213,919,937	101	109
Mathematical provisions	1,490,283,181	1,455,824,397	1,374,950,680	102	106
Claims provisions	430,259,621	428,320,763	442,560,188	100	97
Provisions for bonuses and discounts	23,837,107	19,065,148	19,547,002	125	98
Other insurance technical provisions	19,470,754	13,012,868	10,403,743	150	125
Total	2,199,041,479	2,149,014,232	2,061,381,550	102	104

7.8.2 Reinsurance

The Triglav Group operates in the global reinsurance market via Pozavarovalnica Triglav Re and Zavarovalnica Triglav. Optimum coverage terms and conditions were pursued and also achieved in 2020 in all reinsurance and coinsurance contracts. The Group allocated EUR 154.5 million of reinsurance premium to external equalisation, up by 18% relative to 2019. Ceded reinsurance premium accounted for 12.5% of total gross written premium or 1.5 percentage points more than the year before. Reinsurance premium growth was a result of the increased volume of non-life insurance premium and inward reinsurance, the higher number of facultative contracts, more expensive excess-of-loss reinsurance protection and higher settlement from these contracts.

Changes in unearned premium related to the reinsurance portion totalled EUR 4.6 million. The amount of EUR 31.7 million was received from reinsurance (index 90). The change in gross claims provisions for the reinsurance portion amounted to EUR 17.4 million (compared to EUR 1.5 million in 2019). The Group also received EUR 30.6 million in reinsurance fees and commissions (index 139). The reinsurance result was negative and amounted to EUR -70.2 million (compared to EUR -60.9 million in 2019).

The reinsurance result of Zavarovalnica Triglav was EUR -73.0 million (compared to EUR -57.6 million in 2019).

7.9 Investment structure of the Triglav Group and Zavarovalnica Triglav¹⁸

Amid the challenging situation of the COVID-19 pandemic and the situation in the financial markets, the Triglav Group continued to pursue a somewhat conservative investment policy, focusing on investment security and liquidity governed by adequate profitability. The structure of the Group's investment portfolio remained similarly conservative as at the 2019 year-end, while actively making minor adjustments to the shares of individual investment grades in order to maintain adequate diversification, appropriate security and high credit ratings of the whole investment portfolio. Bonds invested in developed markets account for the largest share (73.6%) in the financial investments portfolio (89.6% of bond investments have a rating of at least "BBB" and 61.3% have the "A" rating).

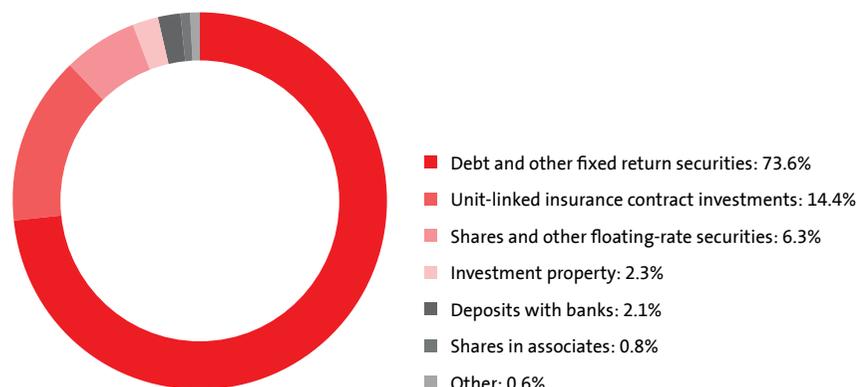
Financial investments of the **Triglav Group** including investment property and investments in associates amounted to EUR 3,496.4 million as at 31 December 2020, an increase of 5% relative to the 2019 year-end. Their share in total assets of the Group rose by 0.3 percentage point to 84.5%.

Compared to the 2019 year-end, the total value of the largest investment grade, i.e. debt and other fixed-return securities, increased by 6%, while the share of this investment grade in total portfolio grew by 0.5 percentage point to 73.6%. The value of equity investments including investments in funds was 6% higher, whereas their share in total portfolio remained the same (6.3%).

Financial investments (including investment property) of the Triglav Group as at 31 December 2020 and 31 December 2019

	Financial investments		Index	Share	
	31 Dec. 2020	31 Dec. 2019	2020/2019	31 Dec. 2020	31 Dec. 2019
Investment property	78,977,800	79,921,480	99	2.3%	2.4%
Shares in associates	28,237,714	13,154,379	215	0.8%	0.4%
Shares and other floating-rate securities	220,367,991	207,202,683	106	6.3%	6.3%
Debt and other fixed return securities	2,572,533,950	2,423,949,186	106	73.6%	73.1%
Loans given	4,218,279	5,161,148	82	0.1%	0.2%
Deposits with banks	72,474,217	88,402,963	82	2.1%	2.7%
Other financial investments	6,462,139	6,712,517	96	0.2%	0.2%
Financial investments of reinsurance companies in reinsurance contracts with cedents	11,210,682	8,602,454	130	0.3%	0.3%
Derivatives	113,301	0	0	0.0%	0.0%
Unit-linked insurance contract investments	501,808,980	482,031,288	104	14.4%	14.5%
Total	3,496,405,053	3,315,138,098	105	100.0%	100.0%

The structure of investments of the Triglav Group as at 31 December 2020



The share of unit-linked insurance contract investments declined by 0.2 percentage point to 14.4%. The majority is accounted for by assets invested in mutual funds of the policyholders' choice and mostly in funds managed by Triglav Skladi.

The share of investments in associates rose by 0.4 percentage point as a result of the capital increase of ZTSR, while the share of investment property declined by 0.2 percentage point to 2.3%. Share of deposits with banks fell further to 2.1%. The shares of other investment grades did not change significantly.

The structure of debt and equity portfolios is presented in detail below.

The largest share (65.4%) in the Group's bond portfolio **by issuer sector** was accounted for by government bonds. In terms of volume, they rose by 18% compared to the preceding year, while their share was higher by 6.4 percentage points. Government bonds are followed by financial bonds accounting for 17.9% and corporate bonds accounting for 16.6%, both shares were lower. In the second half of the year, the share of government bond issuers started to be increased at the expense of corporate and financial issuers in order to improve portfolio security.

Debt securities of the Triglav Group by issuer sector in 2020 and 2019

Issuer sector	Debt securities		Index		Share	
	31 Dec. 2020	31 Dec. 2019	2020/2019	31 Dec. 2020	31 Dec. 2019	
Government	1,682,830,112	1,429,886,787	118	65.4%	59.0%	
Financial	461,605,954	517,025,272	89	17.9%	21.3%	
Corporate	427,038,594	475,884,757	90	16.6%	19.6%	
Shared	1,059,291	1,152,369	92	0.0%	0.0%	
Total	2,572,533,950	2,423,949,186	106	100.0%	100.0%	

Unit-linked life insurance contract investments data are excluded.

The Group's bond investment portfolio is of good quality, its investments are globally diversified and consists of investments in debt securities with a **high credit rating**. The credit rating at the level of the entire portfolio increased in 2020. As much as 89.6% of debt securities have an investment grade credit rating of at least "BBB" (compared to 87.5% as at 31 December 2019) and 61.3% have the "A" credit rating or higher (compared to 55.2% as at 31 December 2019).

Debt securities of the Triglav Group by credit rating in 2020 and 2019

Credit rating	Debt securities		Index		Share	
	31 Dec. 2020	31 Dec. 2019	2020/2019	31 Dec. 2020	31 Dec. 2019	
AAA	463,012,284	247,171,318	187	18.0%	10.2%	
AA	383,681,511	329,308,659	117	14.9%	13.6%	
A	729,748,691	761,757,966	96	28.4%	31.4%	
BBB	728,788,550	782,946,517	93	28.3%	32.3%	
Below BBB	200,940,476	187,505,686	107	7.8%	7.7%	
Not rated	66,362,438	115,259,039	58	2.6%	4.8%	
Total	2,572,533,950	2,423,949,186	106	100.0%	100.0%	

Unit-linked life insurance contract investments data are excluded.

In terms of **issuer country**, the majority of the portfolio is accounted for by debt securities of issuers from the countries with a high credit rating, which ensures the Group appropriate security and liquidity. Some changes in exposure to individual countries are a result of price fluctuations and tactical adjustments of some positions.

Debt securities of the Triglav Group by issuer country in 2020 and 2019

Country of issuer	Debt securities		Index		Share	
	31 Dec. 2020	31 Dec. 2019	2020/2019	31 Dec. 2020	31 Dec. 2019	
Germany	399,195,893	174,349,263	229	15.5%	7.2%	
Slovenia	394,525,822	432,899,974	91	15.3%	17.9%	
France	191,067,434	236,839,255	81	7.4%	9.8%	
Spain	139,353,731	128,363,769	109	5.4%	5.3%	
USA	123,650,851	108,397,196	114	4.8%	4.5%	
Italy	123,487,125	138,469,634	89	4.8%	5.7%	
Netherlands	117,712,265	167,277,688	70	4.6%	6.9%	
International financial institutions	106,856,495	60,596,923	176	4.2%	2.5%	
Croatia	106,124,399	103,869,838	102	4.1%	4.3%	
Austria	85,172,491	33,634,748	253	3.3%	1.4%	
Other	785,387,446	839,250,897	94	30.5%	34.6%	
Total	2,572,533,950	2,423,949,186	106	100.0%	100.0%	

Unit-linked life insurance contract investments data are excluded.

Equity investments, which include shares and other variable-return securities and investments in associates as shown in the table, represent 7.1% of the Group's total portfolio, an increase of 0.5 percentage point relative to the preceding year. Their value is 13% higher, primarily due to the capital increase of ZTSR and revaluation of equity investments. Equity investments also include the category *other funds*, which comprises mostly alternative funds, among which alternative funds managed by the associate Triglav hold a significant share. The share of *other funds* is increasing and represents 26.2% of equity investments.

The structure of equity investments of the Triglav Group in 2020 and 2019

Equity investment type	Equity investments		Index		Share	
	31 Dec. 2020	31 Dec. 2019	2020/2019	31 Dec. 2020	31 Dec. 2019	
Shares	91,531,483	79,449,680	115	36.8%	36.1%	
Equity funds	58,121,021	56,504,953	103	23.4%	25.6%	
Bond funds	30,288,800	17,653,170	172	12.2%	8.0%	
Money market funds	3,436,410	11,117,584	31	1.4%	5.0%	
Other funds	65,227,991	55,631,676	117	26.2%	25.2%	
Total	248,605,705	220,357,062	113	100.0%	100.0%	

Equity investments of the Triglav Group by geographic area in 2020 and 2019

Geographic area	Equity investments		Index		Share
	31 Dec. 2020	31 Dec. 2019	2020/2019	31 Dec. 2020	31 Dec. 2019
Slovenia	80,365,862	69,483,453	116	32.3%	31.5%
Developed markets	150,493,047	130,100,465	116	60.5%	59.0%
Developing markets	13,244,477	13,094,408	101	5.3%	5.9%
Balkans	4,502,320	7,678,736	59	1.8%	3.5%
Total	248,605,705	220,357,062	113	100.0%	100.0%

Zavarovalnica Triglav's financial investments including investment property amounted to EUR 2,634.0 million, up by 3% relative to the preceding year.

Financial investments of the Triglav Group as at 31 December 2020 and 31 December 2019

	Financial investments		Index		Share
	31 Dec. 2020	31 Dec. 2019	2020/2019	31 Dec. 2020	31 Dec. 2019
Investment property	44,451,276	46,091,135	96	1.7%	1.8%
Investments in subsidiaries and associates	163,675,415	152,992,692	107	6.2%	6.0%
Shares and other floating rate securities	113,586,570	107,310,068	106	4.3%	4.2%
Debt and other fixed return securities	1,837,372,253	1,760,076,255	104	69.8%	69.2%
Loans given	9,294,087	10,726,466	87	0.4%	0.4%
Deposits with banks	19,567,302	30,229,076	65	0.7%	1.2%
Other financial investments	3,654,860	3,865,518	95	0.1%	0.2%
Derivatives	113,301	0	0	0.0%	0.0%
Unit-linked insurance contract investments	442,292,488	433,758,610	102	16.8%	17.0%
Total	2,634,007,552	2,545,049,820	103	100.0%	100.0%

7.10 Investment in own-use real property and equipment

The Triglav Group invested EUR 9.0 million in property, plant and equipment and EUR 7.7 million in intangible assets (software and property rights). The parent company invested EUR 4.7 million in property, plant and equipment and EUR 6.1 million in intangible fixed assets.

By actively managing own-use real property, its value is increased, while the aim of on-going renovation is to make the best use of the existing capacity and achieve high standards that are in line with advanced technological and functional guidelines. The renovation is carried out in accordance with the Triglav Group's sustainable development principles, which include a better spatial use of the premises, improved energy efficiency and a lower carbon footprint. The year 2020 was particularly marked by measures designed to protect health and ensure the safe use of real property for employees, clients, tenants and other users.

The energy and functional renovation of one of the largest commercial buildings in Dunajska cesta in Ljubljana and the renovation of the parent company's headquarters, which is the work of the architect Jože Plečnik and a cultural monument of national importance, both continued. The renovation of company headquarters was carried out in close cooperation with the Institute for the Protection of Cultural Heritage and in accordance with conservation plans. The functional renovation of the premises at Verovškova Street, including the modernisation of paint repair services at Triglav Avtoservis, was completed, thus significantly improving their use. In the coming strategy period, several major complete renovation projects of strategic real property are planned (especially commercial

buildings of the Company's regional units and commercial buildings of Triglav, Zdravstvena zavarovalnica in Koper and Triglav, Upravljanje nepremičnin in Ljubljana). Any excess real property is refurbished to increase market attractiveness and gain investment value. In 2020, a part of the commercial building of the Kranj regional unit was refurbished and leased.

Renovation works are carried out in accordance with the guidelines of modern and efficient operations and in accordance with the uniform renovation design of workplaces and points of sale. The Company adopted standards for flexible arrangement of business premises, which correspond to international good practice examples, defined them as minimum standards of the Group and already renovated several premises in accordance with said standards.

IT support for real property management, which will be further upgraded in 2021, enables secure and complete record keeping, reporting and the implementation of various administration processes (e.g. advanced communication with clients).

In 2020, the Group's real property portfolio continued to be improved by seizing good market opportunities. Several strategically uninteresting real property assets (Hoče, Medlog, Podvin, several locations in Montenegro and Croatia) were sold and some real property assets were acquired, particularly in order to gain ownership of property at strategic locations (Dunajska Street in Ljubljana). Measures to curb the COVID-19 epidemic made it impossible for several tenants to carry out their activity, thus the Company sought appropriate solutions together with them. The value of real property, the excellent occupancy of investment property and its profitability were maintained, which is also a result of many years of systematic investment in real property of strategic importance and the sale of non-strategic real property.

7.11 Asset management

Asset management is one of the two strategic activities of the Triglav Group. It comprises the management of the parent company's own insurance portfolios (assets backing liabilities and guarantee funds), saving of clients through the Group's life and pension insurance companies, investment management by Triglav, and the management of clients' assets in mutual funds and discretionary mandates by Triglav Skladi. The value of assets under management of the Triglav Group as at 31 December 2020:

- own insurance portfolio: EUR 2,995 million (index 106),
- mutual funds and discretionary mandate assets at Triglav Skladi: EUR 1,156 million (index 105),
- Investment management at Triglav: EUR 53 million.

Asset and investment fund management market

The volume of **assets under management** in the **European industry** has been on the rise for several years due to positive developments in the capital markets, the growing awareness of the importance of diversified asset accumulation and the low interest rate environment. At the end of the first half of 2020, the total volume of assets under management was estimated at EUR 24.9 billion, representing 157% of European GDP.

The COVID-19 pandemic had a strong impact on financial markets, with stock market correction seen in the first quarter of 2020, while the shutdown of entire economies will affect corporate performance in the future.

The European investment fund industry (UCITS) suffered net outflows of EUR 313 billion in March 2020, the largest monthly net outflow in history in absolute terms. After a sharp fall, the markets recovered

and investment funds again recorded net inflows on a monthly basis. At the end of October 2020, the European investment fund industry (UCITS and AIF) managed EUR 17.6 billion in assets, a 1% decrease in the volume of assets compared to the 2019 year-end. Net inflows and the growth of prices in the capital markets after the correction helped to bring the volume of assets under management almost back to the value recorded at the beginning of the year.

As at the 2020 year-end, a total of five management companies operated in **Slovenia**, which managed the net asset value of EUR 3.2 billion in **mutual funds**, up by 7% relative to the year before. Asset

growth was primarily driven by market trends and to a lesser extent by net inflows into funds. At the year-end, Triglav Skladi held a 32.9% market share and is thus one of the leading managers of assets in investment funds in Slovenia.

A total of six companies provided **discretionary mandate services**, of which three were asset management companies. The value of discretionary mandate assets managed by said companies amounted to EUR 1.3 billion at the 2020 year-end, an increase of 29% compared to 2019. Triglav Skladi held a 7.5% market share in the discretionary mandate segment.

The offer of investment solutions of **Triglav Skladi** includes the management and marketing of mutual funds, discretionary mandate services and investment advice. With respect to mutual funds, the company offers 18 different investment policies: conservative investments (bond funds and money market funds), moderately risky investments (flexible and mixed funds) and dynamic equity investments (equity funds). In addition to mutual funds, the company also offers six investment combinations as predefined portfolios that correspond to the risk profiles of six different client segments. In the market of Bosnia and Herzegovina, the company holds a participating interest in PROF-IN asset management company.

In 2020, with the merger of the Alta umbrella fund with the umbrella fund *Triglav vzajemni skladi*, Triglav Skladi **integrated** investment solutions and clients. All clients were united under the single brand Triglav Skladi, thus consolidating its position in the market and enabling a comprehensive management of the clients' investment portfolio. As at 31 December 2020, the company managed the portfolio of 110,000 investors worth EUR 1.1 billion in mutual funds, which is 4% more than the year before.

Discretionary mandate assets amounted to EUR 95.6 million, an increase of EUR 13.2 million or 16% on the preceding year. Of the total discretionary mandate assets, EUR 38.1 million are invested in mutual funds and EUR 57.5 million in other financial instruments.

Triglav Skladi also manages the investment portfolios of the Triglav Group's clients. For 13 years, Triglav Skladi has managed the financial objectives strategies, which, as part of unit-linked life insurance, enable clients to actively adjust their portfolio according to the life cycle principle.

Triglav Skladi also manages guarantee funds backing supplemental voluntary pension insurance, within which two portfolios are managed: *Triglav Drzni* and *Triglav Zmerni*.

See [Section 11.3 Efficient asset management in the Triglav Group](#) for more information on the strengthening of asset management activities.

+5%

Mutual funds
and discretionary
mandate assets at
Triglav Skladi

8. Financial result of the Triglav Group and Zavarovalnica Triglav

- The Triglav Group generated profit before tax of EUR 90.9 million and achieved an 8.9% return on equity.
- Its combined ratio improved compared to the preceding year, reflecting an improvement in both the claims ratio and the expense ratio. It reached 91.2%.
- The lower rates of return on investment are primarily a result of lower interest rates and lower net income from changes in the fair value of investments.

8.1 The Triglav Group

Despite the situation that affected its operations, the Triglav Group operated successfully in 2020, ending the year with a **profit**. Consolidated **profit before tax** amounted to EUR 90.9 million, down by 10% relative to the preceding year, and **net profit** amounted to EUR 73.7 million, down by 12%. **Profit before tax** was lower primarily as a result of lower rates of return on financial investment, major CAT events ([see Section 7.2 Environmental impact on the Triglav Group's operations for more information](#)) and insurance technical provisions created due to the current business conditions. **Net return on equity** was 8.9%, down by 2.0 percentage points.

The Group's **combined ratio** was within the favourable long-term target range and stood at 91.2%, a decrease of 0.3 percentage point relative to the preceding year. The combined ratio shows the profitability of operations in the non-life and health insurance segments. Any value of this ratio below 100 means that the non-life and health insurance portfolios of the core business (excluding return on investment) are earning a profit. The favourable trend, i.e. the decline in the combined ratio, is a result of the improved claims ratio (the growth of net premium income was higher than the growth of net claims incurred) and expense ratio (the growth of net premium income was higher than the growth of operating expenses).

91.2%
Combined
ratio of the
Triglav Group

The combined ratios in the Triglav Group and individual insurance companies in 2020 compared to 2019

Insurance company	2020	2019	Change
Zavarovalnica Triglav	86.1%	85.6%	0.5 p.p.
Triglav, Zdravstvena zavarovalnica	97.0%	98.0%	-1.1 p.p.
Pozavarovalnica Triglav Re	94.9%	97.2%	-2.3 p.p.
Triglav Osiguranje, Zagreb*	108.6%	101.9%	6.7 p.p.
Triglav Osiguranje, Belgrade	92.0%	95.4%	-3.4 p.p.
Lovćen Osiguranje, Podgorica	82.1%	92.5%	-10.4 p.p.
Triglav Osiguranje, Sarajevo	92.4%	97.8%	-5.4 p.p.
Triglav Osiguranje, Banja Luka	102.5%	123.8%	-21.4 p.p.
Triglav Osiguruvanje, Skopje	103.8%	102.5%	1.4 p.p.
The Triglav Group	91.2%	91.5%	-0.3 p.p.

*The high growth of the combined ratio of Triglav Osiguranje, Zagreb is, in addition to the earthquake, mainly a result of the increase in claims provisions due to the decision of the Supreme Court of the Republic of Croatia, which changes the criteria and amounts for determining monetary compensation for non-pecuniary damages from motor vehicle liability insurance.

8.1.1 Net premium income, claims incurred and operating expenses

Net premium income increased by 4% to EUR 1,066.8 million. Net premium income from health insurance increased the most, by 11%, followed by non-life insurance premium income, which rose by 4%, whereas net income from life and pension insurance declined by 2%. Net premium income comprises gross written premium in the amount of EUR 1,233.8 million (index 104) less written premium ceded to reinsurance and coinsurance in the amount of EUR 160.0 million (index 117) and adjusted by the change in net unearned premium of EUR -7.0 million (index 35).

Net claims incurred in the amount of EUR 683.6 million remained at approximately the same level as in the preceding year (index 100) and varied by insurance class. In non-life insurance they increased by 3%, in life and pension insurance they decreased by 5%, while in health insurance they remained at the level of the preceding year (index 100). Net claims incurred are comprised of gross claims paid in the amount of EUR 697.4 million

(index 97) less reinsurers' and coinsurers' shares in gross claims paid in the amount of EUR 34.3 million (index 97), adjusted by the change in net claims provisions of EUR 12.5 million (compared to EUR -4.9 million in 2019) and increased by equalisation scheme expenses for supplemental health insurance in the amount of EUR 7.9 million (index 105).

Operating expenses (acquisition costs and other operating expenses) totalled EUR 240.9 million, down by 1%. Acquisition costs increased by 1%, predominantly due to premium growth. Other operating expenses fell by 5%. Because the growth of total operating expenses (all functional cost groups) was behind gross written premium growth, the ratio of expenses to written premium decreased by 1.1 percentage points. See [Section 7.7 Gross operating expenses](#) for more information on operating expenses.

8.1.2 Income and expenses from financial assets

Income from investments, including income from investments in associates, declined by 34% relative to 2019 and amounted to EUR 123.5 million. Income from investments in associates reached EUR 437 thousand (index 41). Income from investment was also lower by 34% and amounted to EUR 123.1 million, with interest income (EUR 42.1 million) down by 21% and gains on disposal of investments (EUR 40.2 million) up by 7%. These results were achieved by pursuing an active investment management policy and aligning them with new investment policies, thus tracking cash flows on the liabilities side as best as possible. Other income from investments fell to EUR 40.9 million (compared to EUR 96.3 million in 2019). Other income from investments comprises changes in the fair value of EUR 14.9 million (index 78), other financial income of EUR 3.3 million (index 63), dividends of EUR 4.5 million

(index 116) and net unrealised gains on unit-linked life insurance assets of EUR 18.2 million (compared to EUR 68.0 million in 2019). The latter decreased primarily due to lower growth of stock markets, to which most of the policyholders' investments of these insurance contracts are tied.

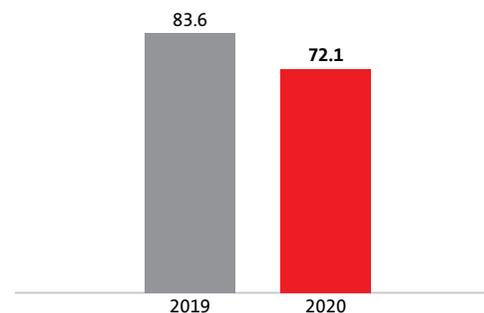
Expenses from investments, including expenses from investments in associates, increased by 67% and reached EUR 41.1 million. Expenses from investments in associates amounted to EUR 139 thousand (index 19) and expenses from investments totalled EUR 41.0 million (index 171). Losses on disposals amounted to EUR 6.9 million (index 71), impairments of equity investments equalled EUR 2.0 million (index 232) and other expenses from investments totalled EUR 32.1 million (index 241). Other expenses from investments include net unrealised losses on unit-linked life insurance assets in the amount of EUR 10.7 million (compared to EUR 194 thousand in 2019), changes in fair value of EUR 5.9 million (index 88) and other financial expenses of EUR 15.4 million (index 240).

Return on investment of the Triglav Group (excluding unit-linked life insurance contract investments) represents the difference between income and expenses from financial assets. They amounted to EUR 72.1 million, down by 14%. The main reason for the lower rates of return on investment is lower interest income due to low interest rates and lower net income from changes in the fair value of investments. Low interest rates continue to affect the steady decline in interest income, which is partially offset by higher net gains on the sale of securities.

The rates of return on investment also impact the amount of insurance technical provisions and net profit of the Group. See [Section 8.1.3](#) (the table [Structure of profit before tax of the Triglav Group](#)) for the impact of rates of return on investment on profit before tax).

Return on investment of the Triglav Group (excluding unit-linked life insurance contracts) in 2019 and 2020

in EUR million



8.1.3 Change in other insurance technical provisions and other income and expenses

Change in other insurance technical provisions totalled EUR 62.6 million. It was higher than in the preceding year (EUR 59.3 million) mainly due to the formation of other insurance technical provisions for health insurance due to the implementation of the provisions of the fifth anti-corona package and compliance with EIOPA guidelines. **Expenses from the change in insurance technical provisions for unit-linked insurance contracts** amounted to EUR 25.5 million (compared to EUR 69.2 million in 2019) due to a decrease in the value of investments to which the assets of these insurance contracts are tied. **Expenses for bonuses and discounts** rose by 85% to EUR 21.4 million as a result of additional provisions created due to the COVID-19 pandemic by the parent company and Triglav, Zdravstvena zavarovalnica.

Other insurance income, excluding fees and commissions, totalled EUR 10.4 million, down by 31% primarily due to lower interest income from subrogation receivables of the parent company

(see [Section 8.2.3 for more information](#)), lower other income from reinsurance operations of Pozavarovalnica Triglav Re and lower income from the sale of green cards and other insurance income of Lovćen Osiguranje. In contrast, **other insurance expenses**, excluding fees and commissions, increased by 7% to EUR 21.3 million, predominantly as a result of higher assets for prevention at the parent company. **Net fee and commission income** amounted to EUR 389 thousand (compared to EUR -1.6 million in 2019).

Other income was up by 10%, totalling EUR 43.6 million, mainly due to the merger of ALTA Skladi with Triglav Skladi. The 5% increase in other expenses (EUR 57.3 million) was primarily a result of higher **other expenses** at Triglav Skladi due to the merger of ALTA Skladi and other expenses at the parent company.

Income statement of the Triglav Group for 2020 – according to IFRS

	2020	2019	Index
Net premium income	1,066,754,825	1,027,628,825	104
- gross written premium	1,233,775,365	1,184,174,107	104
- ceded written premium	-160,022,349	-136,453,097	117
- change in unearned premium reserve	-6,998,191	-20,092,185	35
Income from investments in subsidiaries and associates	436,610	1,076,327	41
- profit on equity investments accounted for using the equity method	436,610	515,913	85
- other income from investments in subsidiaries and associates	0	560,414	0
Income from investments	123,079,449	186,989,205	66
- interest income calculated using the effective interest method	42,055,802	53,137,742	79
- gains on disposals	40,162,889	37,568,819	107
- other income from investments	40,860,758	96,282,644	42
Other income from insurance operations	41,006,993	37,183,512	110
- fees and commission income	30,649,757	22,069,255	139
- other income from insurance operations	10,357,236	15,114,257	69
Other income	43,613,977	39,521,122	110
Net claims incurred	683,631,775	684,147,828	100
- gross claims paid	697,443,568	716,742,136	97
- reinsurers` share	-34,278,930	-35,254,541	97
- changes in claims provisions	12,541,034	-4,906,936	105
- equalisation scheme expenses for supplemental health insurance	7,926,103	7,567,169	105
Change in other insurance technical provisions (excluding ULI)	62,636,590	59,308,590	106
Change in insurance technical provisions for unit-linked insurance contracts	25,492,453	69,205,056	37
Expenses for bonuses and discounts	21,350,276	11,561,258	185
Operating expenses	240,912,735	244,452,851	99
- acquisitions costs	163,528,966	162,566,584	101
- other operating expenses	77,383,769	81,886,267	95
Expenses from investments in subsidiaries and associates	139,422	733,344	19
- loss on investments accounted for using the equity method	139,422	170,640	82
- other expenses from financial assets and liabilities	0	562,704	0
Expenses from investments	40,993,211	23,953,572	171
- loss on impairment of investments	1,971,302	848,962	232
- loss on disposal on investments	6,941,490	9,767,166	71
- other expenses from investments	32,080,419	13,337,444	241
Other insurance expenses	51,523,388	43,565,310	118
Other expenses	57,308,722	54,533,956	105
- expenses from financing	2,937,501	3,098,502	95
- other expenses	54,371,221	51,435,454	106
Profit before tax	90,903,282	100,937,227	90
Income tax expense	17,238,584	17,072,798	101
Net profit for the period	73,664,698	83,864,429	88
Net profit/loss attributable to the controlling company	73,504,373	83,690,644	88
net profit/loss attributable to the non-controlling interest holders	160,325	173,785	92

Financial result ratios of the Triglav Group

Financial result ratios	2020	2019	2018
Claims ratio	63.1%	63.2%	62.5%
Expense ratio	28.1%	28.3%	29.3%
Combined ratio	91.2%	91.5%	91.8%
Operating expenses of insurance business in gross written premiums	22.1%	23.2%	24.5%
Gross written premium per company employee* (in EUR)	267,485	260,516	237,579

* Only the employees of the insurance companies and the reinsurance company of the Triglav Group were taken into account.

Structure of profit before tax of the Triglav Group*

	2020				2019			
	Non-life	Life and pension	Health	Total	Non-life	Life and pension	Health	Total
Profit before tax from underwriting activities	55,436,285	14,408,524	6,649,783	76,494,592	52,189,641	15,349,378	4,216,154	71,755,173
Profit before tax from investment activities	23,584,921	-11,307,315	701,493	12,979,099	23,337,145	4,877,476	819,286	29,033,907
Profit before tax from insurance operations	79,021,206	3,101,209	7,351,276	89,473,691	75,526,786	20,226,854	5,035,440	100,789,080
Profit before tax from non-insurance operations				1,429,591				148,147
Total profit before tax				90,903,282				100,937,227

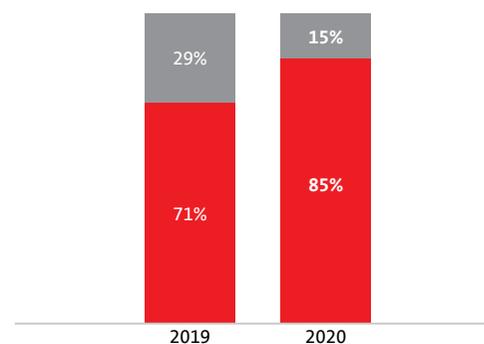
* Profit from return on investment is reduced by the return guaranteed by the Group's insurance subsidiaries to life insurance policyholders in the form of a guaranteed return determined in insurance contracts. In addition, return on investment is reduced by the increase in mathematical provisions due to lower internally set maximum interest rate used for the valuation of life insurance liabilities.

Profit before tax of the Group's **non-life and health insurance** segments amounted to EUR 86.4 million, up by EUR 5.8 million compared to the preceding year. The improved non-life and health insurance result resulted from higher profit before tax from underwriting activities, mainly due to higher net premium income, lower growth in operating expenses and more favourable net claims experience. Despite lower interest income, profit from non-life insurance investments improved due to higher realised capital gains, whereas profit from health insurance investments decreased slightly compared to the preceding year.

Profit before tax of the Group's **life and pension insurance** segments amounted to EUR 3.1 million, down by EUR 17.1 million compared to the preceding year. The main reason for lower profit is the creation of additional provisions, both due to the lower internally set maximum interest rate used for the valuation of life insurance liabilities and due to the increase in provisions as a result of the liability adequacy test. As a result, the Company formed additional provisions of EUR 12.1 million in 2020 compared to the preceding year. Furthermore, EUR 8.7 million of additional provisions were formed within the Group as a result of the liability adequacy test of Triglav, pokojninska družba.

Structure of profit before tax of the Triglav Group in 2019 and 2020

■ Profit before tax from underwriting activities
■ Profit before tax from investment activities



8.2 Zavarovalnica Triglav

Zavarovalnica Triglav performed well and ended 2020 with a profit. Compared to the preceding year, **profit before tax** fell by 16% and amounted to EUR 71.1 million. **Net profit** declined by 18% to EUR 58.0 million. **Net return on equity** dropped by 2.9 percentage points to 9.5%.

The **combined ratio in non-life insurance** was 86.1%, up by 0.5 percentage point compared to 2019. Higher growth in net premium income than the growth in net claims incurred resulted in a lower claims ratio (by 0.4 percentage point), whereas due to higher growth in expenses for bonuses and discounts and other insurance expenses the expense ratio increased (by 0.8 percentage point).

8.2.1 Net premium income, claims incurred and operating expenses

Net premium income amounted to EUR 583.9 million, a 2% increase compared to the preceding year. Net premium income from non-life insurance increased by 4%, whereas net premium income from life insurance declined by 3%. Net premium income is composed of gross written insurance and coinsurance premiums in the amount of EUR 719.3 million (index 102) less written premium ceded to reinsurance and coinsurance in the amount of EUR 137.9 million (index 115) and adjusted by the change in net unearned premium of EUR 2.5 million (compared to EUR –9.0 million in 2019).

Net claims incurred amounted to EUR 375.3 million, remaining at approximately the same level as the year before (index 100). Net claims incurred increased by 4% in non-life insurance and decreased by 6% in life insurance. Net claims incurred comprise gross claims paid in the amount of EUR 408.3 million (index 96) less the reinsurers' and coinsurers' shares in claims in the amount of EUR 31.7 million (index 101) and

adjusted by the change in net claims provisions of EUR –1.3 million (compared to EUR –16.9 million in 2019).

Operating expenses (acquisition costs and other operating expenses) totalled EUR 155.9 million, down by 1%. Acquisition costs rose by 2%, whereas other operating expenses dropped by 10%. The growth of total operating expenses (all functional cost groups) was behind gross written premium growth, which resulted in a 0.7 percentage point lower ratio of expenses to written premium (25.0%).

8.2.2 Income and expenses from financial assets

Income from investments, including income from investments in associates, decreased by 38% to EUR 89.5 million. Income from investments in associates amounted to EUR 303 thousand, a decrease of 92%, mainly as a result of lower dividends paid. Income from investments fell by 37% to EUR 89.2 million. Interest income was down by 26% and amounted to EUR 25.9 million, gains on disposal of investments grew by 16% to EUR 37.3 million as a result of tactical sale of securities and other income from investments totalled EUR 26.0 million (index 35). Other income from investments includes net unrealised gains on unit-linked life insurance assets in the amount of EUR 17.8 million (compared to EUR 64.9 million in 2019), changes in fair value of EUR 3.4 million (index 104), other financial income in the amount of EUR 981 thousand (index 30) and dividends of EUR 3.8 million (index 131).

