

## Corporate Governance Code Compliance Statement

The Management Board and the Supervisory Board of the Company hereby declare that Gorenje, d.d. observes, in its work and operations, the Corporate Governance Code for Public Limited Companies as adopted on the 8<sup>th</sup> of December, 2009 by the Ljubljana Stock Exchange, the Association of Supervisory Board Members of Slovenia and the Managers' Association of Slovenia, and is accessible on the websites of the Ljubljana Stock Exchange (link: <http://www.ljse.si>) in the Slovenian and English languages, with individual deviations that are disclosed and explained below.

The contents of the statement refer to the period from the adoption of the previous Statement of Compliance with the Corporate Governance Code for Public Limited Companies, i.e. from the 17<sup>th</sup> of April, 2010, to the 19<sup>th</sup> of April, 2011, when its contents were jointly formulated and adopted by the Management Board and the Supervisory Board of Gorenje, d.d.

### Chapter: Company Management Framework

#### Recommendation under 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: "To create original, technically perfected, superiorly designed, as well as user- and environmentally-friendly products for the home. We are focused on increasing the satisfaction of consumers while creating value for all our stakeholders in a socially responsible manner. By responding to key global trends and challenges, we are developing fast-growing areas with above-average returns."

### Chapter: Relationship between the Company and Shareholders

#### Recommendation under 5.7:

In connection with the policy of determining the remunerations, compensations and other benefits of the members of the Management Board, the Supervisory Board fully observes the principles and criteria of the Code, as well as the current conditions in the market. The Supervisory Board assesses the performance of the Management Board as a whole 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.

#### Recommendation under 5.8:

According to the present practice, the General Meeting of Shareholders decides on granting discharge of duties to the members of the Management and Supervisory Boards simultaneously. This has proved to be appropriate and in compliance with the method of work employed so far, the high standards of cooperation of both bodies, and the attained level of trust.

### Chapter: Supervisory Board

#### Recommendation under 8.4:

The company devotes special care to the protection of business secrets. The documents intended for the members of the Supervisory Board are discussed with absolute confidentiality. Materials and notices of meetings are primarily sent to the members of the Supervisory Board in paper form.

**Recommendation under 12:**

For their work, the members of the Supervisory Board are entitled to meeting attendance fees and the reimbursement of expenses for meeting attendance. So far, the General Meeting of Shareholders has not yet decided on additional payments to members of the Supervisory Board. Should the General Meeting of Shareholders adopt a resolution on additional payment for performing the function as of member of the Supervisory Board, the costs thereof would be debited to the current operations of the Company in the current year.

**Recommendation under 13 (13.1 – 13.6):**

The issue of establishing supervisory board committees is laid down in the Rules of Procedure of the Supervisory Board, which was adopted by the Supervisory Board at a meeting held on the 23<sup>rd</sup> of November, 2010. Until the 18<sup>th</sup> of July, 2010, the Supervisory Board had an Audit Committee comprised of five members, of whom four were appointed from among the members of the Supervisory Board, and one member was appointed from among external experts in the field of accounting and auditing.

Upon the appointment of a new Supervisory Board, a three-member Audit Committee was appointed, of which two members are members of the Supervisory Board, and one member is appointed from among external experts in the field of accounting and auditing.

Given the fact that the members of the Supervisory Board began their four-year term of office on the 19<sup>th</sup> of July, 2010, and the terms of office of the members of the Management Board expires on the 26<sup>th</sup> of July, 2013, the Supervisory Board did not appoint an appointment committee. Following the recall of Mirjana Dimc Perko from the post of Member of the Management Board, the Supervisory Board unanimously, as a collective body, instructed the President of the Management Board to propose a new member of the Management Board responsible for finance and economics. Due to the short time available and the necessity of appointing a new member of the Management Board as soon as possible, the Supervisory Board assumed a task that could have been performed by the staff committee of the Supervisory Board.

The Supervisory Board also established a so-called benchmark committee comprised of five of its members, and a corporate governance committee comprised of three of its members. The Supervisory Board deals with all other issues within its competences without forming any special committees, which in practice has neither proved to be necessary nor appropriate.

**Chapter: Management Board****Recommendation under 16.1:**

The earnings of members of the Management Board are comprised of both a fixed and variable component. For the period from the 1<sup>st</sup> of November, 2009 to the 31<sup>st</sup> of October, 2010, all members of the Management Board signed annexes to their employment contracts in which their salaries were reduced on average by 25 percent, and that of the President of the Management Board was reduced by 35 percent with respect to the provisions of his employment contract. On the 1<sup>st</sup> of January, 2011 all members of the Management Board signed new annexes to their employment contracts, in which their salaries were set at the amounts specified in the first annex. Given the considerable reduction, the existing salaries are outlined by the annex in fixed form.

Velenje, Slovenia, 19 April 2011

Management Board  
Franc Bobinac  
President of the Management Board

Supervisory Board  
Uroš Slavinec  
Chairman of the Supervisory Board