



# **Directors' remuneration report of Sava Re d.d. for the financial year 2022**



**SAVARe**

# Contents

<b>1</b>	<b>Information on the results of the general meeting vote on the remuneration report for the financial year 2021 .....</b>	<b>3</b>
<b>2</b>	<b>Introduction to the remuneration report for 2022.....</b>	<b>3</b>
<b>3</b>	<b>Remuneration of the members of the supervisory body .....</b>	<b>6</b>
3.1	Introduction .....	6
3.2	Composition of the supervisory board in 2022 .....	6
3.3	Remuneration of the members of the supervisory board and its committees in 2022 .....	7
3.4	Comparison of supervisory board members' remuneration in the last five years .....	10
<b>4</b>	<b>Remuneration of the members of management bodies .....</b>	<b>11</b>
4.1	Introduction .....	11
4.2	Composition of the management board in 2022.....	11
4.3	Remuneration of management board members in 2022 .....	12
4.3.1	Fixed remuneration (base salary).....	12
4.3.2	Variable remuneration (performance-based pay) .....	12
4.3.3	Relative proportion of fixed and variable remuneration .....	14
4.3.4	Relative proportion of financial and non-financial criteria in variable remuneration .....	14
4.3.5	Payment of the retained portion of variable remuneration to management board members .....	14
4.3.6	Termination benefit.....	14
4.3.7	Benefits and other entitlements of management board members.....	14
4.3.8	Annual change in remuneration, Company performance, average employee remuneration .....	16
4.3.9	Remuneration from other Sava Insurance Group members.....	16
4.3.10	Shares and stock options.....	17
4.3.11	Reclaimed variable remuneration .....	17
4.3.12	Financial benefits, taxes and contributions, and services .....	17
<b>5</b>	<b>Independent auditor's assurance report with limited assurance .....</b>	<b>18</b>



In accordance with Article 294(b) of the Slovenian Companies Act (Official Gazette of the Republic of Slovenia No. 42/2006, as amended; hereinafter: ZGD-1), the company Sava Re d.d., Dunajska 56, 1000 Ljubljana, has compiled this

## **Directors' remuneration report of Sava Re d.d. for the financial year 2022**

# **1 Information on the results of the general meeting vote on the remuneration report for the financial year 2021**

The management and supervisory boards submitted for approval to the 38th general meeting of shareholders of Sava Re d.d. held on 23 June 2022 the Directors' Remuneration Report of Sava Re d.d. for the Financial Year 2021. 12,146,155 votes, representing 70.537% of the share capital, were cast in the vote on the proposed advisory resolution. Of these, 12,018,799 or 98.951% were in favour, 127,356 or 1.049% were against. There were 10,233 abstentions.

# **2 Introduction to the remuneration report for 2022**

## **General information**

The Directors' Remuneration Report of Sava Re d.d. for the Financial Year 2022 (hereinafter: the Remuneration Report) is a stand-alone document and provides a comprehensive overview of the remuneration of the Company's management and supervisory bodies, including all benefits in any form granted or payable during the last financial year to individual members during their term of office in accordance with the remuneration policy. All figures presented in the Remuneration Report are consistent with those presented in the audited annual report of the Sava Insurance Group and Sava Re for 2022. All amounts in this Remuneration Report are stated in euros and are gross.

The Remuneration Report has been reviewed and approved by the management and supervisory boards of Sava Re.

## **Preparation of the Remuneration Report**

### **Legal basis of the Remuneration Report**

Pursuant to Article 294a of the Slovenian Companies Act (ZGD-1), which entered into force on 24 August 2021 in accordance with Article 71(4) of the amendment to ZGD-1K (Official Gazette of the Republic of Slovenia, No 18/2021), every company whose securities are traded on a regulated market must prepare a remuneration policy.

In accordance with this provision, Sava Re has prepared a new Remuneration Policy for Members of Management and Supervisory Bodies of Sava Re d.d. (hereinafter: Remuneration Policy). This revised Remuneration Policy has been aligned with the provisions of Article 294a of ZGD-1, the guidelines for

designing remuneration policies of the Slovenian Directors' Association<sup>1</sup> and SDH's recommendations for designing remuneration policies for the management bodies of state-owned companies<sup>2</sup>.

Key highlights of the Remuneration Policy revised in 2022:

- The provisions relating to the remuneration of the members of the management and supervisory bodies of subsidiaries, in particular of the Group's largest subsidiary, have been removed from the revised Remuneration Policy.
- For each item (component) of the remuneration of the members of the management bodies, the Remuneration Policy specifies the maximum amount or range within which negotiations with candidates for the management bodies are possible.

The Remuneration Policy, as revised in 2022, does not differ from the Remuneration Policy guidelines submitted for information to the 36th general meeting of shareholders in 2020 with regard to the type, content and level of remuneration of the members of management and supervisory bodies.

#### **Result of the general meeting vote on the proposed Remuneration Policy**

The management and supervisory boards submitted the Remuneration Policy to the 38th general meeting of shareholders (held on 23 June 2022) for approval. The proposed resolution to approve the Remuneration Policy was not passed. 12,144,922 votes, representing 70.529% of the share capital, were cast in the vote on the proposed advisory resolution. Of these, 5,021,029 or 41.343% were in favour, 7,123,893 or 58.657% were against. There were 11,466 abstentions.

