

4. Strategy and plans of the Triglav Group

- Strategic risks and business opportunities are regularly assessed based on the challenges and opportunities identified in the business and social environments, which are characterised by rapid changes.
- The Triglav Group’s vision, aimed at creating an outstanding user experience, is implemented through development activities. The transition from an insurance-oriented to a service-oriented business model with multiple ecosystems and continued digital transformation are at the fore.
- The Group’s performance in 2022 was sound and impacted by one-off events, with the business result exceeding plans.
- The Group’s operations will continue to be profitable, further increasing the business volume in 2023.

Challenges and opportunities of today

The ever-changing business and social environment requires the Group to constantly monitor and identify new challenges and opportunities in its business operations and to effectively deal with unknown risks. To this end, strategic risks and opportunities as well as the relevance of the main

guidelines for the implementation of the Group’s strategy are regularly assessed. By constantly upgrading the risk management system, the Group maintains a level of preparedness that ensures an optimal response even in the case of unexpected events, which in turn ensures profitable, stable and future-oriented business operations.

The main trends that the Group has identified as having a significant impact on its business operations today and in the coming years are, in particular, the events related to the geopolitical situation as a result of the Russian-Ukrainian war and their impact on the macroeconomic situation, inflation and financial markets, increased digitalisation of operations and related changes in consumer habits, as well as the effects of climate change and the growing importance of sustainable business.

The impact of the external environment in which the Group operates and may continue to operate

In 2021, most European countries lifted the restrictive measures related to the COVID-19 pandemic, which made it possible to restore stable economic activity. But the start of 2022 was already marked by the conflict between Russia and Ukraine, which escalated into a war between the two countries at the end of February. Russia's military intervention in the territory of Ukraine triggered a series of international measures and sanctions intended to weaken the Russian economy, and which disrupted many supply chains and caused the high growth of energy prices. These effects, together with the existing consequences of the pandemic, supply chain disruptions and measures taken by countries to stimulate increased household consumption during this period, had a strong impact on inflation. In order to limit it to around 2%, the central banks started raising interest rates, which lowered economic growth forecasts. Higher interest rates significantly increased countries' borrowing costs; countries noticeably increased their indebtedness during the pandemic.

Geopolitical risks and deteriorating macroeconomic bases also had an impact on financial markets. The global markets experienced a shake-up in the beginning of the year, especially investments in companies with higher exposure to the Russian market, which was followed by declines in financial markets caused by uncertain economic forecasts and sharp increases in interest rates. In the coming period, supply chain pressures are expected to ease and the EU's dependence on the import of Russian gas and oil to decrease, as a result of which energy prices will stabilise. Nevertheless, it may take several years for inflation to slow down, and the actions taken by central banks may further deteriorate economic growth outlook.

The advantages brought by international trade and globalisation are diminishing, and many businesses are aiming to switch to local supply chains. EU Member States displayed a great deal of coordination in their response to the situation so far, but despite this, many European countries began to pay more attention to the security policy. Expectations regarding the further development of economic trends and financial markets thus remain highly uncertain.

1. Geopolitical risks and financial instability

The Group's acceptance of challenges and risk management

The Triglav Group is responding to the current situation by carefully **adjusting its risk profile**. A well-functioning risk management system enables the Group to monitor the situation and respond to it rapidly by appropriately addressing the negative impacts on capital adequacy and profitability.

Investment policies are primarily designed to pursue the interests of policyholders, insured persons and other beneficiaries from insurance contracts. Therefore, the security of investments and the simultaneous achievement of the highest possible profitability with the assumed risks remain at the forefront. The amount, maturity and currency of assets allocated to cover insurance liabilities are harmonised with liabilities as much as possible, thus further limiting market risks. By managing the remaining assets, the goal of achieving a reasonable rate of return is pursued, taking into account all the risks assumed and maintaining a high overall credit rating of the investment portfolio. See Section [3.3 of Risk management](#) for more information about exposure to market risks.

In the current situation, additional attention is paid to the optimal profitability of the insurance business and the appropriate return on investment, which is also achieved by investing in alternative investments, which at somewhat lower liquidity generate slightly higher expected rates of return.

