

8. Statement on Corporate Governance

The corporate governance system at Sava d.d. provides guidelines for directing and supervising the company and its subsidiaries. It defines the distribution of rights and responsibilities among the governing bodies and sets rules and procedures for making decisions on corporate issues. Furthermore, it provides a framework for setting, achieving and monitoring the implementation of business goals and establishes the values, the principles and the standards of honest and responsible decision-making process and handling in all aspects of our business.

The corporate governance system is a tool for accomplishing long-term strategic goals of Sava d.d. and the manner in which the Management Board and Supervisory Board of Sava d.d. perform their responsibility towards shareholders and other stakeholders of the company. The management and supervisory bodies of Sava d.d. and its subsidiaries strive for modern principles of governance and management, and its full compliance with the advanced domestic and foreign practices.

EXPLANATIONS IN ACCORDANCE WITH THE COMPANIES ACT

Based on the fifth paragraph of Article 70 of the Companies Act, which defines the minimum contents of the Statement on Corporate Governance, Sava d.d. gives the following explanations:

Description of main characteristics of the internal control and risk management systems in the company in connection with the financial reporting procedure

The internal control and risk management systems in connection with financial reporting by Sava d.d. incorporates the policies and procedures, which enable a timely, true and fair reporting on the financial position, movement of assets and liabilities and the operating result of Sava d.d. and the Sava Group. The internal control system is presented in the 2015 annual report of the Sava Group and Sava d.d., in chapter Corporate governance system.

Significant direct and indirect holdship of the company's securities in the sense of achieving a qualified stake, as stipulated by the act regulating take-overs

The data about achieving a qualified stake as stipulated by the Take-overs Act is announced on an ongoing basis in the electronic information system of the Ljubljana Stock Exchange, and furnished to the Securities Market Agency. At 31 December 2015, qualified stakes as stipulated by the Take-overs Act in Sava d.d. are held by: Kapitalska družba d.d., Ljubljana (qualified stake 18.7% or 375,542 shares), Slovenski državni holding

d.d., Ljubljana (11.1% or 222,029 shares), Finetol d.d. – under receivership, Škofja vas (6.9% or 137,796 shares), Merkur d.d. – under receivership, Kranj (6.0% or 121,107 shares), Alpen.SI, equity sub-fund, Ljubljana, Ljubljana (5.1% or 101,702 shares).

Explanation about any holder of securities which assure special control rights

Individual shareholders of Sava d.d. have no special control rights based on the ownership of Sava shares.

Explanations about all limitations in voting rights

The shareholders of Sava d.d. have no limitations in exercising their voting rights.

Company regulations on appointing and replacing members of the management and supervisory bodies and changes in the Articles of Association

Company regulations do not separately govern the appointment or replacement of members in the management and supervisory bodies and amendments to the Articles of Association. The applicable legislation is applied in full.

Proxies of management board members, especially those for the issue or purchase of treasury shares

In 2015, Sava d.d. did not have any proxies for the issuance or purchase of treasury shares.

Operation of company Shareholders' Meeting and its key responsibilities

In 2015, the Shareholders' Meeting met once. The responsibilities of the Shareholders' Meeting and the rights of shareholders are stipulated by law and exercised as set out in the standing orders of the Shareholders' Meeting and by the chairperson of the Shareholders' Meeting. The voting procedure at the Shareholders' Meeting is minutely described in the annual report of the Sava Group and the company Sava d.d. for the year 2015, in chapter Corporate governance system.

Data on the composition and operation of management and supervisory bodies and their commissions

A comprehensive presentation of the management and supervisory bodies and their commissions is given in the annual report of the Sava Group and the company Sava d.d. for 2015 in chapters Management and governing bodies; Report by the Supervisory Board; Corporate governance system.

STATEMENT OF COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE FOR PUBLIC JOINT-STOCK COMPANIES

The company Sava d.d. gives below the Statement of Compliance with the Corporate Governance Code for Public Joint-Stock Companies (hereafter Code). The Statement of Compliance with the Corporate Governance Code refers to the period between the former and the present statement, i.e. to the period from 25 March 2015 to 24 March 2016. The statement forms a constituent part of the 2015 annual report, which provides a comprehensive presentation of the corporate governance system of the Sava Group and the company Sava d.d. In the quoted period, Sava d.d. followed the provisions of the Code in the variant adopted on 8 December 2009. The entire Code text is available in Slovene and English on the website of the Ljubljana Stock Exchange (www.ljse.si).

The Management Board and the Supervisory Board of the company declare that the joint stock company Sava d.d. respects the provisions of the Code except in cases where it deviates from the Code, for which the following explanations are given:

Recommendation under item 8.2: In its rules of procedure, the supervisory board sets the scope of topics and timeframes to be observed by the management board in its periodic informing of the supervisory board. The communicated data enable supervisory board members to make an objective and balanced assessment of the company's financial position. The management board provides written notices to the supervisory board at least once per quarter. Provided adequate protection and information security are ensured, such notices may be e-mailed. The documents needed by supervisory board members to make quality decisions are made available to them or to the supervisory board committees in due time.

By a special resolution, the Supervisory Board sets the scope of topics and timeframes to be observed by the Management Board in its periodic informing. The Supervisory Board adapts the contents of this resolution to the economic situation in the company and the Sava Group. The Supervisory Board is of opinion that it is not necessary to define the contents and timeframes in the rules of procedure instead of in the resolution.

Recommendation under item 10.2: The president of the supervisory board ensures that the procedures related to preparatory work, consultations, adopting of resolutions and decision taking are precisely adhered to. The agenda for a supervisory board meeting consists of items to be discussed at the meeting. The agenda also specifies whether an item and corresponding materials are of an informative nature only or whether actual decisions are to be adopted on their basis (adopted report, consent or authorization granted to the management board, etc).

Provided that the members receive adequate materials and have sufficient time to prepare, the Supervisory Board may add additional items to the agenda on the spot, by a simple majority vote. The rules of procedure of the Supervisory Board of Sava d.d. define that an additional item can only be added on the agenda in agreement by all Supervisory Board members.

The statement will be accessible on the website of the Ljubljana Stock Exchange at www.ljse.si, and the company's website at www.sava.si as of the announcement date.

Management Board and Supervisory Board of Sava d.d.
Ljubljana, 24 March 2016