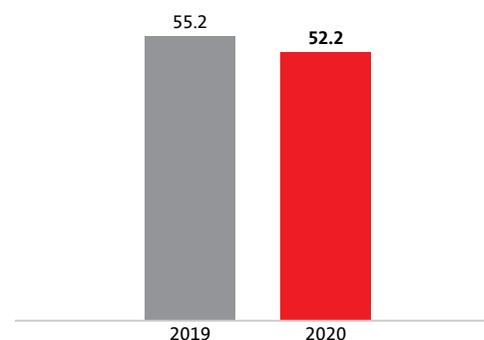
Expenses from investments, including expenses from investments in associates, increased by 59% and reached EUR 29.6 million. Expenses from investments in associates amounted to EUR 3.9 million and increased due to impairments of investments (compared to EUR 195 thousand in 2019; [see the sections 3.5, 3.6 and 4.3 of the Accounting Report for further information](#)), while

expenses from investments totalled EUR 25.7 million (index 140). Losses on disposals amounted to EUR 5.7 million (index 59), impairments of equity investments equalled EUR 1.6 million (index 474) and other expenses from investments totalled EUR 18.3 million (index 219). Other expenses from investments comprise net unrealised losses on unit-linked life insurance assets totalling EUR 10.7 million (compared to EUR 193 thousand in 2019), changes in the fair value of EUR 653 thousand (compared to EUR 4.4 million in 2019) and other financial expenses in the amount of EUR 7.0 million (index 186).

Return on investment (excluding unit-linked life insurance contract investments) declined by 5% to EUR 52.2 million primarily as a result of lower interest income and impairment of investments in associates.

Return on investment of Zavarovalnica Triglav (excluding unit-linked life insurance contract investments) in 2019 and 2020

in EUR million



8.2.3 Change in other insurance technical provisions and other income and expenses

Change in other insurance technical provisions was lower than in the preceding year and amounted to EUR 13.4 million (compared to EUR 22.3 million in 2019), predominantly due to lower growth in mathematical provisions.

Expenses from the change in insurance technical provisions for unit-linked insurance contracts amounted to EUR 13.3 million (compared to EUR 57.1 million in 2019) due to a decrease in the value of investments to which the assets of these insurance contracts are tied. **Expenses for bonuses and discounts** rose by 65% to EUR 16.0 million as a result of additional provisions created due to the COVID-19 pandemic ([see Section 2.5 The impact of the COVID-19 epidemic on the preparation of financial statements of the Accounting Report for more information](#)).

Other insurance income, excluding fees and commissions, fell by 19% to EUR 8.0 million due to the reduced volume of insurance business and related services. The decrease mainly relates to lower interest income from subrogation receivables. **Other insurance expenses**, excluding fees and commissions, increased by 18% and totalled EUR 13.0 million, primarily due to higher assets for prevention. **Net fee and commission income** grew by 18% to EUR 18.8 million, predominantly due to the increased volume of reinsurance business.

Other income decreased by 31% to EUR 7.9 million as a result of management fee income, which has been disclosed under other insurance income since 2020. **Other expenses** in the amount of EUR 20.4 million increased by 14%.

Income statement of Zavarovalnica Triglav for 2020 – according to IFRS

	2020	2019	Index
Net premium income	583,867,846	573,555,357	102
- gross written premium	719,255,868	702,131,969	102
- ceded written premium	-137,934,204	-119,532,753	115
- change in unearned premium reserve	2,546,182	-9,043,859	
Income from investments in subsidiaries and associates	302,643	3,642,440	8
- profit on equity investments accounted for using the equity method	0	0	0
- other income from investments in subsidiaries and associates	302,643	3,642,440	8
Income from investments	89,181,634	141,512,227	63
- interest income calculated using the effective interest method	25,933,800	35,136,849	74
- gains on disposals	37,288,158	32,059,434	116
- other income from investments	25,959,676	74,315,944	35
Other income from insurance operations	38,110,029	29,755,003	128
- fees and commission income	30,080,891	19,848,006	152
- other income from insurance operations	8,029,138	9,906,997	81
Other income	7,872,585	11,355,435	69
Net claims incurred	375,336,947	376,760,877	100
- gross claims paid	408,278,140	425,204,380	96
- reinsurers' share	-31,689,089	-31,495,447	101
- changes in claims provisions	-1,252,104	-16,948,056	7
- equalisation scheme expenses for supplemental health insurance	0	0	0
Change in other insurance technical provisions (excluding ULI)	13,449,956	22,338,141	60
Change in insurance technical provisions for unit-linked insurance contracts	13,270,367	57,140,018	23
Expenses for bonuses and discounts	16,029,498	9,721,522	165
Operating expenses	155,904,617	157,906,165	99
- acquisition costs	113,568,435	110,868,380	102
- other operating expenses	42,336,182	47,037,785	90
Expenses from investments in subsidiaries and associates	3,930,396	195,478	2,011
- loss on investments accounted for using the equity method	0	0	0
- other expenses from financial assets and liabilities	3,930,396	195,478	2,011
Expenses from investments	25,675,273	18,381,935	140
- loss on impairment on investments	1,632,351	344,175	474
- loss on disposal on investments	5,719,183	9,679,511	59
- other expenses from investments	18,323,739	8,358,249	219
Other insurance expenses	24,308,038	14,950,707	163
Other expenses	20,359,679	17,814,012	114
- expenses from financing	2,578,946	2,867,130	90
- other expenses	17,780,733	14,946,882	119
Profit before tax	71,069,966	84,611,607	84
Income tax expense	13,072,327	13,997,191	93
Net profit for the period	57,997,639	70,614,416	82

Financial result ratios of Zavarovalnica Triglav

Financial result ratios	2020	2019	2018
Return on equity	9.5%	12.4%	11.6%
Claims ratio	54.8%	55.1%	55.4%
Expense ratio	31.3%	30.5%	30.7%
Combined ratio	86.1%	85.6%	86.1%
Operating expenses of insurance business in gross written premiums	25.0%	25.7%	26.4%

9. Financial position of the Triglav Group and Zavarovalnica Triglav

- Balance sheet total of the Triglav Group as at 31 December 2020 stood at EUR 4.1 billion, an increase of 6% relative to the preceding year.
- Total equity grew by 10% predominantly as a result of higher net profit brought forward resulting from the non-payment of dividends.
- The return on equity of the Triglav Group was 8.9%, down by 2.0 percentage points compared to the preceding year.
- The Triglav Group's financial investments rose by 5%.

9.1 The Triglav Group

9.1.1 Equity and liabilities

The Triglav Group's **total equity** amounted to EUR 870.2 million, up by 10% relative to the 2019 year-end, primarily due to higher net profit brought forward resulting from the non-payment of dividends (see sections 6.4 Dividend and dividend policy and 5.3.1 General Meeting of Shareholders for more information). The share of equity in balance sheet total grew by 0.9 percentage point to 21.0%. Equity attributable to the controlling company increased by 10% to EUR 867.6 million and non-controlling interests rose to EUR 2.5 million (index 103). The share capital of EUR 73.7 million remained unchanged and was divided into 22,735,148 ordinary shares. **Fair value reserve** grew by 6% to EUR 89.3 million as a result of an increase in the value of available-for-sale financial assets. **Share premium** of EUR 50.3 million remained at a level approximately equal to the 2019 year-end (index 100).

Reserves from profit amounted to EUR 384.1 million, an increase of 8% relative to the previous year. They comprise legal and statutory reserves in the amount of EUR 20.3 million, contingency reserves of EUR 640 thousand and other reserves of EUR 363.2 million. Legal and statutory reserves were higher by EUR 472 thousand due to legal reserves formed by Triglav, Zdravstvena zavarovalnica from the net profit. Other reserves from profit rose by EUR 28.9 million due to the allocation of net profit.

Accumulated profit amounted to EUR 273.4 million and recorded a 19% increase. In addition to net profit for the year, accumulated profit includes EUR 229.3 million of net profit brought forward (index 138). Net profit brought forward increased by EUR 63.4 million due to the transfer

of net profit for the previous year. Net profit for the year disclosed in the balance sheet totalled EUR 44.1 million, which was EUR 28.9 million lower than net profit disclosed in the income statement (see Section 9.2.1 for further information).

Subordinated liabilities decreased by 24% to EUR 49.4 million due to the maturity of a 10-year subordinated bond.

Gross insurance technical provisions were 5% higher and amounted to EUR 3,033.2 million. They represented 73.3% of total balance sheet liabilities, up by 0.2 percentage point relative to the preceding year.

Compared to the preceding year, mathematical provisions and insurance technical provisions for unit-linked life insurance contracts grew by 4% to EUR 1,967.0 million. An increase was also seen in claims provisions (index 105), provisions for gross unearned premium (index 104) and other insurance technical provisions (index 183). Insurance technical provisions of the Triglav Group are discussed in greater detail in [Section 7.8 Risk equalisation](#).

Operating liabilities grew by 5% to EUR 70.3 million and represented 1.7% of total balance sheet liabilities. They increased mostly on the account of liabilities from coinsurance and reinsurance operations, which rose to EUR 48.9 million (index 118).

Lease liabilities amounted to EUR 10.0 million, a decrease of 8% relative to the 2019 year-

+5%

Financial
investments of
the Triglav Group

end. Lease liabilities comprise long-term lease liabilities of EUR 9.6 million and short-term lease liabilities of EUR 391 thousand.

Other financial liabilities amounted to EUR 2.9 million (a 0.1% share in total balance sheet liabilities), up by 55% due to higher liabilities arising from deposits with cedants in Pozavarovalnica Triglav Re and liabilities to banks due to Triglav Osiguranje, Belgrade loans.

Employee benefits of EUR 17.8 million increased by 12%, while **other provisions** rose by 2% to EUR 2.8 million. **Deferred tax liabilities** increased by 34% primarily due to the higher fair value reserve from investments for which deferred tax is calculated and equalled EUR 14.5 million.

Other liabilities fell by 6% mainly due to lower short-term trade payables of the parent company and amounted to EUR 68.3 million, representing 1.6% of total balance sheet liabilities.

9.1.2 Assets

Financial investments represented 69.8% of total assets and amounted to EUR 2,887.4 million, an increase of 5% relative to the 2019 year-end. Available-for-sale financial assets, accounted for the largest share, reaching EUR 2,101.9 million as at 31 December 2020. Furthermore, financial assets measured at fair value through profit or loss amounted to EUR 524.7 million, held-to-maturity financial assets to EUR 162.8 million and deposits and loans to EUR 98.0 million. **Unit-linked insurance assets** amounted to EUR 501.8 million, up by 4%. [See Section 7.9 Investment structure of the Triglav Group and Zavarovalnica Triglav](#) for more information on the structure of financial investments.

The Triglav Group's financial investments in associates rose by 115% to EUR 28.2 million, predominantly due to the capital increase of ZTSR ([see 9.2.2 for more information](#)). **Investment property** was down by 1% to EUR 79.0 million.

Receivables, representing 4.9% of total balance sheet assets, grew by 9% compared to the preceding year and amounted to EUR 203.2 million, of which receivables from direct insurance business of EUR 105.5 million (index 100) accounted for the bulk. Receivables from reinsurance and coinsurance operations totalled EUR 72.4 million (index 125), other receivables amounted to EUR 23.4 million (index 109) and current tax receivables equalled EUR 2.0 million (index 152).

Insurance technical provisions transferred to reinsurance contracts increased by 23% and amounted to EUR 125.9 million. Assets from reinsurance contracts from claims provisions increased to EUR 83.1 million (index 127), assets from unearned premium rose to EUR 40.7 million (index 110) and assets from mathematical provisions grew by 477% to EUR 2.0 million.

Both **property, plant and equipment** of EUR 113.3 million and **intangible assets** of EUR 101.0 million fell by 1%.

Right-of-use assets dropped by 10% to EUR 9.8 million. They comprise the right to use land and buildings of EUR 8.1 million (index 91), the right to use vehicles of EUR 1.6 million (index 87) and the right to use equipment and other assets of EUR 91 thousand (index 63).

Non-current assets held for sale declined by 78% due to the sale of land and real property of Triglav, Upravljanje nepremičnin.

Cash and cash equivalents amounted to EUR 81.9 million (index 108) and **other assets** totalled EUR 6.3 million (index 112).

Financial position ratios of the Triglav Group

Financial position ratios	2020	2019	2018
Share of equity in total liabilities	21.0%	20.2%	20.5%
Average equity balance as % of gross written premium	67.4%	65.0%	70.4%
Return on equity	8.9%	10.9%	10.8%
Share of gross insurance technical provisions in total liabilities	73.3%	73.1%	74.4%
Average balance of gross insurance technical provisions as % of gross written premium	239.6%	236.1%	254.8%
Share of financial assets in total assets	81.9%	82.3%	82.1%
Financial assets to gross insurance technical provisions	111.7%	111.9%	110.3%

Balance sheet of the Triglav Group as at 31 December 2020 – according to IFRS

	31 December 2020	31 December 2019*	Index	Share 2020	Share 2019
ASSETS	4,139,441,072	3,917,275,222	106	100.0%	100.0%
Intangible assets	100,975,475	101,725,725	99	2.4%	2.6%
Property, plant and equipment	113,291,036	114,072,290	99	2.7%	2.9%
Non-current assets held for sale	915,851	4,164,221	22	0.0%	0.1%
Deferred tax assets	778,589	800,542	97	0.0%	0.0%
Investment property	78,977,800	79,921,480	99	1.9%	2.0%
Right-of-use assets	9,821,211	10,937,925	90	0.2%	0.3%
Investments in associates	28,237,714	13,154,379	215	0.7%	0.3%
Financial investments	2,887,380,559	2,740,030,952	105	69.8%	69.6%
- loans and deposits	97,971,079	112,578,151	87	2.4%	2.9%
- held to maturity	162,824,686	186,109,072	87	3.9%	4.7%
- available for sale	2,101,914,068	1,826,940,416	115	50.8%	46.4%
- recognised at fair value through profit and loss	524,670,726	614,403,313	85	12.7%	15.6%
Unit-linked insurance assets	501,808,980	482,031,288	104	12.1%	12.2%
Reinsurers' share of technical provisions	125,873,637	102,747,806	123	3.0%	2.6%
Receivables	203,183,851	186,172,690	109	4.9%	4.8%
- receivables from direct insurance operations	105,484,939	105,459,829	100	2.5%	2.7%
- receivables from reinsurance and coinsurance operations	72,355,133	57,989,502	125	1.7%	1.5%
- current tax receivables	1,950,631	1,281,349	152	0.0%	0.0%
- other receivables	23,393,148	21,442,010	109	0.6%	0.5%
Other assets	6,296,705	5,646,149	112	0.2%	0.1%
Cash and cash equivalents	81,899,664	75,869,775	108	2.0%	1.9%
EQUITY AND LIABILITIES	4,139,441,072	3,917,275,222	106	100.0%	100.0%
Equity	870,151,947	791,951,788	110	21.0%	20.1%
Controlling interests	867,648,574	789,526,123	110	21.0%	20.1%
- share capital	73,701,392	73,701,392	100	1.8%	1.9%
- share premium	50,271,107	50,276,637	100	1.2%	1.3%
- reserves from profit	384,106,692	354,734,274	108	9.3%	9.0%
- treasury share reserves	364,680	364,680	100	0.0%	0.0%
- treasury shares	-364,680	-364,680	100	0.0%	0.0%
- fair value reserve	89,293,484	84,099,924	106	2.2%	2.1%
- net profit brought forward	229,284,048	165,896,170	138	5.5%	4.2%
- net profit for the year	44,131,955	63,404,824	70	1.1%	1.6%
- currency translation differences	-3,140,104	-2,587,098	121	-0.1%	-0.1%
Non-controlling interests	2,503,373	2,425,665	103	0.1%	0.1%
Subordinated liabilities	49,423,693	64,847,293	76	1.2%	1.6%
Insurance technical provisions	2,523,229,144	2,393,927,336	105	61.0%	60.8%
- unearned premium	344,760,927	332,510,935	104	8.3%	8.4%
- mathematical provisions	1,457,023,963	1,404,439,748	104	35.2%	35.7%
- claims provisions	645,331,168	615,398,744	105	15.6%	15.6%
- other insurance technical provisions	76,113,086	41,577,909	183	1.8%	1.1%
Insurance technical provisions for unit-linked insurance contracts	509,984,710	484,942,835	105	12.3%	12.3%
Employee benefits	17,781,153	15,873,046	112	0.4%	0.4%
Other provisions	2,809,101	2,750,400	102	0.1%	0.1%
Deferred tax liabilities	14,539,515	10,855,152	134	0.4%	0.3%
Other financial liabilities	2,895,834	1,864,413	155	0.1%	0.0%
Operating liabilities	70,313,038	66,872,331	105	1.7%	1.7%
- liabilities from direct insurance operations	16,801,856	21,558,544	78	0.4%	0.5%
- liabilities from reinsurance and coinsurance operations	48,940,738	41,548,913	118	1.2%	1.1%
- current tax liabilities	4,570,444	3,764,874	121	0.1%	0.1%
Lease liabilities	10,025,532	10,915,678	92	0.2%	0.3%
Other liabilities	68,287,405	72,474,950	94	1.6%	1.9%

* Data are adjusted for 2019. [See Section 2.4 of the Accounting Report](#) for additional explanations.

9.2 Zavarovalnica Triglav

9.2.1 Equity and liabilities

Zavarovalnica Triglav's **total equity** amounted to EUR 644.0 million, an increase of 11% relative to the 2019 year-end. The share of equity in balance sheet total grew by 1.5 percentage points to 21.5%. **The share capital** of EUR 73.7 million remained unchanged and was divided into 22,735,148 ordinary registered no-par value shares. **Share premium** of EUR 53.4 million also remained unchanged. **Reserves from profit** grew by 9% to EUR 367.9 million. They include legal and statutory reserves in the amount of EUR 4.7 million and other reserves in the amount of EUR 363.2 million, which rose by EUR 28.9 million due to the allocation of net profit.

Fair value reserve rose by 10% to EUR 59.4 million as a result of an increase in available-for-sale financial assets.

Accumulated profit was 48% higher, totalling EUR 89.6 million. In addition to net profit for the year, accumulated profit includes EUR 60.5 million of net profit brought forward (index 610). Net profit brought forward increased by EUR 50.6 million due to the transfer of net profit for the preceding year. Net profit for the year disclosed in the balance sheet totalled EUR 29.1 million, which was EUR 28.9 million less than net profit disclosed in the income statement. In accordance with the Management Board's decision, the Company used a portion of net profit to form other reserves from profit. In accordance with the resolution of the General Meeting of Shareholders, accumulated profit for 2019 remained entirely undistributed, which is the reason for its increase compared to the year before.

Due to the maturity of a 10-year subordinated bond, **subordinated liabilities** decreased by 29% to EUR 49.4 million.

Gross insurance technical provisions grew by 2% to EUR 2,199.0 million. They represented 73.4% of total balance sheet liabilities, down by 0.7 percentage point. Mathematical provisions were 2% higher and amounted to EUR 1,490.3 million. Provisions for gross unearned premium increased by 1% and other insurance technical provisions by 35%. Gross claims provisions remained at approximately the same level as the year before (index 100).

Operating liabilities grew by 6% to EUR 34.0 million and accounted for 1.1% of total balance sheet liabilities. Their growth was mainly influenced by the 29% increase in liabilities from reinsurance and coinsurance operations and a rise in current tax liabilities.

Lease liabilities fell by 12% relative to the 2019 year-end and amounted to EUR 3.7 million, the majority of which (EUR 3.7 million) was accounted for by long-term lease liabilities (index 88), while short-term lease liabilities amounted to only EUR 7 thousand (index 68).

Deferred tax liabilities offset against deferred tax assets amounted to EUR 9.5 million, having increased by 67%, primarily due to higher fair value reserve from financial investments for which deferred tax is calculated.

Other liabilities fell by 11% to EUR 40.4 million, mainly due to lower short-term trade payables. They represented 1.3% of total balance sheet liabilities.

9.2.2 Assets

Financial investments in subsidiaries and associates rose by 7% and totalled EUR 163.7 million, representing 5.5% of total balance sheet assets. Investments in subsidiaries and associates increased by EUR 14.9 million as a result of the capital increase of ZTSR and decreased by EUR 4.3 million due to the impairments of these investments.

Financial investments increased to EUR 1,983.6 million (index 104) and represented 66.2% of total balance sheet assets. In total financial investments, EUR 1,595.0 million was accounted for by investments available for sale, EUR 207.7 million by investments measured at fair value through profit or loss, EUR 143.9 million by investments held to maturity and EUR 37.0 million by loans and deposits. **Unit-linked insurance assets** totalled EUR 442.3 million, up by 2%.

Investment property amounted to EUR 44.5 million, down by 4% as a result of the depreciation charge in the amount of EUR 965 thousand and impairments of EUR 694 thousand.

Receivables grew by 2% to EUR 95.8 million and represented 3.2% of total balance sheet assets. Receivables from direct insurance business, which declined by 1% to EUR 67.6 million, accounted for the bulk. Receivables from reinsurance and coinsurance operations increased by 15% to EUR 19.8 million and other receivables rose by 3% to EUR 8.4 million.

Insurance technical provisions transferred to reinsurance contracts amounted to EUR 105.9 million, up by 8%. Assets from reinsurance contracts from claims provisions were 5% higher and totalled EUR 70.3 million, while assets from unearned premium rose by 14% to EUR 35.6 million.

Intangible assets increased by 1% to EUR 62.4 million, whereas **property, plant and equipment** fell by 1% to EUR 67.8 million.

Right-of-use assets amounted to EUR 3.6 million. They comprise the right to use land and buildings of EUR 2.4 million (index 81), the right to use vehicles of EUR 1.2 million (index 104) and the right to use other assets of EUR 21 thousand (index 100).

Balance sheet of Zavarovalnica Triglav as at 31 December 2020 – according to IFRS

	31 December 2020	31 December 2019	Index	Share 2020	Share 2019
ASSETS	2,995,518,165	2,901,140,141	103	100.0%	100.0%
Intangible assets	62,397,579	61,924,273	101	2.1%	2.1%
Property, plant and equipment	67,775,451	68,305,684	99	2.3%	2.4%
Investment property	44,451,276	46,091,135	96	1.5%	1.6%
Right-of-use assets	3,587,916	4,106,316	87	0.1%	0.1%
Investments in subsidiaries	132,337,466	134,938,667	98	4.4%	4.7%
Investments in associates	31,337,951	18,054,026	174	1.0%	0.6%
Financial investments	1,983,588,373	1,912,207,382	104	66.2%	65.9%
- loans and deposits	36,951,085	49,049,847	75	1.2%	1.7%
- held to maturity	143,908,512	150,469,553	96	4.8%	5.2%
- available for sale	1,595,002,429	1,382,802,069	115	53.2%	47.7%
- recognised at fair value through profit and loss	207,726,347	329,885,913	63	6.9%	11.4%
Unit-linked insurance assets	442,292,488	433,758,610	102	14.8%	15.0%
Reinsurers' share of technical provisions	105,903,438	98,433,270	108	3.5%	3.4%
Receivables	95,800,206	93,715,995	102	3.2%	3.2%
- receivables from direct insurance operations	67,632,214	68,401,137	99	2.3%	2.4%
- receivables from reinsurance and coinsurance operations	19,797,094	17,219,677	115	0.7%	0.6%
- other receivables	8,370,898	8,095,181	103	0.3%	0.3%
Other assets	3,741,799	3,492,671	107	0.1%	0.1%
Cash and cash equivalents	22,304,222	26,112,112	85	0.7%	0.9%
EQUITY AND LIABILITIES	2,995,518,165	2,901,140,141	103	100.0%	100.0%
Equity	644,003,173	580,480,275	111	21.5%	20.0%
Controlling interests	644,003,173	580,480,275	111	21.5%	20.0%
- share capital	73,701,392	73,701,392	100	2.5%	2.5%
- share premium	53,412,884	53,412,884	100	1.8%	1.8%
- reserves from profit	367,862,643	338,962,643	100	12.3%	11.7%
- fair value reserve	59,402,079	53,859,881	110	2.0%	1.9%
- net profit/loss brought forward	60,526,536	9,929,059	610	2.0%	0.3%
- net profit/loss for the year	29,097,637	50,614,416	57	1.0%	1.7%
Subordinated liabilities	49,423,693	69,999,451	71	1.6%	2.4%
Insurance technical provisions	1,750,315,382	1,713,421,521	102	58.4%	59.1%
- unearned premium	235,190,816	232,791,056	101	7.9%	8.0%
- mathematical provisions	1,041,557,084	1,020,231,686	102	34.8%	35.2%
- claims provisions	430,259,621	428,320,763	100	14.4%	14.8%
- other insurance technical provisions	43,307,861	32,078,016	135	1.4%	1.1%
Insurance technical provisions for unit-linked insurance contracts	448,726,097	435,592,711	103	15.0%	15.0%
Employee benefits	13,073,364	11,892,449	110	0.4%	0.4%
Other provisions	769,957	732,811	105	0.0%	0.0%
Deferred tax liabilities	9,531,162	5,706,679	167	0.3%	0.2%
Other financial liabilities	1,633,896	1,640,125	100	0.1%	0.1%
Operating liabilities	33,977,772	31,912,738	106	1.1%	1.1%
- liabilities from direct insurance operations	10,636,904	14,239,495	75	0.4%	0.5%
- liabilities from reinsurance and coinsurance operations	19,824,185	15,309,075	129	0.7%	0.5%
- current tax liabilities	3,516,683	2,364,168	149	0.1%	0.1%
Lease liabilities	3,675,805	4,166,278	88	0.1%	0.1%
Other liabilities	40,387,864	45,595,103	89	1.3%	1.6%

10. Cash flow statement

10.1 The Triglav Group

A positive **cash flow from operating activities** of the Triglav Group increased to EUR 119.1 million (index 132). Its growth primarily resulted from the higher volume of net written premium.

Cash flow from investing activities was EUR –83.9 million (index 118). Its decrease is a result of a larger volume of investing activities due to the higher cash flow from operating and financing activities and changes in cash during the period.

Cash flow from financing activities was negative and stood at EUR –29.0 million (compared to –13.5 million in 2019). There was no income from financing activities in 2020 ([see Section 10.2 for further information](#)).

Financing expenses include dividend payments, which were not paid out in 2020, expenses for interest on treasury bonds and expenses for interest and principal payments from leases. Most outflows in 2020 were related to the maturity of the bond.

The closing balance of cash and cash equivalents totalled EUR 81.9 million, an 8% increase relative to the year before.

Summary cash flow statement of the Triglav Group

	2020	2019	Index
A. Operating cash flow			
Income statement items	125,392,511	91,179,693	138
Changes in net current assets—operating balance sheet items	-6,336,992	-882,254	718
Net cash from/ (used in) operating activities	119,055,519	90,297,439	132
B. Cash flows from investing activities			
Cash inflows from investing activities	1,361,243,567	1,469,286,636	93
Cash outflows from investing activities	-1,445,191,950	-1,540,674,760	94
Net cash from/ (used in) investing activities	-83,948,383	-71,388,124	118
C. Cash flows from financing activities			
Cash inflows from financing activities	0	49,367,159	0
Cash outflows from financing activities	-29,035,063	-62,882,638	46
Net cash from/ (used in) financing activities	-29,035,063	-13,515,479	215
D. Closing balance of cash and cash equivalents	81,899,664	75,869,775	108
E1. Net cash flow for the period	6,072,073	5,393,836	113
E2. External acquisition	0	2,862,910	
E3. Currency differences	-42,184	11,369	
F. Opening balance of cash and cash equivalents	75,869,775	67,601,660	112

- The Triglav Group and Zavarovalnica Triglav generated a positive cash flow from operating activities and negative cash flows from investing and financing activities.
- The closing balance of cash and cash equivalents of the Group was EUR 81.9 million, up by 8% relative to the preceding year.

10.2 Zavarovalnica Triglav

A positive **cash flow from operating activities** of Zavarovalnica Triglav in the amount of EUR 38.5 million was 25% higher compared to the preceding year, primarily due to lower net claims paid.

Cash flow from investing activities was EUR –17.1 million (compared to EUR –11.8 million in 2019). The decrease is a result of a larger volume of investing activities due to higher cash flow from operating and financing activities and changes in cash during the period. Thus, cash balances with banks declined in 2020 due to higher net expenses from financial investments.

Cash flow from financing activities was negative and stood at EUR 25.2 million (index 145). There was no income from financing activities in 2020, while in 2019 income was a result of the issue of a new subordinated bond. Financing expenses include dividend payments, which were not paid out in 2020, expenses for interest on treasury bonds and expenses for interest and principal payments from leases. Most outflows in 2020 were related to the maturity of the bond.

The closing balance of cash and cash equivalents of EUR 22.3 million was lower by 15% relative to the preceding year.

Summary cash flow statement of Zavarovalnica Triglav

	2020	2019	Index
A. Operating cash flow			
Income statement items	43,160,418	31,051,477	139
Changes in net current assets–operating balance sheet items	-4,635,089	-297,987	1.555
Net cash from/ (used in) operating activities	38,525,329	30,753,490	125
B. Cash flows from investing activities			
Cash inflows from investing activities	1,132,256,197	1,198,898,504	94
Cash outflows from investing activities	-1,149,365,270	-1,210,737,724	95
Net cash from/ (used in) investing activities	-17,109,073	-11,839,220	145
C. Cash flows from financing activities			
Cash inflows from financing activities	0	49,367,159	0
Cash outflows from financing activities	-25,224,146	-60,167,804	42
Net cash from/ (used in) financing activities	-25,224,146	-10,800,645	234
D. Closing balance of cash and cash equivalents	22,304,222	26,112,112	85
E. Net cash flow for the period	-3,807,890	8,113,625	
F. Opening balance of cash and cash equivalents	26,112,112	17,998,487	145

11.

Development and marketing activities

- The redesign of products and assistance services and the way we process loss events were adapted to market needs, which also resulted from the effects of the pandemic.
- Numerous innovations in business digitalisation ensured business continuity and smooth remote business.
- Important changes were introduced to the marketing, sales and after-sales processes.
- A high level of client satisfaction was achieved and user experience was improved with an omni-channel sales approach.
- The i.triglav web platform and the triglav.si and triglav.eu websites were redesigned.
- Our business transformation focused on the even more efficient operation of support functions, which was also achieved through changes in internal organisation.
- The revised minimum business standards were implemented in all key and support areas of Zavarovalnica Triglav's subsidiaries.
- The new system for effective and close cooperation in the management of the Group's assets is now operational.

The Group's development activities are managed in an **interdisciplinary manner** by the parent company, while its overall operations are built on the values of simplicity, responsiveness and responsibility. Both activities, insurance and asset management, are aimed at deepening client relationships and promoting the continued proactive attitude of clients towards risks. In this way, the Group is further realising its commitment to sustainable development, as seen from the references to related content in [Section Sustainable development and ESG aspects](#). With technologically supported solutions, the needs of clients and their understanding of products are monitored and studied, in addition to all phases of development and adaptation of processes and products. As a result, comprehensive solutions are designed that go beyond products, while support and advisory services continue to be expanded. To ensure profitable and safe operations, new ways of doing business are introduced and all development steps are assessed in terms of capital adequacy.

In 2020, in accordance with the plans from the development phase, the largest range of new solutions so far was put into business practice and numerous business processes were upgraded, which had a positive impact on operations in difficult conditions. Client focus and development of related services was fully integrated with the implementation of the second strategic guideline, i.e. developing cooperative and agile organisation and culture. The set objectives were fulfilled by making progress in both areas, with several

objectives even being exceeded. The Company is especially proud of the high satisfaction of its clients and employees, which will also be a challenge in the future.

By responding effectively to the new situation, **the comprehensive digital transformation of the Group's operations was also accelerated**. The even more coordinated operation of sales channels was achieved, new opportunities to make clients aware of the need for insurance were identified and possibilities to adapt insurance to their needs were sought. In the development and implementation of new services and communication and marketing tools, regulatory requirements and directives were taken into account, resulting in higher standards and better protection of clients' interests being incorporated into client operations. As evident from the review of implemented innovations, the aim was to provide clients with easy access to information and data and a better understanding and management of risks by upgrading interfaces and expanding their functionality.

Progress with respect to organisation and client satisfaction is described below. Encouraging trends in the development of an organisational culture, which were seen in 2020, are explained in [Section 4. Strategy and plans](#) and in greater detail in [Section 2.8 Risk Management](#) and in [Section Challenges and opportunities of today](#) and in [12.4.2.1 Sustainable development and ESG aspects at the Triglav Group](#).

11.1 Comprehensive client relationship

The widespread use of digital channels and new communication tools has enabled the Company to carefully monitor the quality of the user experience and client satisfaction. This was made possible by increasing the scope of interaction points between the Group and clients and the data provided by clients as a response to the services used.

The findings of client satisfaction measurements and analyses, which were submitted to a wide range of business functions, were included in the improvements of internal processes and services. This particularly applies to the information provided by the Net Promoter Score (NPS) methodology to improve communication and client relationships. The highest scores ever were measured since the start of measurements using this method; the scores rose to above-average levels. The results of other analyses of measured client satisfaction also improved significantly. The tested methodologies are being gradually implemented in other Group members. Special attention is paid to negative experiences and low client scores so as to improve the Company's services, products and processes on their basis. Professional and communication excellence is pursued also in demanding claim settlement procedures where the Company and the client do not see eye to eye.

Help and information continued to be available to clients via toll-free telephone numbers without interruption. Due to increased demand, the scope of operation of both assistance centres was expanded. In the case of major CAT events (which occurred in individual markets in 2020 – weather disasters, an earthquake), the financial risk to clients was taken into account and special forms of organisation of work and claim reporting were activated. Simple property damage claims can be reported by calling the toll-free telephone number 080 555 555, online or via the Triglav Asistenca mobile application. For more information read below and refer to [Section 12. Sustainable development and ESG aspects](#).

Public calls and instructions on what steps to take in the event of a pandemic and major CAT events were published on multiple channels in order to inform clients about access to and availability of the Company's services. The extended range of assistance services (roadside and home assistance, assistance for travelling abroad, for microvehicles and watercraft) was also available on the toll-free number 080 28 64.

Omni-channel sales approach: the customer chooses the most appropriate channel



Omni-channel sales approach and business digitalisation

The Triglav Group strategy for 2019–2022 is based not only on the introduction of new technologies and modern ways of doing business, but also on using an omni-channel sales approach tailored to each client to the greatest extent so as to provide a more comprehensive user experience.

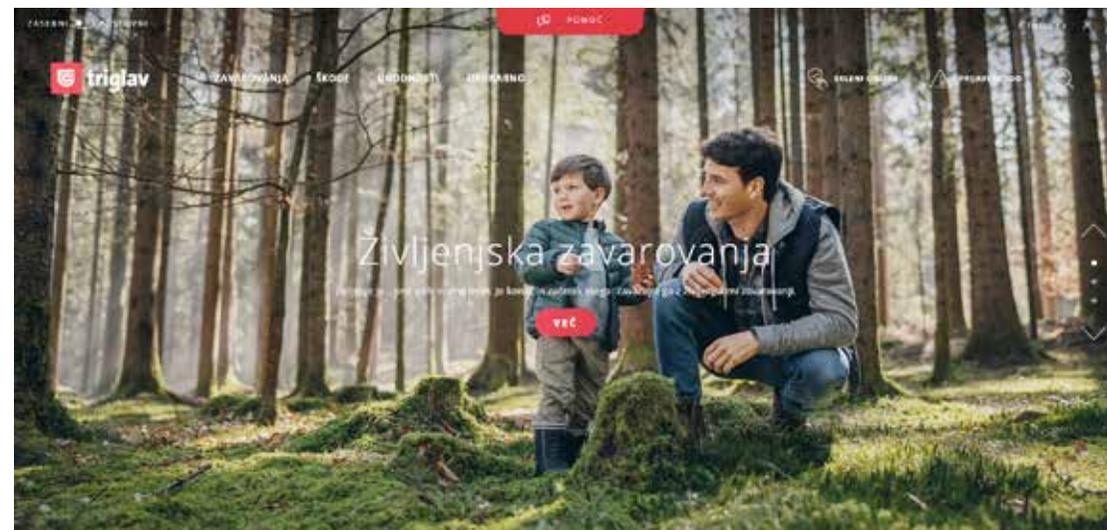
The COVID-19 pandemic has changed the behaviour of clients of practically all ages and has accelerated the introduction of planned innovations. A sudden and extremely extensive shift towards conducting business remotely was seen in the first, spring wave, after which its share remained significantly higher throughout the year than before.

