

# 12. Sustainable Development in the Triglav Group

## Report parameters

The starting point for reporting on sustainable development in the Triglav Group and in Zavarovalnica Triglav is the Global Reporting Initiative (GRI G3), which served as the basis for this report.

Data are collected by the specialised departments of the parent company, which, as the entity in charge of reporting, reports on all aspects of sustainable development. In daughter companies data collection in accordance with GRI guidelines is being gradually introduced. Where indicators are already followed at the Group level, reports are accordingly prepared at the level of the parent company.

Sustainable development reports, based on the Group's corporate social responsibility, are produced annually for both the previous year and the current year simultaneously. A transitional report for 2010 was published in April 2011. The Sustainable Development Report forms part of the Triglav Group's Annual Report.

The topics in the report were selected in dependence of their relevance and importance for summarising the objectives and effects on the sustainable development of the Triglav Group, in line with the purpose of the report. There were no changes of data provided in previous reports which would have affected the state of affairs.

The business, markets, organisational structures, composition and profiles of the Triglav Group and Zavarovalnica Triglav are described in the *section 1. The Triglav Group in 2011*, whilst the ownership structure and relevant changes are outlined in *section 5. Share capital and shareholders of Zavarovalnica Triglav*.

## Key stakeholder groups and corporate governance

The corporate governance structure and the principles of corporate governance of the parent company and subsidiaries are presented in the Corporate Governance Statement, included in the Management Report. The Management Board of Zavarovalnica Triglav is appointed pursuant to the Articles of Association. The principles of corporate governance of the Triglav Group are set out in the Governance Policy (published at [www.triglav.eu](http://www.triglav.eu), section Public Notices - 2010) and stem from both the Slovene Corporate Governance Code and international good practices.

The key stakeholder groups include shareholders, insurers, policy holders, insured persons, public entities, supervisory bodies, suppliers, creditors, employees, analysts, media and local and broader communities. Stakeholders and strategies defining communication and cooperation with them are also set out in the Governance Policy. Cooperation exists with all of the stakeholder groups related to the parent company and subsidiaries of the Triglav Group. In this context, integrated and active communication with all publics plays a crucial role, as well as responsible dialogue with the environment in which business is conducted. Special attention is devoted to internal communication among the employees of Zavarovalnica Triglav and the Triglav Group.

Small shareholders may submit their queries and initiatives to the Supervisory Board of Zavarovalnica Triglav by e-mail, while employees may turn directly to the Works Council and to the employee representative on the Supervisory Board.

Cooperation exists with all of the stakeholder groups related to the parent company and the subsidiaries.

The year 2011 was the second year in which the Group's social corporate responsibility was implemented in the framework of its Business Strategy.

The Corporate Social Responsibility Strategy adopted in 2011 recognises five key segments that can contribute to the long-term development of the Company and to the preservation of nature.

## 12.1 Corporate social responsibility

Next to professionalism and security, corporate social responsibility is one of the three values of the Triglav Group's organisational culture. It has been embedded into the strategic objectives to 2015 and into the measures designed for achieving them, since it is understood as the basis of sustainable development, brand identity and the mission of the Triglav Group. Activities in this field constitute an important pillar of the Group's business operations and a part of the traditional dialogue of the Triglav Group with the social environment.

Corporate social responsibility was made part of the business strategy of the Triglav Group in 2011 for the second year. The planned adoption of the Corporate Social Responsibility Strategy combined numerous activities and laid down the medium-term operational guidelines.

### Corporate Social Responsibility Strategy

The sustainable development orientation of the Triglav Group has been structured along the following priorities »social environment, business efficiency and the natural environment« and intertwined through all business processes of the Triglav Group. It is built into:

- the day-to-day work of employees (within the framework of the Internal Communication Strategy and through the »Triglav.smo« project);
- all relations with suppliers;
- e-business development and on-line insurance contracting;
- partner relations with investors;
- rapid and appropriate payment of insurance money and benefits to clients;
- an interlocutor's position in relations with the professional public;
- mitigation of impacts on the natural environment and endeavours to use green energy resources and reduce CO2 emissions.

The Corporate Social Responsibility Strategy adopted in 2011 recognises five key segments that can contribute to the long-term development of the Company and to the preservation of nature.

#### ■ Clients

The Triglav Group builds both its distinctiveness and its positive relations with stakeholders on the principles of corporate social responsibility and sustainable development.

#### ■ Business partners

Triglav encourages its business partners to act in a socially responsible manner and applies sustainable development criteria in selecting its suppliers, services and products.

#### ■ Investors

The value of the brand of Zavarovalnica Triglav is strengthened and business efficiency increased by practicing corporate social responsibility.

#### ■ Public

In pursuing corporate social responsibility activities, the Triglav Group actively cooperates with the public and participates in creating the conditions for the sustainable development of society as a whole.

#### ■ Employees

Loyalty to the Triglav Group grows stronger with the development of a common corporate culture. The Group creates a favourable working environment and also encourages its employees to attract other stakeholders to the realisation of common values.

The Group develops environmentally responsible insurance products and promotes the sustainable behaviour of the insured through premium policy incentives.

### Commitments to external initiatives

With the iTriglav online insurance portal, Zavarovalnica Triglav follows the recommendations of the Slovene Consumers' Association with regard to financial literacy, which the association addressed to the Insurance Supervision Agency and the Slovenian Insurance Association last year.

The new corporate website of the Triglav Group, through which the Triglav Group communicates with users in both Slovene and English, is a step forward towards strengthening its dialogue with all groups of stakeholders. Interactive tools for monitoring business results as well as movements and comparison of share prices, represent another significant step towards more transparent and accessible reporting on the operations of the Triglav Group for investors.

On 23 June 2011, Zavarovalnica Triglav signed the Declaration on Fair Business at the initiative of the organization United Nations Global Compact Slovenia. The declaration was prepared by the anti-corruption working group, Ethos, which operates within the Slovene organization of the UN for sustainable development. The decision to sign that document signifies the Company's desire to actively contribute to a transparent and fair business environment for a more efficient and competitive economy.

### Membership in associations

Zavarovalnica Triglav is a member of the Slovenian Insurance Association and abides by the Insurance Code. It is also a member of the Chamber of Commerce and Industry of Slovenia, the Marketing Association of Slovenia, the anti-corruption working group, Ethos, operating within the UNGC Slovenija, the Public Relations Society of Slovenia (PRSS), the Institute for the Development of Social Responsibility (IRDO), the Association of Employees' Councils of Slovenian Companies, the Supervisors Association of Slovenia, the American Chamber of Commerce of Slovenia and the Slovenian-German Chamber of Commerce. Subsidiaries outside Slovenia are members of industry associations and economic groupings in their relevant countries.

### Awards and prizes

In 2011, the companies of the Triglav Group received the following awards and prizes in different areas:

- according to the Trusted Brand Survey, Zavarovalnica Triglav is the most trusted insurance company in Slovenia;
- the Papirus Award for the best internal magazine went to "Obzornik";
- Zavarovalnica Triglav once again gained the TOP 10 Educational Management Award, conferred by Planet GV in cooperation with the Institute of Educational Management SOFOS;
- the golden award in its specific category and placement among the overall big winners at the world's largest annual report competition – the Gold ARC Award 2011 for the 2009 annual report;
- the award by Finance, the Slovene financial daily, for the best 2010 annual report of financial institutions in sustainable development reporting.

### Key objectives and results in implementing corporate social responsibility in 2011

Objectives for 2011	Status	Results in 2011
In 2011 Zavarovalnica Triglav will take stock of the state of corporate social responsibility and continue formulating its strategy in this area.	Achieved	Within its corporate social responsibility project, Zavarovalnica Triglav took stock of the state of this field in the Company and identified the business segments facing the biggest challenges in the coming years. On this basis, Zavarovalnica Triglav prepared its Corporate Social Responsibility Strategy to 2015.
In 2010 internal communication tools will be modernised at the Triglav Group level and adjusted to the needs of individual interest groups. On top of that, a corporate blog and internal website will be set up.	Partly achieved	Zavarovalnica Triglav joined the project of introducing the intranet for those employed in Zavarovalnica Triglav and the Triglav Group. Additionally, Obzornik International contributes to internal communication in the Group with topics of importance to all employees.
Prevention programmes aimed at improving traffic safety at the level of the Triglav Group will be constantly implemented.	Achieved	Zavarovalnica Triglav carried out the Days of Safe Driving for families and the campaigns named "Let's wipe worries off Slovene roads" and "Safe roads everywhere"; in addition, it provided the first-grade pupils with yellow neckerchiefs.

With the iTriglav online insurance portal, Triglav follows the recommendations of the Slovene Consumers' Association with regard to financial literacy, which the association addressed to the Insurance Supervision Agency and the Slovenian Insurance Association last year.

On 23 June 2011, Zavarovalnica Triglav signed the Declaration on Fair Business at the initiative of the organization United Nations Global Compact Slovenia.

More than 200 young people submitted their proposals on how to prevent or alleviate the consequences of possible disasters, while the <http://challengefuture.org/quick/29> website received more than 20,000 visits from 130 countries in two months.