#### **Validity of the Remuneration Policy if not approved by the general meeting**

The Remuneration Policy submitted to the 38th general meeting (held on 23 June 2022) complies with the law and is in force. This is because the general meeting vote on the Remuneration Policy was an advisory vote. This means that the Company can apply the Remuneration Policy but must put a revised Remuneration Policy to a vote at the next general meeting. All payments to the members of the management and supervisory bodies on the basis of the Remuneration Policy adopted by the management and supervisory boards of Sava Re in 2022 and submitted for approval to the 38th general meeting (held on 23 June 2022) are legally valid.

#### **Additional information on the preparation of this Remuneration Report**

Pursuant to the provisions of Article 294b of the Companies Act, Sava Re has prepared this Remuneration Report in accordance with the Remuneration Policy submitted to the 38 general meeting (held on 23 June 2022).

The Company fully complied with its Remuneration Policy regarding payments to the management and supervisory boards throughout the past year.

There were no deviations from the Remuneration Policy in 2022.

#### **Performance highlights of the Sava Insurance Group and Sava Re d.d. for 2022**

In 2022, the Sava Insurance Group generated EUR 753.6 million in operating revenue, up 2.9% year on year. The net profit of EUR 68.2 million was 10.4% lower than in the previous year but still better than planned. Return on equity was 14.9% and exceeded the target return set in the 2020–2022 strategy.

The performance highlights of the Sava Insurance Group and Sava Re d.d. are set out in the Company's public announcement of 3 March 2023 and are also available via the SEOnet information

---

<sup>1</sup> <https://www.zdruzenje-ns.si/knjiznica>

<sup>2</sup> Recommendation no. 9 (<https://www.sdh.si>).

system ([https://seonet.ljse.si/default\\_en.aspx?language=en](https://seonet.ljse.si/default_en.aspx?language=en)) and on the Company's official website (<https://www.sava-re.si/en-si/>).

### **Review of the Remuneration Report**

The Remuneration Report has been reviewed by Deloitte Revizija d.o.o., Dunajska cesta 165, 1000 Ljubljana, which also audited the 2022 financial statements of Sava Re and the Sava Insurance Group. The auditor has prepared a special report on the review of the Remuneration Report, which is an integral part of this report.

### **Submission of the Remuneration Report to the general meeting**

The Company will submit the Remuneration Report to the shareholders for approval at the next general meeting of Sava Re (scheduled for 5 June 2023).

### **Publication of the Remuneration Report**

After the general meeting of Sava Re votes on the Remuneration Report (scheduled for 5 June 2023), the report will be published on the Company's website, where it will remain publicly available for at least ten years. Ten years after publication, public access to the personal data of the members of the management and supervisory bodies in the Remuneration Report will no longer be possible.

### **Information on the preparation of an updated Remuneration Policy for members of the management and supervisory bodies**

Due to the negative vote, the Company will revise the Remuneration Policy and resubmit it to the shareholders for approval at the next ordinary general meeting of Sava Re (scheduled for 5 June 2023).

## **3 Remuneration of the members of the supervisory body**

### **3.1 Introduction**

The supervisory body is defined under the applicable ZGD-1 and the Company's applicable articles of association. Under the Company's articles of association, the supervisory body of Sava Re is a six-member supervisory board.

The term "supervisory board member" used in this report is a uniform term for both the "chair of the supervisory board" and any "member of the supervisory board", unless specific reference is made to the chair of the supervisory board.

Where masculine grammatical forms are used in the Slovene wording for a supervisory board member, they are deemed to be understood to relate to both men and women.

The supervisory board members are entitled to (1) remuneration for performing their function, (2) attendance fees and (3) reimbursement of agreed expenses. The members of the supervisory board do not receive any remuneration other than that stated and do not participate in the profits of the Company, except for the employee representatives on the supervisory board, who, in addition to remuneration for the performance of their function, attendance fees and reimbursement of other expenses, also receive income from their employment with the Company.

The amount of remuneration of supervisory board members was set by a resolution of the 31st general meeting of Sava Re shareholders, held on 30 August 2016. The general meeting resolution is available at the following link: <https://www.sava-re.si/en-si/investor-relations/shareholder-meetings/>.

## 3.2 Composition of the supervisory board in 2022

During 2022, the composition of the supervisory board changed but the composition of the committees did not.

The composition of the supervisory board and its committees in 2022 are disclosed in detail in the Company's 2022 annual report, section 4 "Report of the supervisory board".

### *Composition of the supervisory board in 2022*

Member	Title	Beginning of term of office	Duration/expiry of term
Davor Ivan Gjivoje Jr	chairman	8 March 2021	8 March 2025
Keith William Morris	deputy chair	17 July 2021	17 July 2025
Klemen Babnik	member	17 July 2021	17 July 2025
Matej Gomboši	member	17 July 2021	17 July 2025
Andrej Gorazd Kunstek	member, employee representative	12 June 2019	12 June 2023
Edita Rituper	member, employee representative	1 January 2022	12 June 2023

The memberships of the supervisory board members in the individual committees of the supervisory board and their attendance at the meetings of the supervisory board and those of its committees are detailed in the 2022 annual report, section 5 "Corporate governance statement".

## 3.3 Remuneration of the members of the supervisory board and its committees in 2022

Data on the nominal amounts received by each of the supervisory board members and those of its committees in the 2022 financial year are given in Table 1. For each member of the supervisory board or its committees, the upper row refers to the remuneration for the 2022 financial year, and the lower row to the remuneration for the comparable 2021 financial year.