In the insurance business, user experience will be upgraded by setting up a **single entry point**, which is planned to further increase the responsiveness and transparency of claim settlement. Various forms of client communication during the phase of obtaining input information (telephone calls, email, text messages (SMS)) will be merged into a single and improved channel. Preparations for the launch of the new platform were continued.

By enhancing its digital presence and promoting the use of online and mobile platforms, the Company increased performance in several areas. With the expansion of digital solutions, **the processes of taking out and processing insurance and settling claims are being improved, updated and upgraded**. In this way, sales staff perform their work even more efficiently, while procedures for clients are simplified.

Digital sales and communication channels and distribution channels and tools were significantly strengthened. New digital solutions and services that are always available and easy to use include:

- **the redesigned i.triglav web office** for retail clients (design upgrade, adaptive design for mobile devices and additional functionalities: remote signing, video identification, additional security mechanisms, claim reporting, simple and fast notification of clients about their claim settlement procedure and the option of confirming all issued documents);
- **the automated notification of all clients** who have opted to receive information **about reported claims** electronically (to ensure quick responses and notification via selected communication channels);
- **redesigned websites triglav.si and triglav.eu** (design upgrade, adaptive design for mobile devices, upgraded underwriting procedures and new functionalities);
- **the upgraded process of taking out life insurance** (adaptive design for mobile devices, more transparent and simpler), which includes a simplified way of signing documents remotely;
- **the completely redesigned Drajev mobile application** (revamped image, expanded functionalities: display of current speed and speed limit on a given road section and immediate warning of driving errors, the option of automatic recording of journeys, etc. (the visibility of the products and services available online is enhanced by advanced technological services such as Triglav vreme (Triglav Weather) and Vse bo v redu (Everything Will Be Alright) – [see 12.5 in Section Sustainable development and ESG aspects for more information](#));
- **remote inspection of the subject insured** by capturing images for the purposes of taking out insurance or assessing damage (added functionality for capturing and storing images in back office information systems);
- **video identification and verification of the identity of the insured person** (the procedure is primarily intended for taking out life insurance);
- **remote signing** of documents;
- inclusion of a **dynamic questionnaire** on the state of health in underwriting applications for life insurance (by digitalising insurance underwriting, the average time from making an insurance offer to underwriting has been shortened);
- **digitalisation** of printing documents on insurance policies taken out via the bank sales network;



The i.triglav web platform and the triglav.si and triglav.eu websites were redesigned.

- **IT support** to sales staff when reporting clients' claims;
- **development of the Smart Locator service in assistance insurance for locating the victims** (for easy determination of the exact location of the client in need of help using a smartphone).

A major innovation was introduced in the life insurance segment: **the digitalised processing of matured life insurance policies**. The process was upgraded with the option of submitting a request for payment related to the maturity, advance, surrender, mathematical provision, transfer of SVPI assets between pension funds and payouts of surrender value. The option of submitting these requests in electronic form remotely was also made available.



Matjaž Horvat, Director of Department, IT – Digital Distribution, Zavarovalnica Triglav

“When the first wave of the epidemic hit, the redesigned i.triglav web office had just been launched and my colleagues in the life insurance segment had introduced video identification. We switched to remote business smoothly. The solutions were upgraded throughout the year.

In a matter of weeks, digital literacy increased greatly, improvement which would have otherwise taken years. IT functions were overloaded, which is understandable, as they are the heart of our operations.”



Tomaž Kodela, Head of Department, IT – Local Client Support, Zavarovalnica Triglav

“The digital landscape is shaped by the strategic use of hardware and the effective deployment of software solutions. My colleagues and I ensure that not only equipment is developed, but that client relationships and responsiveness come first. After that, everything is easier to solve. It was certainly an advantage that we had the necessary equipment in stock. In this way, we were able to immediately fill in any gaps, upgrade solutions, for example in the case of portable equipment used in the agent network or when providing support to employees at working from home.”

Measures to curb the COVID-19 pandemic made it difficult for clients to move around and thus visit a doctor, which is why **as part of the assistance services** in the health insurance segment:

- the number of expert articles published on the online portal was increased and
- **advice by specialists** was provided to clients remotely (by phone, email and text messages and by participating in online conversations).

The Company's vision of reaching a higher degree of business digitalisation is being realised through **the active use of artificial intelligence**, which is considered a development necessity to complement existing activities. In this regard, the project of identifying the status of non-life insurance policies continued to be carried out by using an upgraded model in day-to-day operating processes. At the same time, activities for the introduction of machine learning in car risk analysis were initiated.

Development of the sales network and sales and after-sales services

Sales and after-sales processes changed significantly in 2020. A remote business system was established immediately after the ban on the sale of insurance services with physical contact with clients at the onset of the COVID-19 pandemic. In addition, the existing way of doing business by regular post was upgraded and, as already described, digital sale and conclusion of insurance was strengthened. Good relations with outsourcers and high-quality services were maintained to make it as easy as possible to meet client needs. With the same goal, the stable operation of the call centre and other communication channels and assistance services was maintained.

Sales staff worked hard to lessen the burden of the Group's clients in such difficult circumstances by using **an omni-channel approach**. They educated and advised clients on the transition to remote business, helping them to take out insurance and report claims remotely, while adapting the use of communication channels to client needs. Through the coordinated operation of sales and other competent departments, the Company increased its capacity for the direct and professional handling of client calls and extended the working hours for providing information. Prompt measures were taken to improve business processes in all insurance segments. The Company consolidated its own sales network, which is its most important sales channel, and strengthened its cooperation with the external sales network through various forms of integration.

Sales staff continued to be empowered primarily through training, encouraging their perceptiveness, motivation and engagement. In accordance with the Insurance Distribution Directive (IDD), various training modules were designed and carried out, intended for the management of all sales channels, including the external sales network. Sales staff were encouraged through various motivational incentives, both financial and non-financial. Sales consultations for various professional profiles at several levels were held, while the implementation of training courses was adapted to the manner of working and doing business remotely.

A new information hub was established, **a single portal for taking out non-life, life and health insurance through the bank sales network**, which provides clients with custom-tailored and accessible insurance products. The Company offered new bancassurance services to its partners

and continued to adapt the life insurance product range to the needs of their clients.

The direct elimination of individual types of damage to buildings and objects was upgraded. According to the "report & eliminate" principle, contact with the **client** is established **immediately after reporting a claim** and assistance in claim settlement is provided to them with the help of contractors. From now on, **additional and related concierge services** are available, which go beyond settling a claim and include assistance in providing minor and maintenance works on vehicles and buildings. In this context, two pilot projects were successfully carried out: provision of help in changing a tyre at an affordable price and without waiting, and help with documentation in the event of a traffic accident.

For the sale of **additional health insurance**, the **modular offering concept** was developed and technologically supported, which is an important step towards greater simplicity and better adaptation of products to clients.

With regard to **the development of alternative sales channels**, a new car lease insurance product was designed together with a car sharing platform, thereby entering the short-term insurance market in the field of the sharing economy.

The development of new sales channels on markets outside Slovenia focused on **online sales and the digital upgrade** of cooperation with external sales channels, including banks and companies providing leasing services, selling cars and supplying telecommunication services ([also see Activities on the Triglav Group markets outside Slovenia](#)). The strengthening of sales channels contributed to premium growth in individual markets ([see Section 7.5 Gross written insurance, coinsurance and reinsurance premiums](#)).

Product upgrade and development

The development and upgrade of products was adapted to the changed market conditions and **client needs**. The guidelines for designing simple, comprehensive and transparent products and services were followed, while ensuring compliance with the applicable legal and regulatory requirements ([see Section 11.5 for more information](#)). In order to improve underwriting results, the Company regularly analysed individual insurance sub-classes and adjusted insurance bases (i.e. tariffs, terms and conditions, underwriting guidelines).

Product upgrade and development highlights:

- **Property and interest in property insurance:** Personal protection insurance and micromobility insurance products were redesigned and upgraded to cover the risks associated with the use of electric vehicles. The following new products were developed: liability insurance for the clinical trial of medicinal products, extended warranty insurance and insurance for hardware and appliances. Liability insurance for insurance brokerage was redesigned.
- **Motor vehicle insurance:** Insurance bases were adjusted to market conditions. Roadside assistance for goods vehicles with maximum permissible weight over 3.5 tonnes was developed. The range of insurance products for leasing providers and vehicle importers was adapted.
- **Agricultural insurance:** In addition to implementing changes in accordance with the Decree on co-financing of insurance premiums for primary agricultural production and fisheries for 2020, premium rates were revised for individual groups of agricultural crops, perils and existing hazardous areas. Crop insurance against drought risk was redesigned.
- **Accident insurance:** The existing travel insurance product was redesigned and launched onto the market as a new product known as insurance for travelling abroad. Personal protection insurance was upgraded with redesigned accident insurance with post-injury assistance. The new micromobility insurance product was upgraded to include accident insurance and post-injury assistance. In addition, insurance bases of group insurance products for special target groups were revised.
- **Health insurance:** Assistance services and specialist advice to clients were upgraded. A primary health committee was established as a multidisciplinary expert advisory body which will contribute to the introduction of innovations and the digitalisation of the product range.
- **Transport insurance:** Transport insurance products were adjusted to domestic and foreign regulatory changes in transport and freight forwarder activities. New insurance bases for drone insurance were adopted.
- **Accounts receivable insurance:** Insurance bases for financial credit insurance were revised. Unemployment insurance was redesigned to include new insurance guarantees also for groups of clients who borrow based on leasing agreements and instalment sales agreements.
- **Life insurance:** In addition to the life insurance product known as Jesen življenja (Autumn of Life), life insurance with a partial premium refund was designed and offered as a new product in the Slovenian market and which is sold through the banking channel. The whole life insurance product was redesigned and adapted to different target groups and their needs. Supplemental severe illness and injury



insurance or supplemental critical illness insurance of all policyholders was expanded free of charge to include hospital treatment for COVID-19. Due to the merger of two sub-funds with the umbrella fund Triglav vzajemni skladi, the starting points for the entire unit-linked life insurance product portfolio were adapted, taking into account some other mergers of funds offered.

- **Pension insurance:** Pension insurance-related services were consolidated and the product

portfolio of Triglav, pokojninska družba was redesigned. The group voluntary pension insurance was redesigned to provide assets for additional pension, which allows investments in mutual and index/exchange traded funds, where clients can choose an investment strategy under which assets are managed by the insurer.

Development and new forms of partnerships

The Company is forming new partnerships and strengthening existing partnerships in all markets of the Group. Partnerships with banks are being strengthened, whereby emphasis is being placed on cooperation with Nova KBM, Gorenjska Banka and Sberbank, as well as with new insurance agency and brokerage partners. Integration is encouraged especially with regard to the introduction of modern technologies and as part of the expansion of business by entering various business ecosystems. The Company also works with start-ups and business accelerators.

Partnerships with leasing companies and vehicle importers are extremely important and include: Renault – RCI, Porsche, Emil Frey, Summit, Avtotehna VIS, NLB Leasing, SKB Leasing and others. Partnerships in mobility are being established and upgraded with Petrol, Sygic, Eurotax, Nervtech, AMZS and Avant Car. In addition, partnerships are being strengthened in other areas, thus linking insurance with various ecosystems, including companies and platforms such as Avant2go, Giro car sharing, Go2Insure, Big Bang, T2, M-tehnika, Enaa.com, eMundia and MBills. The Company also works with various organisations and media companies, such as the Institute of Sports of the Republic of Slovenia, the Chamber of Craft and Small Business of Slovenia, the Chamber of Commerce and Industry of Slovenia, the Mladinska Knjiga Založba publishing house and the newspapers *Finance* (within forums and conferences for business and other expert communities), *Dnevnik* (in the framework of the Golden Thread and the Gazelles projects) and *Delo*. Furthermore, various pilot collaborations are developed, for example with GenePlanet.

The range of partner authorised veterinary clinics for small animals is growing with the aim of improving the quality of insurance and healthcare services in this field. The Company acquired the observer status in the Alpine Drought Observatory (ADO) project, which is managed by the EURAC Institute from Bolzano. This cooperation allows the Company access to an online database for the Alpine region, where it can monitor point and satellite drought indicators, participate in international workshops in six Alpine countries and workshops with stakeholders from Slovenia (the Slovenian Environment Agency, the Maribor Institute of Agriculture and Forestry, the Iskra Institute and others). The Company began to actively participate in the project group under the auspices of the Ministry of Agriculture, Forestry and Food established to upgrade the financial risk management system in agriculture, forestry and beekeeping due to natural disasters.

Activities on Triglav Group markets outside Slovenia

Development activities in markets outside Slovenia were largely adapted to the conditions of the COVID-19 pandemic, thus the focus was on business transformation and digitalisation.

Numerous innovations implemented in insurance subsidiaries enabled **remote business**, including the online payment of obligations. Legal bases were provided for the transfer of remote business solutions, thus providing both electronic and remote signing.

The redesign of insurance products, expansion of assistance services and handling of claims were adapted to market needs and to the restricted physical contact for health safety reasons. Several changes were made to claim settlement: clients were redirected to use digital communication channels, a new, faster and more cost-effective way of conducting car damage inspections was implemented, cooperation with body shops was expanded and a comprehensive client service was designed that includes all necessary steps – from damage reporting and appraisal to vehicle repair.

The Company was very active in achieving synergies between various business segments of the Group, especially between the key segments of the two core activities. Best practices and solutions were transferred to subsidiaries by tailoring them to the specifics of each market. In addition to assessing the market potential of products, some products were fully redesigned and technologically upgraded.

Sales focused on **simplifying the sales process for clients**, empowering own sales network and establishing **new sales channels and partnerships**. **The range of assistance services was expanded**, with special attention devoted to increasing the quality of their provision.

Seven key aspects of development activities during the COVID-19 pandemic outside Slovenia

1. Measures to protect the health of employees and clients

2. Introduction of remote business

3. Changed claim settlement

4. Simplified sales process for clients

5. Product upgrade and technological adaptation

6. Expanded range of assistance services

7. New sales channels and partnerships

Highlights of insurance business development in individual markets of the Group.

- **In Croatia**, several insurance products were redesigned: animal insurance, insurance for small and medium-sized enterprises (SMEs), additional cover for the treatment of COVID-19 was added to some insurance products, and additional bicycle assistance and liability for cyclists and owners of other mobile vehicles were introduced. The own sales network and cooperation with banks and car dealerships were strengthened. A call centre was set up to help clients and client satisfaction began to be monitored according to the NPS methodology.
- **In Serbia**, travel insurance was redesigned and upgraded to include additional cover for the treatment of COVID-19. Home insurance was adapted to market needs. The redesign of insurance for small and medium-sized enterprises (SMEs) is nearly complete. Cooperation with telecommunication service providers and agents selling health insurance was strengthened, while cooperation with companies providing leasing services and car dealerships was upgraded. In the life insurance segment, a new partnership was entered into with a company selling children's clothing and cosmetics.
- Triglav Osiguranje, Sarajevo and Triglav Osiguranje, Banja Luka launched redesigned whole life insurance onto the **Bosnia and Herzegovina** market, offered more competitive terms and conditions for travel insurance, motor vehicle liability insurance and home insurance, as well as launched new cyber risk insurance and assistance services for goods vehicles. The own sales network was strengthened, synergies were achieved with the subsidiary Autocentar BH and cooperation with banks was expanded, including the

establishment of a business portal (B2B) and the expansion of the product range (card insurance, etc.).

- **In North Macedonia**, Triglav Osiguranje, Skopje launched the following new products: pet insurance, unit-linked life insurance and health insurance that includes the cover for surgeries abroad. The own sales network and the banking channel for selling life insurance were strengthened and an interface for doing business with selected banks and car dealerships was established. In addition, the medical assistance centre was upgraded.
- **In Montenegro**, where Lovćen Osiguranje, Podgorica and Lovćen životna osiguranje, Podgorica operate, the health insurance for foreign nationals was redesigned, the network of healthcare providers was expanded and group life insurance was upgraded. The own sales network and the call centre for life insurance were strengthened. Partnership with a telecommunication company was upgraded and a business portal (B2B) was established.
- A great deal of attention was paid to entering into partnerships with banks. New partnerships were thus established in **Montenegro, Croatia, North Macedonia, and Bosnia and Herzegovina**.

In the asset management segment, bases for the establishment of two open-end mutual funds for the market of **Bosnia and Herzegovina** were developed, expanding the range of unit-linked life insurance products. In **Croatia**, in order to increase business performance, the management of funds which were sold exclusively in this market and which were under the supervision of the Croatian regulator was transferred to Intercapital Asset Management by entering into an agreement. The Group is present in this market through

Triglav Skladi mutual funds, which are sold in the framework of unit-linked life insurance, thus building the basis for the further expansion of this activity in South-East Europe, where regulatory frameworks and market needs are gradually evolving.

Activities in other markets

The Company is entering into partnerships as an insurance provider that co-creates a full range of various products and services. Its international operations and opportunities for expansion include **partnerships with foreign insurance brokerage and agency companies**; these allow the Company to conduct business without its direct presence and own sales network in the target area. The Company's international operations were expanded in 2020 in line with the planned geographical diversification of its operations. In EU Member States, the existing models for the conduct of insurance business were expanded and upgraded and new partnerships were formed.

At the year-end, cross-border insurance services were provided in more than fifteen Member States of EU. Long-term partnerships were expanded from Greece and Italy to the Norwegian and Dutch insurance markets, in addition to completing preparations for entering into the Polish market, where insurance products and services will begin to be provided in the first half of 2021. Activities and the range of products and services were expanded in the European and North American **reinsurance markets**. Eurasia, ION, Sogaz, Swiss Re Corporate Solutions and Fidelidade Portuga are among the **new reinsurance partners**.

11.2 Business transformation of the Triglav Group

The strategic transformation of the Group's operations is based on:

- improvements in management practices and techniques,
- updating the information and data system and
- developing even more efficient support functions.

Changes in internal organisation took place in all Group members. The new **Digitalisation, Business Process and Technology Division** is dedicated to coordinated strategic digital transformation, encompassing all business functions. The primary task of the newly established specialised **Bancassurance Department** is to manage relationships with the bank network, assist the staff at banks and introduce innovations. Important steps in organisation and operation were taken in the processes aimed at developing client relationships and improving user experience.

The human resource information systems were upgraded for working from home and the online tool MS Teams was introduced, which enabled employees to communicate and cooperate remotely. A modern human resource information system continued to be implemented in subsidiaries and an intranet was set up at the Group level.

Several operational committees were established to continually improve IT support management. They operate within the framework of the IT Strategic Management Committee, the highest management level focused on the operation of quality, cost-effective and time-efficient IT services. The aim of the strategic starting points for the development of IT systems within the Group is to improve system integration and

increase flexibility and response to market needs. Pilot projects for the implementation of standardised sales tools and systems at the Group level were concluded.

The information infrastructure was further **centralised**. Secondary data centres are already centralised in most Group members. In Skopje, the centralisation of the primary data centre was concluded, which will continue in the remaining subsidiaries. Security tools for information security were expanded. The Group follows the development of business information systems that introduce products available as online services, which is why information tools based on Microsoft cloud technologies for the Office 365 platform are being introduced, and that enable the transfer and connectivity of products with the systems of its business partners.

Uniform information support **improved the standardisation of accounting processes** at the Group level. Preparations were underway to implement remote inspection of the subject insured and other digital solutions in subsidiaries. In order to improve the corporate governance system, **the reporting and analytical system** was further upgraded to collect key information on the operations of both individual members and the Group in one place. At the same time, the role of centralised data was increased and the conditions for decision-making in subsidiaries were improved.

The transformation of business processes in the acquiring company Triglav Skladi allowed the Company to monitor the integration of Alta Skladi and the merger of the sub-funds of the Alta umbrella fund with the sub-funds of the umbrella fund *Triglav vzajemni skladi*, thus unifying the management processes based on **the single service platform** for the efficient management of client needs. The merger also changed the

organisation of the acquiring company and the organisational culture, as well as increased joint staff potential, knowledge and experiences. [See 11.3 for more information.](#)

In addition to implementing the revised minimum business standards in all key and support areas within the Group, the desired organisational culture was established at the Group level. [See Section 12. Sustainable development and ESG aspects at the Triglav Group](#), especially [12.4](#) and [12.5](#), for further information.

11.3 Efficient asset management in the Triglav Group

Efficient asset management at the Group was again reflected in **increasing the value of assets** managed in financial and pension (guarantee) funds and discretionary mandate assets ([see Section 7.11 for further information](#)). The aforementioned merger of Alta Skladi with Triglav Skladi also contributed to that increase. With this merger, management processes were upgraded and management knowledge and experience were integrated at the Group level, as a **system for the effective exchange of opinions and in-depth cooperation in asset management** was established. Joint investment forums make it possible to obtain and exchange the views of various experts from different fields. Furthermore, the Group strengthened cooperation in the unit-linked life insurance and investment advice segments, specifically with regard to investment strategies used and pension insurance management.

Process centralisation in the Group's **asset management continued** in order to improve the quality of assets and cost-effectiveness. Processes will also be upgraded based on good practices in sustainable asset management.

The upgraded asset liability management process is used to monitor the risk-adjusted return of individual business segments in order to achieve the optimal use of available capital.

As one of the leading managers in the Slovenian market, Triglav Skladi introduced **innovations in its offering of mutual funds** in 2020.

- **Triglav Tehnologija**: a dynamic sector fund for investors who believe in the long-term potential of technology and the technology sector. The technology sector is the most profitable of the sectors in the last decade and has a high development potential.
- **Triglav Aktivni**: a fund that dynamically adjusts the composition of its portfolio to market fluctuations. The first mutual fund in Slovenia to use advanced quantitative methods designed to assess volatility and optimise portfolio composition. A capital protection mechanism was developed at this fund to protect against a more than 20% drop in the value of a fund unit relative to the highest value achieved in the last year.
- **Triglav Preudarni**: it is intended for investors who wish to increase their assets more prudently in a zero interest rate environment, without taking high investment risks and maintaining the real value of invested assets.
- **Triglav Zeleni**: it is aimed at modern equity investors who believe in sustainable development. [See Section 12.5 Responsibility towards clients for more information.](#)

Investing in alternative investments (Triglav) **was further developed** to expand the range of investment classes managed for both our own portfolios and our clients' portfolios.

The operations and activities of the pension company in **North Macedonia**, established in 2019, were strengthened.



11.4 Marketing activities

Clients in all markets were encouraged to use digital communication channels. Special attention was paid to monitoring changes in client behaviour, the consistency of an omnichannel marketing approach and ensuring the reach and clarity of key messages to clients, which was crucial during the COVID-19 pandemic and contributed to effective remote business. In doing so, analytical methods were used for in-depth knowledge and the monitoring of client behaviour and needs, as well as checking the effectiveness of the Group's activities. Client relationship management (CRM) was further supported with modern CRM tools, while the realisation of premium and costs related to direct marketing were supported with the Microsoft Dynamic 365 Marketing information solution.

Client relationships were also strengthened through online talks with renowned experts in various fields who advised clients remotely, thus confirming the advantages of new technologies and approaches at the Triglav Lab digital centre.

Brand management and marketing communication

Brand strength is increased through efficient and coordinated branding at the corporate and product levels. In 2020, as part of brand management, the corporate visual identity used in digital media was redesigned and the use of language in marketing communication was unified. The main logo was upgraded with a symbol to mark the Company's 120th anniversary, which also reflects its clients' trust and the stability of its business. In the pension insurance segment, the Triglav Pokojnine brand was launched to unify the marketing approach.



In the design and implementation of marketing campaigns, the Company complied with the Slovenian Code of Advertising Practices. No proceedings for infringements related to marketing communication were instituted against Zavarovalnica Triglav and its subsidiaries in the reporting year.¹⁹ In one case, the Company complied with the call of the Agency for Communication Networks and Services of the Republic of Slovenia (AKOS) and stopped broadcasting a television advertisement due to the proceedings initiated against the actor in the advertisement.

For achievements in marketing communication, the Company received many international and domestic awards, such as WEBSI 2020 and Trusted Brand 2020, awards at the Slovenian Advertising Festival (SOF) and annual report awards IADA, ARC and Gold Quill ([see Section 12.1 for further information](#)).

Assessment of effectiveness and market research

Understanding clients' needs and their attitude towards insurance products played an even greater role in the extraordinary situation due to the COVID-19 pandemic. To this end, a study on the impact of the pandemic on consumer behaviour was conducted in Slovenia, Croatia and Serbia to obtain key information on remote business. The Company checked changes in the attitude towards taking out insurance remotely and individual tools and changes in the purchasing process.

Media audits are carried out in the Slovenian market every two years; the first media audit

outside the domestic market was conducted in Montenegro. The effectiveness of marketing communication campaigns and events is checked by measuring KPIs (Key Performance Indicators). The Company regularly assesses not only the effects of its activities on brand reputation, but also the efficiency and effectiveness of advertising campaigns by using both the traditional computer-assisted web interviewing (CAWI) method and newer methods, such as electroencephalography (EEG) and eye tracking.

The results show that Zavarovalnica Triglav continues to be one of the most reputable brands in the Slovenian market. It ranks among the top six brands in terms of reputation in markets outside Slovenia, which is quite an achievement. The Group members are recognised as reputable companies with a distinctive, transparent style of communication with their clients, a comprehensive range of insurance products and effective claim settlement.

Product campaigns

In the non-life insurance segment, the sale of insurance products adapted to the modern way of life and mobility was promoted. The Company communicated with its clients throughout the year and participated in the international online conference *City as a Lab* on new forms of mobility.

In the life insurance segment in Slovenia, the focus was on empowering sales staff, promoting sales and financial literacy of clients in partnership with Nova KBM, Abanka and Gorenjska banka. The new product *Jesen življenja* (Autumn of Life) for the elderly was launched. A comprehensive media strategy was designed to promote the visibility of life insurance products and attract new clients. Market research was carried out to identify guidelines for the development of life insurance.



The Triglav Skladi mobile application for easy payments and transfers among funds.

¹⁹ GRI GS 417-2, 417-3, SASB: FN-IN-270a.1, FN-AC-270a.2

In partnership with the specialised retail network Big Bang, redesigned Kasko (Full Cover) and Zaščita Plus (Protection Plus) insurance products were launched, which were also offered at Big Bang's points of sale.

In addition to promoting interest in agricultural insurance, insurance for motorcyclists and tractor operators, Pazi name! (Watch Out for Me!) accident insurance and supplemental voluntary pension insurance, the marketing approach for travel insurance was adapted to specific target groups.

In the health insurance segment, the Triglav zdravje brand was strengthened through the marketing communication of additional health insurance. The new website zdravstveninasvet.triglavzdravje.si with health-related topics was launched. Furthermore, the *Pazi nase* magazine was digitised and published on the website of the same name, themed electronic news was regularly published and the visibility of digital consultations with doctors was promoted.

Due to the increased volume of remote business, the entrepreneurs' interest in cyber insurance was strengthened. Other insurance products intended for corporate clients were also presented as part of various professional consultations and partnerships.

In asset management, the Triglav Skladi mobile application was launched and promoted for digital and secure business, which allows easy payments and transfers between funds.

The aim of the "I Invest in What I Believe" campaign was to monitor **the introduction of new funds** (Triglav Preudarni, Triglav Aktivni, Triglav Zeleni, Triglav Tehnologija) and target different segments of potential investors.

Corporate identity building

Triglav Lab, the technological centre and training ground of the Group's digital business, is an important communication tool for the visibility of the brand as a provider of innovative and advanced solutions. It promotes the Company's visibility also in areas such as preventive action, financial literacy and cooperation with athletes. Visitors to Triglav Lab are able to experience rescue operations after an earthquake and traffic accident, test their safe driving skills on the DRAJV simulator (young drivers can complete a safe driving course) and virtually ski jump from Planica. A total of 80 events, training courses, workshops, seminars and video recording sessions to promote insurance literacy, risk awareness, presentation of products and services were held in 2020, which were attended by over 2,000 participants in person or virtually.

For the fifth consecutive year, the Company co-created a **financial literacy** project in partnership with the team from the Moje finance magazine and with the support of the Vse bo v redu (Everything Will Be Alright) online portal, which was also launched in Serbia in 2020. Professional training events focused on the importance of life and health insurance. Young target groups learned about asset management using modern communication channels and approaches.

The corporate identity is also strengthened through Zavarovalnica Triglav's Mladi upi project and events; see [Section 12. Sustainable development and ESG aspects at the Triglav Group for more information](#) about the latter and financial literacy.



In 2020, Triglav Lab hosted over 2,000 participants in various workshops, trainings and seminars.

11.5 Adjustment to regulatory changes

Compliance with legal and regulatory changes is already being built into the planning of development activities, which also applies to marketing. Due to the greatly increased volume of digital forms of communication, in 2020 the Company actively strived to co-create good practice in personal data protection and privacy in electronic communication and to ensure a safe and healthy business environment for both employees and clients. For more information see [Section Sustainable development and ESG aspects](#), particularly [12.5](#), where compliance is also discussed.

Financial reporting continued to be adjusted to new international standards (IFRS 9, IFRS 16 and IFRS 17), in addition to implementing amended legal requirements in money laundering and terrorist financing prevention, pension and disability insurance, and laws governing insurance, the financial instruments market and integrity and corruption prevention.

The bases for liability insurance for the trial of medicinal products were revised and harmonised with the relevant EU regulation. Personal protection insurance was upgraded. The new Micromobility product was designed to comply with the expected changes in road transport legislation, which will regulate the field of special means of transport. The bases for liability insurance for insurance brokerage were adapted based on the relevant Commission Delegated Regulation and ESMA (European Securities and Markets Agency) guidelines for testing the impact of the situation in exceptional cases on the liquidity of open-end investment funds and alternative investment

funds. The Company began to adjust to regulations on sustainable business practices and to promote sustainable investment and long-term cooperation with shareholders.

Client due diligence procedures were upgraded to take into account US economic sanctions and restrictions on doing business with individuals, government organisations and legal entities with significant ties to the institutions and leaders of countries contrary to US government geopolitical interests (especially the Office of Foreign Assets Control – OFAC). EIOPA guidelines were integrated into the transfer of the implementation of important processes to external cloud service providers and into the Company's approach to the review of supervisory policies and product management. The Company also responded to EIOPA's call to take an active approach to mitigating the effects of the COVID-19 pandemic. In addition, the Company began to adapt to the regulation on sustainability-related disclosures in the financial services sector and monitored changes in tax legislation.

Furthermore, the Company implemented regulatory changes (the amended Personal Income Tax Act (ZDoh-2V)) in life insurance-related business processes (the new tax rate on life insurance income, taxation of amounts attributed to profit sharing in accordance with insurance terms and conditions and amounts that the insurer could pay to the account of the policyholder's policy).

Statement on non-financial reporting

Before the end of 2020, Zavarovalnica Triglav adopted the **Triglav Group's commitment to sustainability**, which at the umbrella level addresses the guidelines of its sustainable development more uniformly and connects it even more closely with comprehensive risk management.

In non-financial reporting, the Company integrates aspects of operations that contribute to meeting the United Nations Sustainable Development Goals using the Global Reporting Initiative (GRI) Standards, which comprehensively reflect progress in the economic, social and environmental areas. As a result, the integrated Annual Report of Zavarovalnica Triglav and the Triglav Group for 2020 is in compliance with the requirements of the EU Directive on disclosure of non-financial and diversity information by certain large undertakings and groups, which was incorporated into the Slovenian legislation in 2017. The requirements of the non-financial statement in accordance with the Companies Act (ZGD-1J) are presented in an integrated manner throughout the whole annual report as references to GRI disclosures.

- The information, described policies and results of the policies on environmental, social and human resource matters, respect for human rights, and anti-corruption and bribery matters are presented in [Section 12. Sustainable development and ESG aspects at the Triglav Group](#).
- The main risks related to the abovementioned areas are presented in the [sections Risk management, 11. Development and marketing activities](#) and [12. Sustainable development and ESG aspects at the Triglav Group](#).
- A description of the business model and the Group's value generation model is presented in [Section 2. Triglav Group and Zavarovalnica Triglav in 2020](#).
- A description of the diversity policies implemented in relation to administrative, management and supervisory bodies is presented in [Section 5. Corporate Governance Statement](#).

About the report²⁰

The Annual Report of the Triglav Group and Zavarovalnica Triglav was compiled in accordance with **International Financial Reporting Standards (IFRS)**, the **Companies Act (ZGD-1J)** and the **Insurance Act (ZZavar-1)**.

Progress made in the economic, social and environmental areas is described in the framework of the **GRI** international sustainability reporting standards. Because the report is integrated, GRI indicators are included in various sections and are evident from footnotes by adhering to the latest GRI guidelines – Global Standards (GS) and specific guidelines for the financial sector. The range of topics and disclosures is presented in the GRI Content Index at the end of the annual report.

With the adoption of the Triglav Group's commitment to sustainability, a new step was taken towards a more comprehensive definition and implementation of the sustainable development principles. In addition, progress was made in reporting, where the identification of indicators of various global standards was expanded. Thus, for the first time, an overview of the Group's compliance with the **SASB** (Sustainability Accounting Standards Board) for insurance, asset management and custody was prepared, which is also evident from the GRI Content Index and references.

Also presented are the aspects of operations with which the Group contributes to the fulfilment of the United Nations Sustainable Development Goals. The overview is included in [Section 12.1 Implementation of strategic guidelines and sustainable development goals of the Triglav Group and Zavarovalnica Triglav](#).

The content of the annual report and the data on the Group's sustainable operations are collected by the competent departments of the Company, which is responsible for reporting, in cooperation with the competent departments of subsidiaries. Reporting refers to a particular business and calendar year. The disclosures pursuant to the GRI standards mainly pertain to the parent company, but they are also being gradually implemented in the subsidiaries. The calculation methodology for individual indicators is given in the text and the notes. There were no changes to the data provided in previous reports which would significantly affect the state of affairs due to new findings or deviations. Individual minor changes are explained in the notes.²¹

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

David Benedek
Member of the Management Board

Marica Makoter
Member of the Management Board



Digital workshops and remote consultation with experts.

Remote consultation with experts was provided at the Triglav Lab digital laboratory. Among the most visited were workshops with health specialists, who advised on how to improve health and what to do in case of an illness, and answered questions.

There was particular interest in digital workshops led by Associate Professor Dr Nataša Tul Mandić, an obstetrics and gynaecology specialist from the Postojna Maternity Hospital. With her help, expectant mothers overcame many insecurities and were better prepared for childbirth and child care.



12. Sustainable development and the ESG aspects at the Triglav Group

- The Triglav Group's commitment to sustainability was adopted.
- Sustainability aspects have been incorporated into asset management. The new Triglav Zeleni sub-fund invests in socially and environmentally responsible projects and companies.
- Compared to the preceding year, the Triglav Group's organisational vitality improved by 0.12 percentage point. A survey showed that the Triglav Group responds appropriately to changes in the environment.
- The spread of COVID-19 was limited with a number of measures designed to protect the health of clients and employees, including those working from home. Preventive activities in health were also strengthened.
- For more accessible remote business, the Triglav Group enabled its clients to digitally sign and conclude some insurance policies via video identification, as well as simplified asset management and claim settlement processes with mobile applications.
- Electricity consumption was reduced by 9% at the Triglav Group and by 10% at Zavarovalnica Triglav.