The volume of such investments is subordinated to achieving adequate portfolio liquidity even in the

event of a deteriorating situation in the financial markets.

For the purpose of timely identification and action, the Group set up an effective **system for monitoring the entire counterparty portfolio**. The portfolio's credit quality is constantly monitored and the concentration at Group level is managed by adjusting the exposure to individual partner segments.

Rising interest rates, increased uncertainty about the economic outlook and the unpredictability of the monetary policy have a major impact on market liquidity, which has deteriorated across all asset classes. The Company ensures the timely fulfilment of all obligations with adequate liquidity. To **maintain an optimal liquidity level**, liquidity risk is managed on an ongoing basis, which includes regularly testing liquidity in exceptional circumstances and the liquidity plan with the order of actions to take in such cases. See Section [3.5 of Risk management](#) for more information.

High inflation affects higher claim payouts, especially in the segments of non-life insurance and operating expenses. Such risks are managed by **regularly monitoring and promptly adjusting the pricing policy and through effective cost management**. High inflation and interest rates also affect the value of the investment portfolio, particularly fixed-income investments. Inflation risk is managed in the context of interest rate risk management. High inflation also resulted in a decrease in the real disposable income of households and, consequently, in lower consumption, including insurance purchase. If current macroeconomic developments settle into stagflation (low economic growth with high inflation), credit and liquidity risks could increase.

Due to the increase in required returns on debt securities and the resulting drop in the value of investments, especially with regard to supplemental voluntary pension insurance with a guaranteed return, in which the policyholder does not fully assume the investment risk, the Company adjusted its investment policy to a less risky one in the face of increased fluctuations in the financial markets.

Geopolitical risks are regulated through the appropriate geographic diversification of investments, as presented in Section [7.9 Investment structure of the Triglav Group and Zavarovalnica Triglav](#), and prudent conclusion of insurance and reinsurance transactions in the international market.

The impact of the external environment in which the Group operates and may continue to operate

Among the key challenges of more mature European economies is an ageing population due to longer life expectancy and declining birth rates. International migration mitigates this trend only partially. The accompanying labour shortage will be an important factor in future development and economic growth. In most European countries, young age groups are often characterised by a lower average income, which stems mainly from the unstable labour market and precarious forms of employment and results in the lower funding of the social welfare system. The need for social security is therefore increasing, and its funding is increasingly difficult. The awareness that health, lifestyle and environmental aspects are connected is growing.

Employment in the EU is at its highest levels, and the demand for workers still exceeds supply in many sectors and industries. Staff shortage in the labour market is particularly high in some highly skilled occupations, the demand for which has increased in recent years also due to the rapidly increasing digitalisation of business and the need to combine IT skills and a good knowledge of specific topics. The pandemic has visibly transformed the labour market in past years with the emergence of several forms of hybrid work that include the possibility of working from home. Employees now look for jobs that offer hybrid forms of work. Employers who are better able to adapt to these new demands also have a better chance of attracting suitable staff. Securing an appropriately qualified workforce also results in higher salary costs.

The described challenges also apply to the countries in which the Group companies operate.

2. Demographics and human resource risks

The Group's acceptance of challenges and risk management

Demographic trends are monitored on an on-going basis in all Group markets. They are observed in terms of adjusting insurance terms and conditions and calculation factors as well as identifying opportunities for new types of insurance coverage and products, with which the Group responds to the changing client needs. The coverage of risks that the compulsory social security scheme does not cover or covers inadequately is ensured by a range of complementary and supplemental insurance products. The Company is expanding its life, pension and health insurance product range, thereby increasing the security of clients at all stages of life. It is exposed to longevity risk in products with lifetime annuity or pension payouts. Especially long-term risk requires special attention: it is managed by developing dynamic models of the policyholders' life expectancy and setting appropriate premium rates and provisions.

The Group is aware that healthcare will continue to gain social significance. It is proactively increasing its range of healthcare services in order to provide its policyholders – at health centres – with timely and, at the same level of quality, more affordable healthcare services than its competitors on the market. The Group aims to transform from a traditional health insurance provider into a health partner and provide clients with comprehensive lifelong services. By offering additional health insurance products and services, it takes into consideration the risk of a potential healthcare reform and the abolition of supplemental health insurance.