In the area of corporate volunteering, Zavarovalnica Triglav joined in »The Day for Changes«, organised by the charitable organisation Slovene Philanthropy. More than 300 employees together with their families and friends took part in this event. The project »Children of Triglav – Carefree Play« has been launched, by which Zavarovalnica Triglav will support municipalities and local communities in renovating dilapidated and dangerous playgrounds.

In addition, Zavarovalnica Triglav set up waste separation bins and reduced the consumption of plastic packaging by introducing water jugs and personal water bottles.

Key guidelines of the 2012 Corporate Social Responsibility Strategy

Guideline	Objectives for 2012
To direct prevention activities towards creating sound bases for the development of the natural environment and society	<ul style="list-style-type: none"><li>- to direct prevention activities towards creating sound bases for the development of the natural environment and society;</li><li>- to start the campaign "Children of Triglav – Safe on Roads" and to set up the first training ground for children;</li><li>- to start the communication campaign for a higher level of road traffic culture in Slovenia;</li><li>- to start the project "Children of Triglav – Life after Accidents".</li></ul>
Stronger employee participation and integration;	<ul style="list-style-type: none"><li>- to include more than 5% of employees or their family members into the corporate volunteering campaign "Let's Clean Up the World";</li><li>- to implement the intranet.</li></ul>
To fight against corruption and for the rule of law	<ul style="list-style-type: none"><li>- to implement the Declaration on Fair Business;</li><li>- to continue activities in the anti-corruption working group operating under the auspices of the Slovene organisation of the UN for sustainable development, the UNGC Slovenia.</li></ul>
To establish and nurture long-term partnerships with key stakeholders, based on fairness and sustainable development values	<ul style="list-style-type: none"><li>- to introduce, in agreement with suppliers, the criterion of corporate social responsibility in the selection process;</li><li>- to give more than 3,000 children the opportunity to watch the World Cup Ski Jumping final in Planica;</li><li>- to proceed with the project "Children of Triglav – Carefree Play, in Harmony with Nature" and to renovate up to five playgrounds in Slovenia.</li></ul>
To mitigate adverse effects on the natural environment	<ul style="list-style-type: none"><li>- to continue setting up waste separation bins at business premises of Zavarovalnica Triglav;</li><li>- to start calculating the carbon footprint of Zavarovalnica Triglav.</li></ul>

- Framework objective: Good practices of and guidelines for corporate social responsibility will be transferred to subsidiaries.

Economic effects

The Triglav Group is the leading insurance-financial group in Slovenia and one of the leading players in South-East Europe. Through income generation it contributes to the economic growth of the countries in which it operates, especially where it holds large market shares and plays the role of a market leader. Financial results of the Company are presented in Chapter 8. *Financial Overview of the Annual Report.*

Prevention activity

The two key underlying objectives of the targeted and long-term prevention activity are raising broad public awareness and the reduction of risks and potential accidents.

In 2011, the Triglav Group dedicated EUR 2.1 million to prevention activity. The funds were used for equipment purchases of many fire-fighter associations and unions and enabled several companies to modernise their facility protection equipment and train their employees in fire and burglary protection, how to respond in the case of robbery or burglary, improve health and safety at work and similar.

12.2 Human resources management

In human resources management, the Triglav Group is aware of invaluable contribution of each individual. The Group follows the revised Strategy to 2015, believing that mutual understanding and common action are based on two-way communication, proactive leadership, identification of the best employee qualities and the boosting of employee development – all of which are encouraged with material and non-material forms of remuneration. Recruitment activities in 2011 were marked by the adopted plans, the implementation of business objectives and integrated, cost management.

In 2011, EUR 2.1 million was earmarked for prevention activities.

With regard to human resources management, the following guidelines remain at the forefront of the revised Triglav Group Strategy:

- successful management of the number and structure of staff in dependence of process redesign and reorganisation;
- increased mobility and internationalisation of human resources;
- identification of prospective employees and planning their career paths;
- development and retention of key, promising employees;
- renewal of the organisational culture in compliance with the reorganisation of processes in the Group; and
- increasing the share of performance-related pay for high achievers.

### Employment policy

Thanks to the security of employment, the size of the business system, and its values and reputation, gaining employment with either the parent company or the Triglav Group represents a challenge for experienced professionals and managers, and an opportunity for young and promising employment seekers. Triglav scholarship holders are also given an opportunity to assert themselves. Surveys conducted in recent years have shown that Zavarovalnica Triglav has staff of above-average quality and that they are well taken care of.

The employment policy based on prudent planning and staff selection, training and motivation is, consequently, reflected in the quality of products and services, and in motivated and loyal employees. Its aim is to contribute to achieving good business results and long-term business development, and to allow for the selection from among the best on offer in the labour market.

### Ethical conduct

In 2011, respect for ethical principles was confirmed by signing the Declaration on Fair Business and by embedding integrity into the foundation of the renovated identity of the Triglav brand (see *also Items 1.6 Brand-building of Triglav and rebranding process, and Commitments to external initiatives in the preceding Item 12.1*). Great emphasis is placed on the attitude of employees to clients and business partners, and to tolerant and fair relations between employees and a proper work attitude. The Triglav Group builds its reputation on maintaining the highest standards of business ethics and equitable partnerships, rejecting any discrimination among employees, clients and partners. No case of discrimination was recorded in 2011.

### Absenteeism

The rate of absenteeism in Zavarovalnica Triglav dropped compared to 2010 by 0.10 percentage points and was 0.79 percentage points below the national level reported for the Republic of Slovenia (data for January-September 2011). This proved a continuing downward trend in absenteeism rate. Temporary absence from work due to illness or injury is measured by the number of lost working days in a year. In terms of sickness benefits determined by law, there are two categories absence due to ill health: sick leave paid by the employer (up to 30 days) and sick leave with benefits reimbursed by the Health Insurance Institute of Slovenia (ZZZS) (sick leave above 30 days, care for and/or accompanying a sick person, and blood donations).

#### Absenteeism rates in Zavarovalnica Triglav and Slovenia by year and type of sick leave

in %

Year	Paid by Zavarovalnica Triglav	Paid by ZZZS	Rate of absenteeism in Zavarovalnica Triglav	Rate of absenteeism in Slovenia <sup>1</sup>
2006	2.29	1.74	4.03	4.09
2007	2.31	1.76	4.07	4.21
2008	2.34	2.05	4.39	3.69
2009	2.36	1.74	4.10	4.00
2010	2.23	1.58	3.81	4.17
2011	1.98	1.73	3.71	4.50 <sup>2</sup>

1 Source: Health Insurance Institute of Slovenia - sick leave data base

2 Data from January to September 2011

The rate of absenteeism in Zavarovalnica Triglav dropped compared to 2010 by 0.10 percentage points and was 0.79 percentage points below the national level reported for the Republic of Slovenia.

Among leavers, the main reason was the retirement of staff in the older age group (above 56 years of age), and among newly employed the majority were between 20–30 years old.

The share of work days lost due to sick leave reimbursed by Zavarovalnica Triglav decreased by 0.25 percentage points, while there was also a 0.15 percentage point increase in the share of work days lost due to sick leave reimbursed by the Health Insurance Institute of Slovenia.

### Labour turnover

In 2011, 49 employees were recruited and 90 left the Company. Labour turnover in Zavarovalnica Triglav was at a rate of 3.6%. The trends registered in previous years generally continued. Among leavers, the main reason was the retirement of staff in the older age group (above 56 years of age), and among newly employed the majority were between 20–30 years old. Men slightly prevailed among the newly recruited employees (53%), while among the leavers the percentage by gender was equal (50%) in contrast to the previous year when men prevailed (58%).

### Number of persons who left and joined Zavarovalnica Triglav in 2011 and their age

Age group	Those who joined		Those who left	
	Number	As a %	Number	As a %
20 - 25	10	20.4	8	8.9
26 - 30	16	32.7	12	13.3
31 - 35	6	12.2	6	6.7
36 - 40	9	18.4	5	5.6
41 - 45	6	12.2	5	5.6
46 - 50	0	0.0	10	11.1
51 - 55	1	2.0	11	12.2
56 and over	1	2.0	33	36.7
<b>Total</b>	<b>49</b>	<b>100.0</b>	<b>90</b>	<b>100.0</b>

### Number of persons who left and joined Zavarovalnica Triglav in 2011 and their gender

Gender	Those who joined		Those who left	
	Number	As a %	Number	As a %
Men	26	53.1	45	50.0
Women	23	46.9	45	50.0
<b>Total</b>	<b>49</b>	<b>100.0</b>	<b>90</b>	<b>100.0</b>

## 12.2.1 Employment and human resources structure

Recruiting was carried out on the basis of the adopted employment plan and the set business objectives and strategic goals, with emphasis on integrated cost management. As at 31 December 2011, the Triglav Group employed 5,064 staff, which was 183 less than one year earlier.