12.1 Implementation of strategic guidelines and sustainable development goals of the Triglav Group and Zavarovalnica Triglav

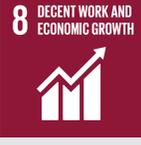
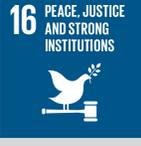
The Triglav Group understands sustainable development as the realisation of its mission by building quality and long-term relationships with key stakeholders. Therefore, its business performance has been assessed also in terms of sustainability aspects for many years.

At the end of 2020, **the Triglav Group's commitment to sustainability** was adopted as the main document that sets the direction of the Group's development in the environmental, social and governance areas (Environment, Social, Governance – ESG). In addition, the process of creating central holders and responsibilities for the comprehensive development and implementation of sustainable principles in the Group's operations continued.

In its commitment to sustainability, the Group committed itself, through its activities, to reduce uncertainty in the environment, provide its clients with financial and other security, and create sustainable value for its shareholders and other stakeholders. When designing insurance products, providing services and managing its own portfolios and clients' assets, the Group considers fundamental aspects of sustainable operations. The commitment to sustainability is available on the triglav.eu website. In 2020, preparations were underway for the entry into force of the Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial services sector.

The ESG factors and indirect economic factors are comprehensively identified and managed in accordance with the GRI standards (Global Reporting Initiative – Global Standards (GRI GS)) and by achieving the United Nations Global Sustainable Development Goals (SDGs). The table below shows the key ESG factors and their connection with main SDGs, which is shown in detail throughout the report with appendices and in this section. The annual goals and activities were defined based on key long-term aspects of the Group's impact and were fully achieved in 2020.

Presentation of key ESG factors and main SDGs at the Triglav Group:²²

Area	Activities	Main SDGs
<p>Environmental aspect (E)</p>  <p>GRI GS 302, 305, 306, G4 FS8</p>	<ul style="list-style-type: none"> Energy use and carbon footprint Paperless operations Activities for a cleaner environment Environmental responsibility with insurance products Waste <ul style="list-style-type: none"> Electricity consumption at the Triglav Group was reduced by 9% and carbon footprint by 20%. Electric vehicles account for 11% of Zavarovalnica Triglav's vehicle fleet. Employees may use company bikes and electric scooters. Promoting the use of less packaging and better waste separation. Reduced average daily paper consumption per employee at the Triglav Group from 30.2 paper sheets in 2019 to 21.9 paper sheets per day in 2020. Responsive and streamlined mass claim management using mobile applications and mobile appraisal units in the field at the time of natural disasters. A free Triglav Vreme mobile application for weather alerts. Support for projects such as City as a Lab, which builds on the establishment and development of modern and environmentally friendly forms of mobility, and the Sustainable Mobility project. Paperless operations at Triglav Lab. Lower circulation and focusing on digital forms in the preparation of marketing materials (brochures, leaflets, folders, operational printed material, etc.). Selection and purchase of products made of environmentally friendly materials (less plastic packaging) for promotional products and purchase of reusable protective masks. A stimulative premium policy for less intensive animal production, which is more environmentally friendly. Strengthening digital communication with clients. Promoting a low-carbon society by providing insurance solutions that support renewable energy sources and energy efficiency (solar power plant insurance). Reducing the pollution of mountains and raising awareness of responsible hiking in the hills/mountains and waste management in the mountains in the context of the Let's Clean our Mountains project. Promotion of mountain pasture by providing insurance of livestock during grazing on mountain pastures, which helps to preserve mountain ecosystems. 	  
<p>Social aspect (S)</p>  <p>GRI GS 203, 204, 401-405, 413, 414, 417, 418, G4 FS7, FS13, FS14</p>	<ul style="list-style-type: none"> Preventive activities aimed at reducing risks in the social environment Responsibility to clients Employee safety, health and satisfaction Responsibility to suppliers and contractors Investing in local communities and supporting sports, culture, education and health Diversity and equal opportunity <ul style="list-style-type: none"> 117 speed display signs and light signalling systems installed on dangerous road and railway sections, co-financed by Zavarovalnica Triglav. The DRAJV application and driving simulator to promote safe driving. Global client assistance 24/7, free mobile applications for claim reporting and ordering assistance services. Alternative sales channels such as the sale of insurance products via banks and leasing companies. Promotion of investing in pension funds, health insurance and health systems. An extensive sales network, also accessible in less populated areas. Points of sale equipped with aids for partially sighted and hard of hearing, most points of sale also provide independent access to people with different types of disabilities. Micro-health insurance that simplifies access to medical advice and a comprehensive range of health and life services and products. Improved net promoter score (NPS). The Young Hopes project to support young talents. Improving the organisational climate – ORVI index at 3.99. The Motorcyclists for Motorcyclists project – 1,300 motorcyclists attended accident prevention workshops over seven years. Planned employee training. Gaining knowledge about information security, personal data protection and the prevention of money laundering and terrorist financing through online training. The women employees to total employees ratio at the Group is 53.5%. Equal remuneration of employees for equal work regardless of gender. Full "Family-Friendly Enterprise" Certificate at Zavarovalnica Triglav. Active identification, reduction and management of risks in occupational health and safety. A programme for raising employees' awareness about a healthy lifestyle and the provision of preventive health examinations are in place. Partnerships with local suppliers in the Adria region. A wide range of insurance products for micro, small and medium-sized enterprises. A stimulative premium policy for young farmers, which contributes to the promotion of young farmers setting up an agricultural holding, the preservation of settlement and larger land cultivation in the countryside. Agricultural insurance products with municipal and state premium co-financing which are available to a broad range of farmers. Development partnerships with the start-up environment and entrepreneurs. Increasing the level of insurance coverage in the emerging insurance markets in the Adria region. 	  
<p>Governance aspect (G)</p>  <p>GRI GS 201, 202, 205, 206, 406, 412, 419</p>	<ul style="list-style-type: none"> Stable and profitable operations High standards of corporate governance Diversity and remuneration of the Management Board Effective risk management Active investor relations management policy Fair business practices Non-discrimination and respect for human rights in operations <ul style="list-style-type: none"> The governance system and policy of Zavarovalnica Triglav and the governance policy of the Triglav Group's subsidiaries. The diversity policy, which ensures gender balance and representation of various age groups in the Management Board, in addition to appropriate qualifications, experience and know-how. Corporate Governance Code for Companies with Capital Assets of the State. Consistent implementation of the Anti-Corruption Policy and the Triglav Group Code in order to implement the principles of fair and ethical conduct, prevent corrupt practices, manage conflicts of interest and insurance fraud, prevent money laundering and terrorist financing, and ensure consumer protection and competition. Transparent, active, equal and open cooperation with investors at events held for institutional investors in Europe and the US, meetings, conference calls and other contacts. 	  

²²GRI GS 102-47

Commitments to external initiatives²³ and membership of associations²⁴

The Triglav Group voluntarily participates in initiatives that promote business practices that are ethically, environmentally, socially and economically sustainable. The main professional conduct standards at Zavarovalnica Triglav are implemented in the context of the Insurance Code of the Slovenian Insurance Association, as well as by following the recommendations of the Slovenian Consumers' Association for improving financial literacy.

The Company is active in the European Institute of Compliance and Ethics (EICE) and the Corporate Ethics and Transparency Committee of the American Chamber of Commerce. As one of the first Slovenian signatories of the Declaration on fair business practices, Zavarovalnica Triglav committed itself to implementing fair business practice programmes and raising awareness of them. The Company is also a member of Transparency International Slovenia and a signatory of the Commitment to respect human rights in business (see Section 12.5 Fair business practices for more information). The Group members integrate the parent company's commitments in their operations or directly adopt similar commitments and initiatives.

The Company is a member of numerous associations in Slovenia. It actively participates in the Slovenian Insurance Association and its committees, the Chamber of Commerce and Industry of Slovenia and other local and interest chambers, the AmCham Slovenia and its committees. The Company's representatives are also members of several international industry and professional associations operating particularly in finance, actuarial science and compliance (the Slovenian Directors' Association, the Managers' Association of Slovenia, the Association of Employers of Slovenia, the European Institute of Compliance and Ethics, the Slovenian Association of Actuaries and the Institute of Internal Auditors – IIA Slovenia). The Group members are members of industry and professional associations in individual countries where they operate.



Awards and prizes in 2020

- **Trusted Brand 2020:** For the fourteenth consecutive year, Zavarovalnica Triglav was awarded the most trusted brand in the “insurance companies” category.
- **Slovenian Advertising Festival (SOF):** Triglav Lab received the Silver Award in the Branded Content – Experiences category.
- **WEBSI 2020:** Zavarovalnica Triglav achieved 1st place in the Digital Tools category for the i.triglav web office, 2nd place for underwriting applications in the e-Commerce category, 2nd place for the project Vozim se – Ponovno na izpitno vožnjo (I'm driving – retaking the driving test) in the Content Marketing category and 3rd place for the revamped website triglav.si in the Financial Sector and Website categories.
- **ARC Awards:** Zavarovalnica Triglav received the Gold Award for content design, the Silver Award for a photographic story and the Bronze Award for the interactive online annual report of the Triglav Group and Zavarovalnica Triglav for 2019.
- **The best annual report:** *Finance* newspaper, in cooperation with the Finance Academy, awarded Zavarovalnica Triglav with the main prize for the best annual report among financial institutions and the awards for the best annual report in the Business Analysis and Planning category and the Communication category.
- **IADA Awards:** The IADA Awards jury awarded Zavarovalnica Triglav two Gold awards for the integrated annual report of the Triglav Group and Zavarovalnica Triglav for 2019.
- **Gold Quill:** Zavarovalnica Triglav received an award for communication excellence in the Publications category for the digital edition of the annual report of the Triglav Group and Zavarovalnica Triglav for 2018.

The *Retaking the driving exam* project as part of Vozim se won second place at Websi 2020 in the Content Marketing category.

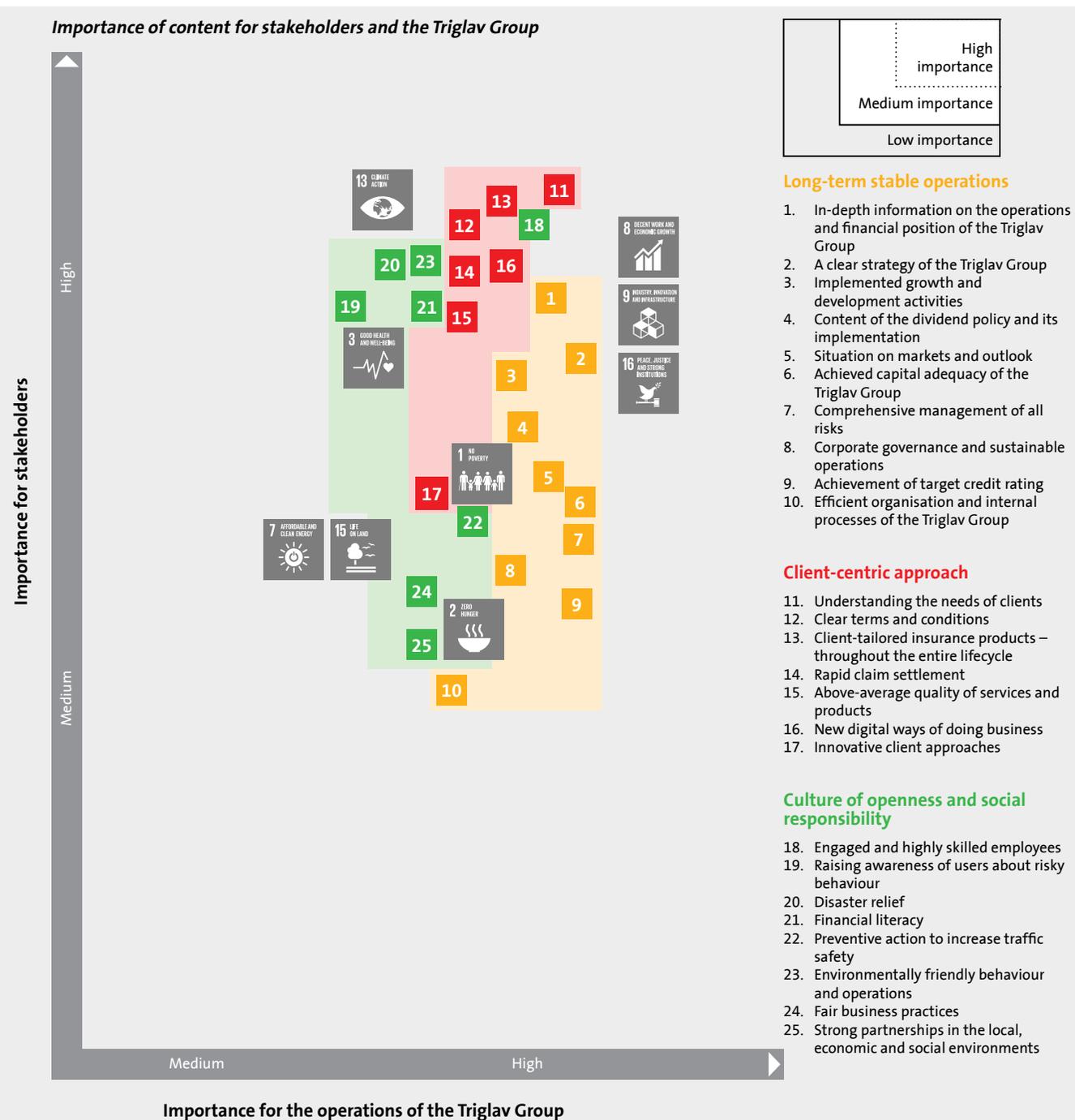
12.2 Key stakeholders²⁵

The Group's key stakeholders are **clients or policyholders, employees, shareholders or investors, state and supervisory bodies, local communities, suppliers and the media**. Mutual trust and understanding are strengthened by proactively engaging individual stakeholder groups.

Their needs and interests are monitored by **analysing stakeholders and the materiality of content** for them. The last analysis was conducted in 2019, when the results from quantitative research were verified with employee focus groups and in-depth interviews with clients. The interests of investors or shareholders are regularly monitored by analysing the data captured through personal contact and their questions and interests expressed at investor conferences and general meetings of shareholders.

The interests of key stakeholders are identified through **regular monitoring** of the mix of mutual relationships at the strategic and operational levels. In doing so, the Company measures reputation, satisfaction and NPS (Net Promoter Score), implements the regulators' requirements and recommendations, analytically monitors complaints, compliments and daily contact with investors and clients, as well as communicates and stays in regular contact with the media, etc. In 2020, great communication efforts were devoted to identifying the needs, problems and solutions in remote business with clients, as engagement with clients moved to digital channels due to the protection measures during the COVID-19 pandemic. See [Section 12.5 for more information](#).

The findings obtained from the described activities were again taken into account as much as possible in the operations and development of products and services. On their basis, the schematic presentation of the importance of content for stakeholders and for the Triglav Group was updated (below).



²⁵ GRI GS 102-40, 102-42, 102-43, 102-44

Highlighted topics and methods of stakeholder engagement

Stakeholders	Material topics/interest	Engagement method	Engagement results
Clients/policyholders	<ul style="list-style-type: none"> Understanding the needs of clients Rapid claim settlement Innovative financial/insurance products and services Client-tailored insurance products – throughout the entire lifecycle Profitability in economic stability of the insurance company Clear terms and conditions Quality insurance and financial products and services Quality broad range of assistance services Socially and environmentally responsible operations of the company Financial literacy New digital ways of doing business and an easy-to-use online presentation of products/services Raising awareness of users about risky behaviour 	<ul style="list-style-type: none"> Personal contact with insurance experts, asset managers Detection of complaints and praise and responding thereto Email Telephone conversations Opinion polls and surveys Websites, blogs and e-newsletters Social networks Mobile applications Marketing communication 	<ul style="list-style-type: none"> 417,032 telephone conversations in Zavarovalnica Triglav's call centres 178,651 replied electronic messages in Zavarovalnica Triglav More than 22 thousand subscribers to the newsletters Vozim se (I'm driving) and Vse bo v redu (Everything Will Be Alright) 39,000 users of i.triglav web office More than 137 thousand regular users of the Vse bo v redu portal and more than 15 thousand regular users of the Vozim se portal Improved client satisfaction in all Group members, improved NPS of Zavarovalnica Triglav by 10.7 index points 295,791 processed claim files by Zavarovalnica Triglav, of which 250,529 were newly registered in 2020 2,941 complaints and 50 compliments at Zavarovalnica Triglav. The share of complaints (with respect to the number of processed claim files) was 0.99%²⁶
Employees	<ul style="list-style-type: none"> Internal culture of cooperation Rewarding of performance Personal and professional development Career advancement system Information about important milestones and changes in the Company Business strategy Work-life balance Education and additional training Safety and health at work Employee loyalty 	<ul style="list-style-type: none"> Management participation (the works council, trade unions, employee representatives in the supervisory boards) Career development and training system Measurement of organisational vitality Opinion polls and surveys Triglav.smo programme In-house print and online media In-house events, professional training, sports and recreational events Personal contact Email Telephone conversations 	<ul style="list-style-type: none"> ORVI index at 3.99 – an improvement of 0.12% 23% of employees are members of the Triglav Group mountaineering and sports clubs Supplemental pension insurance for 59% employees of the Group and 96% of the Company The group insurance package Comprehensive medical care (Celostna zdravstvena oskrba – CZO), in which 73% of all employees of the Group and 83% of the parent company are included 40 training hours per employee at Zavarovalnica Triglav
Shareholders/investors	<ul style="list-style-type: none"> Clear business strategy In-depth information on the operations, financial position and plans of the Group Financial efficiency, capital adequacy Implemented growth and development activities Dividend policy and return Situation on markets and outlook Comprehensive management of all risks Corporate governance and sustainable operations Achievement of target credit rating Efficient organisation and internal processes within the Group 	<ul style="list-style-type: none"> General Meetings of Shareholders Sessions of the Supervisory Board and its committees Public announcements on the Ljubljana Stock Exchange SEOnet online portal Corporate website Presentation for Investors Investor conferences, individual meetings, conference calls Email Opinion polls and surveys 	<ul style="list-style-type: none"> 12,982 shareholders 83.06% of all voting rights at the regular General Meeting of Shareholders 8 events held for investors 29 publications of controlled information (in Slovenian and English) Available financial calendar and calendar of events for investors
State and supervisory bodies	<ul style="list-style-type: none"> Ensuring capital adequacy Safety of policyholders and/or users of insurance services Efficient risk management system Compliance of operations and insurance and financial services and products Complying with all obligations of a public company Responsible and sustainable operations 	<ul style="list-style-type: none"> Regulatory reporting (to the Insurance Supervision Agency, the Securities Market Agency) Regular reviews by inspection and supervisory bodies Audits by certified auditors 	<ul style="list-style-type: none"> 8 inspections in the field of personal data protection at the Triglav Group 763 insurance fraud cases confirmed out of 1,331 reported cases of suspected fraud (up by 13% relative to 2019)
Suppliers	<ul style="list-style-type: none"> Long-term cooperation Reliable and timely payments Upgrading the existing cooperation Delivery times, prices of services and goods Delivery of environmentally friendly material Paperless operations 	<ul style="list-style-type: none"> Public tenders and competitions Working meetings Email and electronic operations Telephone conversations 	<ul style="list-style-type: none"> 311 completed forms Supplier Compliance Assessment and Sustainable Business Operations, with which suppliers confirmed that they respect the rights of employees, human rights and environmental legislation
Local and broader communities	<ul style="list-style-type: none"> Traffic safety Fire safety Health protection and care Co-development of projects in the areas of culture, sport, prevention, health, art, charity Infrastructure investments Access to insurance services for people with various disabilities Insurance and financial literacy Fair business practices Disaster relief 	<ul style="list-style-type: none"> Partnerships with non-profit organisations and educational institutions and execution of joint projects Joint projects with local communities, particularly in traffic safety Funds allocation system for sponsorships and donations Cooperation with local decision-makers Email Telephone conversations 	<ul style="list-style-type: none"> 117 speed display signs and light signalling systems installed on dangerous road and railway sections, co-financed by Zavarovalnica Triglav. Support for 101 young talents in eight years of the Young Hopes project, to which EUR 401,000 was allocated 1,300 motorcyclists attended safe driving workshops A total of 80 events, training courses, workshops, seminars and video recording sessions to promote insurance literacy, risk awareness, presentation of products and services were held, which were attended by over 2,000 participants in person or virtually 17 sponsored top athletes in Slovenia EUR 3.3 million for prevention activities, EUR 3.8 million for sponsorships and EUR 666,000 for donations 150 automatic fire extinguishing ampoules delivered to 52 mountain huts
Media	<ul style="list-style-type: none"> Transparent information about the operations, events and changes in the Triglav Group Information about insurance and financial products and services Cooperation with the local community and the community at large Development and general insurance topics Professional insurance and financial topics 	<ul style="list-style-type: none"> Press releases and statements Meetings with media representatives Answers and explanations Email Telephone conversations Websites 	<ul style="list-style-type: none"> 69 press releases by Zavarovalnica Triglav 194 answers to the questions of the press by Zavarovalnica Triglav 5,942 publications related to key topics about the Triglav Group in the media

12.3 Economic aspects²⁷

Economic performance as a precondition for sustainable long-term operations is defined by strategic objectives at all levels. The condition for its achievement is effective management of risks, which are fully understood and include non-financial risks. Reporting on economic performance is included in several sections of the Annual Report, as seen in the footnotes and GRI Content Index.

The Triglav Group's economic value distributed, which shows the volume of generated assets distributed among stakeholders, totalled EUR 1,179.2 million in 2020 and was lower due to non-payment of dividends to shareholders. Its structure by value and share is presented in the table below.

Economic value distributed of the Triglav Group in EUR million

	2020	2019	2018	Index	
				2020/2019	2019/2018
Economic value generated	1,274.9	1,292.4	1,107.7	99	117
Economic value distributed	1,179.2	1,245.6	1,069.3	95	116
- Net claims incurred and other insurance expenses	814.3	838.4	636.9	97	132
- Expenses from financial assets	36.7	21.9	64.9	167	34
- Other expenses	22.9	23.5	17.4	97	135
- Operating costs	119.5	120.2	118.4	99	102
- Dividend payments	0.0	56.8	56.8	0	100
- Tax expense (income tax expense)	17.2	17.1	16.6	101	103
- Community investments (prevention activities, donations, sponsorships)	7.8	7.4	6.3	105	117
- Employee wages, allowances and benefits	160.7	160.3	152.1	100	105
Economic value retained	95.7	46.8	38.3	204	122

The Group holds the leading position among insurance/financial groups in the Adria region. Its market position in individual markets is presented in the [sections 2.7.2 Insurance](#) and [7.4 The Triglav Group's operations in the Adria Region](#).

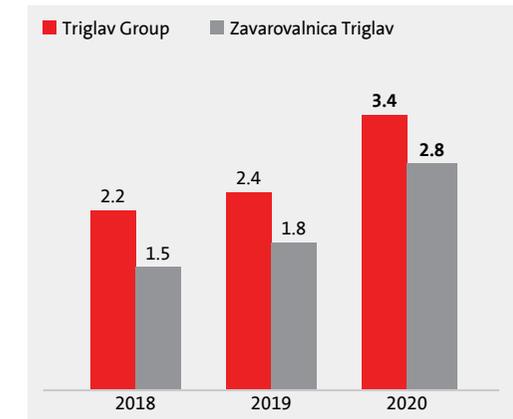
Indirect economic impacts of the Group primarily include investments in prevention, sponsorships and donations, as well as investments in infrastructure at national and local levels. Their content is defined based on:

- sponsorships and donor partnerships and participation in investments in prevention;
- the needs identified in local environments by the Group's subsidiaries and business units;
- direct contact with local communities;
- performance analyses, especially risks and claims experience, published data of specialised organisations and institutions;
- market research and public opinion polls.

Investments in prevention²⁸

Investing in prevention programmes enables the insurance industry to have an important economic and social impact by reducing risks; these programmes are also prescribed by law. Investments in prevention are described in detail in [Section 12.4 Social aspects](#). In the year of increased risks, the volume of investments in prevention was significantly strengthened at the level of both the parent company and the Group.

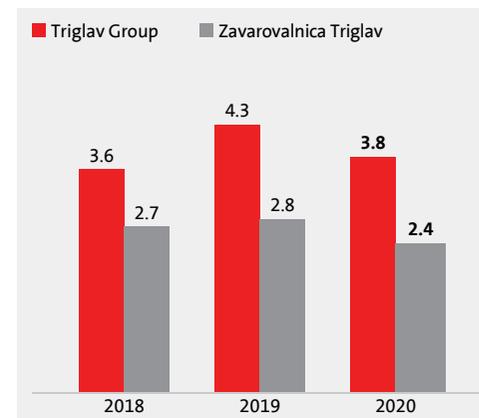
Funds allocated to preventive activities of the Triglav Group and Zavarovalnica Triglav in EUR million



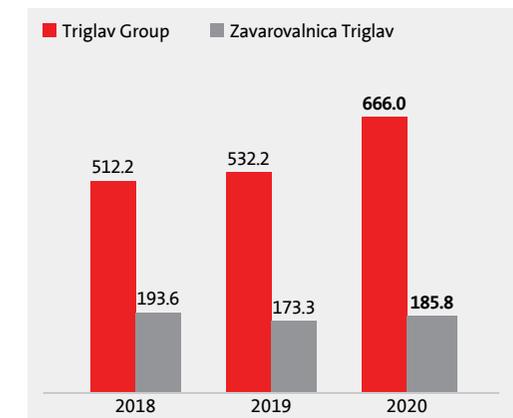
Sponsorships and donations²⁹

The situation related to the COVID-19 pandemic and the cancellations of some events are also reflected in the changed structure of funds earmarked for sponsorships and donations. The share of sponsorships fell (index 88), whereas the share of donations increased by 25%. Most donations were made for medical and humanitarian purposes.

Funds for sponsorships of the Triglav Group and Zavarovalnica Triglav in EUR million



Funds for donations of the Triglav Group and Zavarovalnica Triglav in EUR thousand



Infrastructure investments

As part of the long-term campaign **Children of Triglav**, the playground in Stanko Bloudek Park in Idrija was renovated. Over nine years, 27 playgrounds were renovated and more than 20 new playgrounds were built for children, adolescents and families, providing them with quality leisure time.

Renovated
Stanko Bloudek Park,
Photo: Damijan Bogataj,
Idrijske novice

In Serbia, with the same purpose, funds were provided for the construction of basketball courts in the municipalities of Bač, Medvedja, Kruševac and Pančevo.



Procurement practices³⁰

In 2020, the procurement process at Zavarovalnica Triglav was improved with **upgraded standardised software for procurement**, supported by an analytical module and a module for more comprehensive management of the agreement management process. The tool increases the transparency of operations and the management of procurement procedures, while reducing operational risks associated with non-compliance with good business practices.

Only suppliers included in the list of the **Company's potential suppliers** may participate in procurement procedures that include the Strategic Procurement Department. It is designed based on the assessment of the suitability of suppliers, i.e. on assessed risks. Upon registration in the Purchasing Portal of Zavarovalnica Triglav, all suppliers must undergo the supplier compliance assessment and the sustainable business operations assessment, which are repeated after one year. *The supplier compliance assessment* is intended to assess the risks of corrupt practices, conflicts of interest and political exposure, while *the sustainable business operations assessment* is used for the suppliers to show that they respect human rights, ensure a safe and healthy work environment for their employees and workers who work for them based on other forms of employment (at least in accordance with the applicable legislation), comply with Slovenian legislation and international human rights documents and implement the requirements of environmental legislation.

A total of 311 suppliers were included in the list of potential suppliers in 2020, which were assessed in terms of GRI indicators (the environmental and governance aspects). In this way, the potential suppliers database can be easily and promptly monitored and managed, which at the same time

enables the Company to make an assessment more easily in terms of risk to Zavarovalnica Triglav's reputation and sustainable operations.

Locally-oriented procurement³¹

The Group members procure the majority of materials and services on their local markets. Where possible and reasonable, some of the same types of materials, raw materials and services were procured centrally and more favourable purchasing terms and conditions were achieved. **The minimum standards for the procurement process at the Triglav Group level** were being implemented in the Group members.

The Slovenian market is Zavarovalnica Triglav's local market, where most procurements are made, thus the share of suppliers outside the local market is less than 10%. The broader market trends in key procurement groups, such as IT, property management, general procurement, intellectual services, marketing, labour and general affairs, are regularly monitored. The Company seeks offers outside the local market only when it is economically feasible or there is no supplier in the market for the goods or services in demand.

Protection of competition³²

The Group follows the rules of consumer protection and competition and good business practices in its operations, product development and marketing; in doing so, it respects the protected interests of its competitors. Care is taken that the supplier selection procedures are transparent and comply with fair competition rules. The Group denounces any arrangements with competitors, which could lead to restrictive practices, and ensures that no marketing purposes or preferences are revealed in its communication with competitors. Any information on competitors is gathered solely in compliance with the law.

³⁰ GRI GS 102-9, 103-1, 103-2, 103-3, 414-1 | ³¹ GRI GS 103-1, 103-2, 103-3, GS 204-1 | ³² GRI GS 103-1, 103-2, 103-3, 206-1

Marketing communication is reported in [Section 12.5](#). As the company holding the leading position, Zavarovalnica Triglav takes great care not to abuse its power in individual markets. Zavarovalnica Triglav was not informed of any legal actions filed for violating the competition protection laws against the Company or any Group member before the Slovenian Competition Protection Agency or any competent supervisory bodies in other countries where the Group members operate.

Remuneration of insurance agencies and their sales staff

The Triglav Group cooperates with more than 1,400 contractors.³³ Before signing an agreement with a new contractor, the standardised selection procedure is carried out, while the business results of existing contractors are regularly monitored and measures are taken for enhancing cooperation and improving sales.

As at the 2020 year-end, the Company cooperated with 457 contractual partners registered as insurance agents (roadworthiness test providers, car dealers, leasing companies, banks, travel agencies, life and non-life insurance agencies). Non-life insurance agencies are classified based on the following criteria: exclusivity, written premium, size of the area of operation, insurance product range and the fulfilment of planned obligations. When awarding a bonus, the Company takes into account the fulfilment of monthly targets and the renewability and growth of the insurance portfolio. The commission rate of contractors selling life insurance products depends on exclusivity, portfolio trend, client loyalty index and the effectiveness of maintaining the portfolio. Contractors are also rewarded for exceeding the annual non-life and life insurance sales targets (volume bonus). Three campaigns for a one-time additional reward of contractors were carried out in 2020.

When entering into new agreements with agencies, priority is given to exclusive sales, as insurance distributors can offer policyholders a comprehensive range of products of the Group members. In 2020, e-learning for contract insurance distributors was held, thus enabling them to gain new knowledge and obtain certificates in accordance with the respective Insurance Supervision Agency's decision.

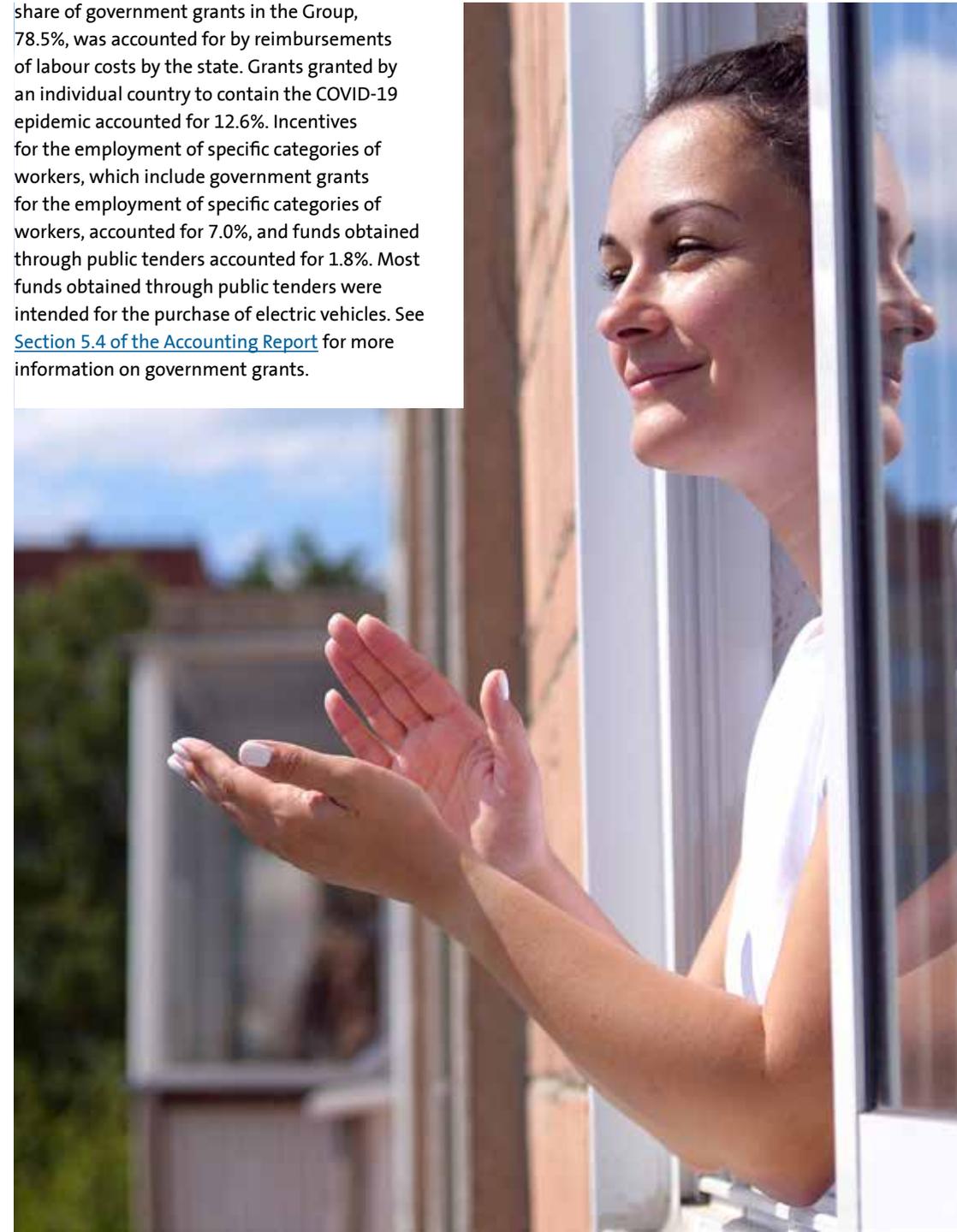
In markets outside Slovenia, the Group members cooperate with over 950 contractors (agencies, roadworthiness test providers, leasing companies, car dealers and banks). In the reporting year, they continued to expand partnerships, mainly with banks and car dealers. New partnerships with banks were thus established in Montenegro, Croatia, North Macedonia, and Bosnia and Herzegovina. The number of agencies and brokers increased, especially in Serbia and Croatia. Due to the COVID-19 pandemic, a lot of attention was paid to the development of sale to retail clients and the bonus schemes were upgraded with additional incentives. Several additional alternative sales channels were introduced.

In awarding a bonus, linear bonus schemes are used, which are upgraded with bonus commissions depending on the value of insurance policies, financial discipline and the claims ratio. Premium rates are universal (regardless of whether an insurance policy is new or renewed), whereas exclusive partnerships are additionally rewarded with benefits.