The pandemic also profoundly changed employment and how the Group interacts with its employees, who play a key role in achieving the Group's ambitious business objectives. Currently, it is difficult to recruit new employees with appropriate skills and competences in the Slovenian labour market. A general human resource risk was identified when recruiting workers in shortage occupations (IT, digital, BI, risks, actuaries, etc.), in addition to the risk of departure of key staff and problems with retaining existing staff.

The Group is aware of these risks and manages them accordingly. It aims to provide the best working conditions for its employees, thereby reducing the risk of unwanted fluctuations. The Group is strengthening its brand of a development-oriented and responsible employer and building up its recognisability as a desirable employer, being able to attract and motivate new highly qualified and highly skilled workers.

During the COVID-19 pandemic, the Group companies implemented a hybrid work model, which included working from home, for the employees whose nature of work allowed it, and which was continued even after the pandemic ended. This may be a competitive advantage over companies that do not provide this option. See Section [11. Development activities](#) for more information about the hybrid workplace strategic pilot project.

Employee satisfaction within the Group is regularly monitored by measuring the organisational climate, which shows better results every year. This proves that the Group is effectively adapting to changes; communication is open and effective, and the Group remains an attractive working environment for its employees despite changes.

See Section [12.4.2 Responsibility to employees](#) for more information about steps taken to the care for employees.

The impact of the external environment in which the Group operates and may continue to operate

The digital transformation of insurance companies has been accelerating in recent years. Advanced analytics, the use of cloud services, the Internet of Things, cognitive computing, mobile network development, process robotisation, machine learning, artificial intelligence, API interfaces and remote business are all on the rise. The COVID-19 pandemic has rapidly and extensively transformed the way insurance companies engage with their clients, largely shifting from physical contact and a small number of interaction points to remote communication and via digital channels (taking out insurance, settling claims, etc.). In parallel, some work processes shifted partially from the workplace to employees' homes, with communication mainly taking place via an internet connection and with remote access to the Company's data.

This increased the pace of business digitalisation and produced many challenges, such as client identity verification, remote signing and inspection of the object insured, secure document exchange and managing client data changes in databases. Insurers are expected to keep up to date with and adapt their operations to digital changes as well as implement technological upgrades and innovative business models developed by insurtech and fintech companies. Implementing new digital services into operations and providing an outstanding user experience can be a significant challenge for insurance service providers (due to rapid and continuous development), as it requires rapid adaptation to new market opportunities and cost-effective performance. The latter is also becoming one of the key differentiating factors in the industry.

Digitalisation thus not only creates new opportunities but also results in many additional risks. With technological development, the increasing connectivity of businesses and the financial sector's heavy reliance on major global information and communication technology (ICT) service providers to provide services to clients, the vulnerability of insurers to cyber-attacks is increasing, which is reflected in the increased number of these incidents. Understanding the role of effective risk management and the continuous improvement of digital resilience are among the decisive factors for successful business performance and maintaining clients' confidence in the security of their data processing. A requirement for digital resilience is also the effective management and limitation of possible financial and operational-process effects. The development of regulations also follows these guidelines. New requirements include EIOPA guidelines on outsourcing to cloud service providers and guidelines on information and communication technology security management. Additional requirements in this field were specified by the Regulation of the European Parliament and of the Council on digital operational resilience for the financial sector (DORA).

3. Digital transformation and cyber security

The Group's acceptance of challenges and risk management

The Triglav Group incorporates the described changes into the development of its business operations, which are rapidly being digitalised and upgraded with other innovations that are the result of the Group's strategic development processes. The implementation of an omni-channel sales approach and paperless and remote operations are at the fore. See Section [11.2 Transformation and digitalisation](#) for more information on development activities. Thanks to the quick launch of solutions such as remote signing, video identification and remote inspection of the object insured, **business continuity was ensured also in extraordinary circumstances**, proving that the Group was well-prepared for the transition to digital business, which is now being expanded and upgraded.