### Number of employees in the Triglav Group as at 31 December

Triglav Group member	Number of employees			Difference 2011 - 2010
	31 Dec. 2011	31 Dec. 2010	31 Dec. 2009	
Zavarovalnica Triglav d.d.	2,400	2,441	2,514	-41
Zavarovalnica Triglav d.d. Ljubljana	37	38	38	-1
Triglav Zdravstvena zavarovalnica d.d.	78	78	82	0
Triglav Osiguranje d.d., Zagreb	518	566	663	-48
Triglav Osiguranje d.d., Sarajevo	234	248	135	-14
Triglav Pojišt'ovna a.s., Brno	116	125	121	-9
Lovćen Osiguranje a.d., Podgorica	264	272	267	-8
Triglav Osiguranje a.d.o., Belgrade	488	603	484	-115
Triglav penzijski fondovi a.d.	5	9	9	-4
Triglav Osiguranje a.d., Banja Luka	84	86	77	-2
Triglav Osiguruvanje a.d., Skopje	150	155	152	-5
Triglav Skladi d.o.o.	36	34	35	2
AS Triglav - servis in trgovina d.o.o.	31	31	30	0
TRI - PRO d.o.o.	75	79	73	-4

### Number of employees in the Triglav Group as at 31 December

Triglav Group member	Number of employees			Difference 2011 - 2010
	31 Dec. 2011	31 Dec. 2010	31 Dec. 2009	
Triglav nepremičnine d.d.	5	5	3	0
Triglav Naložbe finančna družba d.d.	5	4	6	1
Slovenijales d.d.	196	239	300	-43
Golf Arboretum, d.o.o., Volčji potok	11	11	12	0
Gradis IPGI d.d.	1	4	3	-3
TRI-PRO BH d.o.o	16	12	24	4
Unis automobili i dijelovi d.o.o.	33	34	34	-1
Autocentar BH d.o.o., Sarajevo	47	47	47	0
Triglav INT d.d.	4	0	0	4
Lovčen Životna osiguranja, Podgorica	6	0	0	6
Sarajevostan d.d., Sarajevo	126	126	128	0
Triglav Auto d.o.o., Banja Luka	0	0	0	0
Lovčen Auto a.d.o., Nikšić	98	0	0	+98
<b>Total</b>	<b>5,064</b>	<b>5,247</b>	<b>5,237</b>	<b>-183</b>

The educational structure continued to improve in the reporting year, as the number of employees with higher education or university degrees, as well as with masters or doctoral degrees increased at the expense of staff with only secondary school education or less.

### Employees of the Triglav Group as at 31 December - structure by education level

Level of education	31 Dec. 2011		31 Dec. 2010		31 Dec. 2009	
	Number	As a %	Number	As a %	Number	As a %
1st - 4th level	1,105	21.8	1,172	22.3	1,456	27.8
5th level	1,849	36.5	1,966	37.5	1,792	34.2
6th level	596	11.8	554	10.6	663	12.7
7th level	1,399	27.6	1,443	27.5	1,242	23.7
Masters and PhD	115	2.3	112	2.1	84	1.6
<b>Total</b>	<b>5,064</b>	<b>100.0</b>	<b>5,247</b>	<b>100.0</b>	<b>5,237</b>	<b>100.0</b>

The number of fixed-term employees in Zavarovalnica Triglav was 86 (3.6%), while 2,314 employees (96.4%) were in permanent employment. The share of fixed-term employees increased by 2.0 percentage points.

### Employees in Zavarovalnica Triglav as at 31 December 2011 - by employment type

Type of employment	2011	Share (%)	2010	Share (%)	2009	Share (%)
Fixed-term	86	3.6	136	5.6	173	6.9
Permanent	2,314	96.4	2,305	94.4	2,341	93.1
<b>Total</b>	<b>2,400</b>	<b>100.0</b>	<b>2,441</b>	<b>100.0</b>	<b>2,514</b>	<b>100.0</b>

The share of women reached 27.3% in top management and 38.5% in middle management.

As at the end of the year, 2,244 or 93.5% of all staff were employed under the collective agreement. The remaining 6.5% of all employees are senior management.

## 12.2.2 Staff training and development

### 12.2.2.1 Staff training

The training of staff and their acquisition of new skills are of key importance for the implementation of the Group's strategy. The volume of best practices transfer and internal functional trainings has increased in support of the unification of business standards and the redesign of business processes, with

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The number of employees involved in work-study was slightly reduced. However, with every tenth employee involved in studying, work study continued to account for 10.5% of the total staff.

the leading role played by Zavarovalnica Triglav. The training policy is carried out in accordance with the training and education plan aimed at improving the competencies and skills of individual groups of employees.

In granting the scholarships, Zavarovalnica Triglav followed its medium-term recruiting needs and entered into scholarship contracts with six promising university students. However, the number of trainees slightly decreased, including Zavarovalnica Triglav's scholarship holders who completed their studies.

The number of employees involved in work-study was slightly reduced. However, with every tenth employee involved, work study continued to account for 10.5% of the total staff and as many as 39 employees (15%) completed their studies.

#### Number of training participants in Zavarovalnica Triglav in 2011, 2010 and 2009

Training type	2011	2010	2009	Index 2011/2010	Index 2010/2009
Scholarships	28	31	40	90	78
Work study	253	288	284	88	101
Trainees	14	17	9	82	189
Probationers	57	46	76	124	61
External training	503	504	450	100	112
In-house training	9,150	8,795	8,586	104	102
<b>Total</b>	<b>10,005</b>	<b>9,681</b>	<b>9,445</b>	<b>103</b>	<b>102</b>

The total number of training programme participants rose by 3% compared to 2010. In accordance with the long-term orientation, the volume of external functional training accounted for only 5% of total functional training, while the number of participants was nearly the same. In in-house training, compared to the previous year, the number of hours was almost the same and the number of participants slightly higher. In-house training courses in Zavarovalnica Triglav were also attended by employees from other companies of the Triglav Group and colleagues from external agencies. These primarily covered specialised insurance topics, sales techniques, IT, foreign languages and legally required training, as well as the programmes of the Triglav Academy, designed for managers, sales agents/officers and loss adjusters.

An eight-month course at the Triglav International Business Academy was concluded in May 2011, with 26 promising Triglav Group employees participating.

Professional in-house training in the parent company was introduced to the staff of subsidiaries. The first three-week professional training under mentorship was organised for 12 selected participants.

#### Number of functional training hours per employee in 2011, 2010 and 2009

	2011	2010	2009	Index 2011/2010	Index 2010/2009
Total number of participants in functional training	9,653	9,299	9,036	104	103
Number of participants in external training	503	504	450	100	112
Number of participants in in-house training	9,150	8,795	8,586	104	102
Total number of functional training hours	75,373	76,249	75,397	99	101
Number of functional training hours per employee	31.4	31.2	30.0	101	104

Internal consolidation of Zavarovalnica Triglav and the Triglav Group is accompanied by a growing volume of functional training. Compared to 2010 the number of participants in this form of training was 4% higher, but the number of functional training hours per employee was 1% lower. Thanks to the large number of hours of (and participants in) the in-house training, carried out by internal lecturers and trainers, e-learning and a rational approach to the conduct of in-house training provided by external lecturers, training costs were 7% lower than in the preceding year. Total training costs amounted to EUR 1.3 million and costs per employee were EUR 540 (index 94).



### Training costs of Zavarovalnica Triglav in 2011, 2010 and 2009

	2011	2010	2009	Index 2011/2010	Index 2010/2009
Total costs*	1,295,396	1,395,797	1,197,013	93	117
Costs per employee	540	572	476	94	120
Costs per participant	142	144	127	98	114

\* data include both direct (scholarships, grants, tuition fees, work study costs, probationer pay and payments to external in-house trainers) and indirect training costs (travel costs in Slovenia and abroad, subsistence and overnight stay allowances related to training)

### 12.2.2.2 Management by objectives and annual development interviews

Regular annual interviews are part of management by objectives. The employees, in cooperation with their superiors, set their objectives for the current business year and the activities for the improved appraisal of their competencies. Employees with special authorisations also had annual appraisal interviews with their superiors, since the performance related part of their salaries (incentive bonus) depends on such appraisals.