Government grants and other forms of government assistance³⁴

The Triglav Group received EUR 3.0 million in 2020, of which Zavarovalnica Triglav received EUR 2.1 million in government grants and other forms of government assistance. The largest

share of government grants in the Group, 78.5%, was accounted for by reimbursements of labour costs by the state. Grants granted by an individual country to contain the COVID-19 epidemic accounted for 12.6%. Incentives for the employment of specific categories of workers, which include government grants for the employment of specific categories of workers, accounted for 7.0%, and funds obtained through public tenders accounted for 1.8%. Most funds obtained through public tenders were intended for the purchase of electric vehicles. See [Section 5.4 of the Accounting Report](#) for more information on government grants.



12.4 Social aspects

12.4.1 Responsibility to employees³⁵

The human resource management policy of the Triglav Group aims to create a stimulating, development-oriented environment with engaged, healthy and satisfied employees. Thus, the Group is able to reach ambitious strategic and business objectives. In addition to the development and care for existing employees, new hires are carefully selected and onboarded. Employees are provided with opportunities for personal growth, development and career advancement. The Company values new knowledge, digital skills and cooperation, as well as promotes innovation, multiculturalism, and transfer of experience and knowledge through intergenerational cooperation.

Strategic human resource management guidelines and the recruitment policy

- A uniform organisational culture of the Triglav Group is being created, which supports the achievement of strategic objectives by pursuing corporate values, rules, methods of implementing processes, behaviour and methods of work of employees. The uniform organisational culture is based on constructive behaviour, teamwork, initiative, responsibility and cooperation. The desired organisational culture and engaged, healthy and satisfied employees help to build a reputable employer brand.
- The focus is on standardising employee management processes within the Group by implementing minimum standards and transferring good practices.

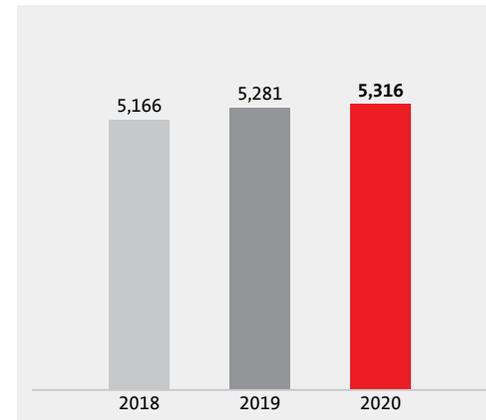
- The Company acquires, develops and retains the best employees, improves selection processes and promotes mobility both within an individual Group member and at the Group level. Onboarding and introductory mentoring has been established for new hires and development mentoring has been set up for promising employees, in addition to fostering intergenerational cooperation.
- Know-how is upgraded in all areas of work and the competencies necessary for the effective achievement of individuals' goals are developed on an ongoing basis. Employees are constantly trained in digital technologies and sales skills. In 2020, the main competency – responsibility was strengthened at the Group level.
- Special attention is paid to key and promising employees and all leaders. A licensed management system was developed, which will be introduced in 2021.
- The human resource information system (Gecko HRM) was launched in 2020 in Slovenian subsidiaries and began to be implemented in two other Group members outside Slovenia.

12.4.1.1 Recruitment and employee structure³⁶

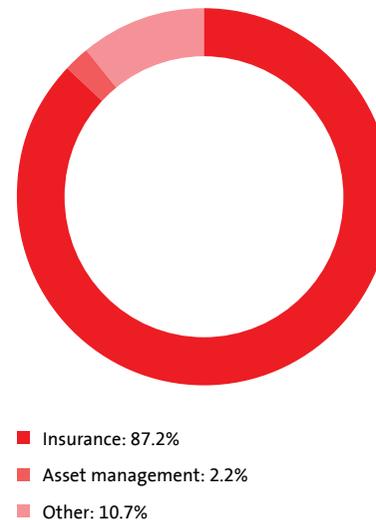
The Triglav Group had 5,316 employees as at 31 December 2020, an increase of 35 relative to the preceding year. Employment was strengthened mainly at Triglav Osiguranje, Belgrade, Triglav Osiguranje, Zagreb and Triglav, Zdravstvena zavarovalnica.

A total of 87.2% of all employees worked in the insurance activity, up by 0.2 percentage point compared to the year before. Employees in asset management activity, whose share decreased by 0.2 percentage point, represented 2.2% of all employees; the share of employees in other activities remained the same.

The number of employees in the Triglav Group as at 31 December

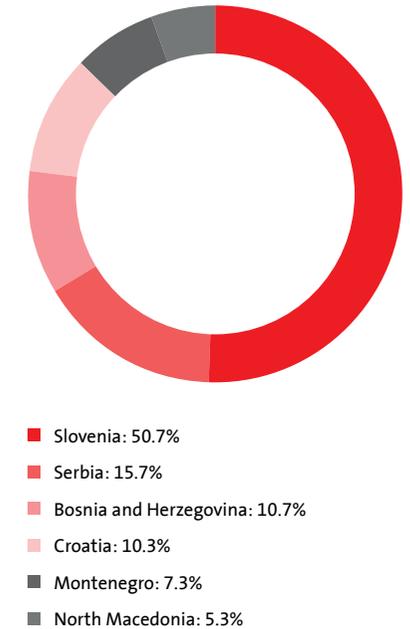


Employees by activity of the Triglav Group as at 31 December 2020

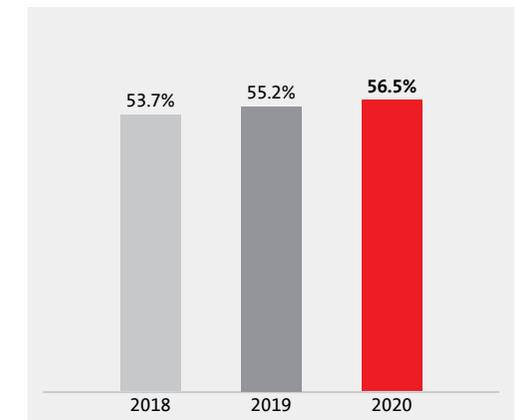


A total of 50.7% of all employees of the Group are employed in Slovenia, up by 0.5 percentage point relative to the preceding year.

Employees by market of the Triglav Group as at 31 December 2020



Proportion of employees at the Triglav Group with at least level VI education according to the Bologna study programmes as at 31 December



³⁵ GRI GS 103-1, 103-2, 103-3 | ³⁶ GRI GS 102-7, 102-8

The turnover rate³⁷ declined in both the Triglav Group and Zavarovalnica Triglav; it was 11.7% in the Group (compared to 14.4% in 2019) and 3.4% in the parent company (compared to 5.4% in 2019). Most leavers were aged between 26 and 35 years and above 56 years due to retirement, while the majority of new hires were aged between 26 and 40 years.

The average age of employees in the Group slightly dropped to 44.05 years (compared to 44.06 years in 2019); in the parent company it was 46.33 years (compared to 45.89 years in 2019). The average age of Zavarovalnica Triglav's Management Board members was 47.67 years.³⁸ In Slovenia, senior management is hired from the local community, as is the majority of senior management in the markets outside Slovenia.³⁹

The composition of employees by gender remained unchanged, with the share of women standing at 53.5%. The proportion of women among the members of the Management Board of Zavarovalnica Triglav was 33.3%.⁴⁰ In all employee categories, activities and countries where the Group operates, the basic salary of men and women is equal.⁴¹

A total of 90.7% of employees in the Group were employed under the collective agreement (compared to 91.1% in 2019) and 91.4% in the parent company (compared to 92.1% in 2019). The remaining 9.3% were employees with individual agreements.⁴² Benefits are the same for all employees, be it permanent full-time employees, fixed-term employees or part-time employees.⁴³

Employees at the Triglav Group and Zavarovalnica Triglav by type of employment (full-time, part-time) as at 31 December 2020⁴⁴

Type of employment	Triglav Group						Zavarovalnica Triglav					
	2020		2019		2018		2020		2019		2018	
	Number	Percentage	Number	Percentage	Number	Percentage	Number	Percentage	Number	Percentage	Number	Percentage
Part-time	251	4.7	267	5.1	295	5.7	77	3.4	91	4.0	91	4.0
Full-time	5,065	95.3	5,014	94.9	4,871	94.3	2,167	96.6	2,162	96.0	2,199	96.0
Total	5,316	100.0	5,281	100.0	5,166	100.0	2,244	100.0	2,253	100.0	2,290	100.0
Fixed-term	779	14.7	793	15.0	655	12.7	49	2.2	46	2.0	35	1.5
Permanent	4,537	85.3	4,488	85.0	4,511	87.3	2,195	97.8	2,207	98.0	2,255	98.5
Total	5,316	100.0	5,281	100.0	5,166	100.0	2,244	100.0	2,253	100.0	2,290	100.0

Employees at the Triglav Group and Zavarovalnica Triglav by age and gender as at 31 December 2020⁴⁵

Age group	Triglav Group						Zavarovalnica Triglav					
	2020		2019		2018		2020		2019		2018	
	Number	Percentage	Number	Percentage	Number	Percentage	Number	Percentage	Number	Percentage	Number	Percentage
From 18 to 19	4	0.1	5	0.1	5	0.1	0	0.0	0	0.0	0	0.0
From 20 to 25	138	2.6	135	2.6	116	2.2	17	0.8	16	0.7	17	0.7
From 26 to 30	389	7.3	403	7.6	397	7.7	100	4.5	115	5.1	121	5.3
From 31 to 35	588	11.1	622	11.8	645	12.5	191	8.5	202	9.0	224	9.8
From 36 to 40	813	15.3	786	14.9	780	15.1	285	12.7	288	12.8	297	13.0
From 41 to 45	909	17.1	923	17.5	905	17.5	409	18.2	403	17.9	422	18.4
From 46 to 50	852	16.0	878	16.6	829	16.0	413	18.4	446	19.8	434	19.0
From 51 to 55	803	15.1	766	14.5	749	14.5	451	20.1	437	19.4	434	19.0
56 and over	820	15.4	763	14.4	740	14.3	378	16.8	346	15.4	341	14.9
Total	5,316	100.0	5,281	100.0	5,166	100.0	2,244	100.0	2,253	100.0	2,290	100.0
Gender												
Men	2,472	46.5	2,456	46.5	2,470	47.8	1,114	49.6	1,116	49.5	1,128	49.3
Women	2,844	53.5	2,825	53.5	2,696	52.2	1,130	50.4	1,137	50.5	1,162	50.7
Total	5,316	100.0	5,281	100.0	5,166	100.0	2,244	100.0	2,253	100.0	2,290	100.0

Gender diversity by different categories at the Triglav Group and Zavarovalnica Triglav as at 31 December 2020 (%)⁴⁶

Triglav group	Share (%)			Index	
	2020	2019	2018	2020/2019	2019/2018
Women employees to total employees ratio	53.5	53.5	52.2	100	102
Proportion of women at the first management level under the Management Board	45.8	46.9	47.2	98	99
Proportion of women at first and second management levels under the Management Board	42.1	43.5	42.2	97	103
Women in management to women employees ratio	73.5	75.2	73.8	98	102
Zavarovalnica Triglav					
Women employees to total employees ratio	50.4	50.5	50.7	100	99
Proportion of women on the Management Board of Zavarovalnica Triglav	33.3	33.3	40.0	100	83
Proportion of women on the Supervisory Board of Zavarovalnica Triglav	0.0	11.1	11.1	0	100
Proportion of women at the first management level under the Management Board	25.9	32.1	33.3	81	96
Proportion of women at first and second management levels under the Management Board	37.9	36.8	35.7	103	103
Women in management to women employees ratio	74.7	72.4	70.9	103	102

12.4.2 Employee training and development⁴⁷

Education and training

Through the education and training of employees, knowledge is provided for the achievement of the Group's strategic objectives. High-quality training courses provided to employees also during the COVID-19 pandemic, but in a modified form as of March 2020. **The manner of organising training courses was adapted** and during the year all training programmes were transferred to MS Teams and other similar online applications.

Most training courses were held in-house (53% as interactive webinars, 32% online via the eCampus portal and 15% in the traditional form). The emphasis was on insurance topics, training in business communication and various business, financial and legal topics. Due to the transition to remote business, the Company held several **training courses in digital skills** and courses on how to use various applications and tools (MS Teams, e-pen, digital signature) and provided educational content on the importance of using social networks in sales. An emphasis was also placed on **maintaining the health and stability of employees in the uncertain situation** brought about by the pandemic. To support employees, **new educational content** was provided on personal relationships during self-isolation and emotional intelligence in crisis management, and a lecture for parents and a lecture on proper movement while working at the office and at home were held.

Insurance agents continued to attend the **Sales Academy**, while their supervisors attended the **Sales Management Academy**. As part of transforming the organisational culture, educational programmes for the development of leaders continued to be carried out by introducing the strengths-based leadership concept. Three teams of trained coaches were joined by a new

group consisting of in-house coaches from various Group members. At the parent company, the **School of Leadership** took place as a series of webinars for new leaders, while new educational programmes were designed to help with remote leadership (Leading hybrid teams, Leading people we can't see, A macroeconomic perspective on the COVID-19 consequences).

Over 1,100 employees of the parent company requiring an authorisation to conduct insurance agency business (i.e. a license) were provided educational content in order to complete the required **20 teaching hours of training** per year. In accordance with the recommendation of the Insurance Supervision Agency, a compulsory final exam was introduced for webinar participants.

More extensive training programmes included: the DIMAQ (digital marketing qualification) training programme, the Train the Best Trainer training programme, the ResQ and QRadar workshops and the Guardium training, and a preparatory course for obtaining an authorisation to conduct insurance agency business.

Promising employees of the most recent generation were able to participate in the training event Knowledge Matters organised by the Centre of Business Excellence at the School of Business and Economics. As part of **TIBA Alumni** (Triglav International Business Academy), a training meeting **Staying in touch when out of reach** was held for all promising employees. Specialised in-house training was provided to employees of subsidiaries, which took place for the tenth year in a row. It was called **Triglav Autumn & Winter School 2020**, and it connected 36 participants and 38 mentors. A training programme was developed for remote mentoring for mentors, while mentees participated in the training course entitled How to come up with new solutions by thinking outside the box.

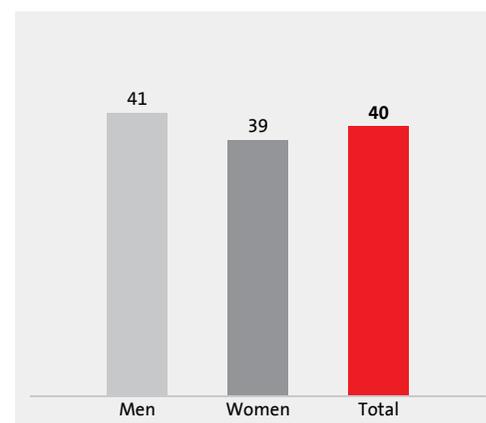
Employees from the Group members also participated in in-house training programmes. In total, employees from the Group members attended **4,613** hours of training organised by the parent company.

Apart from that, **employees at external points of sale** participated in various online training courses, which focused on insurance products and consumer protection.

The Group's online training focused on specialised topics of insurance business and sales skills, occupational safety and health, and preparation for obtaining a license. In the field of information security, personal data protection and the prevention of money laundering, Zavarovalnica Triglav employees' training lasted a total of 3,219 teaching hours via the eCampus portal, i.e. 18.1% of time of all types of training or 52.4% of online training at Zavarovalnica Triglav.⁴⁸

Investments in the training programme at the Group amounted EUR 1.5 million (index 69). The lower training costs are the result of a smaller

The average number of functional training hours in Zavarovalnica Triglav in 2020 by gender⁴⁹



number of external training courses and webinars, which also reduced some indirect costs.

The majority of employees participating in training were aged between 26 and 30 years, whereas those over 56 years were the fewest in number. Men participated in training on average two hours more than women.

Employees are encouraged to continue their **formal education** at all times. Full or partial funding of work study was provided to 130 employees of the Group. Scholarships were provided to 27 high school and university students, while obligatory work placement was provided to 36 high school and university students despite the pandemic-related measures. Cooperation with faculties continued and the Company presented its activities to high school and university students on several occasions. A total of 30 young employees completed traineeship under the guidance of mentors.

Management by objectives and development of competences⁵⁰

A total of 70% of employees at the parent company are included in the management-by-objective system, which is also implemented in various forms in most other companies in Slovenia. Insurance subsidiaries outside Slovenia introduced management by objectives for anyone whose remuneration is not based on the commission system. Management by objectives is used to monitor employees' performance, provide them with feedback and motivate them. Employees are rewarded for the achievement of their objectives, which are set together with their supervisor during the annual interview (the top-down approach) and monitored at quarterly interviews. Employees in insurance sale are subject to the already described commission-based remuneration.

The competency model is integrated into annual development interviews by defining individual competency profiles and development activities. The development of employees' competencies is planned based on the performance of tasks and duties as well as the current and anticipated requirements.

The competencies and development potential of employees in several Group members are assessed using the DNLA (Discovery of Natural Latent Abilities) tool. This tool is used for the training of leaders at the parent company, Pozavarovalnica Triglav Re, Triglav, Zdravstvena zavarovalnica and in insurance subsidiaries outside Slovenia. It is also used in recruitment at Zavarovalnica Triglav, Pozavarovalnica Triglav Re and Triglav Osiguranje, Belgrade.

Fit and proper assessment

The Solvency II Directive requires that all persons who manage or supervise an insurance undertaking or hold a key function have adequate professional qualifications (fit) and are of good reputation and integrity (proper). The fit and proper assessment of the management board members, the supervisory board members and key function holders in the Group is carried out based on national legislation and adopted internal documents, which is also described in [Section 5. Corporate Governance Statement](#). Said assessment was again performed in all insurance subsidiaries.

12.4.2.1 Organisational vitality (climate) and organisational culture⁵¹

The organisational vitality survey (ORVI) in 2020 exceeded the Group's expectations in many respects and showed that the Group is responding appropriately to changes in the environment. The survey included the largest number of employees so far; a total of 3,870 or 88.2% of employees in

14 Group members in which ORVI is measured participated in the survey. The responsiveness was 1.9 percentage points higher than the year before (86.3% in 2019).

The aggregate ORVI index is composed of the indicators (indices) work environment, systems, operational management, personal view and engagement, which are further classified into ten categories. Organisational vitality in the Group improved; furthermore, improvement was

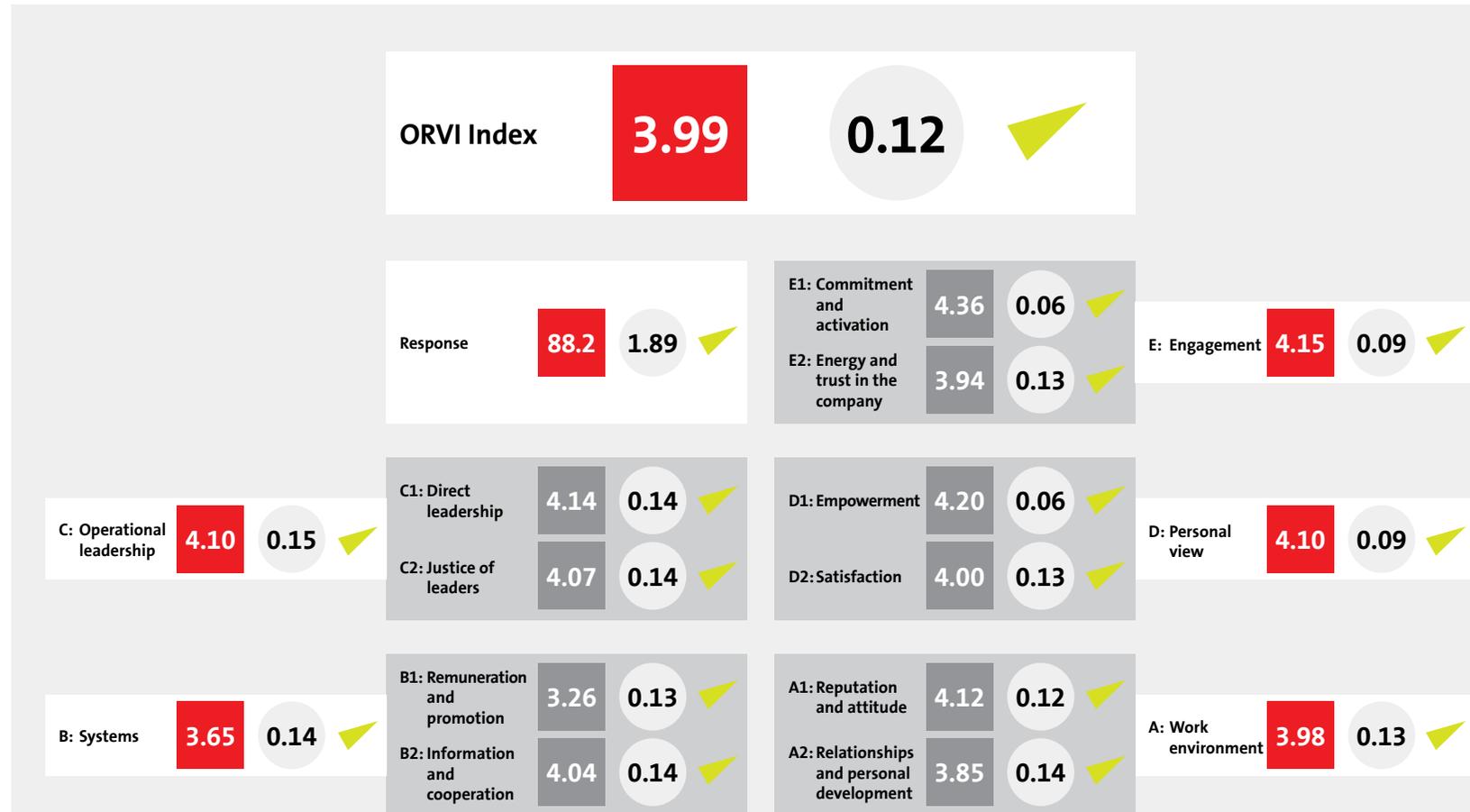
measured in all indices and categories. **The ORVI index stood at 3.99** (compared to 3.88 in 2019).

The Group's employees perceive their work environment as positive; they are satisfied with regular employment, working time, their co-workers and direct supervisors. An improvement was seen in the categories *Information and cooperation* and *Relationships and personal development*. Improvement was also seen in the *Remuneration and promotion* category.

The **ORVI index of the parent company** is higher than that of the Group. For the first time, it exceeded 4.00 and stood at 4.03 (compared to 3.92 in 2019). All other indicators also improved.

The results of the measurement serve as the basis for adjustments and improvements of the organisational culture of the Triglav Group and the long-term organisational vitality of Zavarovalnica Triglav. Key measures in this respect include the establishment of a leadership culture and the systematic development of supervisors throughout the whole Group.

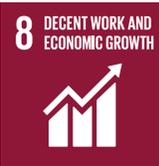
Results of organisational vitality (ORVI) of the Triglav Group in 2020



⁵¹GRI GS 102-43, 102-44

12.4.3 Occupational health and safety⁵²

Zavarovalnica Triglav set up an occupational health and safety management system, which includes several components: ensuring occupational health and safety at work and identifying risks and hazards related to work and the work environment. It includes their management, treatment of injuries at work, dangerous occurrences and occupational diseases, implementation of training in health protection, provision of personal protective equipment, psychosocial support for employees and health promotion at work and numerous activities within the Triglav.smo programme.



The comprehensive approach developed by the parent company to ensure safe and healthy working conditions is transferred to the Group by implementing common

minimum standards for occupational health and safety in compliance with local legislation. In this regard, the aim is to identify, mitigate and manage risks arising from duties and the work environment.

Occupational health and safety is organised in accordance with the legislation and ensures the smooth provision of a healthy work environment for the employees.⁵³

The Safety Statement and Risk Assessment for individual **job categories** include an assessment of hazards and harmful effects, which could impact the health of employees, and the foreseen prevention and mitigation measures. It is an ongoing process, which involves making regular revisions of assessments and updating the measures; employees are also directly involved in this process. Health risk assessments are revised in cooperation with occupational health physicians. Based on the results of

risk assessment, employees are referred to periodic medical examinations and every new hire is required to undergo a statutory medical examination before taking up employment.⁵⁴

Care for occupational health and safety is **promoted among clients** through insurance products. Anyone (employer) wishing to conclude group accident insurance can only do so if they fulfil the requirements relating to occupational health and safety.⁵⁵

Participation in training and taking an exam on **fire safety and occupational health and safety** are mandatory, while employees acquire other knowledge in the e-classroom. In addition, a mix of the Company's communication channels is used for raising awareness. The Company carries out the **Protecting Health (Zavarujmo zdravje)** health promotion programme with an emphasis on mental health. The measures of the full Family-Friendly Enterprise Certificate and activities in the context of the Triglav.smo programme both contribute to health protection. Several good practices of this programme are being transferred to the Group.⁵⁶

In the reporting year, the health promotion programme was adapted to the situation caused by the epidemic by raising employees' awareness of the importance of complying with the recommendations to curb the spread of infection, providing protective equipment and organising remote work, and holding workshops and training for employees on how to care for one's mental health during the epidemic.

The four-day preventive health programme **Days of Health (Dnevi zdravja)** was continued in 2020, which, however, was attended by fewer employees due to the epidemic. If the epidemiological situation allows, the programme will continue in 2021.



Due to the large share of older employees, the Company pays close attention to **ageing in the workplace**, reminding employees of the importance of exercising regularly, eating healthy and abandoning unhealthy habits and educating them on the sitting posture, relaxation and stress management.

To raise employee awareness, various communication channels are used as part of the Protecting Health programme that promotes health (on the screen: Drink a glass of water).

Working safely during the pandemic

Upon the announcement of the COVID-19 pandemic, in order to protect the health of employees and clients, the Company immediately set about managing the spread of the new coronavirus. A crisis team was set up in the parent company to draw up work instructions, organise work and keep up-to-date information on the rapidly changing epidemiological situation in the country. The crisis team will be active throughout the pandemic and will be in constant contact with the management and leaders; the good practice of crisis management was transferred to the Group members.

To ensure business continuity, the Company introduced regular testing of key employees and reporting of infections to the hotline number and mailbox, and ensured that all employees received up-to-date information, recommendations and forms through the intranet throughout the year. The occupational health and safety area showed high competencies and provided employees with a high level of safety throughout the pandemic with appropriate work organisation and protective equipment. Special attention was paid to ensuring a good climate in the working groups, which had to adjust to working from home overnight.

Instructions were drawn up on how to arrange work space at home for all employees working from home. The suitability of the home environment for work was checked in cooperation with employees, as it is important to the Company that it meets the basic occupational health and safety requirements.

The employees who had to work at the Company's premises due to the nature of their work were regularly informed about the compliance with the required safety measures. In addition, they were provided with sufficient quantities of protective masks and disinfectants

and plexiglass partitions were installed in more exposed workplaces (e.g. windows intended for sale and claim reporting, the canteen).

Support to employees in the event of workplace violence⁵⁷

In addition to modern technical security measures to protect both the employees and the business premises, regulations and instructions ensuring a safe work environment are in place. Employees who are in contact with clients are trained in how to respond in the event of violence, robbery or threats.

Fire safety

With regard to fire safety at the Group, a plan on emergency response and actions in the case of an emergency and other security events was developed for the employees. In the case of an emergency or event that poses a security threat, employees can call the security control centre, where they will receive appropriate instructions. Furthermore, the Group implements preventive measures, monitors on-site fire safety in accordance with the applicable statutory requirements, carries out regular training and education of employees, and ensures ongoing improvement of fire safety at all business locations.

Due to the pandemic, e-training was established, which is carried out by an authorised provider for training in fire protection in cooperation with the Training Department. Visits and inspections of buildings and premises were carried out according to the annual plan, but, due to the situation, fire

Matej Eigner, Director of the Insurance Law Department, Zavarovalnica Triglav

“We have established both a core and extended crisis team early on and managed it effectively, thus information flowed quickly in all directions. Taking into account the local situation, appropriate measures were taken by all companies; however, measures were generally adopted in a uniform manner, also when purchasing protective equipment. The conditions for working from home were met in a short time, with IT staff playing a major role. It is important for everyone that we have drawn up the rules regulating working from home. Based on our experiences so far, I believe that the scope of working from home and remote business will increase in the future.”

evacuation drills did not take place. Maintenance and regular inspections of active fire protection systems are performed within the prescribed deadlines. A total of 26 fire safety audits were performed in 2020.

Occupational health and safety topics covered in formal agreements with trade unions and in the collective agreement⁵⁸

Safe working conditions at the parent company are provided in accordance with Zavarovalnica Triglav's collective agreement and the applicable legislation, while the subsidiaries adhere to the applicable local legislation. Before starting their work, employees are familiarised with the dangers at work and work safety measures that they are obligated to follow. Employees are provided with the prescribed work equipment and personal protective equipment, and periodic medical examinations are carried out in line with the timeline and scope foreseen for individual job categories.

Injuries at work⁵⁹

The number of injuries at work at the Group level remained small. In 2020, this number decreased significantly in both the Group and the Company.

Injuries at work at the Triglav Group and Zavarovalnica Triglav

Triglav Group	2020		2019		2018		Index	
	Number	Percentage	Number	Percentage	Number	Percentage	2020/2019	2019/2018
At work	7	63.6	11	55.0	8	57.1	64	138
On business trips	4	36.4	9	45.0	6	42.9	44	150
Total	11	100.0	20	100.0	14	100.0	55	143
Zavarovalnica Triglav								
At work	1	25.0	2	28.6	3	37.5	50	67
On business trips	3	75.0	5	71.4	5	62.5	60	100
Total	4	100.0	7	100.0	8	100.0	57	88

The number of lost work days in the Group dropped due to the lower number of injuries at work.

Lost work days and lost time incident rate due to injuries at work at the Triglav Group and Zavarovalnica Triglav

Triglav Group	2020		2019	2018	Index	
	Number	Percentage			2020/2019	2019/2018
Lost work days due to work-related injuries	289	754	529	38	143	
Lost time incident rate – LTIR*	0.21	0.38	0.27	56	143	
Zavarovalnica Triglav						
Lost work days due to work-related injuries	98	73	106	134	69	
Lost time incident rate – LTIR*	0.17	0.30	0.35	58	88	

* The number of work-related incidents/total number of hours of all employees * 200,000

Each injury at work which would render an employee unfit for work for more than three working days, each dangerous occurrence and each established occupational disease must be reported to the Labour Inspectorate of the Republic of Slovenia. The Company recorded one dangerous occurrence (compared to five in 2019) and no occupational diseases in 2020.⁶⁰

Absenteeism⁶¹

In the Triglav Group, the absenteeism rate was 4.51 and was 0.16 percentage point lower than in 2019, with the proportion of absenteeism paid by the Company decreasing by 0.19 percentage point (sickness benefits up to 30 days). In contrast, the lost time incident rate for which the costs are borne by other organisations increased by 0.03 percentage point (sickness benefits over 30 days, nursing and/or accompanying a sick person). The absenteeism rate at the parent company was also lower and stood at 4.61% (compared to 4.75% in 2019). The lost time incident rate for which the costs are borne by the Company fell by 0.24 percentage point, whereas the lost time incident rate for which the costs are borne by the Health Insurance Institute of Slovenia rose by 0.10 percentage point.

12.4.4 Care for employee satisfaction⁶²

Family-Friendly Enterprise Certificate

Zavarovalnica Triglav is planning for the long-term preservation of cognitive skills and the promotion of both physical and mental health of its employees. As part of the **Triglav.smo** programme, the Company combines numerous activities to enhance the satisfaction of its employees. The awareness and knowledge of all important aspects of our lives was strengthened through various workshops and events. Employees were regularly informed about events and the operation of this programme. To a lesser extent, such activities are also carried out in the Group members.

The measures of the **Family-Friendly Enterprise Certificate** are designed to provide for a better work-life balance of the Company's employees. The Company has been the holder of the full

Family-Friendly Enterprise Certificate since 2012 with a regular audit was performed in 2020.

All the Company's employees had in-house psychological counselling available in 2020. Educational activities in mental health were held, while further emphasising the importance of the work of the **Psychological Pulse** (Psihološki utrip) group, in which a psychologist and a psychotherapist provide psychological help to employees.

Additional benefits for employees:⁶³

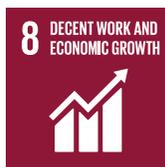
- supplemental pension insurance for 59% of the employees of the Triglav Group and for 96% of the employees of the parent company;
- payment of group accident insurance premium;
- favourable conditions for taking out additional accident insurance for employees and their family members;
- additional accident insurance for all business trips;
- after one year of employment in the parent company, employees may opt for supplemental voluntary pension insurance and voluntary pension insurance;
- the group insurance package Comprehensive Medical Care (Celostna zdravstvena oskrba – CZO), in which 73% of all employees of the Group and 83% of the parent company are included.

The Group members operating outside Slovenia also provide benefits to their employees, such as discounts on medical examinations, the payment of accident insurance premium, discounts on other types of insurance and, in some companies, the payment of voluntary health insurance premium.

Parental leave or part-time work at the Triglav Group and Zavarovalnica Triglav in 2020⁶⁴

Triglav Group	Women	Men	Total
Maternity leave, child care leave	119	4	123
Paternity leave of 20 days		46	46
Paternity leave of 75 days (up to the child's age of three years)		4	4
Option of part-time working	73	1	74
Number of employees who returned to work after maternity leave in the reporting year	94	2	96
Return rate after parental leave	90%	67%	90%
Zavarovalnica Triglav			
Maternity leave, child care leave	23	2	25
Paternity leave of 20 days		40	40
Paternity leave of 75 days (up to the child's age of three years)			0
Option of part-time working	34	1	35
Number of employees who returned to work after maternity leave in the reporting year	23	1	24
Return rate after parental leave	92%		96%

Circumstance and work requirements permitting, working hours can be adapted to the needs and wishes of employees. Employees who are parents of first graders can take advantage of a day's paid leave on the first school day. Employees can take unpaid leave in certain cases and in agreement with their supervisors.

Relationships among employees and management, trade union activities⁶⁵

The agreement on worker participation in the management of Zavarovalnica Triglav specifies the manner of implementation of the workers' rights under the Worker Participation in Management Act. The agreement also sets out other rights and the manner of workers' participation in management, which is both individual and collective. Two representative trade unions are active in Zavarovalnica Triglav and the Works Council. The Company concluded a special agreement and cooperates well with both of them. Before adoption, any document specifying the rights and obligations of workers is submitted to the trade unions to give their opinion. The Company informs the Works Council of any changes in the Company's operations at least 10 days prior to adopting such a decision.

Respecting the workers' rights and human rights⁶⁶

By respecting fundamental human rights and caring for the values of dignity, integrity and equality, the Group is building a safe, healthy and friendly work environment for its employees. Mutual relationships are regulated by **the Triglav Group Code**, which promotes the prevention of discrimination, harassment and mobbing in the workplace. In the implementation of the Code, individual Group members also comply with the applicable local legislation. At Zavarovalnica Triglav, discrimination and unwanted conduct are additionally governed by the Rules on the protection of workers' dignity at work, under which a confidant is appointed with the approval of the Works

Council. Insurance subsidiaries outside Slovenia have internally defined resolving mechanisms and joint reporting of violations of the Code.

The Company incorporated into its business processes the Commitment to respect human rights in business, which it signed the year before as part of the national action plan. With it, as the Group's parent company, the Company committed itself to respecting human rights in the entire business process and to avoiding and preventing possible negative impacts on ensuring human rights.

Great care is taken not to expose employees to any conflicts and unwanted conduct that would undermine their dignity, while any disagreements are attempted to be resolved through dialogue. To ensure comprehensive dispute resolution, resolving a dispute begins at its earliest stage, with the cooperation of a number of experts (the mediator, the committee for consideration of unacceptable behaviour) and supervisors. Violations of the Code upon a suspicion of violation of dignity at work may be reported to the supervisor, **the Compliance Department** or **the employees' confidant**. Each reported violation is dealt with according to a predetermined procedure with the protection of the person who reported the violation.