Ensuring adequate cyber resilience and meeting regulatory requirements are among the Company's strategic objectives. This is achieved by **keeping the information security management system and security controls regularly updated, regularly testing information security** at various levels and verifying recovery procedures and information systems. The Company's **security and control centre** continuously monitors security events and responds to threats 24/7. The Company is introducing new tools and processes for the comprehensive monitoring and control of information (cyber) security risks, which, after being implemented in the parent company, are transferred to other Group members, ensuring their coordinated operation. In this way, the Group's security risks are managed more effectively, in addition to actively managing the level of information security. A new tool for managing all types of operational risks was used to improve the management of information (cyber) risks, which are regularly included in stress scenario tests.

The Company is aware that people are the most vulnerable part of information security, which is why it regularly raises employees' awareness and educates them about information security risks and their management. Employee's level of awareness is regularly checked, for example through social engineering tests using electronic communication (a phishing test). Based on these findings, activities and measures to improve information security and raise employee awareness are planned.

Before the implementation of new technological solutions, risks are consistently assessed and a set of measures for their management is designed. New solutions are then verified on an ongoing basis, used to measure client satisfaction and then further improved based on the feedback received. IT solution providers who comply with high security standards and offer legally compliant solutions for information security and personal data protection with guaranteed compatibility of services are selected. The risks of outsourcing ICT services are managed in all contractual stages of the relationship with service providers. This also applies to the project of developing an integrated sales module.

To better deal with the challenges of remote business and cyber threats, the Company provides tailored cyber insurance products and related assistance services to its clients.

The impact of the external environment in which the Group operates and may continue to operate

Concern for sustainable business and the sustainable development of the natural, social and economic environment ensures the preservation of natural resources and is a prerequisite for long-term successful business. World population growth and economic development have led to excessive consumption of limited resources and adverse effects in the form of climate change. The need for balanced social development, which reduces inequalities in society and improves the well-being of the most vulnerable social groups, is increasingly coming to the fore.

Among sustainability aspects, the most pressing in recent times have been **climate change aspects**. Their impact on the insurance industry is expected both in the investment and insurance segments as:

- the risk of transition to a low-carbon economy,
- physical risks due to the increased frequency and severity of extreme weather events.

Measures to mitigate climate change are becoming increasingly important, and with them the need to adapt operations to reduce transition risk. Any inadequate action in terms of transition risk may increase physical risks, which will, in turn, mainly result in the greater frequency and severity of weather disasters and other consequences.

Insurance companies can greatly contribute to an easier and coordinated transition of society to a low-carbon economy, as they play an important role as institutional investors. In addition to the implementation of investment policies that take sustainability aspects into account, with insurance products covering climate change-related perils, they can contribute to a higher level of safety in terms of physical risks and thereby to a better economic situation.

Physical risks are among the most important long-term challenges for insurance companies, as they are increasing significantly due to the higher average surface temperature and expected further temperature rises. They are and will continue to result in rising sea levels, more frequent and longer heat waves, and other extreme weather events. In the region where the Triglav Group operates, more frequent floods, drought periods and hailstorms are of particular concern.

The frequency and severity of weather disasters will increase the demand for insurance coverage, which on the one hand brings new opportunities to expand the volume of business, and on the other presents a challenge due to the larger scope of required reinsurance coverage. Together with the ever-increasing frequency and severity of these events, this will put pressure on reinsurance prices, increase the risk of the non-life insurance portfolio and intensify the insurers' need for additional capital.

As the global surface temperature increases, mortality and the likelihood of disease or new epidemics also increase, which may affect supply and demand of life and health insurance. The emergence of more extensive and long-lasting disease outbreaks may affect social and economic stability.

Insurers are also exposed to sustainability risks in the investment segment. In terms of climate change, transition risks are in the foreground. In the short and medium term, they can significantly affect the value of financial investments of issuers that are more exposed to climate risks, either because of the sector in which they operate, or because of the way they operate or respond to these risks.

The Group's acceptance of challenges and risk management

Sustainability aspects have traditionally been an important part of the Triglav Group's operations, which are based on responsible long-term development. Through its activities, the Group has undertaken to reduce uncertainty in the environment, provide its clients with financial and other security and create long-term sustainable value for its shareholders and other stakeholders.

4. Climate change and sustainable development

The Group's sustainability activities have recently been upgraded to implement additional legal requirements and own guidelines into the Group's processes and management systems to promote the transition to a sustainable society.