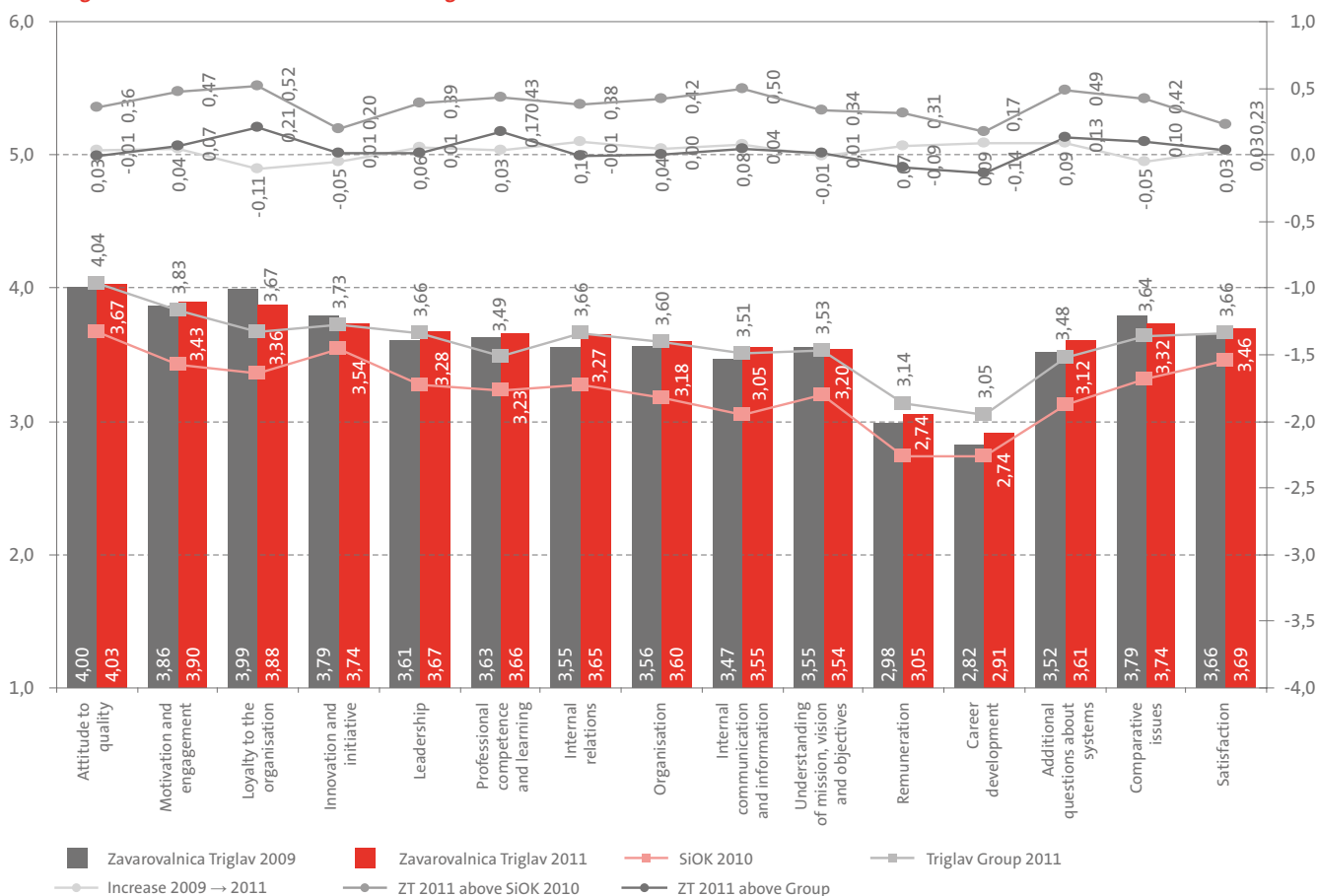
### 12.2.2.3 Measurement of the organisational climate

The fourth measurement of the organisational climate in Zavarovalnica Triglav, conducted in 2011, showed that positive climate prevails in the Company. The average level (3.61) is above the Slovene average and increased by 0.03 in comparison to the last measurement in 2009.

Employees have a high attitude to quality; they are loyal to the organisation, motivated and engaged. Internal relations have improved, especially communication to and dialog with the superiors. Learning and professional competence are improving and the staff is well informed of the strategic orientation.

The average level (3.61) is above the Slovene average and increased by 0.03 in comparison to the last measurement.

### Organisational climate in Zavarovalnica Triglav



For the first time, the organisational climate was also measured in all insurance companies of the Triglav Group.

The measurement of the organisational climate indicated some challenges presented in a lower response rate of employees in the survey, insufficiently effective and recognised remuneration and career development systems, and insufficient understanding of the business operations of the Triglav Group. Measures for improving the results were adopted by the Management Board.

The organisational climate was also measured in all companies of the Triglav Group for the first time. The average level is somewhat lower than that of Zavarovalnica Triglav (3.57), while the strengths and challenges are similar to those in the parent company.

12.2.3 Safety and health at work

A team approach is applied in relation to safety and health at work, in cooperation with experts from various business segments in both the parent company and the Triglav Group.

Risks related to safety and health at work are managed by means of regular monitoring, implementing the measures set out, and setting new, higher requirements.

Better control of the safety and health at work system has been achieved by setting up a system of electronic recording of requirements and the retention of prescribed documents.

A safe and healthy working environment is also guaranteed by regular work place inspections, advising employees at their working place, preparing instructions on safe and healthy working practices, training at the working place, and continuous monitoring of the measures adopted. Training on safety and health at work was organised in several regional units of Zavarovalnica Triglav within the »Harmony of Life and Work« (Triglav.smo) project (see *Section 12.2.4 Care for employee satisfaction*). Such training will continue in 2012.

Protection against fire

In order to achieve a higher level of intervention in protection against fire:

- an e-application was developed to keep records of fire protection measures;
- regular maintenance of active fire safety systems and equipment was carried out at all locations in Slovenia;
- practical training for evacuation and fighting initial fires was organised in order to mitigate the risk for employees.

Injuries at work

In 2011 the number of injuries decreased again.

The number of injuries at work was reduced again in 2011. With 24 injuries in total, the number was 8% lower than in the year before. Compared to the previous year, the number of injuries resulting from business trips was lower by 11; there were 25% less injuries resulting from accidents while commuting to/from work, but injuries at work were nearly three times more frequent. Slips were the main cause of injuries.

Injuries at work in 2011, 2010 and 2009

	No. of injuries 2011	Share in 2011 (%)	No. of injuries 2010	Share in 2010 (%)	No. of injuries 2009	Share in 2009 (%)	Index 2011/2010	Index 2010/2009
At work	17	71	6	23	8	24	283	75
On business trips	1	4	12	46	11	33	8	109
Commuting to/from work	6	25	8	31	14	42	75	57
Total	24	100	26	100	33	100	92	79

### 12.2.4 Care for employee satisfaction

With the great support of the management, Zavarovalnica Triglav launched the long-term project »Harmony of Life and Work« (Triglav.smo) within which a series of activities took place in 2011. The purpose and aim of the project is to contribute to well-being and maintaining personal health of employees, and thus boost their satisfaction and loyalty. The project was presented in a special folder and with the book »The Way« by a well known Slovene alpinist Nejc Zaplotnik. During the Week of the Child, Zavarovalnica Triglav invited the children of its employees to visit the Company. Collective participation in the Ljubljana Marathon was organised; the Ljubljana Regional Unit prepared an ecological market place and on the first day of winter every employee was presented an apple for health. A rich range of events and campaigns devoted to health at work and the well-being of employees has also been planned for 2012.

A rich range of events and campaigns devoted to health at work and the well-being of employees has also been planned for 2012.

#### Additional benefits for employees

Attention was devoted not only to safe and healthy working environment and to the provision of safe working conditions, but also to regular periodic health checks of employees. Efforts were made to enable normal work to the staff who became disabled while employed with Zavarovalnica Triglav and employees with other health problems, as well as to enable their wellbeing by adapting work processes to their reduced working capacity by assigning them appropriate jobs, flexible working hours and making similar modifications.

Parental leave is available to either parent. In the reporting year, parental or child care leave was taken by 105 women and two men, i.e. by 107 employees in total. The father's leave of 15 days (in the period up to the child's age of six months) was used by 49 employees, and the father's leave of 75 days (to be used up to the child's age of three years) was taken by 10 fathers.

All employees (of either gender) who used parental leave returned to their work place. Employees' needs and requirements are followed in working time adjustments, as much as work processes allow. Special attention is devoted to young mothers by offering them reduced working hours pursuant to the Parental Protection and Family Benefit Act. At the end of the year, the benefit of reduced working hours was taken by 28 parents (mothers).

Employees can also take unpaid leave in agreement with their superiors. In 2011, two employees had such leave.

Also in 2011 the staff of Zavarovalnica Triglav enjoyed various insurance benefits:

- premiums were paid under group accident insurance for all employees;
- favourable insurance terms are available for additional accident insurance to employees and their family members;
- additional accident insurance is provided for all business trips;
- after one year in employment, all employees may opt for supplementary voluntary pension insurance and voluntary pension insurance.

To 88.6% of its staff Zavarovalnica Triglav contributes 4% of their gross salaries for supplementary voluntary pension insurance.

Employees of Zavarovalnica Triglav can use several holiday facilities in Slovenia and Croatia at favourable prices and those with the status of a disabled individual can even use these facilities free of charge. Employees enjoy occasional discounts on clothes, cars, car tyres and similar goods.