Table 1: Remuneration of the members of the supervisory board and its committees in 2022 and 2021

Full name, function (chair, deputy, member, external member of the committee), term of office	Year*	(1)		(2)		(3)	Travel expenses**	(5)
		Remuneration for performing the function		SB and committee attendance fees		Total disbursement (1 + 2)		Remuneration from any Group company
		SB	committees	SB	committees			
Supervisory board members								
Davor Ivan Gjivoje Jr, Chairman of the SB (SB member until 16/7/2021, SB chairman from 17/7/2021)	2022	19,5	0	2,915	0	22,415	38,329	0
	2021	15,97	0	3,795	0	19,765	36,705	0
Keith William Morris, SB deputy chairman	2022	14,3	0	2,915	0	17,215	4,991	0
	2021	14,3	0	3,795	0	18,095	2,271	0
Klemen Babnik, SB member (from 17/7/2021)	2022	13	0	2,915	0	15,915	128	0
	2021	5,941	0	1,925	0	7,866	118	0
Matej Gomboši, SB member (from 17/7/2021)	2022	13	0	2,915	0	15,915	1,640	0
	2021	5,941	0	1,925	0	7,866	832	0
Gorazd Andrej Kunstek, SB member	2022	13	0	2,915	0	15,915	325	0
	2021	13	0	3,795	0	16,795	69	0
Edita Rituper, SB member (from 01/1/2022)	2022	13	0	2,915	0	15,915	81	0
	2021	0	0	0	0	0	0	0
Mateja Živec, SB member (until 31/12/2021)	2022	0	0	0	0	0	0	0
	2021	13	0	3,795	0	16,795	69	0
Mateja Lovšin Herič, SB chairwoman (until 16/07/2021)	2022	0	0	0	0	0	0	0
	2021	10,589	0	1,870	0	12,459	0	0
Andrej Kren, SB member (until 16/07/2021)	2022	0	0	0	0	0	0	0
	2021	7,059	0	1,870	0	8,929	0	0
Audit committee members								
Matej Gomboši, audit committee chair (from 17/7/2021)	2022	0	4,875	0	2,596	7,471	1,735	0
	2021	0	2,228	0	880	3,108	436	0
Gorazd Kunstek, audit committee member (from 17/7/2021)	2022	0	3,250	0	2,596	5,846	271	0
	2021	0	1,485	0	880	2,365	0	0
Katarina Sitar Šuštar, external audit committee member (from 17/7/2021)	2022	0	10,625	0	0	10,625	107	0
	2021	0	6,675	0	0	6,675	22	0
Dragan Martinović, external audit committee member (from 17/7/2021)	2022	0	6,851	0	0	6,851	0	0
	2021	0	4,973	0	0	4,973	0	0
Andrej Kren, chairman of the audit committee) (until 16/07/2021)	2022	0	0	0	0	0	0	0
	2021	0	2,647	0	2,420	5,067	0	0
Mateja Lovšin Herič, audit committee member (until 16/07/2021)	2022	0	0	0	0	0	0	0
	2021	0	1,765	0	2,420	4,185	0	0
Ignac Dolenšek, external member of the audit committee (until 16/07/2021)	2022	0	0	0	0	0	0	0
	2021	0	9,038	0	0	9,038	0	0
Members of the nominations and remuneration committee								
Klemen Babnik, chairman of the nominations and remuneration committee (from 17/7/2021)	2022	0	4,875	0	1,100	5,975	22	0
	2021	0	2,228	0	220	2,448	7	0

Full name, function (chair, deputy, member, external member of the committee), term of office	Year*	(1)		(2)		(3)	Travel expenses**	(5)
		Remuneration for performing the function		SB and committee attendance fees		Total disbursement (1 + 2)		Remuneration from any Group company
		SB	committees	SB	committees			
Davor Ivan Gjivoje Jr, member of the nominations and remuneration committee	2022	0	3,250	0	1,100	4,350	25,258	0
	2021	0	3,250	0	1,760	5,010	21,238	0
Keith William Morris, member of the nominations and remuneration committee	2022	0	3,250	0	1,100	4,350	2,316	0
	2021	0	3,250	0	880	4,130	638	0
Matej Gomboši, member of the nominations and remuneration committee (from 17/7/2021)	2022	0	3,250	0	1,100	4,350	735	0
	2021	0	1,485	0	220	1,705	109	0
Gorazd Andrej Kunstek, – alternate member of the nominations and remuneration committee (from 4/3/2021 to 16/4/2021) – member of the nominations and remuneration committee (from 09/9/2021)	2022	0	3,250	0	1,100	4,350	115	0
	2021	0	1,553	0	1,100	2,653	0	0
Edita Rituper, SB member	2022	0	0	0	440	440	0	0
	2021	0	0	0	0	0	0	0
Mateja Lovšin Herič, chairwoman of the nominations and remuneration committee (until 16/07/2021)	2022	0	0	0	0	0	0	0
	2021	0	2,647	0	1,540	4,187	0	0
Andrej Kren, member of the nominations and remuneration committee (until 16/07/2021)	2022	0	0	0	0	0	0	0
	2021	0	1,765	0	660	2,425	0	0
Members of the risk committee								
Keith W. Morris, risk committee chair	2022	0	4,875	0	1,540	6,415	3,242	0
	2021	0	4,875	0	1,540	6,415	1,117	0
Davor Ivan Gjivoje Jr, risk committee member	2022	0	3,250	0	1,540	4,790	25,258	0
	2021	0	3,250	0	1,496	4,746	18,053	0
Slaven Mičković, external risk committee member**	2022	0	0	0	0	0	0	0
	2021	0	12,451	0	0	12,451	0	0
Janez Komelj, external risk committee member (from 17/7/2021)	2022	0	6,254	0	0	6,254	0	0
	2021	0	2,313	0	0	2,313	0	0
Members of the fit and proper committee								
Keith William Morris, chairman of the fit and proper committee (member until 16/7/2021, chairman from 17/7/2021)	2022	0	4,875	0	660	5,535	1,389	0
	2021	0	3,993	0	1,056	5,049	766	0
Klemen Babnik, member of the fit and proper committee (from 17/7/2021)	2022	0	3,250	0	660	3,910	13	0
	2021	0	1,485	0	660	2,145	0	0
Rok Saje, external member of the fit and proper committee	2022	0	3,250	0	660	3,910	0	0
	2021	0	3,250	0	1,496	4,746	0	0
Klara Hauko, external member of the fit and proper committee (from 17/7/2021)	2022	0	3,250	0	660	3,910	0	0
	2021	0	1,485	0	660	2,145	0	0
Mateja Živec, chair of the fit and proper committee (until 16/07/2021)	2022	0	0	0	0	0	0	0
	2021	0	2,647	0	660	3,307	0	0
Andrej Kren, standing alternate member of the fit and proper committee (until 16/07/2021)	2022	0	0	0	0	0	0	0
	2021	0	1,765	0	396	2,161	0	0