In 2020, there was no reported case in the Group that would prove to be an interference with the fundamental rights to protect dignity and/or unacceptable behaviour such as discrimination, harassment or mobbing in the workplace as defined by the Triglav Group Code or the Rules on the protection of workers' dignity at work. Some conflicts were reported to the confidant, who was involved in their resolution; however, at the request of the persons reporting the violations, they were resolved without initiating a formal procedure.⁶⁷

Promoting innovation and improvements

The **Ideja IN** programme, which encourages creativity, putting forward good ideas and proposing improvements at Zavarovalnica Triglav, is in the process of being revised. From 2021, the process will be managed by several departments; submitting ideas and considering them will take place via the human resource information system Gecko HRM. A total of eight employee proposals were considered in 2020, four of which were identified as a good idea and rewarded. One of the rewarded ideas has been realised, two are in the implementation phase and were discussed by competent persons, and one will be at least partially realised in the future. Some other Group members also have a system for putting forward and considering good ideas.

Care for employees outside working hours

In most Group members, employees have the opportunity to take part in various forms of socialising and sports activities outside working hours, but in 2020 they were reduced due to the pandemic.

Thus, the traditional social and sports activities outside working hours, such as the Triglav Group Day – Our Day, sports games of financial organisations (ŠIFO) and gatherings with retired Triglav employees, did not take place. The Group members communicated even more with their employees and encouraged them to socialise remotely. Over 23% of employees of the Group members and almost 40% of the employees of the parent company were members of mountaineering and sports clubs.

12.5 Responsibility towards clients⁶⁸

A client-centric approach is one of the key strategic guidelines of the Triglav Group, which is why it aims to build long-term relationships with its clients and contractors. The Group monitors their requirements and needs, adapts its operations to them and strives to effectively resolve any disagreements.

Marketing and labelling⁶⁹

The Company provides its clients with all the necessary information and easy access to it. It ensures that its insurance and other general terms and conditions, mutual fund prospectuses and key investor information are appropriate and fair and that clients are treated professionally and equally. Priority is given to transparency, comprehensibility and accessibility of its products and services, which is taken into account already during their development. The Company also strives for a responsible attitude towards clients throughout the whole lifecycle. It follows the guidelines of supervisory bodies and adopted a policy of management and control of insurance services and products, their distribution and appropriate information. See [Section 11. Development and marketing activities for more information.](#)

No misleading, aggressive, insulting, shocking or other inappropriate practices are used in promotional activities and the marketing of products and services. The Company also follows the recommendations of the Slovene Consumers' Association for improving financial literacy.

Any complaints are resolved quickly within the prescribed procedures. The Company fully complies with consumer protection legislation and the special requirements with regard to client information when concluding financial and insurance contracts remotely. See [Section 11.5 Adjustment to regulatory changes for more information.](#)

Product and service accessibility and portfolio⁷⁰

Constant development and use of modern technologies provide greater accessibility and simplicity of services, ongoing interaction, new forms of partnerships and the upgrading of products into services. During the pandemic, various measures for greater access to services were taken and changed ways of doing business were implemented, which is also described in [Section 11.1 Comprehensive client relationship.](#)

- Telematics to promote safe driving:** The DRAJV mobile application was completely redesigned and its functionalities expanded, such as the display of the speed limit on a given road section and immediate warning of driving errors. The application is regularly used by 56,000 drivers, which is 15% more than in 2019. Using the application, safe drivers can get up to a 25% DRAJV discount when taking out motor vehicle insurance, and young drivers can also receive up to a 25% additional discount on the premium. In the three months of the strictest movement restrictions, 400 kilometres driven were added to active users, thus supporting the efforts to curb the COVID-19 epidemic.
- A safe driving simulator at Triglav Lab:** Young drivers can take a practical driving test on a simulator to obtain a 10% discount when concluding a young driver's insurance policy. They can also get another 10% discount by attending a safe driving workshop.
- A mobile application for claim reporting and ordering assistance services:** The Triglav Asistenca mobile application enables clients to report a claim, monitor the progress of claim settlement and order assistance services.
- Mobile appraisal units in the event of mass claims:** Mobile appraisal centres are set up in the affected areas, thereby facilitating the



appraisal of damage. In 2020, nine mobile appraisal units were set up after six major hail storms in Slovenia, which carried out a total of over 2,200 appraisals of damaged vehicles.

- Simplified claim settlement:** A new way of taking over claims was established, which provides greater flexibility and reduces risks in claim settlement procedures by introducing a claim management tool. The Company began to digitalise legal claims and automate the payout of annuities.
- Remote inspection and claim reporting:** A solution for remote inspection using a client's smart phone was integrated into claim applications. With the integration of the GIS application (geographic information system), claims may be displayed on maps using the selected filters. Clients who report a claim with the help of an authorised person are now able to sign a claim report on the authorised person's mobile phone or remotely.
- Use of drones to appraise crop damage, damage to major buildings and assumption of the non-life insurance risk:** Damage assessment and appraisal and risk assumption using drones was launched to ensure a quick, safe and accurate damage assessment.

By taking a practical driving test on a simulator at Triglav Lab, young drivers can obtain a discount when concluding a young driver's insurance policy.



- **Paperless operations:** Paperless exchange of claim documentation was enabled for the contractors who help to repair damage. Paperless communication with clients takes place in the settlement of non-life insurance claims, with the client's consent to electronic correspondence. Complete e-communication takes place with authorised contractors for body repairs of damaged vehicles.
- **Prevention advice and insurance literacy:** Advice on the main insurance concepts and principles is provided on the Vse bo v redu online portal, in the context of which *Naložbenik* magazine is published with the aim of raising awareness about the importance of life insurance in relation to ensuring financial security. Triglav Skladi has participated in the "Financial literacy of young people" project for many years.
- **Online asset management and transactions with mutual funds and investment solutions:** Due to the clients' limited accessibility to asset management services during the epidemic, the **Triglav Skladi** mobile application was launched. The application, together with a remote signature, enables safe and easy management of the investment portfolio, keeping up to date with news, expert articles on capital markets and investment recommendations. The **Moj račun** (My Account) online application provides comprehensive online services related to mutual funds and investment solutions. The **Zaslužite si več** (Earn More) communication platform, to which educational video content, guides (tutorials) and e-manuals were added, provides support for learning about and becoming aware of alternative investment solutions and helps build awareness and financial literacy.

- **Weather alert mobile application:** The free and freely accessible Triglav Vreme (Triglav Weather) application, in partnership with the Slovenian Environment Agency, provides reliable weather information and forecasts for a particular location and the whole Slovenia.
- **Accessibility in client communication:** See [Section 11.1 Comprehensive client relationships](#) for more information about online communication channels and tools. In addition to the those, clients can receive information on non-life and life insurance products by calling the **toll-free number 080 555 555** and information on health insurance by calling Triglav, Zdravstvena zavarovalnica's toll-free number 080 2664. Information on Triglav Skladi's investment solutions is available on the toll-free number 080 1019. The **assistance and general information centre** is available 24/7 at the special phone number 080 2864 (for calls from abroad: +386 2222 2864), where claim reporting by phone was enabled during the epidemic and information on insurance products was provided. The web office, which is available as an Android and iOS smartphone application, provides easier access to insurance products to computer literate movement-impaired policyholders.⁷¹



Insurance products and services designed to promote environmental responsibility⁷²

- Insurance products for **solar power plant insurance and micromobility insurance**, which include insurance for electric means of transport, are designed to promote the use of energy from renewable sources and the use of means of transport with zero CO₂ emissions.

- By offering **co-financed agricultural insurance** products, the Company encourages the production and consumption of locally produced food, thus helping to shorten food supply chains.
- With the **development of index-linked insurance** in the framework of agricultural insurance, the Company helps to reduce emissions into the environment, because claim settlement processes are carried out remotely and do not require a presence in the field.
- **By promoting insurance for crops in protected areas** (greenhouses), food production using a smaller quantity of phytopharmaceuticals is encouraged.
- The **premium policy and participation in prevention programmes** encourage policyholders to invest in active protection from adverse weather conditions through the use of anti-hail nets, greenhouses, tunnels, irrigation and sprinkler systems for spring frost protection, and test anti-frost candles against spring frost for orchards and vineyards.
- In partnership with the Association of Slovene Rural Youth, the Company raises awareness of **young farmers** with regard to risk management in agriculture.
- **With its premium policy, the Company encourages less intensive animal production**, which is not only environmentally friendlier, but also involves fewer insurance risks. Cattle insurance products were adapted to the local geography and small and medium-sized livestock farms in order to maintain agricultural production in areas less favoured for agricultural activity.



The Triglav Zeleni equity fund invests in the shares of leading companies in the field of sustainable development and social corporate responsibility.

- Remote sensing technology with satellite-based soil moisture measurement was added to **crop insurance against drought**, which is being transferred to subsidiaries outside Slovenia.
- In asset management, Triglav Skladi developed the **Triglav Zeleni equity socially responsible fund**, which invests in the shares of leading companies in the field of sustainable development and social corporate responsibility. It is intended for anyone who believes in a green future and wishes to accumulate part of their savings by investing in innovative and environmentally friendly companies.

Access to insurance services for people with various disabilities⁷³

Zavarovalnica Triglav: to improve the services provided to persons with disabilities and ensure their full integration

- 70% of the Company's points of sale provide independent access to people with different types of disabilities. In 2020, access and toilets in three buildings were renovated (installation of a lifting platform that enables access to people with disabilities to the basement, renovation of toilets in accordance with the guidelines and recommendations of the Slovenian Paraplegic Association at Dunajska cesta, improved access and renovated paths in the context of the renovation of the OU Ljubljana head office and access to the branch office in Grosuplje).
- 100% of the points of sale are equipped with aids for partially sighted persons.
- 100% of the regional units' head offices are fitted with FM devices for hard-of-hearing persons.
- Awareness about the needs of people with disabilities is raised in cooperation with the Sports Federation for the Disabled of Slovenia and the Vozim Institute, as well as through volunteer work of employees at school sports days.

Fair business practices⁷⁴

The Triglav Group Code (hereinafter: the Code) sets out the principles of fair and ethical conduct and applies to all insurance and financial companies of the Group. The main principles it addresses are ethical conduct and compliance, transparency, prevention of corrupt practices, conflict of interest management, fraud management, prevention of money laundering and terrorist financing, consumer protection, fair business practices and respect for human rights. The Code's content is constantly communicated to the employees and included in employee training.

Through the Code, the system for direct reporting of non-compliance was set up, regulated by a special internal document for dealing with internal fraud and violations of the Code. These rules were transferred to other Group members through minimum compliance standards.

In 2020, no major non-compliance issues were identified in the Group with regard to the violations of the Code and internal fraud.⁷⁵ No major inconsistencies were found in the Group by external supervisory bodies, but two proceedings are pending regarding the interpretation of provisions relating to a possible change in annuities from supplemental voluntary pension insurance.⁷⁶

Insurance fraud management

By managing insurance fraud, both the Company's and the policyholders' costs are reduced. Suspicions of fraud are identified with the use of advanced software solutions for quick and easy identification of suspicious cases. The technology introduced also gives the Company guidelines for the proper establishment of key internal controls for fraud prevention and identification, while at the same time helps to measure the Company's effectiveness in preventing insurance fraud.

Systematic training and awareness raising activities are carried out for all employees so as to effectively identify insurance fraud, particularly with respect to taking out insurance and claim settlement. In the fight against fraud, the Company actively collaborates with other insurers and competent state authorities.

During the epidemic and the remote implementation of processes, the Company began to monitor new forms of fraud and adapted work procedures to the changed circumstances.

Insurance fraud was confirmed in 763 cases out of 1,331 reported cases of suspected fraud in 2020. Of these, 38 suspicions of fraud were reported by external individuals (whistleblower reporting via a form on the website, a telephone line for reporting fraud or by email to the email address prevare@triglav.si). Fraud was confirmed in 20 cases and one investigation is still pending. The number of confirmed cases of suspected fraud was 13% higher than in 2019.⁷⁷

Anti-corruption measures and personal data protection⁷⁸



The Triglav Group's anti-corruption policy completes the rules of conduct in proceedings in which the risk of corruption is identified. The obligatory contractual provision regarding legal relationships with the Group's contractors is an anti-corruption clause. Through regular training and communication, employees are provided training in fair and transparent conduct and responding to any identified irregularities. No cases of corrupt practices were confirmed in 2020.

With regard to **personal data protection**, Zavarovalnica Triglav held education and training courses for its employees, upgraded internal controls on personal data protection and the level of informing the individuals about the processing of their personal data by the Company. At the Group level, the internal rules were updated and further steps were taken in the

implementation of uniform rules for personal data processing and protection.

The Information Commissioner initiated seven inspection proceedings against Zavarovalnica Triglav in 2020, three of which were based on self-reporting an identified violation of personal data protection and two on the basis of *ex officio* reporting. Three supervisory proceedings are pending; in one case the supervisory body was instructed to eliminate irregularities and in three cases the proceedings were suspended. The Information Commissioner also issued a decision to suspend the proceedings in three inspection proceedings from 2019 and initiated one misdemeanour proceeding, which is pending. One supervisory proceeding was initiated in the subsidiaries of the Group, in which recommendations were issued.⁷⁹

Monetary value of all contributions to political parties⁸⁰

According to the Political Parties Act, Zavarovalnica Triglav may not and does not finance political parties. Such financing and other political activities are also banned by the corruption risk management policy of the Triglav Group; therefore, neither are carried out by any of its members.

Client satisfaction⁸¹

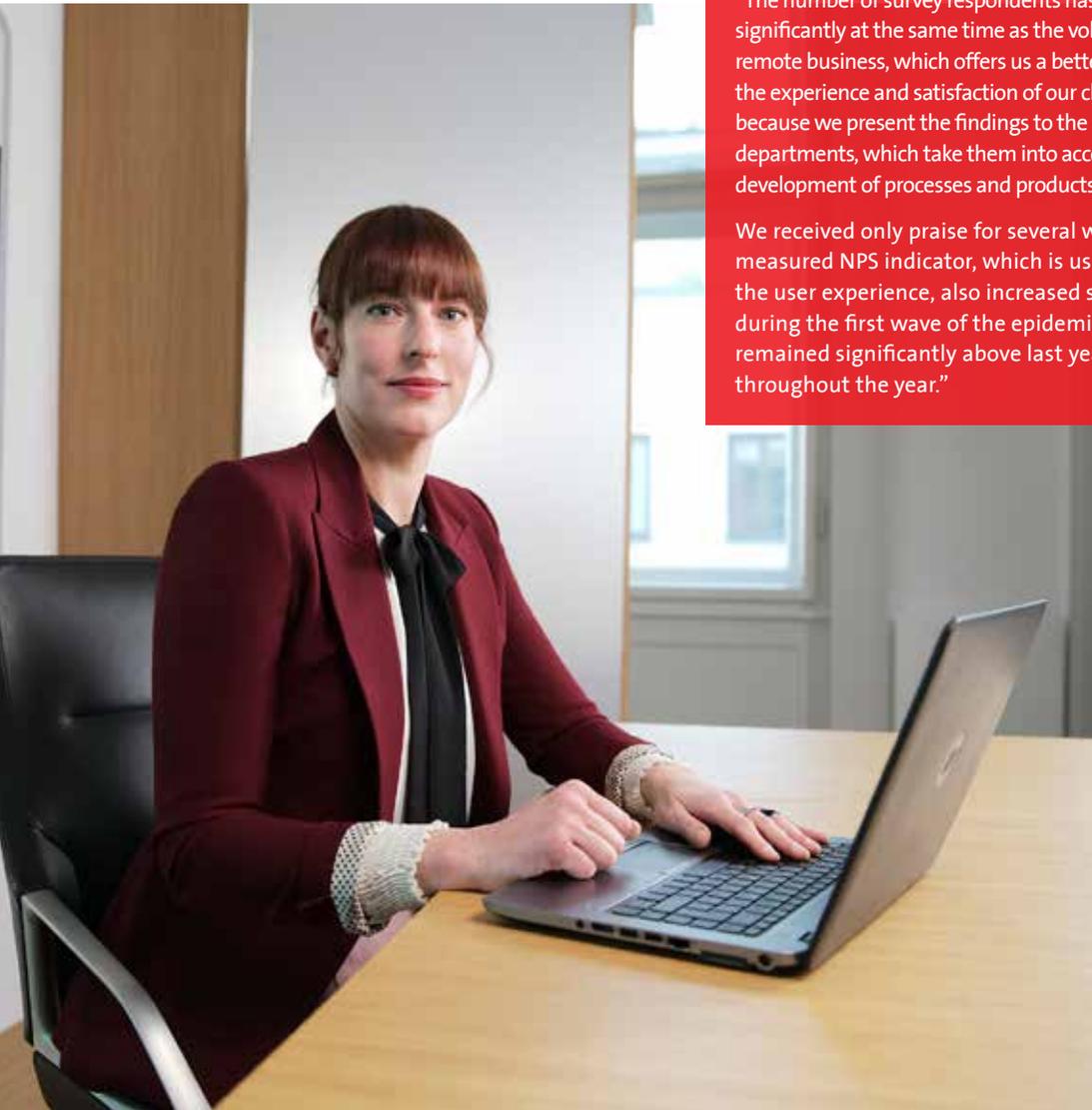
The Company systematically measures and monitors clients' satisfaction, analyses their experience and obtains feedback so as to improve its services. According to the obtained results, client satisfaction is increased through additional employee training, by upgrading claim applications and monitoring sales.

The system for client relationship management and client satisfaction and loyalty measurement (Net Promoter Score – NPS) allows to obtain the necessary information, the profiles of

⁷³ GRI G4-FS14 | ⁷⁴ GRI GS 103-1, 103-2, 103-3, 102-16 | ⁷⁵ GRI GS 205-1 | ⁷⁶ GRI 419-1 | ⁷⁷ GRI GS 419-1, 205-1, GS 205-3, SASB: FN-AC-510a.1

⁷⁸ GRI GS 103-1, 103-2, 103-3, SDG 16 | ⁷⁹ GRI GS 419-1, GS 418-1 | ⁸¹ GRI GS 415-1 | ⁸¹ GRI GS 103-1, 103-2, 103-3, 102-44

policyholders and potential clients, and user experience. **The NPS index for Zavarovalnica Triglav** in 2020 stood at 67.1, the highest so far, increasing by 10.7 index points compared to the preceding year. Client satisfaction was also measured with the NPS index in Triglav, Zdravstvena zavarovalnica, Triglav, pokojninska družba, Triglav Svetovanje, Triglav Skladi, Triglav Osiguranje, Zagreb, Triglav Avtoservis and Triglav Osiguruvanje, Skopje. In 2021, measurement will also begin in other insurance subsidiaries outside Slovenia and the number of client contact points will be increased. In the NPS survey for the insurance industry, the scope of client contact points was expanded in the area of assistance (measurement via SMS text messages). See [Section 11.1 Comprehensive client relationships for more information](#).



Katja Goričan, an independent business analyst, Zavarovalnica Triglav

“The number of survey respondents has grown significantly at the same time as the volume of remote business, which offers us a better insight into the experience and satisfaction of our clients. This is because we present the findings to the competent departments, which take them into account in the development of processes and products.

We received only praise for several weeks. The measured NPS indicator, which is used to assess the user experience, also increased significantly during the first wave of the epidemic, but remained significantly above last year’s values throughout the year.”

An important indicator of client satisfaction are complaints and compliments, which are monitored, resolved and analysed promptly. A total of 2,941 complaints were registered by the Company in 2020 (up by almost 5% compared to the preceding year), most

of which were related to non-life insurance, whereas only 5% referred to life insurance and less than 1% to other segments. Complaints are classified into substantive and general complaints and complaints resolved through a fast-track procedure. Substantive complains in which clients express their dissatisfaction with the handling of their claims are the most common (93%). A total of 10% of registered complaints were founded and 16% were partly founded. In addition, 50 compliments were received (compared to 57 in 2019).

Twice a year, the Management Board discusses a report on the satisfaction of outsourcers and measures for improvement.

The **Zavarovalniški monitor** (Insurance Monitor) survey was not conducted in 2020 due to the COVID-19 epidemic.

In **Croatia and Serbia**, CATI surveys on client responses to changing business circumstances due to the epidemic were conducted, which showed that the Group members responded appropriately to the new circumstances with accelerated digitalisation in both markets. In Croatia, the call centre checked clients’ satisfaction with the services provided by Triglav Osiguranje, Zagreb, the payment of claims and the work of the agency network. The results

showed an increase in general client satisfaction and greater satisfaction with the speed of claim payments and the work of the agency network, which in 2020 was also reflected in an increase in the policy renewal rate. In Serbia, the call centre’s services continued to be upgraded, but due to the epidemiological situation, focus was on digital communication with clients and ensuring the functionality of online premium payment.

In **Macedonia** (Triglav Osiguruvanje, Skopje), an omnibus survey according to the CATI methodology was conducted with regard to brand visibility and satisfaction with the company’s services, which showed an increase in brand visibility in the Macedonian market. An online questionnaire showed an improvement in satisfaction with health insurance services among some of the largest policyholders.

In **Montenegro**, the reputation of the Lovćen osiguranje brand was measured: it is the most reputable insurer in the Montenegrin market and its reputation is based on reliability, a clear vision of development, economic stability, profitability and open communication with clients.

Client feedback is also obtained through an anonymous survey when reporting a claim, mail and electronic client complaints, responses on various social networks and own websites, as well as directly from agents in the field.

A book of complaints and compliments is available at points of sale. Complaints are monitored on a monthly basis, and the results are reported to sales departments and company management. In the Group members outside Slovenia, complaints are handled by a complaint committee based on the relevant rules, while complaint records are kept in the prescribed form, mostly digital.

12.6 Responsibility to community

The Triglav Group carries out a series of activities to reduce risks in the environment and supports activities in sports, culture, education, environment and health. The Group has close ties with the environment in which it operates through partnerships with its employees, policyholders, organisations and local communities.

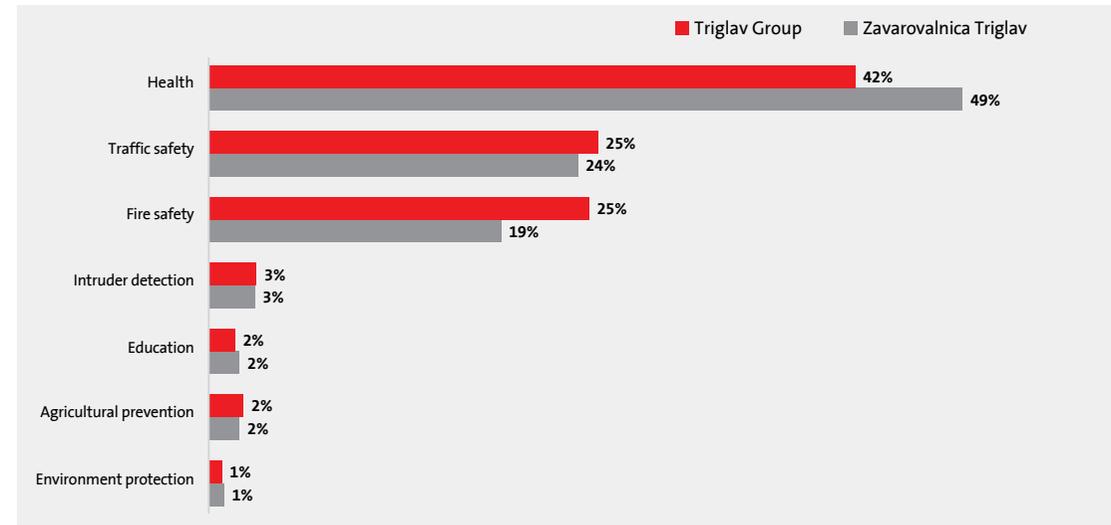
12.6.1 Investments in prevention⁸²

The bulk of funds was allocated to improving health and traffic safety. The scope of funds allocated to prevention, sponsorships and donations is described in [Section 12.3 Indirect economic impacts](#).



In Slovenia, we equipped fire engines with 7 cameras for recording the journey to incidents and raising awareness of the importance of forming an emergency lane using these recordings.

The share of the Triglav Group's and Zavarovalnica Triglav's funds for preventive activities by purpose in 2020



Prevention projects⁸³



In the year marked by the extraordinary health situation, the Triglav Group placed the greatest emphasis on health care and traffic and fire safety. In health care, the focus was on ensuring the safety of its employees and clients and on helping local communities. In addition, numerous digital consultations with specialist doctors took place at Triglav Lab, who gave advice and provided explanations related to physical and mental health. The Group continued to perform activities aimed at preventing accidents and reducing risks that would result in damage and to promote traffic safety. The *vozimse.si* platform has become the central point of Zavarovalnica Triglav's own and partner projects for safer roads.



The Company co-financed the purchase of a new CPR training manikin at Senožeče Volunteer Fire Brigade. In 2020, the Company also co-financed the purchase of 28 defibrillators in Slovenia.

⁸² GRI GS 103-1, 103-2, 103-3 | ⁸³ GRI GS 103-1, GS 203-1, 413-1

High profile and comprehensive prevention projects of the Triglav Group in 2020⁸⁴



Area: Health prevention		Impact
Care for health during the COVID-19 pandemic, Triglav Group		<ul style="list-style-type: none"> Financial resources provided to the Administration of the Republic of Slovenia for Civil Protection and Disaster Relief to purchase equipment to curb the spread of the new coronavirus. Awareness-raising topics on mental health, how to survive quarantine with children, etc. on the Everything Will Be Alright portal. Purchase of thermal imaging cameras and protective equipment in the area where the Triglav Group operates.
Assistance in the event of a sudden cardiac arrest, Slovenia		<ul style="list-style-type: none"> Co-financing or purchase of 28 defibrillators in local communities. 141 defibrillators have been purchased or co-financed since 2014.
Prevention and early detection of diseases, Slovenia		<ul style="list-style-type: none"> 24 preventive awareness-raising lectures and consultations with specialists at Triglav Lab on the topic of physical and mental health (e.g. dementia, breathing, consultation with an orthopaedist, midwife, ophthalmologist).
Area: Traffic safety		Impact
The Anatomy of Slovenian Driving conference, partner Inštitut za civilizacijo in kulturo (Institute for Civilisation and Culture), Slovenia		<ul style="list-style-type: none"> An event for the press and the expert community, at which the results of five-year analyses of road traffic prevention projects were presented, with the focus on the question of how to address Slovenian drivers to drive safer.
Retaking the driving exam, partner AMZS (Automobile Association of Slovenia), Slovenia		<ul style="list-style-type: none"> 190 drivers in six Slovenian towns retook the driving test with a driving instructor. The most dangerous road sections were identified in each town with the help of experts and advice was given on how to drive safely there. Long-time drivers learned how to drive in roundabouts and regained sovereignty on the road.
Vozimse.si – road traffic prevention portal, partner AMZS, Slovenia		<ul style="list-style-type: none"> More than 40,000 drivers again passed a road rules test.
Traffic safety awareness videos, partner Atmosferci, Slovenia		<ul style="list-style-type: none"> Five videos were shot: one on the topic of driving etiquette (zipper merge) and four on sins on the road (speed, alcohol, fatigue, not wearing a seat belt).
Together for Road Safety project, partner Sipronika, Slovenia		<ul style="list-style-type: none"> 68 speed display signs in local communities, at high-risk road sections and in the vicinity of schools and kindergartens were set up (within five years), of which 12 in 2020. Reduction of speed by 5–7% or more and improved traffic safety.
Together for Road Safety project, partner COPS system, Slovenia		<ul style="list-style-type: none"> Installation of the innovative COPS@zebra system in Maribor, which helps pedestrians to cross the road safer.
Training of fire-fighters and other rescue workers in traffic accidents, partners AMZS, Slovenia		<ul style="list-style-type: none"> Training on the technologically advanced simulator Rosenbauer was provided to over 300 fire-fighters and ambulance drivers. Three readers of the vozimse.si portal were provided with the experience of being an ambulance driver.
Interactive workshops for secondary school students “I still drive but I no longer walk”, partners Zavod Vozim (I’m Driving Institute) and Sipronika, Slovenia		<ul style="list-style-type: none"> At 38 workshops in person or online, 3,225 secondary school students listened to personal stories of traffic accident victims and became acquainted with the DRAJV application. Parents of 15-year-olds learnt about the techniques of how to talk about reducing alcohol consumption among adolescents at the workshop “We need to talk about alcohol”. 88 young people researched the influence of speed on impact load and braking distance at two specialised workshops.
Activities for the safety of preschool children and first graders in road traffic, partner the Slovenian Traffic Safety Agency, Slovenia		<ul style="list-style-type: none"> Over 20,000 first graders were equipped with yellow neckerchiefs. Road safety mascot Kuža Pazi (Watch Out Doggy) visited over 45 elementary schools.
Neurophysiological and cognitive profiling of drivers’ abilities, partner the Faculty of Electrical Engineering, University of Ljubljana, Slovenia		<ul style="list-style-type: none"> Testing of abilities using the safe driving simulator at Triglav Lab for young drivers, professional drivers, agents and others who want to improve their driving skills. Conclusion of neurophysiological and cognitive profiling of abilities on the simulator.
Educational charity event “Motorcyclists for Motorcyclists” partner AMZS, Center varne vožnje Vransko (Vransko Safe Driving Centre), Slovenia		<ul style="list-style-type: none"> More than 1,300 motorcyclists attended accident prevention workshops over the period of seven years. Two free workshops in 2020.
Upgrade of the DRAJV safe driving application, Slovenia		<ul style="list-style-type: none"> Redesign of the DRAJV application, which is regularly used by over 56,000 users. Using the application, the users have already safely driven more than 616 million kilometres. The analysis of Zavarovalnica Triglav’s portfolio showed that the DRAJV application users pose a 10–15% lower risk than other drivers.
Promotion of forming an emergency lane on motorways, partner Zavod reševalni pas (Emergency Lane Institute), Slovenia		<ul style="list-style-type: none"> Purchase of seven cameras for monitoring the driving of fire engines on an emergency call, which raise drivers’ awareness of the consequences of improper formation of an emergency lane. Topics on the distress of firefighters on an emergency call if they do not reach the scene of the accident in time were focused on raising drivers’ awareness via the Company’s own communication channels.
Area: Fire prevention		Impact
Care for greater fire safety in mountain huts, partner Planinska zveza Slovenije (Alpine Association of Slovenia), Slovenia		<ul style="list-style-type: none"> More than 150 automatic fire extinguishing ampoules donated to 52 mountain huts to be installed at heat sources. Preparation of an educational video on the proper use and installation of ampoules and the danger of fire in a mountain hut.
Purchase of fire protection equipment, partners fire services, associations and brigades, Slovenia		<ul style="list-style-type: none"> Co-financed purchase of personal protective equipment for safe fire extinguishing and of vehicles and other fire extinguishing equipment.
Fire safety at home, Slovenia		<ul style="list-style-type: none"> A new test on the <i>Vse bo v redu</i> portal was set up: How fire-safe is your home? The existing content was updated and actively promoted on the Group’s own channels.
Area: Nature protection		Impact
Selection of the Best Mountain Trail, partner Planinska zveza Slovenije (Alpine Association of Slovenia), Slovenia		<ul style="list-style-type: none"> Co-financing the renovation of a demanding mountain trail across Plemenice to Triglav. Raising awareness of mountaineers about the importance of safe mountain trails and the work of trailblazers.

In the context of the traditional New Year’s prevention campaign **Za boljši jutri** (For a better tomorrow), 23 prevention projects were supported in Slovenian local communities. Funds were allocated to firefighters, health care, civil protection and elementary schools. Over 180 prevention projects were supported over the period of seven years.

Corporate volunteering of Zavarovalnica Triglav’s employees

Initiative	Employee volunteering
Cooperation with the Sports Federation for the Disabled of Slovenia – the Paralympic Committee	<ul style="list-style-type: none"> Participation in the organisation of the Paralympic Winter Sports Days in elementary schools across Slovenia.



Digital signs for the safety of pedestrians.

Pedestrians are most exposed to traffic risks. The innovative COPS@zebra warning signs alert pedestrians to an oncoming vehicle and its speed. The majority of surveyed pedestrians felt safer because of the installed sign. The measured speeds showed that most drivers slowed down at crossings where these signs were installed.

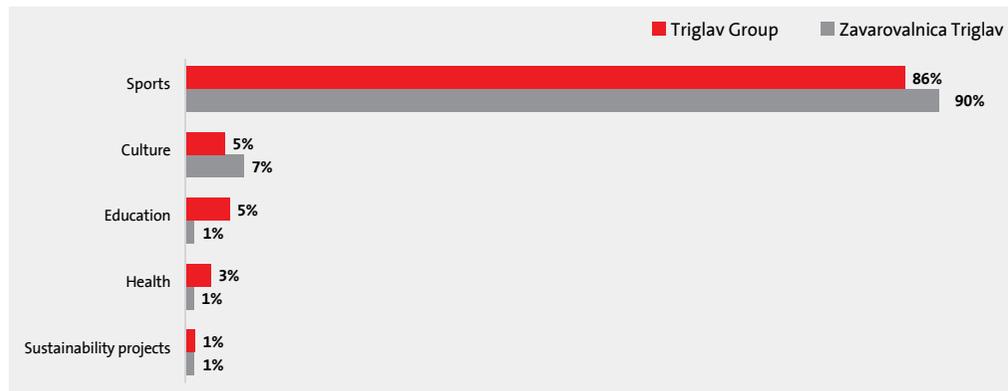
In August 2020, additional test signs were installed at the pedestrian crossing in Maribor at the intersection of Ljubljanska ulica, Šilihova ulica and Trg Miloša Zidanška. The project will continue; in 2021, another 12 dangerous pedestrian crossings will be equipped in cooperation with the COPS systems company.



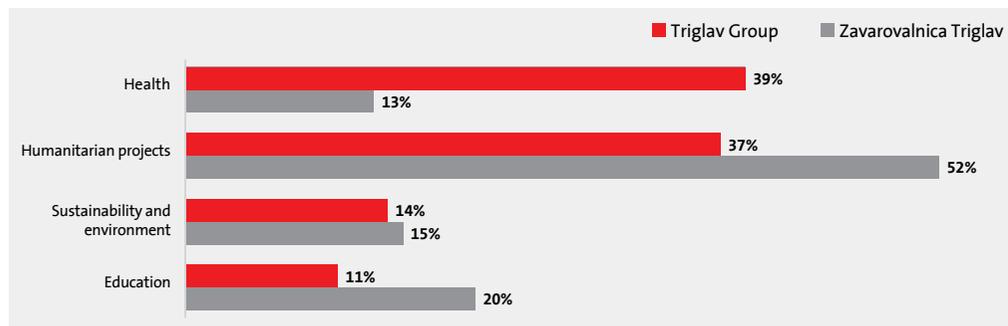
12.6.2 Sponsorships and donations⁸⁵

Zavarovalnica Triglav receives applications for sponsorship and donations via the online system at www.triglav.eu. Over 1,000 applications for partnerships in the form of sponsorships and donations were received in 2020, of which 47% were approved. Attention was paid that their selection and effectiveness comply with the Company's business guidelines and brand dimensions. Described below are the main causes supported by the Group's sponsorships and donations, while their value is presented in [Section 12.3 Economic aspects](#).

Sponsorships of the Triglav Group and Zavarovalnica Triglav in 2020 by content



Donations of the Triglav Group and Zavarovalnica Triglav in 2020 by content



Major sponsorships and donations

Sports sponsorships and the development of young athletes as well as raising awareness about the importance of a healthy lifestyle receive the majority of sponsorship funds. The Group is recognised as a partner of **national sports associations**, international sports events and numerous sports clubs in the markets where the Group operates. In the reporting year, its donor activities were strengthened and the largest share of funds was allocated to **health care and humanitarian projects**.

The Rapid Response Unit of the Civil Protection of the Municipality of Nova Gorica received the Company's help in the purchase of a rescue pole with a winch for easier rescue from depths and heights.