#### Care for employees outside working hours

The »Triglav.smo« project represents an upgrading of the care for employees and promotion of their active leisure time. Employees of Zavarovalnica Triglav thus participated in the Ljubljana marathon and climbed Nanos Mountain in the »Let's Clean the Mountains« campaign. In addition to active sports



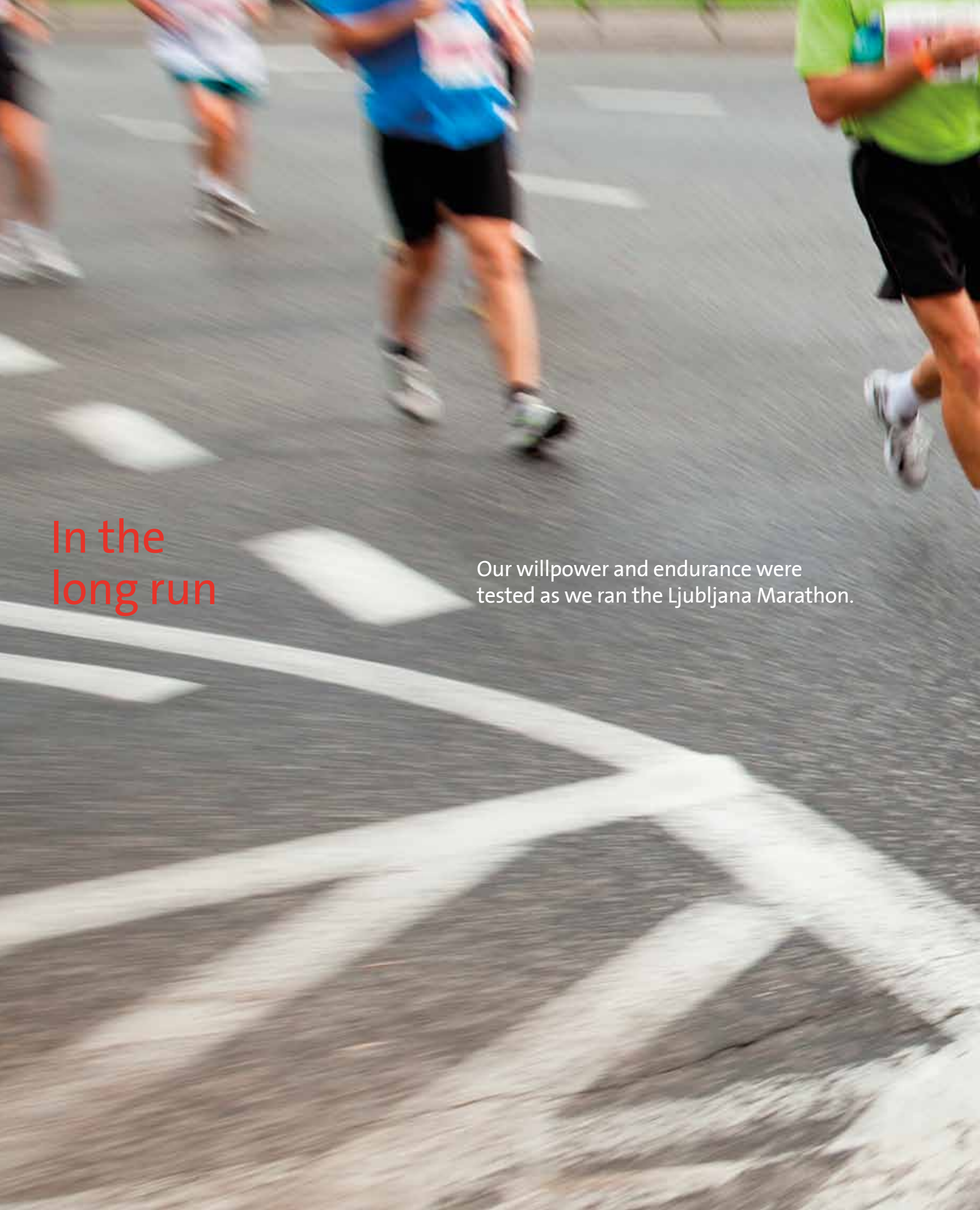
## In the long run

Corporate social responsibility is a long distance run to places both near and far away, to local communities, to the hills and nature that surround us. To the individuals and families who need help and to the partner organisations.









In the  
long run

Our willpower and endurance were  
tested as we ran the Ljubljana Marathon.

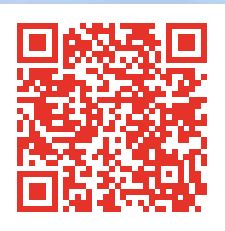








In the  
long run



Video clip: Let's Clean the Mountains  
(Slovene)

It is the Company's aim to reduce the amount and improve the quality of discarded waste, which is why employees were given personal water bottles made of glass, and why separating waste was introduced. On the National Volunteer Day, the Company's employees helped various institutions, painted playground equipment, undertook maintenance on a trim track, and cleaned a stream and playgrounds around schools and kindergartens throughout Slovenia. The Company has also provided funds for the renovation of five kindergartens in Macedonia.

Within the Children of Triglav programme, the Company will attend to the renovation of playgrounds, as well as undertaking many other new, worthwhile tasks.







In the  
long run



Joint steps



Sponsored by Triglav, the IBSA World Nine-Pin Bowling Championship, in which blind and partially sighted people gain new world champions, was held by the Society of Blind Citizens in Bosnia and Herzegovina. The Company had partnerships with several Croatian sports clubs.







Lovćen Osiguranje, Triglav's subsidiary in Montenegro, helped with the integration of elderly citizens into social life. It was our pleasure to participate in the Triglav Osiguranje in the Rhythm of Europe programme for the recognition and promotion of young talent among Serbian grammar and high school students.





In the  
long run

# Triglav. smo

is a broad programme of activities for the Company's employees.

Well prepared and with a desire to achieve minor and major goals aimed at strengthening social relations, the Company adopted and immediately started pursuing its Corporate Social Responsibility Strategy. Creative programmes that actively involve employees, and that have been adopted and verified in Slovenia, are being propagated throughout the Triglav Group. We learn from our mistakes and we are enthusiastic about the changes achieved.





activities, employees enjoy discounts on the purchase of theatre and concert tickets, tickets for various sports events, and the organisation of trips and outings.

Triglav supports the organisation of various social events and gatherings under the auspices of trade unions, including the some important and traditional events, such as the Triglav Group Day, the New Year's gatherings of employees and gift-giving to their children, as well as the Winter and Summer Games of Financial Organisations (ŠIFO).

For retirees, New Year's gatherings and gift-givings are organised and their outings are co-financed.

## 12.3 Communication with stakeholders

In the present serious social and economic conditions, communication plays an even more important role in corporate governance. The Triglav Group continues to foster an active dialogue with all stakeholders.

The Public Relations Department is in charge of promoting the public image of Zavarovalnica Triglav and providing a uniform platform and guidelines for all Triglav Group companies. In line with the rapid growth of online services and e-business, the Group develops and promotes state-of-the-art communication channels, including with public media. The Public Relations Department has a broad range of responsibilities:

- to provide and implement internal and external communication in support of management's decisions;
- to provide for the Company's communication strategy and communication with employees;
- to communicate with the media and other stakeholders;
- to support the marketing strategy and the development of new products;
- to strengthen and promote corporate social responsibility with the local community, both with the general public and with the Company's employees.

### Internal communication

Internal communication is one of the processes gaining greater significance in the business operations of Zavarovalnica Triglav and the Triglav Group. Therefore, a programme of internal communication was prepared within the EVERYTHING WILL BE ALRIGHT corporate campaign in autumn 2011. The campaign also includes activities with which staff will be given detailed information of the strategy, the objectives and the vision of the Company, in which they will have the opportunity of active participation; two-way communication will be established, and any lack of information avoided. The programme's objectives are:

- to motivate employees for the implementation of the common business objectives of the Company;
- to promote cooperation among staff;
- to build loyalty to the Company;
- to actively involve employees in changes and empower them to participate in the implementation of strategic plans;
- to properly and timely inform the employees of the Company's strategy and reorganisation.

Several tools and activities will be used, aiming at strengthening the trust and free flow of information among employees, and promoting their motivation. The in-house newsletter »Obzornik«, which twice in a row won the award for the best internal magazine in Slovenia, will reveal new horizons of topics on the strategy and internal communication. The new magazine »Obzornik International« will be regularly issued at the Triglav Group level. Another important information channel in Zavarovalnica Triglav is the already-established system of electronic notices, which will be upgraded to include the intranet for more responsive communication.

Development requires the establishment of an interactive internal website that will lead to better understanding and implementation of strategic goals. The good practice of meetings of the Management Board with employees in all regional units of Zavarovalnica Triglav will continue, as well as visits to all companies of the Triglav Group.

Internal communication is one of the processes gaining greater significance in the business operations of Zavarovalnica Triglav and the Triglav Group.



- *Framework objective: In 2012, at the Triglav Group level, to continue upgrading internal communication tools and actively communicating about changes within the Group.*

### External communication

The social and economic role of Zavarovalnica Triglav and the Triglav Group is reflected in their appearance in public media and, in turn, their greater visibility and public attention require high levels of transparency and publicity.

In communication with external publics emphasis is laid on providing balanced, consistent and up-to-date information to stakeholders on developments in Zavarovalnica Triglav and the Triglav Group. Fast and topical information promotes confidence in and a favourable image of both the Company and the Group. Information on important events is given through press releases and by organising press conferences and other corporate events.

Better transparency of communication with stakeholders was achieved with the renewal of the [www.triglav.eu](http://www.triglav.eu) website in 2011. Web contents are arranged clearly and in a state-of-the-art manner, based on good user experience. The website enables more intense and in-depth two-way communication with investors and the professional public. In accordance with the adopted commitment, any information on the website is published in compliance with the Media Act, the Communication Code of the Triglav Group, the Corporate Governance Code for Joint Stock Companies, the Ljubljana Stock Exchange Guidelines on Disclosure for Listed Companies, the Financial Instruments Act, the Insurance Act, and the Statute of Zavarovalnica Triglav.