The Group's strategic ambitions relating to sustainable development (ESG) define the key guidelines for the implementation of business processes in the Group members, engagement with clients and other stakeholders, and its activities and integration in the community. The Group strives to find sustainable solutions that focus on the efficient use of energy, water and other natural resources as well as reduce pollution. In its engagement with clients and other external stakeholders, the Group endeavours to meet the set environmental goals and national and global environmental commitments, thereby monitoring the direct and indirect impacts of operations on the environment and related environmental risks. In parallel with developing various types of insurance coverage, the Group aims to make individuals be more aware of and better understand climate risks, the growing dangers of natural disasters and other climate change impacts on society. The Group will support the development

of science so as to understand the causes of environmental change and related indicators as well as the development of new technologies to reduce the negative impacts of economic and social activities on the environment. See Section [12.3 Environmental aspect](#) for more information.

The Group's risk management system was significantly upgraded recently. As part of the own risk and solvency assessment process, particular attention was paid to the identification and assessment of climate risks at Group level. Based on the improved quality of data for climate risk assessment, an in-depth qualitative assessment of climate risks was performed for both assets and liabilities. It is expected that, in the investment segment of the Group's business, these risks will be significant both in the medium and long term. The Group's key task remains to adapt its investment policies to the green transition, which also applies to investment and pension insurance. With respect to liabilities, physical risk was identified as the highest short-term climate risk. In Slovenia, the *flood* event is already material. Extraordinary weather events due to climate change will become even more frequent and severe in the medium and long term, and other perils (hailstorms, drought) will likely have a material effect on the Company's operations. It is estimated that transition risk in the Group's insurance portfolio does not materially affect its operations in the short term, but with the emergence of legal and technical risks, it may increase in the medium and long term, becoming a material risk.

Based on a qualitative assessment of climate risks, a stress scenario that included transition risk for assets and physical risk for liabilities was performed. Transition risk could be significant, especially in the event that it would affect the economic situation and thus the financial markets. On the other hand, despite the increased severity and/or frequency of weather disasters within a year, this did not have a noticeable effect on the capital adequacy of the Company's existing non-life insurance portfolio, primarily thanks to the adequate reinsurance protection. Ensuring adequate protection will continue to be of key importance in the future, taking into account changes and limitations to reinsurance terms and conditions.

Sustainability risks also related to the Group's reputational risk, which arises from the adjustment of operations in relation to competitors, especially with the growing awareness of society and the importance of sustainability for our stakeholders. These future potential risks may materialise in the long term and affect all key business processes, acquisition and retention of business and human resources.

The ever-increasing role of sustainability in business also brings many new opportunities due to both the need for additional insurance coverage and rapid technological progress and innovations in sustainable technologies.





See Section [12. Sustainable development](#) at the Triglav Group for more information about sustainability aspects.

4.1 Triglav Group Strategy for 2022–2025¹⁰

In the revised Triglav Group Strategy to 2025, adopted at the end of 2021, the Group continues to pursue its existing key strategic guidelines, upgrading them in terms of growth and development activities and an improved client-centric approach.

The strategy focuses on the Group’s sustainable development ambitions (environmental, social and governance factors) even more than in the past. By pursuing these ambitions, a long-term stable basis is created for the Group’s profitable and safe operations, promoting the transition to a sustainable society, reducing its impact on climate change, remaining a development-oriented environment for its employees, maintaining ties with its partners and representing a stable, safe and profitable investment for investors.