Full name, function (chair, deputy, member, external member of the committee), term of office	Year*	(1)		(2)		(3)	Travel expenses**	(5)
		Remuneration for performing the function		SB and committee attendance fees		Total disbursement (1 + 2)		Remuneration from any Group company
		SB	committees	SB	committees			
Gorazd Andrej Kunstek, interim alternate member of the fit and proper committee (from 4/3/2021 to 16/4/2021)	2022	0	0	0	0	0	0	0
	2021	0	542	0	440	982	0	0
Davor Ivan Gjivoje Jr, interim alternate member of the fit and proper committee (from 4/3/2021 to 16/4/2021)	2022	0	0	0	0	0	0	0
	2021	0	542	0	440	982	0	0

\* For 2022, the expenses of the supervisory board members also included the benefit of directors' and officers' liability insurance (D&O).

\*\* The membership of Dr Slaven Mićković in the risk committee was suspended during 2022 due to his business relationship with the Company and the potential conflicts of interest involved.

### 3.4 Comparison of supervisory board members' remuneration in the last five years

A comparison of supervisory board members' remuneration in the last five years is provided in Table 2.

Table 2: Comparison of supervisory board members' remuneration in the last five years

Annual change	2018 vs 2017	2019 vs 2018	2020 vs 2019	2021 vs 2020	2022 vs 2021	2022 (absolute amount for current reporting year)
<b>Remuneration of the supervisory board members</b>						
Davor Ivan Gjivoje Jr, Chairman of the SB (SB member until 16/7/2021, SB chairman from 17/7/2021)	-10.71%	106.98%	-59.93%	187.42%	7.57%	60,744
Keith William Morris, SB deputy chairman	-13.08%	1.96%	-30.64%	20.29%	9.03%	22,206
Klemen Babnik, SB member (from 17/7/2021)	-	-	-	-	100.94%	16,043
Matej Gomboši, SB member (from 17/7/2021)	-	-	-	-	101.83%	17,555
Gorazd Andrej Kunstek, SB member	-2.86%	-0.24%	-6.12%	16.08%	-3.70%	16,240
Edita Rituper, SB member (until 31/12/2021)	-	-	-	-	-	15,996

## 4 Remuneration of the members of management bodies

### 4.1 Introduction

The management body is defined under the applicable ZGD-1 and the Company's applicable articles of association. Under the Company's articles of association, the management body of Sava Re is the management board composed of two to five members. Under the applicable act on the management board, the management board is composed of three members.

The term "management board member" used in this document is a uniform term for both the "chair of the management board" and any "member of the management board", except where specific reference is made to the chair of the management board.

Where masculine grammatical forms are used in the Slovene wording for a management board member, they are deemed to be understood to relate to both men and women.

Remuneration of the members of the management board is regulated (1) by specific Solvency II policies: the Group's remuneration policy and that of Sava Re, (2) the Remuneration Policy for Members of Supervisory and Management Bodies of Sava Re d.d., (3) the employment contracts of each management board member, and (4) the Methodology for Determining the Variable Pay of s Management Board Member of Sava Re, which is appended and forms part of each management board member's employment contract.

The remuneration of the management board members of Sava Re is proportionate to their roles, the scope of operations of the Company and the entire Group, and the financial condition and business results of both the Company and the Group. In addition, the remuneration of the management board members is at a level that promotes the long-term sustainability of operations of the Company and the Group and ensures that remuneration is consistent with the performance achieved.

The remuneration of the management board members consists of a fixed component and a variable component. The variable component is determined so as not to allow the rewarding of management board member behaviour that encourages the uncontrolled exposure of the Company to risk.

### 4.2 Composition of the management board in 2022

The composition of the management board changed during 2022. On 4 May 2022, Jošt Dolničar ceased to be a member of the management board of Sava Re because he assumed the position of chairman of the management board of the subsidiary Zavarovalnica Sava.

#### *Composition of the management board in 2022*

Member	Title	First appointed	Duration/expiry of term
Marko Jazbec	chairman	12 May 2017 new term of office 13 May 2022	13 May 2027
Polona Pirš Zupančič	member	14 January 2023 new term of office 15 January 2023	14 January 2023
Peter Skvarča	member	19 June 2020	19 June 2025
Jošt Dolničar	member	31 December 2008	4 May 2022*

\* Jošt Dolničar's term as a member of the management board of Sava Re ended prematurely.

