

Statement of Compliance with the Corporate Governance Code for Public Joint-stock Companies

The goal of the governance and management system in Gorenje, d.d., and the Gorenje Group is to observe and surpass the agreed and established standards. In the European financial environment, Gorenje is recognized as an exemplary public stock company listed on the official market of the Ljubljana Stock Exchange, with a high degree of transparency of operations, outstanding communications with shareholders, and the highest international credit ratings. The Company is continuously improving and upgrading the attained level in this area according to the best practice principle.

The Management Board and the Supervisory Board of the Company hereby state that Gorenje, d.d. observes the Corporate Governance Code for Joint Stock Companies in its work and operation, except in the cases disclosed below together with relevant explanations:

Chapter 1. Relationship between the Corporation, Shareholders and other Stakeholders

1.1. Company goals

Recommendation under item 1.1.1.: The key goals of the Company are not specifically defined in the Articles of Association, but are included and clearly defined in the mission of the Company: »To create original, technically perfected, superiorly designed as well as user- and environment-friendly products for the home. We are focused on improving the satisfaction of customers while creating value for our owners, employees and other participants of the Gorenje Group in a socially responsible manner.«

1.3. General meeting of shareholders

Recommendation under item 1.3.18.: The General Meeting of Shareholders does not elect the members of the Supervisory Board representing the shareholders individually, but from a list of candidates. The list of candidates is proposed by the Supervisory Board of the Company following the principle of balanced composition of the Supervisory Board with regard to appropriate qualifications and a combination of professional and other experience of candidates.

Recommendation under item 1.3.19.: According to the current practice, the General Meeting of Shareholders adopts resolutions on discharges of the Management and Supervisory Boards jointly, which given the established work practices and the recognized high standards of cooperation between these two bodies in jointly addressing issues relevant for the Company and its development, the legally prescribed equal treatment of duties and responsibilities of their members and the attained level of trust, and showed as adequately. Further on can members of the Management Board and the Supervisory Board, as far as they are shareholders and attending the General Shareholders Meeting, voting of discharge of their duties. Regarding the small numbers of shares they held, the limitation of the voting rights in practice has no mayor meaning. Therefore under this circumstances the Company is not planning to exercise the limitation of the voting rights and gives the decision making to the members.

Recommendation under item 1.3.20.: In the announcement of the resolutions passed on the General Shareholders Meeting, so far did not quote first five mayor shareholders, the numbers of their shares and the percentage of their voting rights with regard to all Company's rights. For the future the Company will respect this recommendation.

Chapter 2. Management Board

2.3. Remuneration, compensations and other benefits, and the ownership of company shares

Recommendations under items 2.3.2. and 2.3.3.: The Company observes the principles of the Code in that the Supervisory Board assesses the performance of the Management Board as a whole, i.e. on the basis of the Criteria for the Determination of Corporate Performance of the Gorenje Group, which were adopted for this purpose by the Supervisory Board of the Company.

Chapter 3. Supervisory Board

3.1. Duties and responsibilities

Recommendation under item 3.1.7.: The Supervisory Board has established the practice of meeting without the presence of the Management Board members only in cases when a candidate mandated to set up the Management Board is being appointed, up to the phase of obtaining the candidate's acceptance of the candidacy. The Supervisory Board decides on the appointment of Management Board members in the presence of the candidate (mandatary) for President of the Management Board, and on the enlargement of the Management Board in the presence of the Management Board. The Supervisory Board has assessed this practice to be a good instrument of trust between the members of the Management Board and between the Management Board and the Supervisory Board. The cooperation of both bodies is thus incorporated in the organizational culture of the Company and maximally contributes to the achievement of the Company's goals.

Recommendation under item 3.1.10.: The Supervisory Board evaluates the performance of the Supervisory Board as a whole and not of individual members. The Supervisory Board generally meets in its full composition and all its members regularly take an active part in discussions and in this manner contribute to the integral performance of the Supervisory Board in accordance with their responsibilities, professional and other experience. The Company has therefore assessed that individual evaluations are not necessary.

3.4. Remuneration, compensation and other benefits, and ownership of company's shares

Recommendation under item 3.4.1.: For their work, the members of the Supervisory Board are entitled only to meeting attendance fees and the reimbursement of expenses. According to current practice, the members of the Supervisory Board are also entitled to a remuneration for performance, if so decided by the General Meeting of Shareholders. So far, the higher responsibility of the Chairman and Deputy Chairman has been considered. The Supervisory Board is presently not considering any proposals for other types of payments to members of the Supervisory Board.

Chapter 7. Audit and the System of Internal Control

7.1. External auditors

Recommendation under item 7.1.5.: The audit of the financial statements of Gorenje, d.d. has been conducted by the selected auditing company, KPMG Slovenija, d.o.o., for more than 5 years. However, the composition of the audit group auditing the annual report of the Company has changed several times in this period.

This statement and the disclosure of deviations and their explanations relate to the provisions of the Corporate Governance Code for Joint Stock Companies, which was jointly phrased and adopted by the Ljubljana Stock Exchange, Inc., Ljubljana, the Association of Supervisory Board Members of Slovenia, and the Managers' Association of Slovenia on 18 March 2004, which agreed on and adopted amendments thereto on 14 December 2005 and 5 February 2007. The Code is accessible on the website of the Ljubljana Stock Exchange (www.ljse.si) in the Slovene and English languages.

The contents of this Statement comprise the period from the adoption of the previous Statement of Compliance with the Corporate Governance Code for Joint Stock Companies, i.e. from 11 April 2006 to 23 April 2007, when its contents were jointly phrased and adopted by the Management Board and the Supervisory Board of Gorenje, d.d..

Velenje, 23 April 2007

Franc Bobinac
President of the Management Board

Dr. Jože Zagožen
Chairman of the Supervisory Board