Triglav Group’s mission, vision and values

 Mission	<p>We build a safer future.</p> <ul style="list-style-type: none"> ■ We are client-centred. ■ We support development of our partners. ■ We provide development-oriented environment for our employees. ■ We are stable, safe and profitable investment for our investors. 	<p>Triglav Group is leading Insurance and financial group in Adria region, synonymous with the best user experience. Through our operations we are creating above-average value for our key stakeholders and promote transition to sustainable company.</p>		
 Vision	<p>We set standards of outstanding client experience – anytime, anyplace.</p>			
 Values	<p>Responsiveness, simplicity and reliability are reflected in our day-to-day operations</p>			
 Strategic activities	<table border="0"> <tr> <td data-bbox="949 1166 1301 1465"> <p>Insurance</p> <ul style="list-style-type: none"> ■ Non-life ■ Health ■ Life ■ Pension ■ Reinsurance </td> <td data-bbox="1312 1166 1727 1465"> <p>Asset management</p> <ul style="list-style-type: none"> ■ Own insurance portfolio (asset backing liabilities and backing funds) ■ Mutual funds and individual asset management ■ Pension funds </td> </tr> </table>	<p>Insurance</p> <ul style="list-style-type: none"> ■ Non-life ■ Health ■ Life ■ Pension ■ Reinsurance 	<p>Asset management</p> <ul style="list-style-type: none"> ■ Own insurance portfolio (asset backing liabilities and backing funds) ■ Mutual funds and individual asset management ■ Pension funds 	<p>Triglav Group will remain leader in all its core businesses in Adria region.</p>
<p>Insurance</p> <ul style="list-style-type: none"> ■ Non-life ■ Health ■ Life ■ Pension ■ Reinsurance 	<p>Asset management</p> <ul style="list-style-type: none"> ■ Own insurance portfolio (asset backing liabilities and backing funds) ■ Mutual funds and individual asset management ■ Pension funds 			

¹⁰ GRI 3-3

The Triglav Group continues with its digital transformation process with the aim of becoming the leading digitalised insurance and financial group in the Adria region.

By developing digital services, automating processes and implementing advanced digital technologies, it will ensure the best digital user experience to its clients.

Digital transformation

The development of service-oriented business models

The Triglav Group is gradually transitioning from an insurance-oriented business model to a mostly service-oriented business model and ecosystem, which address many interrelated client needs in terms of insurance products and assistance and related services.

The Triglav Group's strategic indicators in 2022–2025

In terms of financial strategic indicators, the goal is for the Group's total revenue to exceed EUR 1.6 billion in 2025, while achieving a 10% return on equity in this strategy period (the figures are determined using the existing IFRS 4 reporting framework).



Triglav Group's strategic guidelines

Development of organisational culture

The Triglav Group continues to create a highly effective and service-oriented organisational culture, which supports strategic business guidelines, and an organisational environment, which enables the Group to attract, develop and retain competent, engaged, healthy and satisfied employees.

- Creating a unique client experience across all channels, processes and products.
- A client-tailored range of insurance and financial products and services.
- Focusing on assistance and related services aimed at developing interrelated ecosystems.

An outstanding client experience

Operating safely and profitably

The Triglav Group is an independent insurance and financial group with high credit ratings, holding a dominant market position in the Adria region. Its strategic guidelines are aimed at achieving a high profit and profitable growth.

4.2 Implementation of the Triglav Group strategy in 2022¹¹

In the first year of implementing the revised strategy to 2025, the focus was on creating an exceptional user experience that will be uniform across all sales channels and for all processes and products. A client-tailored range of insurance and financial services is being developed, gradually transitioning from an insurance-oriented business model to a service-oriented business model and developing service ecosystems so as to address even more effectively the various but interrelated client needs.

The Group continued with its digital transformation process with the aim of becoming the leading digitalised financial and insurance group in the Adria region. In order to achieve the set goals, the Group's highly effective and service-oriented organisational culture continued to be strengthened and co-created by more than 5,300 satisfied and dedicated employees.

Operating safely and profitably



- **Profitable operations and credit rating**
 - Profit before tax: EUR 134.5 million.
 - Return on equity (ROE): 13.1%.
 - Affirmed "A" credit rating with a stable medium-term outlook.
- **Growth in business volume**
 - Gross written premium: +9%.
 - Total market share of Slovenian insurance companies: +0.4 percentage point.
 - Seized opportunities of new business models and partnerships for doing business outside the region.
 - The Triglav Group remains the largest insurance company in South-East Europe (SEE) in terms of written premium.
- **Capital adequacy and capital allocation**
 - Prudent implementation of the capital management policy.
 - Market capital was regularly monitored and risks were assessed by individual activity (insurance business, asset management, capital management), thereby – despite the challenging situation in the financial markets – maintaining financial strength and capital adequacy, which remains around the lower end of the target range.
- **Ensuring safe operations and compliance**
 - Comprehensive review of information systems in terms of information security.
 - Support provided to the implementation of accounting standards IFRS 9 and IFRS 17.
 - Core and support information systems were upgraded for the transition to the euro in Croatia.
- **Growth in business productivity and exploitation of synergies in the Group**
 - Business productivity: increased by 9%; gross written premium per employee: EUR 318 thousand.
 - Transferring good practices among the Group companies and taking advantage of internal potential.