## 4.3 Remuneration of management board members in 2022

### 4.3.1 Fixed remuneration (base salary)

The fixed remuneration (base salary) of a management board member was pay for the performance of duties, for the pursuit and acceptance of responsibility, and it was determined taking into account the provision of financial stability, compensation of efforts and professional experience. The base salary did not depend on business performance or unpredictable factors. The main guidance for determining the base salary of a management board member was the complexity of their function. The base salary of a management board member is set in the employment contract as a gross amount. Management board members are not entitled to a seniority bonus as this is already included in the base salary.

### 4.3.2 Variable remuneration (performance-based pay)

The variable remuneration is governed by the Methodology for Determining the Variable Pay of a Management Board Member of Sava Re (hereinafter: the Methodology) adopted by the supervisory board, which determines the variable part of the remuneration of a member of the management board. After the supervisory board approves the strategic and annual plans for the next year, the supervisory board lays down the quantitative and qualitative criteria for assessing the performance of individual management board members for that year.

The variable remuneration of a management board member consists of:

- business-performance-based pay,
- individual-performance-based pay relating to annual personal goals of a management board member,
- board-performance-based pay based on common goals of the management board.

Eligibility for variable remuneration is determined once a year after the end of the financial year, when the results of the Sava Insurance Group have been audited and approved. Variable remuneration is determined under the conditions and in the amount determined in the Methodology. The payment of variable remuneration for the management board members is decided by a supervisory board resolution.

If the amount of the variable pay, which is determined for the first time and is not based on the amounts previously deferred, exceeds 30% of the management board member's regular annual salary net of performance-based pay, the payment of the variable pay above the 30% of the management board member's regular annual salary in the financial year to which the variable pay refers is deferred for a period of three years. The supervisory board adopts a special resolution on the deferment and a special resolution on the payment of the retained variable pay.

Before paying out deferred variable pay, the Company verifies whether all conditions for payment are met.

The supervisory board may decide not to pay out deferred performance-based pay of a management board member if the Company and/or the Group has shown materially negative operating trends during the period to which the deferred payment relates, if such trends are also due to the decisions taken by that management board member.

Furthermore, deferred performance-based pay is not paid out if a management board member breached his legal and/or other obligations during the period to which the deferred payment relates.

Management board members are deemed to have breached their duties if they have failed to act in the interests of the Company and with the care of a diligent and fair businessperson.

Variable remuneration was determined in the 2022 financial year and paid out based on the business performance of the Sava Insurance Group in 2021 and the achievement of individual goals as well as joint goals of the management board in 2021, in line with the Methodology effective until 31 December 2021.

#### 4.3.2.1 Criteria for determining the level of variable remuneration

##### 4.3.2.1.1 Quantitative criteria for determining the level of variable remuneration (business-performance-based pay)

The quantitative criteria for determining the level of variable remuneration are used to measure performance against the achievement of the plan for a particular financial period. **Business-performance-based pay of a management board member** is tied to three selected financial performance indicators at the Sava Insurance Group level:

- return on equity (ROE): the basis for determining the amount of the bonus is the achievement of the planned percentage of return on equity of the Sava Insurance Group;
- return on revenue (ROR): the basis for determining the amount of the bonus is the achievement of the planned percentage of return on revenue of the Sava Insurance Group;
- expense ratio: the basis for determining the amount of the bonus is the achievement of the planned percentage of net expense ratio of the Sava Insurance Group.

##### 4.3.2.1.2 Qualitative criteria for determining the level of variable remuneration (consisting of individual-performance-based pay based on individual goals of each management board member, and individual-performance-based pay based on joint goals of the management board)

Qualitative criteria for determining the level of variable remuneration are used to measure performance against the achievement of individual annual goals of each member of the management board and against the achievement of the joint annual goals of the management board. Qualitative criteria are vital for motivating individual management board members, as well as the management board as a whole for the achievement of the annual and strategic plans, both of the Company and the Sava Insurance Group.

##### **Individual-performance-based pay of a management board member relating to personal goals:**

Individual-performance-based pay of a management board member depends on the assessment of the Company's supervisory board whether the management board member has achieved the personal goals set out in the annual performance appraisal interviews (annually appended to the employment contract) and has contributed constructively to the goals of the Company and the Group set out in the Company's and the Group's plans approved by the supervisory board.

**Board-performance-based pay based on common goals of the management board:** The part of the salary for the overall performance of the management board received by a management board member depends on the assessment of the Company's supervisory board of whether the management board as a whole has achieved the goals of common development projects, risk management goals and other common goals as set out in the strategic plan of the Company and the Group and laid down in the Company's and Group's plans approved by the supervisory board.

In 2022, variable remuneration was paid to the management board members in the form of monetary remuneration, as evident from Table 3. For each member of the management board or its committees, the upper row refers to the remuneration for the 2022 financial year, and the lower row to the remuneration for the comparable 2021 financial year.



#### **4.3.3 Relative proportion of fixed and variable remuneration**

Data on the relative proportion of fixed and variable remuneration of a management board member for the 2022 (and 2021) financial year are shown in Table 3.

#### **4.3.4 Relative proportion of financial and non-financial criteria in variable remuneration**

Data on the relative proportion of financial and non-financial criteria in variable remuneration for a management board member for the 2022 (and 2021) financial year are provided in Table 3.