### Communication with investors

All information relevant to investors is currently published on SEOnet, the Ljubljana Stock Exchange information system, as well as on Zavarovalnica Triglav's website [www.triglav.eu](http://www.triglav.eu) — Investor Relations webpage.

In 2011, Open House Days were organised for investors, and all relevant information was provided on the occasion. A new, important step forward was made when the shares of Zavarovalnica Triglav were listed on the Prime Market of the Ljubljana Stock Exchange, which required transparent corporate communication and management at the highest, internationally comparable level. This was a significant step towards the implementation of the strategy to 2015. The prime market listing provides opportunity for even closer cooperation with investors, further improvement in business transparency and better liquidity of shares.

Investor relations and pertaining contacts are disclosed in *section 5. Share capital and Shareholders of Zavarovalnica Triglav* of the Management Report.

The prime market listing provides opportunity for even closer cooperation with investors, further improvement in business transparency and better liquidity of shares.

## 12.4 Suppliers and business partners

### Suppliers

In 2011, Zavarovalnica Triglav finally reorganised and redesigned its purchasing process, which shall only be carried out at the Company headquarters, and purchases for regional units and representative offices will run through central purchasing departments. Such an arrangement provides for:

- better control of consumption;
- higher cost efficiency;
- transparency of purchasing procedures; and
- uniform implementation of the set purchasing procedures.

In 2011, Zavarovalnica Triglav finalised the reorganisation and redesign of its purchasing processes.

### Criteria for supplier selection

Equal treatment of all participating suppliers is guaranteed by taking into account at least four, but mostly six to eight criteria, when considering the bids received in Zavarovalnica Triglav under a call for tenders. Price is a mandatory criterion of selection, the other being the quality of goods and services, compliance of equipment and services with international, national and other generally accepted standards, payment conditions and after-sale services provided by the supplier, delivery or completion dates, warranty, extension of business network in Slovenia and the former Yugoslav states, and (recently) the environmental and corporate social responsibility of the supplier (e.g. management of waste generated in the production of the purchased material, whether the supplier's workers are regularly employed or just contractually hired, whether the purchased goods are produced in countries using child labour, whether goods have been purchased at unfair prices, and similar).

With the introduction of procurement committees, which take care of the opening of received tenders and of the analysis and evaluation of the suppliers' quotations according to the set criteria, the Company has mitigated the risk of possible corrupt acts of individuals involved in the purchasing process.

At the end of 2011, Triglav started to establish strategic partnerships with suppliers of key importance for the uninterrupted operation of the systems in Zavarovalnica Triglav and for an undisturbed supply of materials and services.

Zavarovalnica Triglav's insurance policyholders are invited to provide minor goods and services on occasional or one-off basis, especially in local markets covered by regional units, which helps consolidate the bond between the Company and local communities.

### Contacts with business partners and their benefits

Zavarovalnica Triglav in close contact only with its strategic and permanent suppliers who regularly maintain its buildings and equipment. Regular meetings are held with permanent suppliers in order to agree on services to be provided in the following period, while at meetings strategic suppliers present their proposals for improving the functioning of the existing systems in Zavarovalnica Triglav and for the organisation of necessary trainings for equipment and building administrators.

### Communication with business partners and suppliers

An agreed manner of communication with suppliers has been established for placing complaints and orders, especially for the urgent solution of problems. Zavarovalnica Triglav has appointed persons responsible for forwarding complaints and placing orders, while the suppliers on their side appoint persons responsible to resolve the complaint or to have the order be carried out. Meetings with strategic partners are organised once or twice a year with the aim of reviewing the current operation and discussing the possible improvement of services and mutual cooperation.

### Care for fair competition

Zavarovalnica Triglav observes the Protection of Competition Act which, also governs (un)fair competition. All agreements made by Zavarovalnica Triglav contain the clause regarding the contract administrator who is responsible for the observance of contractual provisions. All agreements require all contracting parties to safeguard confidentiality and business secrets. The competitiveness of suppliers is checked in public tenders and random offers. In this way, prices are controlled and price rigging by suppliers is prevented. In 2011, the clause on prevention of conflict of interest and the anti-corruption clause were added to contractual provisions.

In 2011, Zavarovalnica Triglav was not involved in any case of the Competition Protection Office. The legal action on the grounds of unfair competition taken in 2009 against Zavarovalnica Generali was still pending in 2010.

The clause on prevention of conflict of interest and the anti-corruption clause were added to contractual provisions.

### Remuneration of insurance agencies and their sales staff

Zavarovalnica Triglav sells its non-life insurance services through contracted points of sale and its life insurance services through insurance agents and brokers.

Sales staff working at contracted points of sales, i.e., brokers and agents, are offered attractive terms and conditions, which include not only stimulating remuneration (fee) but also competitive products, effective business processes, training courses and programmes and partnership-based business relations. The sales staff are also invited to social events, such as ski flying in Planica.

Two executive directors in charge of insurance sales and directors of regional units participate in the selection of contracted partners. The executive director in charge of insurance sales and a regional unit's director also sign an Insurance Agency Agreement. The precondition for any such agreement is an authorisation to perform insurance operations in accordance with the Insurance Act. Moreover, the contracted partner has to guarantee that the agency services will be provided solely by the persons holding a legally required authorisation to perform insurance operations, and who are under an employment contract with the contracted partner.

## 12.5 Responsibility to the insured

Zavarovalnica Triglav pays special attention to developing long-term business relations with its clients. Such an orientation is taken into consideration as early as in the development stage of insurance products based on the recognition of market needs and the observation of global trends. In the insurance industry, the service provided to the clients in case of the occurrence of a claim or an insurance event is most important. Zavarovalnica Triglav keeps to the principle of fair and fast claims handling.

### Measuring customer satisfaction

In addition to client surveys on their satisfaction with the provided services, Zavarovalnica Triglav continuously monitors and resolves any complaints and clients' comments, which provide a good basis for improving business processes and, in turn, the satisfaction of clients. In order to detect the critical points in the sales process, Zavarovalnica Triglav regularly carries out the mystery shopper research in three sales channels: with insurance agents, and at the Company's own and contracted points of sale. The results of the research show what measures and actions are to be taken to improve the services.

The results of such visits to own points of sale show that the overall assessment of visits in October was 82.7, which is somewhat higher than 81.8 in February (out of 100 points).

### Communication with clients in non-life insurance

The responsibility of Zavarovalnica Triglav to its clients is primarily exercised by the fair and professional attitude of the sales staff to the insured. Sales agents are obliged to provide clients with the insurance cover that guarantees their security.

Sales agents in the field and at all points of sale maintain on-going contact with the clients. Furthermore, in Slovenia information is provided on a toll free phone line (080 555 555) and a special help line (080 2864) provides assistance to clients 24/7. These communication channels are supplemented with online applications at [www.triglav.si](http://www.triglav.si), where clients can conclude certain insurance contracts or report a claim. In brochures and other information materials, the insurance services provided are presented in a clear and transparent manner, which allows for easy understanding.

Providing high-quality services, Zavarovalnica Triglav improves the financial and other forms of security of the insured and, at the same time, combines its products with prevention activities for higher traffic safety, in particular for child safety in traffic, as presented in *item 12.6.3 Prevention activity promotion*.

Throughout 2011, Triglav informed their clients of new products and services. The optimal combination

The contracted partner has to guarantee that the agency services will be provided solely by the persons holding a legally required authorisation to perform insurance operations, who are under an employment contract with the contracted partner.



Video After the Bora Storm  
(Slovene)

Sales agents are obliged to provide clients with the insurance cover that guarantees their security.

of media was used for advertising aimed at reaching a broad portion of the target population; moreover, a direct approach was applied with information leaflets and brochures at business premises and points of sale.

### Communication with clients in life insurance

The widespread sales network is the most important connection with clients. The sales staff and agents are continually educated and trained in order to provide high-quality and correct cooperation (see also *item 6.1.2*).

Holders of life insurance policies of Zavarovalnica Triglav can monitor and even partly manage their insurance through the new online insurance portal iTriglav (see also *item 6.6 Development of IT support/ Personal insurance IT system*).

In recent years, marketing communication has primarily been oriented to direct sales promotion in the form of consulting promotion events with various benefits for the clients. Direct marketing campaigns in which the existing clients are offered an opportunity to upgrade their existing insurance are very important for raising clients' awareness and improving access to new products and services.

## 12.6 Responsibility to the social environment

The Triglav Group is actively involved in all activities everywhere the Group is present. Numerous initiatives and actions of the Group's commitment to corporate social responsibility are described in several sections above, especially in section *12.1 Corporate social responsibility*. Therefore, this item only contains an explanation of the Company's cooperation with the social environment in the form of donations and sponsorships, and provides a contact for information on sustainable development.

### Information on sustainable development:

Zavarovalnica Triglav d.d., Ljubljana

Miklošičeva cesta 19, 1000 Ljubljana

Urša Manček, Assistant to the President of the Management Board

Telephone: ++386 (1) 47 47 307

Fax: ++386 (1) 47 47 159

E-mail: [ursa.mancek@triglav.si](mailto:ursa.mancek@triglav.si)

### 12.6.1 Sponsorships and donations policy

In late 2011 a new Sponsorship Strategy was adopted, which defines the sponsorship relation as a partnership, equally beneficial to sponsorship recipients, sponsors and society at large. Sponsor partnerships are used to develop corporate volunteering and encourage projects centered mainly around training, environmental protection, culture and health care.