An outstanding client experience



- **Increased client satisfaction and loyalty**
 - Higher client satisfaction rating (NPS) compared to the preceding year: an increase of 4 points.
 - The adjustment of products and services to changed client needs and rewarding their loyalty.
 - The upgrade of the Triglav komplet loyalty programme for underwriting applications.
- **Comprehensive and responsible client relationship management and omni-channel communication**
 - An increased number of clients registered in the i.triglav application and a higher number of clients who gave their consent to receive information electronically.
 - The development of an omni-channel strategy for client communication management.
 - Automated connection of the user's call with their client card for faster resolution of claims.
 - The merger of the databases of non-life and life insurance business partners.
 - The upgraded process and protocol for roadside assistance enable guided acceptance of calls for assistance.
 - The claim reporting process adapted to the "report and repair" option, a clearly presented assistance service procedure, upgraded claim applications for centralised claims settlement.
- **Increased number of active clients, a better understanding of the Group's services and higher insurance coverage of individual clients**
 - The TRIA virtual assistant was launched to help clients and website visitors in answering questions about products and services.
 - Upgraded websites of all Group insurance companies.
 - New marketing and sales approaches.
 - Ongoing measurement and analysis of user experience and implementation of activities to better understand the Group's products and services.

Development of service-oriented business models and digital transformation



Advanced service-oriented business models

- A central entry communication point for clients.
- Business ecosystems upgraded with new services and partnerships and harmonised with the upgraded Triglav komplet loyalty programme.
- Strengthened partnerships in the mobility, home, pets and health ecosystems.
- Encouraging the sales network to sell insurance products remotely and deliver insurance documentation electronically.

A high level of business process digitalisation, optimisation and automation

- Digitalisation of sales processes.
- Digitalisation and automation of claim processes.
- Implementation of advanced analytics and artificial intelligence in client service processes.
- A digital office and mobile application for clients.

Development of an organisational culture



Realisation of the Group's key values in relation to all its stakeholders

- Exceeded planned strategic indicator of employee satisfaction and engagement at Group level.
- The promotion of teamwork, intergenerational cooperation and a healthy lifestyle and work practices.
- Enhanced agility of employees and their willingness to accept changes.

Building a unified employer brand

- The employer's brand is being upgraded.
- Workshops and focus groups at the Company and Group level.

Unified human resource information system in Group companies (Gecko HRM)

- Basic human resource modules were implemented.
- Development modules are being introduced.

A unified system for conducting annual development interviews and a management-by-objectives and remuneration system

- Workshops on setting SMART operational and strategic goals for all leaders.
- The module for annual development interviews was transferred to subsidiaries.

Identifying promising staff and setting up a succession system

- A group of promising staff was identified at Group level as well as their development opportunities.
- First training activities for Group employees and coaching sessions.

Hybrid workspace pilot project (flexible space)

- The scope of the pilot project was defined, the participating areas were identified and renovation plans were designed for two locations.
- Information about working in a hybrid workspace for employees.

Benefits and opportunities for employees

- Five programmes adapted to employee groups were developed.

Sustainable development (ESG) at the Triglav Group



Insurance and asset management

- The share of green, sustainable and social impact bonds rose to 10%, thereby demonstrating the Group's contribution to a greener, sustainable and fair future.
- In the context of its insurance business, the Group develops sustainability-oriented products and

services and increases the premium written from products promoting general social and environmental benefits, including energy efficiency and low-carbon technology.

The Triglav Group's business processes

- The Group actively pursues goals to reduce the carbon footprint of its operations by reducing energy and paper consumption and the quantity of waste. The Group's Scope 1 and Scope 2 carbon footprint decreased by 13% in 2022.
- At the end of the year, a sustainable development action plan was developed for individual areas, which is the basis for implementing strategic activities and legislative requirements.
- In 2022, the Group received for the first time a public score for disclosing according to the CDP questionnaire on climate change.
- Raising employee awareness about energy conservation and the importance of sustainable practices
- The share of electric and hybrid vehicles in the Group rose to 8% in 2022.