#### **4.3.5 Payment of the retained portion of variable remuneration to management board members**

On the basis of the supervisory board's resolution, taking into account the methodology for calculating the variable portion of the management board member's remuneration for 2018, 2019, 2020 and 2021, the Company paid the retained portions of the variable remuneration from the previous financial years to Jošt Dolničar (upon early termination of his 2018–2022 term of office) and Marko Jazbec (after the end of his 2017–2022 term of office) at the end of the terms of the members of the management board in 2022. Details on the remuneration from the payment of the retained portion of variable remuneration to the members of the management board are presented in Table 3.

#### **4.3.6 Termination benefit**

There were no circumstances requiring payment of termination benefits to any management board member in 2022.

#### **4.3.7 Benefits and other entitlements of management board members**

In addition, the management board members are entitled to the following benefits and entitlements: an allowance for annual leave, personal accident insurance, supplementary pension insurance and health insurance with medical assistance abroad. All management board members are covered against risks arising from the performance of their function (directors' and officers' insurance – D&O). Each management board member is entitled to a mobile phone and a company car, both of which may be used for private purposes.

Remuneration of the management board members for 2022 is set out in Table 3.

Table 3: Remuneration of the members of the management board in 2022 and 2021

Full name, position (chair, member), term of office	Year	(1) Fixed remunera tion	(2) Variable remuneration		(3) Benefits and other entitleme nts	(4) Termination benefits, fulfilment of the competitive clause, other termination payments	(5) Return of bonus (clawbacks )	(6) Maluses (refund of remunerati on)	(7) Total payment (1 + 2 (disbursed ) + 3 + 4 - 5 - 6)	(8) Proportion of variable remuneration (from financial and non- financial criteria)  (xx%/yy%)	(9) Proportion of fixed compared to variable remuneration (xx%/yy%)	(10) Relative comparison to average employee salary (multiple) – for the Company and the Group*		(11) Remune ration from any Group compan y
			Disbursed	Deferred****								Comp any	Group	
Marko Jazbec	2022	210,586	59,374	0	3,707	-	-	-	273,667	72.73%/27.27%	57.50%/42.50%	4.2	5.3	-
	2022***	-	96,249	-	-	-	-	-	96,249					
	2021	199,050	59,400	31,350	4,543	-	-	-	262,993	63.64%/36.36%	68.69%/31.31%	3.6	4.9	-
Polona Pirš Zupančič	2022	179,400	53,460	28,215	14,454	-	-	-	247,314	72.73%/27.27%	66.67%/33.33%	3.5	4.4	-
	2021	179,400	53,460	28,215	8,178	-	-	-	241,038	63.64%/36.36%	68.72%/31.28%	3.2	4.4	-
Peter Skvarča	2022	179,400	53,460	28,215	10,147	-	-	-	243,007	72.73%/27.27%	66.67%/33.33%	3.5	4.4	-
	2021	179,400	40,838	14,108	11,417	-	-	-	231,655	63.64%/36.36%	76.55%/23.45%	3.2	4.4	-
Jošt Dolničar**	2022	62,625	53,460	0	2,761	-	-	-	118,845	72.73%/27.27%	30.89%/69.11%	3.5	4.4	-
	2022***	-	86,622	-	-	-	-	-	86,622					
	2021	179,400	53,460	28,215	9,079	-	-	-	241,939	63.64%/36.36%	68.72%/31.28%	3.2	4.4	-

\* Based on the average salary of employees other than management board members. The average salary is EUR 4,294 in the Company and EUR 3,384 in the Group.

\*\* Jošt Dolničar's term as a member of the management board of Sava Re ended on 4 May 2022.

\*\*\* Variable remuneration paid also includes portions of the bonuses from the deferred remuneration for 2021, 2020, 2019 and 2018, which was paid out in 2022 to the chairman of the management board, Marko Jazbec, in the amount of EUR 96,249, and to a member of the management board, Jošt Dolničar, in the amount of EUR 86,622.

\*\*\*\* Deferred variable remuneration includes portions of the bonuses for the years 2018, 2019, 2020 and 2021 that will be paid in future years.

#### 4.3.8 Annual change in remuneration, Company performance, average employee remuneration

Data on the change in remuneration, Company performance and average employee remuneration in the Company (other than for management board members) for full-time employment for the past four financial years are given in Table 4. The remuneration used in the calculations in the following table includes the fixed remuneration paid during the period and the variable portion of the bonuses relating to that period (e.g. the variable portion of the bonus paid in 2022 and relating to 2021 is taken into account in 2021; the same applies accordingly to the other years).

*Table 4: Comparison of the annual change in remuneration of the management board members, the annual change in the Company's performance indicators and the annual change in average remuneration of the Company's employees other than the members of management and supervisory bodies over the last five years*