An annual sponsorship budget is a part of the annual communication budget of Zavarovalnica Triglav. The authorisations for financing all sponsorships approved at the Headquarters, are vested with the Management Board of Zavarovalnica Triglav. Directors of regional offices are authorised to grant sponsorship funds in their respective areas, in accordance with the Decision on the Scope of Authorisations, the agreed guidelines and the Sponsorship and Donation Strategy.

### 12.6.2 Main sponsorships and donations

The Group as a whole allocated EUR 4.8 million for sponsorships and donations.

In 2011, Zavarovalnica Triglav allocated EUR 4.0 million for sponsorships and EUR 0.3 million for donations. The Group as a whole allocated EUR 4.8 million for sponsorships and donations. The largest portion of such funds was granted for sports activities, followed by cultural activities, training, humanitarian activities, health care and environmental protection.

## Sports

Through cooperation and partnerships Triglav supports a wide range of sports activities on the national and local levels and especially the inclusion of young people in recreational and competitive sport. Zavarovalnica Triglav is a partner of numerous teams and organizers of sports events (see below), and of individual top-level Slovene sport champions: ski jumpers and flyers Jernej Damjan and Peter Prevc, cross-country skier Saša Farič, snowboarder Žan Košir and extreme sportsmen with disabilities, such as Gal Jakič.

In 2011, Zavarovalnica Triglav was one of important sponsors of the World Rowing Championship in Bled and of the Vitranc Cup in Kranjska Gora. Zavarovalnica Triglav also supported some running events, such as the Marathon of Three Hearts in Radenci, the run in Črnomelj, the Run of Four Hearty Men around Lake Bohinj and the organisation of the First Jure's Ascent of Pokljuka.

Zavarovalnica Triglav is one of the largest sponsors of the Ski Association of Slovenia (mainly of the national Nordic skiing and biathlon teams, and the general sponsor of the World Cup final in ski jumping and ski flying in Planica). A multi-annual cooperation agreement has been signed with the Ski Association of Slovenia. In addition, for many years Zavarovalnica Triglav has been a partner and supporter of the Hockey Association of Slovenia and of the Adriatic Water Polo League. For more than 25 years it has organised the traditional and well-known campaign »Triglav generacije v Planici« (Triglav Generations in Planica), intended to encourage and maintain a sporting spirit amongst children. In 2011 once again, Triglav brought 3,300 children from all over Slovenia to watch ski jumping and ski flying in Planica; children from the Janez Levec Special Education Centre were among the guests with the best ski fliers.

Among others, Zavarovalnica Triglav is a sponsor of the Olimpija basketball club (BC), the Domžale BC, the Krka Telekom BC, the Elektro BC and the Cedevita BC. In cycling, Zavarovalnica Triglav sponsors the Sava cycling club and the Adria Mobil cycling club from Novo Mesto. Zavarovalnica Triglav also supported the Franja Marathon, organised by the Rog cycling club and sponsors the ACH Volley ball club in addition to Trimo handball club in Trebnje and Pivovarna Laško handball club in Celje.

The subsidiaries of the Triglav Group also support sports activities in their environments.

Zavarovalnica Triglav Osiguranje sponsored the tennis player Toni Andreić as well as several sports clubs: the Podravka Vegeta Handball Club, the Zagreb Ice Hockey Club (which systematically works with young people), the Zagreb Croatian Tennis Club, the Iva Majoli Tennis Centre and the Slaven Belupo and Rijeka football clubs.

Zavarovalnica Lovćen Osiguranje financially supported the Lovćen-Cetinje football club, the Lovćen handball club as well as the water-polo and swimming associations of Montenegro.

Triglav Osiguranje, Sarajevo, joined a group of sponsors which provided funds for a Davis Cup tennis competition (BiH - Estonia). Furthermore, it sponsored the Play Off basketball club and an outdoor skating rink in the centre of Sarajevo.

Zavarovalnica Triglav Osiguranje, Belgrade, was the sponsor of the Crvena Zvezda football club and the Metaloplastika – Zorka Keramika handball club.

ATP tennis tournament Challenge Banja Luka 2011 was financed by several partners, including Triglav Osiguranje, Banja Luka, which was also the main sponsor of alpine skiing disciplines in FIS Cup »Jahorina 2011«

Triglav Osiguruvanje, Skopje, financially supported the organisation of an international traditional skiing event the Šarplaninski Cup.

## Support of cultural creativity

The Triglav Group provides funds and support to various and diverse cultural activities. In 2011, Zava-

Zavarovalnica Triglav is one of the largest sponsors of the Ski Association of Slovenia.

In addition, for many years Zavarovalnica Triglav has been a partner and supporter of the Hockey Association of Slovenia and of the Adriatic Water Polo League.



Video Loyal to Planica for 43 Years  
(Slovene)

The subsidiaries of the Triglav Group also support sports activities in their environments.

Triglav Osiguranje, Sarajevo decided to support the valuable project called »Mystery of Standing Tombstones of Zgošća«.

In cooperation with Triglav National Park, Zavarovalnica Triglav supported the production of the film "Triglav National Park", which shows the values, characteristic features and specifics of this protected area and the life in it.

Zavarovalnica Triglav Osiguranje, Belgrade sponsored a project dedicated to discovering, encouraging, developing and teaching of 300 elementary and high school talents.

rovalnica Triglav provided support to Cankarjev dom (Music of the World), the Ljubljana Summer Festival, the Association of singing choirs of Primorska and the Puppet theatre in Ljubljana. It received the Diamond Award for 15 years of sponsorship of Cankarjev dom.

Triglav Osiguranje, Sarajevo, decided to sponsor a precious project called »Mystery of Standing Tombstones of Zgošća«, which was initiated by the Cultural Heritage Association. The primary aim of this project is to have Zgošća standing tombstones listed as a UNESCO world heritage site.

Triglav Osiguranje Zagreb financially supported the popular Croatian Split Pop Music Festival with long tradition. Moreover, Triglav Osiguranje, Skopje, provided financial support to the 2011 »Zlatna bubamara« (Golden Ladybird) popularity prizes and the 2011 Skopje Wine Festival. Triglav Osiguranje, Belgrade, sponsored the event »Fashion Selection«, featuring Zvonko Marković, one of the most enterprising fashion designer in Serbia.

#### Support of education

The organisation of a youth competition of ideas, innovations and solutions regarding uncertainties and natural disasters (»Facing Disasters in the 21st Century«) was made possible with the support of Zavarovalnica Triglav and co-organised in the framework of the global conference »Challenge: Future Summit«.

In cooperation with Triglav National Park, Zavarovalnica Triglav supported the production of the film, »Triglav National Park«, which shows the values, characteristic features and specifics of this protected area and the life in it.

Small children also continued to receive support. Zavarovalnica Triglav sponsored the Happy Cici School, which is an educational section of the Ciciban and Cicido magazines. In addition, financial support was granted for the publishing of the Slovene Historical Atlas, and a donation was made into the scholarship fund of the Stanislav Škrabec Foundation.

Triglav Osiguranje, Belgrade, sponsored the project »Triglav Osiguranje in European Beat« aimed to help identify, encourage, develop and educate 300 young talents in primary and secondary schools.

#### Support of humanitarian activities and civil society initiatives

In cooperation with the Institute for Innovative Safe Driving Education, »Vozim«, Zavarovalnica Triglav sponsored the safe driving education project »I still drive – but I don't walk«. Once again, the Festival for the Third Age was sponsored, as well as the Slovenske Konjice swimming club event organised at the 8th International Day without Wheelchairs, and training of disabled divers.

Triglav Osiguranje, Zagreb, was among the organisers and sponsor of a congress and symposium on endocrinology, reproduction and menopause, which took place in the framework of Contres. It also helped organise a reception for the Slovene and Croatian businessmen, hosted by the President of the Republic of Croatia as well as donated to the humanitarian non-governmental association for animal protection SPAS.

Triglav Osiguranje, Sarajevo, participated in the project Children, set up for testing children car seats and advising on their correct use. Furthermore, it enabled the Association of the Blind of Bosnia and Herzegovina to organise and IBSA Bowling competition for the blind and partially sighted.

Varied and rich social life is promoted also by Lovćen Osiguranje – in 2011 it provided financial assistance to a pensioners' association as well as made donations to the 25th May Grammar School and the police station in Nikšić.

Triglav Osiguranje, Skopje, donated funds to the refurbishment and reconstructions of five kindergartens.

Triglav Osiguranje, Banja Luka, responded to the invitation to participate in a humanitarian campaign organised by the Association of Paediatricians of the Republic of Srpska, under the auspices of the President of Republic of Srpska, aimed at children with special needs and developmental disorders.

Triglav support to initiatives in environmental protection is described in item 12.7 *Responsibility to the social and natural environments*, while the support of volunteering among the employees and the Day for changes are presented in item 12.1 *Corporate social responsibility, Key objectives and results in implementing corporate social responsibility in 2011*.