Some major sponsorships of the Triglav Group in 2020

Country	Sports sponsorship	Culture	Education and training
Slovenia	<ul style="list-style-type: none"> Partner of the Ski Association of Slovenia Golden partner of national teams in biathlon and Nordic skiing General sponsor of the FIS Ski Flying World Championship in Planica Sponsor of the Ski Jumping World Cup Ladies in Ljubno ob Savinji Over 1,000 elementary school children were given the opportunity to watch the Biathlon World Cup in Pokljuka Sponsor of the Paralympic Committee of Slovenia Golden partner of the Football Association of Slovenia Sponsor of the Tennis Association of Slovenia General partner of the climbing event Triglav The Rock Ljubljana Sponsor of top athletes Peter, Domen and Cene Prevc, Jakov Fak, Vesna Fabjan, Rok Marguč, Klemen Bauer, Špela Rogelj, Žan Košir, Timotej Lampe Ignjič, Ana Marija Lampič, Janez Lampič, Nika Križnar, Vid Vrhovnik, Miha Dovžan, Janja Garnbret and Domen Škofic 	<ul style="list-style-type: none"> A series of concerts of Music of the World in Cankarjev dom Kinodvor Ljubljana Puppet Theatre Ljubljana Festival Ljubljana Castle Lent Festival Bobri Festival Borštnik Theatre Festival 	<ul style="list-style-type: none"> Mountain Rescue Association of Slovenia: Staying Safe in the Mountains Occupational activity centres in Slovenia
Croatia	<ul style="list-style-type: none"> Croatian Basketball Association Croatia Open Umag Croatian Academic Water Polo Club Mladost Sponsor of the Adriatic Water Polo League 		
Montenegro	<ul style="list-style-type: none"> Budučnost Basketball Club Budučnost Female Handball Club Montenegro Olympic Committee Water Polo and Swimming Federation of Montenegro Sponsor of the Adriatic Water Polo League Montenegro ski resorts 	<ul style="list-style-type: none"> Budva Theatre Festival Opuč stand-up comedy festival 	
North Macedonia	<ul style="list-style-type: none"> Vardar Handball Club Vardar Female Handball Club Stefanovski Auto Kart Club Alkaloid Chess Club MZT Basketball Club Support of young tennis player Aleksandra Simevoj Sponsor of the Handball Federation of North Macedonia Support of the Youth League of the Basketball Federation of North Macedonia 	<ul style="list-style-type: none"> Sponsor of the release of Ivan Bojkov's record 	
Bosnia and Herzegovina	<ul style="list-style-type: none"> Female Play Off Basketball Club Sarajevo Ski Club Borac Swimming Club Borac Female Handball Club 		<ul style="list-style-type: none"> Banja Luka Elementary School
Serbia	<ul style="list-style-type: none"> General sponsor of the Basketball Federation of Serbia and the Serbian male national team Judo Federation of Serbia Sponsor of the Adriatic Water Polo League Support for the judoka Nemanja Majdov 		<ul style="list-style-type: none"> Dimitar Vlahov school for visually impaired children and adolescent



Lovćen osiguranje donated 25 bicycles for volunteers to the Red Cross of Montenegro.

Humanitarian activities of the Triglav Group members

Donation recipient	Purpose of aid
Evropa Donna, Slovenia	<ul style="list-style-type: none"> Support to the work of the society and promotion of a diary for female patients
Society of Oncology Patients, Slovenia	<ul style="list-style-type: none"> Support for cancer awareness and promotion of a healthy lifestyle
L&L Association and Association of Patients with Blood Diseases, Slovenia	<ul style="list-style-type: none"> Support for the rehabilitation programme
Maternity hospitals in Postojna, Slovenj Gradec, Maribor and Kranj, Slovenia	<ul style="list-style-type: none"> Co-financing of equipment necessary for newborns
CUDV Draga, Slovenia	<ul style="list-style-type: none"> Assistance in performing physical activities for residents
Wetland Research Society, Slovenia	<ul style="list-style-type: none"> Support for natural habitat research
Slovenian Society for Dog Assisted Therapy Tačke Pomagačke (Helping Little Paws), Slovenia	<ul style="list-style-type: none"> Promotion of reading literacy and communication skills of children with developmental disorders or after an accident
ZPM Ljubljana Moste – Polje, Slovenia	<ul style="list-style-type: none"> Support for the Botrstvo (Godparenship), Pomežik soncu (Wink at the Sun) and Veriga dobrih ljudi (The Chain of Good People) programmes
Kinodvor and the Paediatric Clinic, Slovenia	<ul style="list-style-type: none"> Enabling children at the hospital to watch a movie and socialising with the Watch Out Doggy mascot
Municipality of Idrija, Municipality of Tabor and Mislinja Elementary School, Slovenia	<ul style="list-style-type: none"> Co-financing of the renovation of children's playgrounds
Toxicology Clinic, North Macedonia	<ul style="list-style-type: none"> Purchase of protective and medical equipment
Red Cross, Montenegro	<ul style="list-style-type: none"> Purchase of bikes for volunteers
Clinical Centre, Montenegro	<ul style="list-style-type: none"> Help in purchasing medical equipment
Sutjeska Elementary School, Montenegro	<ul style="list-style-type: none"> Assistance in building the school
Budva Protection Centre, Montenegro	<ul style="list-style-type: none"> Purchase of motorcycle equipment
Zemun Clinical Centre, Serbia	<ul style="list-style-type: none"> Purchase of hospital equipment

Everything Will Be Alright Institute

The mission of Zavarovalnica Triglav's Zavod Vse bo v redu (Everything Will Be Alright Institute) is to carry out socially responsible activities aimed at providing help and support to the socially disadvantaged and implement preventive activities. Key projects in 2020 included:

Support to young talents – Young Hopes project

Talented young athletes, artists and scientists were supported through the Mladi up (Young Hopes) project for the eighth consecutive year. The recipients of funds, aged between 16 and 19 years, were announced in early January 2021. In cooperation with Pro Plus media company, EUR 50,000 was allocated to the development of talented young people and achievement of their goals; a total of EUR 401,000 was allocated to 101 Young Hope participants over eight years.

Furthermore, two free lectures were held for all Young Hopes generations and everyone who was closely connected to their work. The first lecture focused on talent and will, led by the ski expert Sandi Murovec, and the second on breathing exercises with the former top athlete Brigita Langerholc Žager.

Donation to the Foundation for Fundraising for the Treatment of Nonsense Mutations

The donation in the amount of EUR 5,000 was given for testing medicinal products for children with diseases caused by a nonsense mutation. Such mutation prevents the body from building complete proteins it needs to function normally.

Information on corporate social responsibility partnerships:

Zavarovalnica Triglav, d.d., Ljubljana
Miklošičeva cesta 19, 1000 Ljubljana
Email: spozorstva@triglav.si



Young Hopes 2020

12.7 Environmental aspect⁸⁶

Protection of the environment in work processes

By integrating sustainability principles and business policies, their implementation in the Group's internal processes is expanded. In its responsibility to the natural environment, the Group gives priority to the efficient use of energy, water and other resources, as well as to the reduction of greenhouse gas emissions and responsible behaviour in the natural environment. Employees' awareness of the rational use of resources and waste management is raised on an ongoing basis and alternatives that reduce the consumption of fossil fuels are provided to them. The amount of plastic waste at the Company is reduced by using office cups and water bottles. When buying new company vehicles, the lower release of carbon dioxide into the atmosphere is taken into account. Employees took 1,250 journeys with 19 company bicycles, also using 12 electric scooters, 22 electric vehicles (16 in 2019) and four vans for organised regular transport between three locations in Ljubljana and seven company bicycles in North Macedonia (at Triglav Osiguruvanje, Skopje). At Zavarovalnica Triglav, over 12% of all journeys using company vehicles were made with electric vehicles.

The sustainable business criteria are part of the supplier selection process (see [Procurement practices](#) under [Section 12.3 Economic aspects](#)).

To reduce paper consumption, the Group members introduced network printers and double-sided printing, developed application support and promoted electronic archiving, adopted measures for paperless operations and encouraged employees to do so. For hygienic purposes, Triglav Skladi uses recycled paper, while in Serbia (Triglav Osiguranje, Belgrade) paper is recycled.



Employees at Zavarovalnica Triglav can use 22 company electric vehicles, 12 electric scooters and 19 bicycles, while seven bicycles are available to employees in Macedonia.

Carbon footprint calculation⁸⁷

The carbon footprint is measured at the headquarters of large insurance subsidiaries of the Group. The bulk of greenhouse gas emissions is accounted for by emissions due to electricity consumption and heating, followed by work-related transport. The calculation was performed using the methodology based on the Greenhouse Gas Protocol. It includes direct emissions from heating with natural gas and fuel oil at regional units' head offices and the Company's headquarters as well as the emissions from own vehicle fleet, which is used exclusively for work-related travel. Indirect emissions included electricity used for cooling, lighting, heating, the operation of electrical and electronic equipment, as well as district heating emissions. Apart from that, emissions from the use of paper and emissions from work-related travel using employees' own vehicles or public transport (train, bus, plane) were taken into account. Commuting to/from work was not considered in the calculation.

Carbon footprint results in tonnes of CO₂ equivalent by Triglav Group company

Company	Carbon footprint			Index	
	2020	2019	2018	2020/2019	2019/2018
Zavarovalnica Triglav*/****	4,317	5,082	5,257	85	97
Triglav Osiguranje, Zagreb**	464	480	477	97	101
Triglav Osiguranje, Belgrade**	357	648	774	55	84
Lovćen Osiguranje, Podgorica**	313	438	209	71	210
Triglav Osiguranje, Sarajevo**	271	331	155	82	214
Triglav Osiguruvanje, Skopje**	139	149	171	93	87
Triglav Osiguranje, Banja Luka**	116	136	100	85	136
Pozavarovalnica Triglav Re***	15	52		29	0
Triglav, Zdravstvena zavarovalnica***	167	488		34	0
Triglav, pokojninska družba***	25	41		61	0
Triglav Skladi***	155	32		484	0
Total	6,339	7,877	7,143	80	110

* The Company headquarters, 12 regional units' head offices and the commercial building at Dunajska 22 are included in the calculation.

** The Company headquarters are included in the calculation.

*** The Company headquarters are included in the calculation. The first data were captured in 2019.

**** Data capturing for Zavarovalnica Triglav was changed in 2020, thus data for 2019 and 2018 were also adjusted.

The Group reduced its **electricity consumption** by 9% and the Company by 10%. Carbon footprint of the Company fell by 9% due to heating, while the overall carbon footprint decreased by 15%.

Total emissions from work-related travel were over 60% lower at the Company and amounted to 161 tonnes of CO₂ equivalent (using the Company's vehicle fleet exclusively for work-related travel, public transport and employees' own vehicles) due to less air travel and a smaller number journeys using vehicles (as a result of measures taken to curb the COVID-19 epidemic).

The average daily consumption of office paper (A4 format) per Zavarovalnica Triglav employee fell to 18.8 (compared to 25.4 in 2019), which was also due to working from home. The Group's average consumption was 21.9 paper sheets per employee per day (compared to 30.2 paper sheets in 2019).

Use of energy products⁸⁸

The guidelines aimed at reducing the consumption of heating and cooling energy as well as electricity were taken into account in each renovation of the Group's business premises. LED lighting is installed in all new business premises and on advertising signs. The renovation of the commercial building at Dunajska 22 in Ljubljana included the replacement of windows, insulation and roof. See [Section 11. Development and marketing activities for more information](#).

To reduce fuel consumption, the Group members encouraged the use of the DRAJV application and participation in safe driving courses and renewed their vehicle fleet with vehicles with a small engine size.

Use of energy products at the Triglav Group and Zavarovalnica Triglav

	Use of energy product by year			Index	
	2020	2019	2018	2020/2019	2019/2018
Triglav Group*					
Warm water (MWh)	5,074	5,119		99	0
Fuel oil (l)	20,513	66,607		31	0
Gas (m ³)	132,165	131,311		101	0
Electricity (MWh)**	6,904	7,550		91	0
Zavarovalnica Triglav					
Warm water (MWh)**	4,836	4,937	3,386	98	146
Fuel oil (l)	6,000	22,931	13,286	26	173
Gas (m ³)	87,659	77,912	105,015	113	74
Electricity (MWh)**	4,853	5,413	5,558	90	97

* Data for 2018 for the Triglav Group are not available.

** The Company headquarters, 12 regional units' head offices and the commercial building at Dunajska 22 with some premises of the Company are included in the calculation for Zavarovalnica Triglav. Data capturing for Zavarovalnica Triglav changed in 2020, which was also taken into account in data for previous periods.

A total of 54,366 gigajoules (GJ) of energy was used for heating, cooling, lighting and the operation of electrical and electronic equipment⁸⁹. The Company does not keep a table of energy consumption by energy source, but estimates its structure to be comparable to the structure of energy sources at the national level. According to the latest available data from 2019, it is estimated that the largest energy source in Slovenia is fossil fuels (56.33%), followed by nuclear energy (39.60%), while renewable energy sources accounted for 4.07% of the total.⁹⁰

Waste disposal policy⁹¹

Waste separation and disposal in the Group depends on the waste management system at the local level or at the level of the country in which the Group operates. Full waste separation is carried out only in Slovenia, because separate collection and disposal of waste is not regulated comprehensively in other countries. In commercial buildings in Slovenia, employees are encouraged in various ways to use less packaging and better separate waste. At the Group level, almost 19 tonnes (of which over 6 tonnes were accounted for by the Company) of obsolete IT equipment was handed over to the authorised waste management services.

The development of the waste management system in past years is expected to be reflected in a reduced amount of disposed mixed waste and an increase in other types of disposed waste. Following the change in cooperation with an external partner, the method of waste separation and disposal also changed, which now takes place mainly by users, thus the data are not comparable with previous years. The total quantity of disposed waste increased due to different data capturing, relocation of a number of offices and the use of food delivery providers due to the closure of restaurants during the epidemic and the consequent inconsistent separation and disposal of disposable packaging. For this reason, awareness of the importance of appropriate waste separation and disposal will continue even more systematically in 2021.

The quantity of waste at Zavarovalnica Triglav⁹²

Waste type	Zavarovalnica Triglav (in m ³)			Index	
	2020*	2019	2018	2020/2019	2019/2018
Mixed waste	583	472	739	124	64
Packaging	658	523	400	126	131
Paper	789	567	382	139	148
Glass	3	3	3	100	100
Biological waste	67	41	11	163	373
Total	2,100	1,606	1,535	131	105

* Data capturing was changed in 2020, thus data are not comparable between years.

⁸⁸ GRI GS 103-1, 103-2, 103-3, GS 302-1 | ⁸⁹ The calculation is based on the assumption that 10 kWh of electricity are generated from one litre of fuel oil and 9.5 kWh from a m³ of natural gas.

⁹⁰ Source: Ministry of Agriculture and the Environment, Slovenian Environment Agency, https://www.agen-rs.si/documents/10926/17445/Sestava_virov_2019/0a0d075a-0c4b-42f9-b33e-1f79533fd1a2 | ⁹¹ GRI GS 103-1 | ⁹² GRI GS 306-2

Care for the broader natural environment

15

LIFE
ON LAND

As part of the procurement procedures, in 2020 recycled paper was used for the printing of brochures and other information materials and compatible ink cartridges (for refilling) for printers were purchased, if their use was still possible. In the selection procedures, regular and systematic efforts were made to take care

of the environment and include products made from recycled and more environmentally friendly materials and services, if appropriate, especially in the purchase of vehicles and in marketing. Employees' children received a wooden toy and products made of recyclable materials (paper, wood, glass) from Dedek Mráz (Grandpa Frost), while employees received two washable face masks made of high-tech fabrics. Each mask may be used for seven months, as it is washed once a week in cold water without washing powder or fabric softener, which also reduces the costs of recycling conventional disposable medical face masks that may be used for up to four hours.

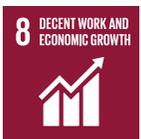
11th season of Slovenia-wide "Let's Clean the Mountains" drive⁹³

- A two-year process of replacing garbage bag dispensers at mountain outposts with wooden awareness signs was completed, thus following the guidelines of the EU directive on restricting the consumption of plastic bags.
- Over 150 automatic fire extinguishing ampoules were installed at 52 mountain huts, thereby contributing to fire management in mountain huts.
- As part of the Best Mountain Trail competition, awareness was raised of the importance of well-kept and safe mountain trails, in addition to co-financing the renovation of the demanding mountain trail across Plemenice to Triglav.
- Over 36,000 campaign ambassadors on social networks actively co-create the community of lovers of clean mountains and promote intergenerational cooperation.
- In partnership with the Mountain Rescue Association of Slovenia (GRZS), awareness-raising videos were recorded on the topics of safe mountaineering during the winter, exhaustion and dehydration, climbing via ferrata routes and hiking with children. A consultation with a mountain rescuer at Triglav Lab was held on the use of the avalanche rescue kit in the mountains during the winter.
- Many ideas for family trips to the mountains were published on the Vse bo v redu (Everything Will Be Alright) portal, thus encouraging families and individuals to spend their free time outdoors.



The Company co-financed the renovation of a mountain trail across Plemenice to Triglav.

12.8 Key sustainable business guidelines of the Triglav Group in 2020

Aspect	Area	Guidelines	Link to SDGs
Environmental aspect	Reduction of environmental impact	<ul style="list-style-type: none"> An active approach to waste management Reduction of greenhouse gas emissions Measures to increase the efficient use of energy, water and other resources Strengthening of paperless operations Purchase of environmentally friendly promotional products Optimal energy management of commercial buildings where own activities are performed Achieving an appropriate vehicle fleet structure by increasing the share of more environmentally friendly vehicles Promoting awareness of climate change risks and the dangers of natural disasters through the further development of insurance coverage Raising awareness of the importance of preserving the natural environment and biodiversity (including by promoting the use of new technologies to reduce economic and social impacts on the environment) 	        
	Responsible recruitment and work practices	<ul style="list-style-type: none"> Strengthening the importance of developing a cooperative organisational culture Maintaining a high level of employee engagement and satisfaction Development of employees' competences and knowledge Improvement of selection procedures Effective onboarding of new hires into the work and culture of employees Maintaining a healthy and safe environment for the employees Active management of psychosocial risks among employees Activities and training in intergenerational cooperation Unification of activities in relation to employee development in the Group 	
	Responsibility to clients and suppliers	<ul style="list-style-type: none"> Preparation of a wide range of quality content, focusing on raising insurance and financial literacy and providing useful tips Improving user experience and increasing client satisfaction Ensuring personal, information and data security and managing other risks of modern times Providing accessible services to people with disabilities Expansion and upgrade of cooperation with contractors Maintaining locally-oriented procurement 	
	Responsible management of the insurance service portfolio and assets/investments	<ul style="list-style-type: none"> Integrating relevant aspects of sustainable business in the design and implementation of insurance and investment products and services and asset management Proactive use and further development of internal methodology for assessing the sustainability of individual insurance products Depending on the form of investment, active exercising of management rights with issuers from portfolios by promoting sustainable development-related decisions and commitments to achieve sustainability goals 	
	Engagement in the community and its development	<ul style="list-style-type: none"> Development of prevention programmes and promotion of preventive practices in traffic safety, health, fire safety, etc. Increasing employee volunteering Strengthening key partnership projects in sports, culture, education and health Balanced donation activities 	
Governance aspect	Transparent governance of the organisation	<ul style="list-style-type: none"> Compliance with legislation, internal rules and commitments made, thus ensuring fair and legal practices and operations Ensuring a high level of corporate governance and following codes, recommendations and good practices Quality public information on the operations, financial position and plans of the Group Proactive cooperation with analysts, institutional investors and shareholders Maintaining professionalism and independence of external audit of operations Comprehensive fit and proper assessment of members and candidates for the members of the Management Board and the Supervisory Board and business and key function holders Implementation of the diversity and succession policy of the Management Board and the remuneration policy, which includes the management remuneration methodology 	
	Fair business practices	<ul style="list-style-type: none"> Further development of the culture of ethical business practices of the Group members Integration of the principles of the Declaration on Fair Business Practices into business processes Zero tolerance to criminal offences, the prevention of money laundering and terrorist financing, the prevention of corruption, management of conflicts of interest Proactive communication and employee training in compliance and corporate ethics Participation in compliance and fair business external working groups and transfer of best practices The strengthening and transfer of best practices in insurance fraud investigation and prevention in the Group Encouraging employees to identify insurance fraud cases and participating in the relevant training 	
	Respect for human rights	<ul style="list-style-type: none"> Strengthening the importance of respecting and preserving human rights and fundamental freedoms among employees and partners Protection of employees' dignity with zero tolerance to discrimination, harassment and mobbing in the workplace 	

13. Information on the Triglav Group as at 31 December 2020

Insurance

Zavarovalnica Triglav d.d.

Address:	Miklošičeva cesta 19, 1000 Ljubljana, Slovenia
Phone:	++ 386 (1) 474 72 00
Fax:	++ 386 (1) 432 63 02
Email:	info@triglav.si
Website:	www.triglav.si, www.triglav.eu

Pozavarovalnica Triglav Re d.d.

Address:	Miklošičeva cesta 19, 1000 Ljubljana, Slovenia
Phone:	++ 386 (1) 474 79 00
Fax:	++ 386 (1) 433 14 19
Email:	mail@triglavre.si
Website:	www.triglavre.si
Activity:	Reinsurance
Equity stake of Zavarovalnica Triglav/the Triglav Group:	100.00%/100.00%
Share of voting rights of Zavarovalnica Triglav/the Triglav Group:	100.00%/100.00%
Nominal value of equity stake held by Zavarovalnica Triglav/the Triglav Group:	EUR 4,950,000/EUR 4,950,000

Triglav, Zdravstvena zavarovalnica d.d.

Address:	Pristaniška ulica 10, 6000 Koper, Slovenia
Phone:	++ 386 (5) 662 20 00, 080 26 64
Fax:	++ 386 (5) 662 20 02
Email:	info@triglavzdravje.si
Website:	www.triglavzdravje.si
Activity:	Insurance
Equity stake of Zavarovalnica Triglav/the Triglav Group:	100.00%/100.00%
Share of voting rights of Zavarovalnica Triglav/the Triglav Group:	100.00%/100.00%
Nominal value of equity stake held by Zavarovalnica Triglav/the Triglav Group:	EUR 25,822,144/EUR 25,822,144

Triglav, pokojninska družba d.d.

Address:	Dunajska cesta 22, 1000, Ljubljana, Slovenia
Phone:	++ 386 (1) 47 00 840, 080 80 87
Fax:	++ 386 (1) 47 00 853
Email:	info@triglavpokojnine.si
Website:	www.triglavpokojnine.si
Activity:	Pension funds
Equity stake of Zavarovalnica Triglav/the Triglav Group:	100.00%/100.00%
Share of voting rights of Zavarovalnica Triglav/the Triglav Group:	100.00%/100.00%
Nominal value of equity stake held by Zavarovalnica Triglav/the Triglav Group:	EUR 6,750,764/EUR 6,750,764

Triglav Osiguranje d.d., Zagreb

Address:	Antuna Heinza 4, 10000 Zagreb, Croatia
Phone:	++ 385 (1) 563 27 77
Fax:	++ 385 (1) 563 27 99
Email:	centrala@triglav-osiguranje.hr
Website:	www.triglav.hr
Activity:	Insurance
Equity stake of Zavarovalnica Triglav/the Triglav Group:	- /100.00%
Share of voting rights of Zavarovalnica Triglav/the Triglav Group:	- /100.00%
Nominal value of equity stake held by Zavarovalnica Triglav/the Triglav Group:	- /EUR 28,073,249

Triglav Osiguranje d.d., Sarajevo

Address:	Dolina 8, 71000 Sarajevo, Bosnia and Herzegovina
Phone:	++ 387 (33) 252 110
Fax:	++ 387 (33) 252 179
Email:	info@triglav.ba
Website:	www.triglav.ba
Activity:	Insurance
Equity stake of Zavarovalnica Triglav/the Triglav Group:	- /97.78%
Share of voting rights of Zavarovalnica Triglav/the Triglav Group:	- /98.87%
Nominal value of equity stake held by Zavarovalnica Triglav/the Triglav Group:	- /EUR 10,620,215

Lovćen Osiguranje a.d., Podgorica

Address:	Ulica Slobode 13a, 81000 Podgorica, Montenegro
Phone:	++ 382 (20) 404 400, 404 410
Fax:	++ 382 (20) 665 281
Email:	info@lo.co.me
Website:	www.lo.co.me
Activity:	Insurance
Equity stake of Zavarovalnica Triglav/the Triglav Group:	- /99.07%
Share of voting rights of Zavarovalnica Triglav/the Triglav Group:	- /99.07%
Nominal value of equity stake held by Zavarovalnica Triglav/the Triglav Group:	- /EUR 10,362,648

Triglav Osiguranje a.d., Banja Luka

Address:	Ulica Prvog krajiškog korpusa broj 29, 78000 Banja Luka, Bosnia and Herzegovina
Phone:	++ 387 (51) 215 262
Fax:	++ 387 (51) 215 262
Email:	info@triglavrs.ba
Website:	www.triglavrs.ba
Activity:	Insurance
Equity stake of Zavarovalnica Triglav/the Triglav Group:	- /100.00%
Share of voting rights of Zavarovalnica Triglav/the Triglav Group:	- /100.00%
Nominal value of equity stake held by Zavarovalnica Triglav/the Triglav Group:	- /EUR 3,868,150

Lovćen životna osiguranja a.d., Podgorica

Address:	Ulica Marka Miljanova 29, 81000 Podgorica, Montenegro
Phone:	++ 382 (20) 231 882
Fax:	++ 382 (20) 231 881
Email:	info@lovceznivot.me
Website:	www.lovceznivot.me
Activity:	Insurance
Equity stake of Zavarovalnica Triglav/the Triglav Group:	- /99.07%
Share of voting rights of Zavarovalnica Triglav/the Triglav Group:	- /99.07%
Nominal value of equity stake held by Zavarovalnica Triglav/the Triglav Group:	- /EUR 2,972,100

Triglav Osiguranje a.d.o. Belgrade

Address:	Milutina Milankovića 7a, 11070 Novi Beograd, Serbia
Phone:	++ 381 (11) 330 51 00
Fax:	++ 381 (11) 312 24 20
Email:	office@triglav.rs
Website:	www.triglav.rs
Activity:	Insurance
Equity stake of Zavarovalnica Triglav/the Triglav Group:	- /99.88%
Share of voting rights of Zavarovalnica Triglav/the Triglav Group:	- /99.88%
Nominal value of equity stake held by Zavarovalnica Triglav/the Triglav Group:	- /EUR 14,539,234

Triglav Osiguranje a.d., Skopje

Address:	Bulevar 8-mi Septemvri br. 16, 1000 Skopje, North Macedonia
Phone:	++ 389 (2) 510 22 22
Fax:	++ 389 (2) 510 22 97
Email:	info@triglav.mk, pr@triglav.mk, osig@triglav.mk
Website:	www.triglav.mk
Activity:	Insurance
Equity stake of Zavarovalnica Triglav/the Triglav Group:	- /80.83%
Share of voting rights of Zavarovalnica Triglav/the Triglav Group:	- /80.83%
Nominal value of equity stake held by Zavarovalnica Triglav/the Triglav Group:	- /EUR 2,431,710

Triglav Osiguranje Život a.d., Skopje

Address:	Bulevar 8-mi Septemvri br. 16, 1000 Skopje, North Macedonia
Phone:	++ 389 (2) 510 22 01
Fax:	++ 389 (2) 510 22 97
Email:	info@triglavzivot.mk
Website:	www.triglavzivot.mk
Activity:	Insurance
Equity stake of Zavarovalnica Triglav/the Triglav Group:	- /96.17%
Share of voting rights of Zavarovalnica Triglav/the Triglav Group:	- /96.17%
Nominal value of equity stake held by Zavarovalnica Triglav/the Triglav Group:	- /EUR 4,810,984

Asset management**Triglav Skladi d.o.o.**

Address:	Slovenska cesta 54, 1000 Ljubljana, Slovenia
Phone:	++ 386 (1) 300 73 00
Fax:	++ 386 (1) 300 73 50
Email:	info@triglavskladi.si
Website:	www.triglavskladi.si
Activity:	Mutual fund management
Equity stake of Zavarovalnica Triglav/the Triglav Group:	67.50%/100.00%
Share of voting rights of Zavarovalnica Triglav/the Triglav Group:	100.00%/100.00%
Nominal value of equity stake held by Zavarovalnica Triglav/the Triglav Group:	EUR 563,345/EUR 834,585

Triglav, Upravljanje nepremičnin d.o.o.

Address:	Dunajska cesta 22, 1000 Ljubljana, Slovenia
Phone:	++ 386 (1) 47 44 440
Fax:	++ 386 (1) 23 17 785
Email:	info@triglav-upravljanje.si, info-nep@triglav.si
Website:	www.triglav-upravljanje.si
Activity:	Asset management
Equity stake of Zavarovalnica Triglav/the Triglav Group:	100.00%/100.00%
Share of voting rights of Zavarovalnica Triglav/the Triglav Group:	100.00%/100.00%
Nominal value of equity stake held by Zavarovalnica Triglav/the Triglav Group:	EUR 3,160,113/EUR 3,160,113

Triglav, upravljanje naložb in svetovalne storitve d.o.o.

Address:	Dunajska cesta 22, 1000 Ljubljana, Slovenia
Phone:	++ 386 51 317 019, 82 007 348
Email:	info@triglav.com
Website:	www.triglav.com
Activity:	Management of financial funds
Equity stake of Zavarovalnica Triglav/the Triglav Group:	49.90%/49.90%
Share of voting rights of Zavarovalnica Triglav/the Triglav Group:	49.90%/49.90%
Nominal value of equity stake held by Zavarovalnica Triglav/the Triglav Group:	EUR 7,331,308/EUR 7,331,308

Triglav penzisko društvo a.d., Skopje

Address:	Bulevar 8-mi Septemvri br. 18, 1000 Skopje, North Macedonia
Phone:	++ 389 (2) 510 21 90
Fax:	++ 389 (2) 510 28 81
Email:	info@triglavpenzisko.mk
Website:	www.triglavpenzisko.mk
Activity:	Pension funds
Equity stake of Zavarovalnica Triglav/the Triglav Group:	100.00% /100.00%
Share of voting rights of Zavarovalnica Triglav/the Triglav Group:	100.00% /100.00%
Nominal value of equity stake held by Zavarovalnica Triglav/the Triglav Group:	EUR 3,000,000/EUR 3,000,000

Other**Triglav INT, holdinška družba d.d.**

Address:	Dunajska cesta 22, 1000 Ljubljana, Slovenia
Phone:	++ 386 (1) 430 95 34
Email:	triglavint@triglav-int.si
Website:	www.triglav-int.si
Activity:	Holding company
Equity stake of Zavarovalnica Triglav/the Triglav Group:	100.00%/100.00%
Share of voting rights of Zavarovalnica Triglav/the Triglav Group:	100.00%/100.00%
Nominal value of equity stake held by Zavarovalnica Triglav/the Triglav Group:	EUR 77,180,734/EUR 77,180,734

Triglav svetovanje, zavarovalno zastopanje d.o.o.

Address:	Ljubljanska cesta 86, 1230 Domžale, Slovenia
Phone:	++ 386 (1) 724 66 50
Email:	info@triglav-svetovanje.si
Website:	www.triglav-svetovanje.si
Activity:	Insurance agency activities
Equity stake of Zavarovalnica Triglav/the Triglav Group:	100.00%/100.00%
Share of voting rights of Zavarovalnica Triglav/the Triglav Group:	100.00%/100.00%
Nominal value of equity stake held by Zavarovalnica Triglav/the Triglav Group:	EUR 8,763/EUR 8,763

Triglav Savetovanje, društvo za zastupanje u osiguranju d.o.o., Belgrade

Address:	Zelengorska 1g, 11070, Belgrade, Serbia
Phone:	++ 381 (1) 165 58 493
Email:	office@triglav-savetovanje.rs
Website:	www.triglav-savetovanje.rs
Activity:	Insurance agency activities
Equity stake of Zavarovalnica Triglav/the Triglav Group:	-/99.94%
Share of voting rights of Zavarovalnica Triglav/the Triglav Group:	-/99.94%
Nominal value of equity stake held by Zavarovalnica Triglav/the Triglav Group:	-/EUR 26,862

Triglav Savjetovanje, društvo za zastupanje u osiguranju d.o.o., Sarajevo

Address:	Dolina br. 8, 71000 Sarajevo, Bosnia and Herzegovina
Phone:	++ 387 (3) 361 81 06
Fax:	++ 387 (3) 361 82 95
Email:	info@triglav-savjetovanje.ba
Website:	www.triglav-savjetovanje.ba
Activity:	Insurance agency activities
Equity stake of Zavarovalnica Triglav/the Triglav Group:	-/98.91%
Share of voting rights of Zavarovalnica Triglav/the Triglav Group:	-/98.91%
Nominal value of equity stake held by Zavarovalnica Triglav/the Triglav Group:	-/EUR 151,716

Triglav Savjetovanje, društvo za zastupanje u osiguranju d.o.o., Zagreb

Address:	Sarajevska cesta 60, 10000 Zagreb, Croatia
Phone:	++ 385 (1) 344 41 22
Email:	info@triglav-savjetovanje.hr
Website:	www.triglav-savjetovanje.hr
Activity:	Insurance agency activities
Equity stake of Zavarovalnica Triglav/the Triglav Group:	-/100.00%
Share of voting rights of Zavarovalnica Triglav/the Triglav Group:	-/100.00%
Nominal value of equity stake held by Zavarovalnica Triglav/the Triglav Group:	-/EUR 644,700

Triglav Avtoservis d.o.o.

Address:	Verovškova 60b, 1000 Ljubljana, Slovenia
Phone:	++ 386 (1) 580 68 80
Fax:	++ 386 (1) 580 68 75
Email:	info@triglav-avtoservis.si
Website:	www.triglav-avtoservis.si
Activity:	Maintenance and repair of motor vehicle
Equity stake of Zavarovalnica Triglav/the Triglav Group:	100.00%/100.00%
Share of voting rights of Zavarovalnica Triglav/the Triglav Group:	100.00%/100.00%
Nominal value of equity stake held by Zavarovalnica Triglav/the Triglav Group:	EUR 43,663/EUR 43,663

Vse bo v redu, zavod Zavarovalnice Triglav za družbeno odgovorne aktivnosti

Address:	Miklošičeva cesta 19, 1000, Ljubljana, Slovenia
Phone:	++386 (1) 47 47 518
Fax:	++386 (1) 47 47 159
Email:	vsebovredu@triglav.si
Website:	www.vsebovredu.si
Activity:	Humanitarian and charity activities
Equity stake of Zavarovalnica Triglav/the Triglav Group:	100.00%/100.00%
Share of voting rights of Zavarovalnica Triglav/the Triglav Group:	100.00%/100.00%
Initial contribution of Zavarovalnica Triglav/the Triglav Group:	EUR 100,000/EUR 100,000

14. Business network of the Triglav Group

- The Triglav Group employs a multi-channel approach in the region, while at the same time expanding its business network and its sales, after-sales and assistance services.
- The Triglav Group's business network includes over 1,400 insurance agencies, brokers and banks. Nearly 68% of its contractual partners operate in markets outside Slovenia.

The development of the Triglav Group's business network is based on a client-focused approach and the implementation of new ways of doing business by effectively incorporating both traditional and modern sales channels.

By expanding strategic partnerships, the scope of contractual sales partners, and online and assistance services, the Group is strengthening its advantages of a well-developed own sales network. The Group's insurance sales network is composed of insurance agents, sales clerks and own points of sale. In 2020, the external sales network in Slovenia consisted of 457 contractual partners registered for insurance agency activities, among them 130 insurance agency companies representing Zavarovalnica Triglav exclusively and non-exclusively. The Group also cooperates with roadworthiness test providers, car dealers, leasing companies, banks and travel agencies with great success. In markets outside Slovenia, the Group cooperated with more than 950 insurance agencies, with most partnerships being entered into in Serbia, particularly with vehicle inspection providers.