Annual change						
Remuneration of management board members*	2017 vs 2016	2018 vs 2017	2019 vs 2018**	2020 vs 2019	2021 vs 2020**	2022 (absolute amount for current reporting year)
Marko Jazbec, chairman of the management board	-	24.2%	18.4%	7.2%	1.6%	214,293
Jošt Dolničar, member of the management board	7.4%	15.2%	17.3%	7.2%	1.7%	182,161
Polona Pirš Zupančič, member of the management board	-	-	19.2%	7.1%	1.8%	193,854
Peter Skvarča, member of the management board	-	-	-	-	-3.3%	189,547
Company performance	2017	2018	2019	2020	2021	2022
Profit or loss, net of tax	31,094,908	43,011,849	50,194,588	56,386,299	76,167,178	68,242,586
Year-on-year change	-5.5%	38.3%	16.7%	12.3%	35.1%	-10.4%
Return on revenue	6.5%	8.0%	8.6%	8.6%	10.5%	9.1%
Year-on-year change	-0.5 p.p.	1.5 p.p.	0.6 p.p.	0.0 p.p.	1.9 p.p.	-1.4 p.p.
Return on equity	10.1%	13.1%	13.8%	13.3%	15.8%	13.5%
Year-on-year change	-1.2 p.p.	3.0 p.p.	0.7 p.p.	-0.5 p.p.	2.5 p.p.	-2.3 p.p.
Net expense ratio, including operating revenue	31.4%	32.8%	31.6%	29.5%	29.0%	29.3%
Year-on-year change	-1.5 p.p.	1.4 p.p.	-1.2 p.p.	-2.1 p.p.	-0.5 p.p.	0.3 p.p.
Average remuneration per employee in the Company and the Group	2018 vs 2017	2019 vs 2018	2020 vs 2019	2021 vs 2020	2022 vs 2021	Average annual remuneration per employee
Company employees	17.0%	-10.7%	5.4%	2.7%	-7.1%	51,527
Group employees	12.9%	-6.5%	4.4%	2.8%	-2.8%	40,608

\* Amounts are restated on an annual basis for terms of office that began or ended during the financial year under review.

\*\* The Methodology and the level of variable remuneration of the management board members were amended in 2018 and 2020. In 2020, the methodology of variable remuneration was also changed for the Company's other employees.

#### 4.3.9 Remuneration from other Sava Insurance Group members

A management board member who also serves as a member of a supervisory body of a subsidiary waives all remuneration for the performance of his function in the supervisory body of the subsidiary.

In 2022, the Sava Re management board members received no remuneration from any Sava Insurance Group member other than Sava Re.

#### 4.3.10 Shares and stock options

The management board members received no shares or stock options from the Company in 2022.

#### 4.3.11 Reclaimed variable remuneration

Under ZGD-1, the supervisory board may reclaim from the management board members the business-performance-based pay disbursed relating to the performance of the Sava Insurance Group.

No circumstances arose in 2022 that would require the reclaim of any variable remuneration.

#### 4.3.12 Financial benefits, taxes and contributions, and services

In the 2022 financial year, the management board members were awarded no monetary benefits, taxes or contributions, or services relating to their position as management board members by any third party in 2022.

In the 2022 financial year, the management board members were awarded no monetary benefits, taxes or contributions, or services for early termination of office, including changes agreed on in 2022.

In the 2022 financial year, the management board members were awarded no monetary benefits, taxes or contributions, or services for ordinary termination of office, including any monetary value or amount that the Company would spend or reserve for that purpose in 2022.

In the 2022 financial year, Jošt Dolničar ceased to be a member of the management board of Sava Re because he assumed the position of chairman of the management board of the subsidiary Zavarovalnica Sava. In spite of the early termination of his term as a member of the management board of Sava Re, no additional financial or other benefits or services were provided to Jošt Dolničar in this regard. Upon the early termination of his term of office, he was paid the portion of his variable remuneration withheld from previous financial years. Details of this remuneration are given in Table 3.

Ljubljana, 22 March 2023



Marko Jazbec, Chairman

Ljubljana, 22 March 2023



Davor Ivan Gjivoje Jr, Chairman



Polona Pirš Zupančič, Member



Peter Skvarča, Member



David Benedek, Member

## 5 Independent auditor's assurance report with limited assurance



Deloitte revizijska d.o.o.  
Dunajska cesta 165  
1000 Ljubljana  
Slovenija

Tel: +386 (0) 1 3072 800  
Faks: +386 (0) 1 3072 900  
www.deloitte.si

### INDEPENDENT AUDITOR'S LIMITED ASSURANCE REPORT RELATED TO REMUNERATION REPORT FOR YEAR 2022

To the Shareholders of Sava Re, d.d.

We have performed limited assurance engagement as to whether the Director's Remuneration Report of Sava Re, d.d. ('the Report') for the year ended 31 December 2022, prepared by the Management Board and the Supervisory Board of Sava Re, d.d. (hereinafter 'the company'), is prepared in accordance with the requirements of Article 294.b of the Companies Act (hereinafter 'ZGD-1').

#### *Identification criteria*

In accordance with the requirement of ZGD-1 we have examined whether the Report contains all the information required by paragraphs 2 and 3 of Article 294.b of ZGD-1. The auditor's task is not to verify the actual accuracy of the Report and the information contained therein.

#### *Purpose of the report*

Our limited assurance report is intended solely to meet the requirements of Article 294.b of the Companies Act and for your information and may not be used for any other purpose. Our report relates only to the Remuneration report and does not apply to the financial statements of the company as a whole.

#### *The responsibility of the Management Board and Supervisor Board for the Report*

The Management Board and Supervisory Board are responsible for the preparation of the Report in accordance with Article 294.b of ZGD-1. The Management Board is responsible for publishing the Report on the Company's website immediately after the voting at the Shareholder's meeting, where it must be available free of charge for ten years.

The Management Board is responsible for such internal control as management determines is necessary to enable the preparation of the Report that is free from material misstatement, whether due to fraud or error and that is consistent with legal requirements.