Responsible stakeholder engagement

- A high level of satisfaction among the Group's employees and clients was maintained.
- In early February 2022, the Insure Our Future project was launched. Together with partners from the fields of sport, culture, health, prevention and the economy, the Group raises awareness of the importance of achieving the 17 United Nations Sustainable Development Goals.
- Increasingly more attention is paid to sustainability aspects when holding events (Triglav Run, Our Day).

Effective corporate governance

- The Group achieves high corporate governance standards, while improving the public disclosures of its sustainable business and operations.
- In early 2022, Zavarovalnica Triglav became a signatory to the United Nations Principles for Sustainable Insurance (UN PSI) and joined the Partnership for Carbon Accounting Financials (PCAF).
- Support for the process of handling reports of violations and protection of reporting persons was implemented within the Group.
- Within the framework of the Compliance and Sustainable Development Committee and other committees of the risk management system, the development and implementation of regulations, including in ESG areas, is monitored.

4.3 Implementation of the Triglav Group's business plans in 2022

In the difficult economic situation, the Triglav Group achieved a **profit before tax of EUR 134.5 million**, up by 1% relative to 2021 and more than planned. This is the result of good performance and one-off events (see Section [8. Financial result of the Triglav Group and Zavarovalnica Triglav](#) for more information).

Total written premium grew by 9% to EUR 1,479.6 million, **exceeding the planned figures**. Premium growth was recorded in all insurance markets of the Group and in all insurance segments despite the challenging situation marked by fierce competition. In the Slovenian market, premium grew by 7%, in other markets in the Adria region by 12% and in the international market by 17%. See Section [7.5 Gross written insurance, coinsurance and reinsurance premiums](#) for further information on insurance premium.

The Group's **combined ratio** reached a favourable **88.1%**, which is in the lower end of its average target strategic value range (the company's performance indicator in the core non-life and health insurance business excluding return on investment). Compared to the previous year, it decreased by 0.8 percentage point as a result of the improved claims 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**, thereby confirming the Group's **strong financial stability, capital adequacy and profitability**. Achieving an "A" credit rating 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 2023

The Triglav Group business plan for 2023 takes into account strategic starting points and goals, performance results and implementation of the business plan in 2022, market potential, competitive conditions, and forecasts of trends in the macroeconomic environment and the financial markets. For the purposes of data comparability, business plans for 2023 were developed using the existing IFRS 4 reporting framework. This will change with the implementation of the new IFRS 17 accounting standard in 2023. Upon the implementation of the new accounting standard, adequate information will be provided regarding its effects on the Group's key performance categories.

Expected business conditions: The outlook for 2023 is characterised by great uncertainty, which will also affect the Group's operations. The situation on the financial and energy markets is particularly unpredictable, and with the war in Ukraine continuing, it is exacerbating the deterioration of the economic outlook and contributing to inflation. Further growth in required yields on government and corporate bonds is expected, but not as much as in 2022.

Triglav Group Business Plan for 2023

A **profit before tax** of EUR 95–110 million is planned for 2023. The planned profit is lower than the profit for 2022, which was affected by one-off events. In the insurance business, the Group plans to operate profitably and record a **total written premium** of EUR 1.5–1.6 billion, as well as achieve a **combined ratio** of below 94% in non-life and health insurance.

As the leading insurance and financial group in Slovenia and the Adria region, the Group plans to further strengthen its position in existing markets, while seeking opportunities in the EU markets according to the principle of free movement of services and through partnerships. In its operations, the Group will consistently follow its strategic guidelines, focusing on a high-quality and uniform client experience, the further development of service-oriented business models and ecosystems that address the interrelated needs of clients, and the implementation of innovative processes using modern technology.

The Group will continue to pursue cost streamlining, effective risk management, financial stability and retain high credit ratings from recognised credit rating agencies. The Company's dividend policy remains unchanged, and every effort will be made for the ZVTG share to remain a profitable, safe and stable investment for investors.