### 12.6.3 Prevention activity promotion

The new Rules on Prevention and Suppression Activities of Zavarovalnica Triglav, prepared in 2010, regulate the general principles and guidelines needed for the development of prevention activities, which have a tradition of more than one hundred years and are closely related to the development and implementation of our basic insurance activity.

In 2011, EUR 2.1 million was earmarked for prevention activities. The amount of funds intended for prevention of damage and hazards in the social and natural environment is determined in the percentage of insurance premium for each class of insurance separately. Prevention measures are carried out directly or indirectly, through other service providers such as the insureds (natural persons or legal entities), organisations, institutions, corporations and other providers (also individuals).

#### Safe driving

Greater road traffic safety is one of the key objectives of prevention activities in the Triglav Group. In the campaigns named »Let's wipe worries off the Slovene roads«, prepared in cooperation with Radio Center, traffic participants were awarded with a safe driving course at the Automobile Association of Slovenia's training centre at Vransko. Two hundred families were invited to the Days of Safe Driving for families with Zavarovalnica Triglav, adapted to different age and interest groups (safe driving, economical driving, off-road driving, scooter programme, cycling ground, TRIAL motor driving, etc.).

Lovćen Osiguranje provided funds for roadworthiness tests and modernisation of the necessary technical equipment, in order to increase the efficacy of prevention activities and road traffic safety.

- *Framework objective: Constant implementation of prevention programmes aimed at improving traffic safety at the level of the Triglav Group.*

#### Child safety in traffic

Prevention activities were again carried out at the beginning of the new school year. First-grade pupils were provided with yellow neckerchiefs and reflective items, and the mascot »Watch Out Doggy« accompanied children across the road in front of 48 elementary schools all over Slovenia.

### 12.6.4 Anti-competitive behaviour

In 2011, Zavarovalnica Triglav was not involved in any case of the Competition Protection Office. The legal action on the grounds of unfair competition taken against Zavarovalnica Generali was still pending in 2011.

## 12.7 Responsibility to the social and natural environments

#### Protection of the environment in work processes

The activities in the companies of the Triglav Group exert no major environmental impact, since they mainly comprise office work. Nevertheless, environmentally responsible behaviour is embedded in the day-to-day business life of Zavarovalnica Triglav. The Company is aware of the society's joint environ-

Triglav Osiguranje  
Skopje made donations  
for the renovation of five  
kindergartens.

EUR 2.1 million was earmarked  
for prevention activities of the  
Triglav Group.

Zavarovalnica Lovćen  
Osiguranje allocated funds for  
motor vehicle roadworthiness  
tests and the upgrade of the  
necessary technical equipment.



Triglav is installing energy saving bulbs in its business facilities, replacing old heating systems with new gas powered devices, installations or electric heaters.

To further encourage responsible mountaineering, the all-Slovene "Let's Clean the Mountains" campaign was extended to cover the highlands of Slovenia.

mental responsibility, as natural disasters have the power to severely affect its operations. The areas of its environmental impact include the use of natural resources for heating and cooling of working premises, the consumption of water and paper, and the disposal of waste.

Zavarovalnica Triglav expanded the volume of its online business with its clients (*see item 6.2 Development activities*). In 2011, the separation of waste was introduced at the Company Headquarters by setting up waste separation bins in the corridors. To reduce the disposal of plastic packaging, employees received water bottles personalised with their names. In 2012, waste separation will be introduced in all regional units and companies of the Triglav Group. Triglav contributes to the preservation of clean water by recommending the use of the »stop« button when flushing the toilet. Triglav's employees are encouraged to use electrical energy responsibly and to print email messages only when absolutely necessary. In its numerous offices, recycling is encouraged by installing special containers for collecting waste paper and empty ink cartridges from printers and photocopiers with the aim of encouraging their recycling.

Zavarovalnica Triglav installs energy saving bulbs in its business facilities, replaces old heating systems with new gas powered devices, installations or electric heaters. Environmental awareness is raised by encouraging employees to use company bicycles for transportation around town related to work.

Environmental criteria have been included in the supplier selection procedures (*see item 12.4 Suppliers and business partners*).

#### Environmentally responsible insurance products

The endeavours of Zavarovalnica Triglav are directed into four central orientations:

- Fast claims handling offers effective support to agricultural producers in cases of increasingly frequent natural disasters.
- Insured persons who invest in active protection enjoy premium policy incentives. Their premiums for equal insurance cover are up to 80% lower than premiums for equal unprotected agricultural crops grown in the open. The existing and potential insured farmers were both trained and informed. They are made aware of the increased likelihood that extreme loss events and natural disasters will occur (hailstorms, windstorms, floods, frosts, droughts, etc.), which may as a result require them to gradually discontinue certain crops in those areas which are more exposed or vulnerable.
- In crop and fruit insurance, the Group increasingly promotes active defence against insurable and uninsurable risks with anti-hail nets, in the insurance of greenhouses, tunnels and sprinkler systems against spring frost and with irrigation systems.
- For several years, with some animal insurance products less intensive breeding has been promoted, which not only involves fewer insurance perils but represents a smaller burden on the environment and involve less insurance risk.

#### Care for the broader natural environment

To further encourage responsible mountaineering, the all-Slovene »Let's Clean the Mountains« campaign was extended to cover the highlands of Slovenia. In its second season, the drive again joined many Slovene and foreign mountaineers and mountain lovers who removed waste from the mountains. With this campaign, Zavarovalnica Triglav wishes to support the responsible and sustainable enjoyment of mountains. Under the slogan »In addition to beautiful memories, let's also take rubbish down from the mountain«, thus far in two seasons 50,000 (100% degradable) refuse sacks have been distributed in 35 mountain huts in Julian and Kamnik-Savinja Alps, in the Karavanke mountains and in the Highlands. In the second season, a virtual mountain booklet was shared with supporters of the campaigns; they were familiarized with the mountain code of conduct and their knowledge tested about security in the mountains. The community of the campaign supporters on Facebook increased to more than 15,000 members actively participating in the dialogue on responsible approaches to nature. The campaign, with which many lovers of mountains and nature have already identified themselves, will be continued in 2012.

## Global reporting initiative (GRI) guidelines GRI content

STANDARD DISCLOSURES – PART I About organisation			
Disclosures	Content	Scope of reporting / reasons for partial omission	Page /reference
1	Strategy and analysis		
1.1	The importance of sustainable development for the organisation and strategy – implemented by the President of the Management Board	full	16 – 19
2	Organisational profile		
2.1 - 2.10	Organisation profile: Name, brands, location of the organisation's headquarters, organisational structure, ownership structure, markets served, key data, significant changes regarding structure and ownership, awards	full	2 – 12, 45 – 46, 107, 129 – 133
3	Report parameters		
3.1 - 3.8	Report profile, scope and boundaries	full	105
3.10 - 3.11	The effects of any re-statements of information provided in earlier reports, and the reasons for such re-statement, significant changes from previous reporting periods	full	9 – 10, 105
3.12	Global reporting initiative (GRI) guidelines GRI Content		127
4	Governance, commitments and engagement		
4.1 - 4.4	Governance structure, mechanisms for small shareholders and employees to provide recommendations or initiatives to the Supervisory Board and the Works Council and employee's representatives on the Supervisory Board	full	32 – 41, 105, 111
4.12 - 4.13	Commitments to external initiatives, support of external initiatives, memberships in associations	full	107
4.14 - 4.15	Stakeholder engagement, selection criteria for engaged stakeholders	full	105 – 106
STANDARD DISCLOSURES – PART III Performance indicators			
Economic performance indicators			
EC1	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, payments to shareholders	full	47, 85 – 91, 122 – 125
EC3	Pension scheme liabilities.	full	115
Environmental performance indicators			
EN 5	Energy savings as a result of improved energy efficiency	partially (quantitative measurements not yet fully implemented)	125 – 126
EN 7	Initiatives to reduce indirect energy consumption and reductions achieved	Partially (quantitative measurements not yet fully implemented)	108, 125 – 126
Labour practices and decent work performance indicators			
LA1	Total workforce by employment type, employment contract, and region, broken down by gender	partially (data capture not broken down by gender)	110 – 111
LA2	Total number and rate of new employee hires and employee turnover by age group, gender, and region	full	110
LA4	Percentage of employees covered by collective bargaining agreements	full	111
LA7	Rates of injury, occupational diseases, lost days and absenteeism, and number of work-related injuries by region and gender	partially (data capture not broken down by gender)	109, 114
LA10	Average number of hours of training per year per employee by gender and employee category	partially (data capture not broken down by gender and employee category)	111 – 113
LA 11	Programmes for skills management and lifelong learning	full	111 – 113
LA 13	Composition of governance bodies	partially (reports broken down by gender only)	111
LA 15	Return to work and retention rates after parental leave, by gender.	full	115
Social indicators			
SO7	Anti-competitive behaviour	full	120
PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction	full	121
PR6	Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion and sponsorship.	full	119

The reporting of Zavarovalnica Triglav and the Triglav Group on sustainable development is based on GRI G3.1, with regard to which both comply with the criteria for C level reporting.