Iste Deloitte se nanaša na združenje Deloitte Touche Tohmatsu Limited (DTTL) in mrežo njegovih družb članic ter njihovih povezanih družb (skupaj: organizacija Deloitte). DTTL (imenovan tudi Deloitte Global) in vsaka od njegovih družb članic ter povezanih družb so bodane in samostojne pravne osebe in druga druga ne morejo nalogati odgovornosti do tretjih oseb. DTTL in vsaka od njegovih družb članic ter povezanih družb je odgovorna odločitev za svoja dejanja in opustitve dejanj ter ne odgovarja za dejanja in opustitve drugih. DTTL, sam po sebi ne opravlja storitev za stranke. Podrobnejše informacije najdete tukaj: [www.deloitte.com/slovenia](https://www.deloitte.com/slovenia)

Deloitte je vodilni globalni posrednik storitev svetovanja in dejavnosti raziskovalne, poslovnega in finančnega svetovanja, svetovanja na področju davčnega in sorodnih storitev. Deloitte opravlja storitve za klijent od petih največjih svetovalnih gospodarskih družb na lestvici Fortune Global 500 in petih največjih svetovalnih mrež družb (skupaj imenovanih organizacija Deloitte) zagotavlja storitve v več kot 150 državah ter ozemljih. Več o tem, kako prisilimo 312.000 Deloitteovih strokovnjakov dosega rezultate, ki število, najdete na povezavi [www.deloitte.com](https://www.deloitte.com)

V Sloveniji storitve zagotavlja Deloitte revizijska d.o.o. in Deloitte svetovanje d.o.o. (po združenem imenovanju Deloitte Slovenija), članici Deloitte Central Europe Holdings Limited. Deloitte Slovenija vodi mednarodne mreže za strokovne storitve v Sloveniji in opravlja storitve revizije in dejavnosti raziskovalne, poslovnega in finančnega svetovanja, svetovanja na področju davčnega in sorodnih storitev, ki jih zagotavlja več kot 150 domaćih in tujih strokovnjakov.

Deloitte revizijska d.o.o. - Družba vpisana pri Okrožnem sodišču v Ljubljano - Matična številka: 1847305 - ID št. za DDV: SI62540085 - Osnovni kapital: 74.214,10 EUR.

© 2022. Za več informacij se obrnite na Deloitte Slovenija.



#### *Auditor's Responsibility*

Our responsibility is to express our conclusion on limited assurance for the Report based on the procedures we carried out and on the evidence we obtained. Our limited assurance engagement was carried out in accordance with International Standard on Assurance Engagements (ISAE) 3000 (revised) – *Assurance Engagements other than Audits or Reviews of Historical Financial Information*, issued by the International Auditing and Assurance Standards Board. Pursuant to the standard, the auditor shall plan and perform the engagement in the way that will allow the auditor to obtain limited assurance that nothing has come to the auditor's attention that would cause the auditor to believe that the Report includes material misstatement in terms of compliance with the requirements of Article 294.b of ZGD-1.

#### *Our independence and quality control*

We performed our work in accordance with independence and ethical requirements under the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by International Ethics Standards Board for Accountants (IESBA Code). The Code is prepared based on the principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

As a part of its compliance with International Standards on Quality Control (ISQC 1), our company maintains a comprehensive quality control system, including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

#### *Summary of the work performed*

The nature and scope of our procedures were determined on the basis of risk assessment and our professional judgement with the purpose to obtain limited assurance.

The procedures for obtaining evidence in a limited assurance engagement are more limited in relation to a reasonable assurance engagement; therefore, less assurance is provided than in reasonable assurance or audit engagements.

The procedures carried out within the scope of our engagement include:

- Understanding the resolutions of the Shareholder's meeting regarding the adopted remuneration policy and inquiring with the Management Board, the Supervisory Board and other employees in order to gain an understanding of the remuneration policy and the procedures implemented by the company in preparing the Report;
- obtaining a list of persons for whom there is an obligation to include data in the Report in the year for which the Report is being prepared and verifying that their remuneration is disclosed in the Report;
- verification that the Report contains all the information required by paragraphs 2 and 3 of Article 294.b of ZGD-1.

We believe that the obtained evidence is sufficient and appropriate to provide basis for our conclusion.

## *Conclusion*

Based on our procedures and the evidence obtained, nothing has come to our attention that would cause us to believe that the Report for the year ended 31.12.2022 as prepared by the Company does not, in all material respect, include the information as required by paragraph 2 and 3 of Article 294.b of ZGD-1.

## *Emphasis of Matter*

As disclosed in Director's remuneration report in Chapter 2 Introduction to the remuneration report for 2022, the management and supervisory board of the company Sava Re, d.d. adopted the remuneration policy, which was submitted to the general meeting of the company Sava Re, d.d. in accordance with the transitional provisions of the ZGD-1K amendment on 23 June 2022, but the decision was not approved. The company still uses the remuneration policy, but it needs to submit the amended remuneration policy for voting at the next general meeting. The company will submit the remuneration report to the shareholders for approval at the next regular meeting of Sava Re, d.d. Our opinion in respect of this matter is not modified.

DELOITTE REVIZIJA d.o.o.

Barbara Žibret Kralj  
Certified auditor

*For signature please refer to the  
original Slovenian version.*

# Deloitte.

DELOITTE REVIZIJA D.O.O.  
Ljubljana, Slovenija 3

Ljubljana, 22 March 2023

TRANSLATION ONLY, SLOVENE ORIGINAL PREVAILS





**SAVARe**

**Sava Re d.d.**

Dunajska cesta 56, P.O.B. 318

SI-1001 Ljubljana, Slovenia

T +386 1 47 50 200

F +386 1 47 50 264

[info@sava-re.si](mailto:info@sava-re.si)

[www.sava-re.si](http://www.sava-re.si)

Photo: Matej Vranič