The number of contractual partners and communication channels was again increased to effectively settle claims, also by using a multi-channel approach. Clients have access to insurance services also via the call centre, where they receive the necessary information;

furthermore, clients may take out insurance, report a claim and request assistance services via the telephone or online.

The number of online service users continued to grow and increased significantly in 2020. For more information see [Section 11. Development and marketing activities](#).

14.1 Insurance

- **Zavarovalnica Triglav d.d., Ljubljana – Headquarters – registered office**

Regional units:

- Celje
- Koper
- Kranj
- Krško
- Ljubljana
- Maribor
- Murska Sobota
- Nova Gorica
- Novo mesto
- Postojna
- Slovenj Gradec
- Trbovlje

- **Pozavarovalnica Triglav Re d.d., Ljubljana – registered office**

- **Triglav, Zdravstvena zavarovalnica d.d., Koper – registered office**

The insurance company has agencies set up in all 12 regional units of Zavarovalnica Triglav and a health information office at its headquarters.

- **Triglav, pokojninska družba d.d., Ljubljana – registered office**

- **Triglav Osiguranje d.d., Zagreb – registered office**

Branch offices:

- Zagreb
- Čakovec
- Varaždin
- Koprivnica
- Osijek
- Reka
- Pulj
- Split

- **Lovćen Osiguranje a.d., Podgorica – registered office**

Branch offices:

- Podgorica
- Nikšić
- Berane
- Pljevlja
- Bijelo Polje
- Kotor
- Bar
- Budva

Offices:

- Andrijeвица
- Ulcinj
- Danilovgrad
- Kolašin
- Tuzi
- Žabljak
- Plav
- Rožaje
- Mojkovac
- Tivat
- Herceg Novi
- Cetinje
- Šavnik
- Plužine

■ **Triglav Osiguranje d.d., Sarajevo – registered office**

Branch offices:

- Sarajevo (Gradačaka, Novi Grad, Ilidža, Centar, Novo Sarajevo, Ilijaš, Hadžići, Olovo, Visoko)
- Bihać (I and II, Cazin, Velika Kladuša, Bosanska Krupa, Sanski Most, Bužim, Bosanski Petrovac)
- Ključ
- Tuzla (I and II, Lukavac, Živinice, Gradačac, Srebrenik, Kalesija)
- Mostar (Konjic)
- Zenica (Maglaj, Zavidovići, Žepče)
- Travnik (Busovača, Bugojno, Jajce, Gornji Vakuf, Vitez)
- Goražde
- Banja Luka
- Ljubuški
- Kiseljak
- Jelah – Tešanj
- Čitluk
- Široki Brijeg (I and II)
- Novi Travnik
- Teočak
- Breza
- Gračanica (I and II)

■ **Triglav Osiguranje a.d.o., Banja Luka – registered office**

Regional offices:

- Banja Luka
- Doboј
- Prijedor
- Gradiška
- Istočno Sarajevo
- Bijeljina

Offices:

- Laktaši
- Mrkonjić Grad
- Teslić
- Derventa
- Modriča
- Brod
- Novi Grad
- Kozarska Dubica
- Kostajnica
- Prnjavor
- Istočna Ilidža
- Zvornik
- Vlasenica
- Omarska
- Bratunac
- Šipovo

■ **Triglav Osiguranje a.d.o., Belgrade – registered office**

Branch offices:

- Belgrade
- Novi Sad
- Kruševac
- Niš
- Valjevo
- Kikinda
- Subotica
- Šabac
- Kragujevac
- Čačak
- Jagodina
- Vranje
- Vršac
- Novi Pazar
- Užice
- Zrenjanin

Offices and agencies:

- Belgrade 1
- Bor
- Bečej
- Negotin
- Leskovac
- Pančevo
- Bogatić
- Bela Crkva
- Kraljevo
- Sremska Mitrovica
- Prijepolje
- Sombor

■ **Triglav Osiguruvanje a.d., Skopje – registered office**

Branch offices:

- Skopje
- Bitola
- Ohrid
- Gostivar
- Tetovo
- Kumanovo
- Veles
- Gevgelija
- Prilep
- Kičevo
- Radoviš
- Kočani
- Štip
- Kavadarci
- Strumica
- Struga

Agencies:

- Kumanovo
- Tetovo
- Negotino
- Resen
- Kočani
- Kruševo
- Berovo
- Makedonska Kamenica
- Vinica
- Dolno Palčište
- Dobri Dol
- Debar
- Rosoman
- Valandovo
- Demir Hisar
- Velešta
- Vrapčište
- Skopje Čento
- Skopje Aerodrom
- Struga
- Gostivar

■ **Triglav Osiguruvanje Život a.d., Skopje – registered office**

14.2 Asset management

■ **Triglav Skladi d.o.o., Ljubljana – registered office**

■ **Triglav, Upravljanje nepremičnin d.o.o., Ljubljana – registered office**

■ **Triglav, upravljanje naložb in svetovalne storitve d.o.o., Ljubljana – registered office**

■ **Triglav penzisko društvo a.d., Skopje – registered office**

14.3 Other

■ **Triglav INT, holdinška družba d.d., Ljubljana – registered office**

■ **Triglav Svetovanje, zavarovalno zastopanje d.o.o., Domžale – registered office**

■ **Triglav Savjetovanje d.o.o., Zagreb – registered office**

■ **Triglav Savetovanje d.o.o., Belgrade – registered office**

■ **Triglav Savjetovanje d.o.o., Sarajevo – registered office**

■ **Triglav Avtoservis d.o.o., Ljubljana – registered office**

15.

Performance indicators of Zavarovalnica Triglav

15.1 Growth of gross written premium (index)

		Gross written premium for the current year*100			Gross written premium for the preceding year		in EUR	
No.		Gross written premium			Index			
		2020	2019	2018	2020/2019	2019/2018	6=3/4*100	7=4/5*100
1	2	3	4	5	6=3/4*100	7=4/5*100		
1	Accident insurance	25,696,568	26,948,216	26,173,583	95	103		
2	Health insurance	926,557	728,634	692,746	127	105		
3	Land motor vehicle insurance	127,536,359	124,555,113	118,662,444	102	105		
4	Railway insurance	4,175,198	3,154,574	3,041,772	132	104		
5	Aircraft insurance	2,390,519	1,928,948	611,302	124	316		
6	Marine insurance	994,760	308,649	333,969	322	92		
7	Good in transit insurance	5,321,053	4,724,407	4,952,630	113	95		
8	Fire and natural disaster insurance	58,291,995	56,134,878	55,459,450	104	101		
9	Other damage to property insurance	130,253,821	115,060,305	102,508,202	113	112		
10	Motor TPL insurance	106,754,958	102,352,357	92,416,996	104	111		
11	Aircraft liability insurance	1,693,326	1,988,419	988,282	85	201		
12	Marine liability insurance	950,911	811,322	453,104	117	179		
13	General liability insurance	38,619,888	39,134,047	37,671,613	99	104		
14	Credit insurance	19,137,654	22,962,440	25,456,965	83	90		
15	Suretyship insurance	2,775,316	2,414,586	1,842,317	115	131		
16	Miscellaneous financial loss insurance	2,574,281	2,807,251	2,816,203	92	100		
17	Legal expenses insurance	641,309	700,475	443,097	92	158		
18	Travel assistance insurance	16,052,704	15,513,341	11,571,786	103	134		
19	Total non-life insurance (No. 1-18)	544,787,178	522,227,961	486,096,463	104	107		
20	Life insurance	79,466,230	82,300,599	81,164,340	97	101		
21	Wedding insurance or birth insurance	-	-	-	-	-		
22	Unit-linked life insurance	76,121,938	79,947,507	76,201,048	95	105		
23	Tontine	-	-	-	-	-		
24	Capital redemption insurance	18,880,523	17,655,904	16,748,583	107	105		
25	Income protection insurance due to accident or illness	-	-	-	-	-		
26	Total life insurance (No. 20-25)	174,468,691	179,904,010	174,113,971	97	103		
27	Total (No. 19+26)	719,255,868	702,131,971	660,210,433	102	106		

15.2 Net written premium as % of gross written premium

		Net written premium*100					
		Gross written premium					
						in EUR	
		Net written premium		Gross written premium		Net written premium as % of gross written premium	
No.		2020	2019	2020	2019	2020	2019
1	2	3	4	5	6	7=3/5*100	8=4/6*100
1	Accident insurance	24,663,008	25,893,398	25,696,568	26,948,216	96	96
2	Health insurance	524,519	468,930	926,557	728,634	57	64
3	Land motor vehicle insurance	117,426,679	114,830,648	127,536,359	124,555,113	92	92
4	Railway insurance	3,341,775	2,462,435	4,175,198	3,154,574	80	78
5	Aircraft insurance	152,316	197,970	2,390,519	1,928,948	6	10
6	Marine insurance	532,087	282,146	994,760	308,649	53	91
7	Good in transit insurance	2,964,486	2,828,814	5,321,053	4,724,407	56	60
8	Fire and natural disaster insurance	36,264,515	34,952,660	58,291,995	56,134,878	62	62
9	Other damage to property insurance	65,409,914	63,485,852	130,253,821	115,060,305	50	55
10	Motor TPL insurance	95,717,270	92,822,564	106,754,958	102,352,357	90	91
11	Aircraft liability insurance	136,593	158,967	1,693,326	1,988,419	8	8
12	Marine liability insurance	816,484	495,209	950,911	811,322	86	61
13	General liability insurance	26,974,734	27,285,281	38,619,888	39,134,047	70	70
14	Credit insurance	14,731,626	18,958,624	19,137,654	22,962,440	77	83
15	Suretyship insurance	1,359,310	1,805,255	2,775,316	2,414,586	49	75
16	Miscellaneous financial loss insurance	871,524	1,248,636	2,574,281	2,807,251	34	44
17	Legal expenses insurance	498,143	531,431	641,309	700,475	78	76
18	Travel assistance insurance	15,265,369	14,757,892	16,052,704	15,513,341	95	95
19	Total non-life insurance (No. 1-18)	407,650,352	403,466,713	544,787,178	522,227,961	75	77
20	Life insurance	78,689,871	81,529,094	79,466,230	82,300,599	99	99
21	Wedding insurance or birth insurance	-	-	-	-	-	-
22	Unit-linked life insurance	76,100,918	79,947,507	76,121,938	79,947,507	100	100
23	Tontine	-	-	-	-	-	-
24	Capital redemption insurance	18,880,523	17,655,904	18,880,523	17,655,904	100	100
25	Income protection insurance due to accident or illness	-	-	-	-	-	-
26	Total life insurance (No. 20-25)	173,671,311	179,132,505	174,468,691	179,904,010	100	100
27	Total (No. 19+26)	581,321,663	582,599,218	719,255,868	702,131,971	81	83

15.3 Movements in gross claims paid (index)

		Gross claims paid for the current year*100		Gross claims paid for the preceding year		in EUR	
No.		Gross claims paid			Index		
		2020	2019	2018	2020/2019	2019/2018	
1	2	3	4	5	6=3/4*100	7=4/5*100	
1	Accident insurance	9,908,838	12,153,879	12,350,357	82	98	
2	Health insurance	415,865	243,561	134,892	171	181	
3	Land motor vehicle insurance	75,806,644	79,970,757	76,808,657	95	104	
4	Railway insurance	623,235	1,000,537	2,521,898	62	40	
5	Aircraft insurance	44,785	11,954	15,168	375	79	
6	Marine insurance	-12,306	91,682	508,970	-	18	
7	Good in transit insurance	1,511,975	1,395,610	1,082,274	108	129	
8	Fire and natural disaster insurance	19,974,929	19,721,686	26,508,728	101	74	
9	Other damage to property insurance	43,758,137	44,513,081	49,201,547	98	90	
10	Motor TPL insurance	61,408,263	61,356,582	59,008,202	100	104	
11	Aircraft liability insurance	23,398	17,028	16,674	137	102	
12	Marine liability insurance	298,968	13,980	29,627	2,139	47	
13	General liability insurance	14,547,830	13,579,671	15,388,188	107	88	
14	Credit insurance	12,026,300	11,404,559	9,692,982	105	118	
15	Suretyship insurance	454,233	223,376	206,704	203	108	
16	Miscellaneous financial loss insurance	871,232	2,434,591	4,161,301	36	59	
17	Legal expenses insurance	15,000	2,560	12,734	586	20	
18	Travel assistance insurance	11,386,584	10,922,757	9,600,577	104	114	
19	Total non-life insurance (No. 1-18)	253,063,910	259,057,852	267,249,479	98	97	
20	Life insurance	95,631,064	95,622,077	80,774,735	100	118	
21	Wedding insurance or birth insurance	-	-	-	-	-	
22	Unit-linked life insurance	48,338,150	57,234,124	59,839,416	84	96	
23	Tontine	-	-	-	-	-	
24	Capital redemption insurance	4,476,399	4,929,640	5,753,105	91	86	
25	Income protection insurance due to accident or illness	-	-	-	-	-	
26	Total life insurance (No. 20-25)	148,445,613	157,785,841	146,367,257	94	108	
27	Total (No. 19+26)	401,509,523	416,843,693	413,616,736	96	101	

15.4 Claims ratio

		Gross claims paid*100		Gross written premium		Loss ratio (%)		in EUR
No.		2020	2019	2020	2019	2020	2019	
1	2	3	4	5	6	7=3/5*100	8=4/6*100	
1	Accident insurance	9,908,838	12,153,879	25,696,568	26,948,216	39	45	
2	Health insurance	415,865	243,561	926,557	728,634	45	33	
3	Land motor vehicle insurance	75,806,644	79,970,757	127,536,359	124,555,113	59	64	
4	Railway insurance	623,235	1,000,537	4,175,198	3,154,574	15	32	
5	Aircraft insurance	44,785	11,954	2,390,519	1,928,948	2	1	
6	Marine insurance	-12,306	91,682	994,760	308,649	-	30	
7	Good in transit insurance	1,511,975	1,395,610	5,321,053	4,724,407	28	30	
8	Fire and natural disaster insurance	19,974,929	19,721,686	58,291,995	56,134,878	34	35	
9	Other damage to property insurance	43,758,137	44,513,081	130,253,821	115,060,305	34	39	
10	Motor TPL insurance	61,408,263	61,356,582	106,754,958	102,352,357	58	60	
11	Aircraft liability insurance	23,398	17,028	1,693,326	1,988,419	1	1	
12	Marine liability insurance	298,968	13,980	950,911	811,322	31	2	
13	General liability insurance	14,547,830	13,579,671	38,619,888	39,134,047	38	35	
14	Credit insurance	12,026,300	11,404,559	19,137,654	22,962,440	63	50	
15	Suretyship insurance	454,233	223,376	2,775,316	2,414,586	16	9	
16	Miscellaneous financial loss insurance	871,232	2,434,591	2,574,281	2,807,251	34	87	
17	Legal expenses insurance	15,000	2,560	641,309	700,475	2	0	
18	Travel assistance insurance	11,386,584	10,922,757	16,052,704	15,513,341	71	70	
19	Total non-life insurance (No. 1-18)	253,063,910	259,057,852	544,787,178	522,227,961	46	50	
20	Life insurance	95,631,064	95,622,077	79,466,230	82,300,599	120	116	
21	Wedding insurance or birth insurance	-	-	-	-	-	-	
22	Unit-linked life insurance	48,338,150	57,234,124	76,121,938	79,947,507	64	72	
23	Tontine	-	-	-	-	-	-	
24	Capital redemption insurance	4,476,399	4,929,640	18,880,523	17,655,904	24	28	
25	Income protection insurance due to accident or illness	-	-	-	-	-	-	
26	Total life insurance (No. 20-25)	148,445,613	157,785,841	174,468,691	179,904,010	85	88	
27	Total (No. 19+26)	401,509,523	416,843,693	719,255,868	702,131,971	56	59	

15.5 Operating expenses as % of gross written premium

		Operating expenses*100					
		Gross written premium					
						in EUR	
		Operating expenses		Gross written premium		Operating expenses as % of gross written premium	
No.		2020	2019	2020	2019	2020	2019
1	2	3	4	5	6	7=3/5*100	8=4/6*100
1	Accident insurance	8,074,586	8,861,320	25,696,568	26,948,216	31	33
2	Health insurance	237,192	167,540	926,557	728,634	26	23
3	Land motor vehicle insurance	31,615,432	32,242,680	127,536,359	124,555,113	25	26
4	Railway insurance	369,676	387,448	4,175,198	3,154,574	9	12
5	Aircraft insurance	250,308	147,876	2,390,519	1,928,948	10	8
6	Marine insurance	170,356	181,378	994,760	308,649	17	59
7	Good in transit insurance	1,283,497	1,329,110	5,321,053	4,724,407	24	28
8	Fire and natural disaster insurance	18,026,524	17,929,041	58,291,995	56,134,878	31	32
9	Other damage to property insurance	30,751,757	29,726,699	130,253,821	115,060,305	24	26
10	Motor TPL insurance	27,965,790	28,524,684	106,754,958	102,352,357	26	28
11	Aircraft liability insurance	257,201	186,170	1,693,326	1,988,419	15	9
12	Marine liability insurance	283,531	265,834	950,911	811,322	30	33
13	General liability insurance	11,731,195	11,544,690	38,619,888	39,134,047	30	30
14	Credit insurance	5,174,563	5,643,718	19,137,654	22,962,440	27	25
15	Suretyship insurance	753,988	667,742	2,775,316	2,414,586	27	28
16	Miscellaneous financial loss insurance	838,710	873,915	2,574,281	2,807,251	33	31
17	Legal expenses insurance	441,780	380,788	641,309	700,475	69	54
18	Travel assistance insurance	6,855,949	6,858,280	16,052,704	15,513,341	43	44
19	Total non-life insurance (No. 1-18)	145,082,034	145,918,915	544,787,178	522,227,961	27	28
20	Life insurance	15,418,907	16,397,125	79,466,230	82,300,599	19	20
21	Wedding insurance or birth insurance	-	-	-	-	-	-
22	Unit-linked life insurance	17,120,559	15,997,740	76,121,938	79,947,507	22	20
23	Tontine	-	-	-	-	-	-
24	Capital redemption insurance	2,329,347	2,180,195	18,880,523	17,655,904	12	12
25	Income protection insurance due to accident or illness	-	-	-	-	-	-
26	Total life insurance (No. 20-25)	34,868,813	34,575,060	174,468,691	179,904,010	20	19
27	Total (No. 19+26)	179,950,848	180,493,976	719,255,868	702,131,971	25	26

15.6 Acquisition costs as % of gross written premium

		Acquisition costs*100					
		Gross written premium					
						in EUR	
No.		Acquisition costs		Gross written premium		Acquisition costs as % of gross written premium	
		2020	2019	2020	2019	2020	2019
1	2	3	4	5	6	7=3/5*100	8=4/6*100
1	Accident insurance	893,656	947,383	25,696,568	26,948,216	3,5	3,5
2	Health insurance	8,594	4,714	926,557	728,634	0,9	0,6
3	Land motor vehicle insurance	4,291,381	4,619,441	127,536,359	124,555,113	3,4	3,7
4	Railway insurance	3,530	6,337	4,175,198	3,154,574	0,1	0,2
5	Aircraft insurance	12,293	3,674	2,390,519	1,928,948	0,5	0,2
6	Marine insurance	5,245	5,828	994,760	308,649	0,5	1,9
7	Good in transit insurance	298,009	315,878	5,321,053	4,724,407	5,6	6,7
8	Fire and natural disaster insurance	2,006,623	1,916,022	58,291,995	56,134,878	3,4	3,4
9	Other damage to property insurance	3,326,414	2,969,670	130,253,821	115,060,305	2,6	2,6
10	Motor TPL insurance	5,390,429	6,067,721	106,754,958	102,352,357	5,0	5,9
11	Aircraft liability insurance	3,047	3,143	1,693,326	1,988,419	0,2	0,2
12	Marine liability insurance	64,965	69,042	950,911	811,322	6,8	8,5
13	General liability insurance	2,036,301	1,862,958	38,619,888	39,134,047	5,3	4,8
14	Credit insurance	851,320	1,007,008	19,137,654	22,962,440	4,4	4,4
15	Suretyship insurance	202,023	74,318	2,775,316	2,414,586	7,3	3,1
16	Miscellaneous financial loss insurance	166,036	195,469	2,574,281	2,807,251	6,4	7,0
17	Legal expenses insurance	130,231	88,807	641,309	700,475	20,3	12,7
18	Travel assistance insurance	304,270	379,838	16,052,704	15,513,341	1,9	2,4
19	Total non-life insurance (No. 1-18)	19,994,366	20,537,250	544,787,178	522,227,961	3,7	3,9
20	Life insurance	2,988,995	2,642,616	79,466,230	82,300,599	3,8	3,2
21	Wedding insurance or birth insurance	-	-	-	-	-	-
22	Unit-linked life insurance	5,519,076	5,503,282	76,121,938	79,947,507	7,3	6,9
23	Tontine	-	-	-	-	-	-
24	Capital redemption insurance	48,289	75,966	18,880,523	17,655,904	0,3	0,4
25	Income protection insurance due to accident or illness	-	-	-	-	-	-
26	Total life insurance (No. 20-25)	8,556,361	8,221,864	174,468,691	179,904,010	4,9	4,6
27	Total (No. 19+26)	28,550,727	28,759,115	719,255,868	702,131,971	4,0	4,1

15.7 Net claims ratio

		$(\text{Net claims paid} + \text{Change in claims provisions}) \cdot 100$					
		Net premium income					
						in EUR	
		Net settled claims + Change in claims provisions		Net premium income		Net loss ratio (%)	
No.		2020	2019	2020	2019	2020	2019
1	2	3	4	5	6	7=3/5*100	8=4/6*100
1	Accident insurance	6,609,444	5,148,544	25,197,530	25,712,226	26	20
2	Health insurance	370,242	252,170	470,703	551,298	79	46
3	Land motor vehicle insurance	67,636,638	72,489,801	117,077,028	112,935,787	58	64
4	Railway insurance	2,332,825	2,080,146	3,368,876	2,368,929	69	88
5	Aircraft insurance	320,915	-23,948	88,826	174,533	361	-
6	Marine insurance	-205,528	57,699	392,617	281,272	-	21
7	Good in transit insurance	824,383	1,136,867	2,871,621	2,780,895	29	41
8	Fire and natural disaster insurance	15,383,091	16,556,117	35,832,757	34,739,117	43	48
9	Other damage to property insurance	33,555,100	32,659,484	64,658,436	61,059,151	52	53
10	Motor TPL insurance	67,050,540	56,809,629	96,431,180	90,542,312	70	63
11	Aircraft liability insurance	-64,456	406,119	182,755	99,929	-	406
12	Marine liability insurance	438,511	435,517	691,619	432,665	63	101
13	General liability insurance	-1,430,895	-2,722,945	26,615,217	26,502,179	-	-
14	Credit insurance	1,214,640	1,177,904	18,718,207	19,770,083	6	6
15	Suretyship insurance	-5,971	18,553	1,144,956	1,385,093	-	1
16	Miscellaneous financial loss insurance	368,944	-297,184	884,758	1,247,168	42	-
17	Legal expenses insurance	53,508	-53,963	516,641	507,846	10	-
18	Travel assistance insurance	10,680,346	10,749,451	15,065,765	13,323,834	71	81
19	Total non-life insurance (No. 1-18)	205,132,278	196,879,962	410,209,492	394,414,318	50	50
20	Life insurance	95,750,124	95,448,286	96,716,441	113,643,807	99	84
21	Wedding insurance or birth insurance	-	-	-	-	-	-
22	Unit-linked life insurance	48,309,493	57,234,124	58,061,390	47,841,329	83	120
23	Tontine	-	-	-	-	-	-
24	Capital redemption insurance	4,476,399	4,929,640	18,880,523	17,655,904	24	28
25	Income protection insurance due to accident or illness	-	-	-	-	-	-
26	Total life insurance (No. 20-25)	148,536,016	157,612,051	173,658,354	179,141,040	86	88
27	Total (No. 19+26)	353,668,294	354,492,013	583,867,846	573,555,357	61	62

15.8 Combined claims ratio

		$(\text{Net claims paid} + \text{Change in claims provisions} + \text{Net operating expenses}) * 100$					
		Net premium income					
						in EUR	
No.		Net claims paid + Change in claims provisions + Net operating expenses		Net premium income		Combined claims ratio (%)	
		2020	2019	2020	2019	2020	2019
1	2	3	4	5	6	7=3/5*100	8=4/6*100
1	Non-life insurance	335,005,046	327,176,747	410,209,492	394,414,319	82	83

15.9 Expense ratio

		Operating expenses*100					
		Net premium income					
						in EUR	
No.		Operating expenses		Net premium income		Expense ratio (%)	
		2020	2019	2020	2019	2020	2019
1	2	3	4	5	6	7=3/5*100	8=4/6*100
1	Life insurance	34,868,813	34,575,060	173,658,353	179,141,040	20	19

15.10 Utility ratio

		$(\text{Claims paid} + \text{Change in insurance technical provisions}) * 100$					
		Net written premium					
						in EUR	
No.		Paid claims + Change in insurance technical provisions		Net written premium		Utility ratio (%)	
		2020	2019	2020	2019	2020	2019
1	2	3	4	5	6	7=3/5*100	8=4/6*100
1	Life insurance	168,708,051	234,654,876	173,671,312	179,132,506	97	131

15.11 Investment return as % of average balance of investments

		Investment return*100					
		$(\text{starting balance for the year} + \text{ending balance for the year}) / 2$					
						in EUR	
No.		Investment return		Average balance of investments		Investment return as % of average balance of investments	
		2020	2019	2020	2019	2020	2019
1	2	3	4	5	6	7=3/5*100	8=4/6*100
1	Asset backing liabilities	15,824,767	15,689,748	718,690,591	681,196,820	2.2	2.3
2	Guarantee fund backing traditional life insurance	25,117,942	23,999,526	804,452,488	789,542,163	3.1	3.0
3	Guarantee fund backing SVPI	7,685,057	10,603,351	225,407,801	210,430,776	3.4	5.0
4	Guarantee fund backing SVPI during the annuity payout period	1,844,913	1,412,081	60,151,483	50,771,853	3.1	2.8
5	Guarantee fund backing unit-linked insurance	6,146,060	67,988,593	415,971,560	390,654,818	1.5	17.4
6	Investments not financed from insurance technical provisions	8,857,301	11,707,490	354,957,744	338,930,590	2.5	3.5
7	Total	65,476,040	131,400,790	2,579,631,665	2,461,527,020	2.5	5.3

15.12 Net claims provisions as % of net premium income

		Net claims provisions*100					
		Net premium income					
						in EUR	
		Net claims provisions		Net premium income		Net claims provisions as % of net premium income	
No.		2020	2019	2020	2019	2020	2019
1	2	3	4	5	6	7=3/5*100	8=4/6*100
1	Accident insurance	19,305,185	22,239,155	25,197,530	25,712,226	77	86
2	Health insurance	16,325	54,556	470,703	551,298	3	10
3	Land motor vehicle insurance	15,478,548	17,601,078	117,077,028	112,935,787	13	16
4	Railway insurance	6,338,678	4,559,400	3,368,876	2,368,929	188	192
5	Aircraft insurance	327,719	49,357	88,826	174,533	369	28
6	Marine insurance	157,051	345,595	392,617	281,272	40	123
7	Good in transit insurance	1,381,542	1,418,409	2,871,621	2,780,895	48	51
8	Fire and natural disaster insurance	12,453,443	13,057,498	35,832,757	34,739,117	35	38
9	Other damage to property insurance	24,295,113	23,931,240	64,658,436	61,059,151	38	39
10	Motor TPL insurance	168,214,401	156,311,058	96,431,180	90,542,312	174	173
11	Aircraft liability insurance	621,720	686,854	182,755	99,929	340	687
12	Marine liability insurance	745,431	471,258	691,619	432,665	108	109
13	General liability insurance	85,485,384	95,875,908	26,615,217	26,502,179	321	362
14	Credit insurance	2,131,635	1,946,004	18,718,207	19,770,083	11	10
15	Suretyship insurance	-69,485	43,299	1,144,956	1,385,093	-	3
16	Miscellaneous financial loss insurance	1,074,637	870,382	884,758	1,247,168	121	70
17	Legal expenses insurance	109,220	61,547	516,641	507,846	21	12
18	Travel assistance insurance	2,265,488	2,394,178	15,065,765	13,323,834	15	18
19	Total non-life insurance (No. 1-18)	340,332,034	341,916,776	410,209,492	394,414,318	83	87
20	Life insurance	19,679,961	19,318,913	96,716,441	113,643,807	20	17
21	Wedding insurance or birth insurance	-	-	-	-	-	-
22	Unit-linked life insurance	-28,409	0	58,061,390	47,841,329	-	-
23	Tontine	-	-	-	-	-	-
24	Capital redemption insurance	0	0	18,880,523	17,655,904	-	-
25	Income protection insurance due to accident or illness	-	-	-	-	-	-
26	Total life insurance (No. 20-25)	19,651,552	19,318,913	173,658,354	179,141,040	11	11
27	Total (No. 19+26)	359,983,585	361,235,689	583,867,846	573,555,357	62	63

15.13 Gross profit/loss for the year as % of net written premium

		Gross profit/loss*100		Net written premium		Gross profit/loss for the year as % of net written premium		in EUR
No.	2	2020	2019	2020	2019	2020	2019	
		3	4	5	6	7=3/5*100	8=4/6*100	
1	Non-life insurance	64,691,335	67,345,887	407,650,351	403,466,712	15.9	16.7	
2	Life insurance	6,378,629	17,265,723	173,671,312	179,132,506	3.7	9.6	
3	Total	71,069,964	84,611,610	581,321,663	582,599,218	12.2	14.5	

15.14 Gross profit/loss for the year as % of average equity

		Gross profit/loss*100		Average balance of equity		Gross profit/loss for the year as % of average equity		in EUR
		(equity starting balance for the year + equity ending balance for the year)/2						
No.	2	2020	2019	2020	2019	2020	2019	
		3	4	5	6	7=3/5*100	8=4/6*100	
1	Non-life insurance	64,691,335	67,345,887	506,290,745	472,649,351	12.8	14.2	
2	Life insurance	6,378,629	17,265,723	105,950,978	97,651,154	6.0	17.7	
3	Total	71,069,964	84,611,610	612,241,723	570,300,506	11.6	14.8	

15.15 Gross profit/loss for the year as % of average assets

		Gross profit/loss*100		Average balance of assets		Gross profit/loss for the year as % of average assets		in EUR
		(assets starting balance for the year + assets ending balance for the year)/2						
No.	2	2020	2019	2020	2019	2020	2019	
		3	4	5	6	7=3/5*100	8=4/6*100	
1	Non-life insurance	64,691,335	67,345,887	1,322,982,979	1,258,554,573	4.9	5.4	
2	Life insurance	6,378,629	17,265,723	1,644,056,469	1,576,305,973	0.4	1.1	
3	Total	71,069,964	84,611,610	2,967,039,448	2,834,860,546	2.4	3.0	

15.16 Gross profit/loss for the year per share

		Gross profit/loss		Number of shares		Gross profit/loss for the year per share	
						in EUR	
No.		2020	2019	2020	2019	2020	2019
1	2	3	4	5	6	7=3/5	8=4/6
1	Non-life insurance	64,691,335	67,345,887	15,837,350	15,837,350	4.1	4.3
2	Life insurance	6,378,629	17,265,723	6,897,798	6,897,798	0.9	2.5
3	Total	71,069,964	84,611,610	22,735,148	22,735,148	3.1	3.7

15.17 Receivables from reinsurance and reinsurer's share of insurance technical provisions as % of equity

		Receivables from reinsurance and reinsurer's share of insurance technical provisions*100		Equity		Receivables from reinsurance and reinsurer's share of insurance technical provisions as % of equity (%)	
						in EUR	
No.		2020	2019	2020	2019	2020	2019
1	2	3	4	5	6	7=3/5*100	8=4/6*100
1	Non-life insurance	117,204,470	106,021,178	533,692,009	478,889,482	22.0	22.1
2	Life insurance	41,265	17,656	110,311,163	101,590,793	-	-
3	Total	117,245,735	106,038,834	644,003,171	580,480,275	18.2	18.3

15.18 Net written premium as % of average balance of equity and insurance technical provisions

		Net written premium*100		Average balance of equity and insurance technical provisions		Net written premium as % of average balance of equity and insurance technical provisions (%)	
						in EUR	
No.		2020	2019	2020	2019	2020	2019
1	2	3	4	5	6	7=3/5*100	8=4/6*100
1	Non-life insurance	407,650,351	403,466,712	1,071,238,466	1,040,300,084	38.1	38.8
2	Life insurance	173,671,312	179,132,506	1,612,862,758	1,542,035,024	10.8	11.6
3	Total	581,321,663	582,599,218	2,684,101,224	2,582,335,109	21.7	22.6

15.19 Average balance of net insurance technical provisions as % of net premium income

		Average balance of net insurance technical provisions*100 Net premium income						in EUR	
No.		Average balance of net insurance technical provisions		Net premium income		Average balance of net insurance technical provisions as % of net premium income (%)			
		2020	2019	2020	2019	2020	2019	7=3/5*100	8=4/6*100
1	2	3	4	5	6				
1	Non-life insurance	564,947,721	567,650,733	410,209,492	394,414,319	137.7	143.9		
2	Life insurance	1,506,911,781	1,444,383,870	173,658,353	179,141,040	867.7	806.3		
3	Total	2,071,859,502	2,012,034,603	583,867,845	573,555,359	354.9	350.8		

15.20 Equity as % of liabilities

		Equity * 100 Liabilities						in EUR	
No.		Equity		Liabilities		Equity as % of liabilities (%)			
		2020	2019	2020	2019	2020	2019	7=3/5*100	8=4/6*100
1	2	3	4	5	6				
1	Non-life insurance	533,692,009	478,889,482	1,349,958,827	1,296,007,131	39.5	37.0		
2	Life insurance	110,311,163	101,590,793	1,663,255,330	1,624,857,608	6.6	6.3		
3	Total	644,003,171	580,480,275	3,013,214,158	2,920,864,739	21.4	19.9		

15.21 Net insurance technical provisions as % of liabilities

		Net insurance technical provisions*100 Liabilities						in EUR	
No.		Net insurance technical provisions		Liabilities		Net insurance technical provisions as % of liabilities (%)			
		2020	2019	2020	2019	2020	2019	7=3/5*100	8=4/6*100
1	2	3	4	5	6				
1	Non-life insurance	565,395,400	564,500,042	1,349,958,827	1,296,007,131	41.9	43.6		
2	Life insurance	1,527,742,641	1,486,080,920	1,663,255,330	1,624,857,608	91.9	91.5		
3	Total	2,093,138,041	2,050,580,962	3,013,214,158	2,920,864,739	69.5	70.2		

15.22 Net life insurance technical provisions as % of net insurance technical provisions

		Net life insurance technical provisions*100					
		Net insurance technical provisions					
						in EUR	
No.		Net life insurance technical provisions		Net insurance technical provisions		Net life insurance technical provisions as % of net insurance technical provisions (%)	
		2020	2019	2020	2019	2020	2019
1	2	3	4	5	6	7=3/5*100	8=4/6*100
1	Total	1,490,283,181	1,455,824,397	2,093,138,041	2,050,580,962	71.2	71.0

15.23 Gross written premium as % of number of permanent employees

		Gross written premium					
		(ending number of employees for the previous year + ending number of employees for the year)/2					
						in EUR	
No.		Gross written premium		Average number of employees		Gross written premium per number of permanent employees	
		2020	2019	2020	2019	2020	2019
1	2	3	4	5	6	7=3/5	8=4/6
1	Total	719,255,868	702,131,971	2,249	2,272	319,883	309,105