

**Management Board
Gorenje d.d.**

Pursuant to Article 11 of the Rules of Procedure for the Gorenje d.d. Shareholders Assembly, the Management Board of Gorenje d.d. hereby proposes the following

Resolution Proposal to Item 1 of the agenda:

It is determined that quorum is present at the Assembly. The bodies of the General Assembly shall be elected, as follows:

Shareholders Assembly Chairman: Gorazd Podbevšek
Verification Committee: Robert Ernestl, chairman
Gregor Mavsar, member
Milena Obu, member

Mrs. Katja Fink, Notary Public of Celje, shall be appointed to keep official Records of Proceedings.

Explanation:

The Management Board has the authority and responsibility to propose to the Shareholders Assembly election of the bodies of the Assembly, i.e. the Assembly Chairman and members of the verification committee for the voting and election procedure, and to arrange the presence of a notary public. Mrs. Katja Fink, notary public, was invited by a written invitation to attend the Assembly; she accepted the invitation and confirmed her attendance.

Velenje, June 12, 2017

President and CEO
Franc Bobinac

Supervisory Board chairman's report on the audit of the Annual Report of the company Gorenje d.d. and the Gorenje Group for the year 2016**Introduction**

Within the powers and responsibilities set forth in the relevant legislation, company Articles of Association, Rules of Procedure, and Code of Conduct, the Supervisory Board supervised in 2016 the operations of the company Gorenje d.d. and the Gorenje Group, as well as performed other tasks and duties. The Board received regular reports on the company's operations, performance, and key activities, and adopted relevant resolutions, monitored their implementation, and found that the Management Board implemented all resolutions adopted by the Supervisory Board.

General information

Since the approval of the 2015 Annual Report, the Supervisory Board has held twelve sessions, of which seven were regular meetings and five were correspondence sessions.

The company Supervisory Board consists of eleven members of which seven represent shareholder interests and four are employee representatives.

Shareholder representatives:

- Marko Voljč, chairman,
- Bernard C. Pasquier, deputy chairman,
- Uroš Slavinec, deputy chairman,
- Bachtiar Djalil,
- Corinna Claudia Graf,
- Keith Charles Miles (Supervisory Board member until July 8, 2016),
- Toshibaumi Tanimoto,
- Miha Košak (Supervisory Board member since July 9, 2016).

Employee representatives:

- Krešimir Martinjak, deputy chairman,
- Peter Kobal,
- Drago Krenker,
- Jurij Slemenik.

Supervisory Board members are appointed for a term of four years and their current term expires on July 20, 2018.

All Supervisory Board members representing capital signed a written statement that they were entirely independent in their work and free from any conflict of interest, which the company has publicly announced on its website.

Supervisory Board Activities

Monitoring various aspects of operations and performance

The Supervisory Board received regular reports on a number of aspects of operations and performance. In addition to the periodic quarterly business reports, the Management Board informed the Supervisory Board on a monthly basis about the key activities and business events, sales conditions in the markets, changes in raw and processed material prices, and management of all types of risk. The Management Board responded to all Supervisory Board questions or inquiries in reasonable time. Thus, the Supervisory Board was kept up to date with the most important activities at the Group, which in turn allowed it to perform the function assigned by the shareholders and the employees in the best way possible.

Other issues addressed by the Supervisory Board

The Management Board regularly provided to the Supervisory Board the information on the progress of divestment of some of the non-core companies and non-operating assets. In addition, the Supervisory Board was kept up to date with other major issues regarding further development of Gorenje Group operations, as well as changes in the Corporate Governance Code and competition rules and regulations. The Board saw an important presentation on digital trends, digital environment, and execution of digital business strategy at the Gorenje Group. We firmly believe Gorenje is on the right path, introducing new ways to offer products to its customers, particularly the end users, and that it will remain a major player in the home appliance market in the future.

The Supervisory Board was also informed regularly on the cooperation with Panasonic Corporation, as well as the conditions and all activities related to the due diligence of Gorenje Group, which the Panasonic Corporation conducted. The ultimate decision by this company not to further pursue the activities to increase their stake in Gorenje and the takeover procedure does not affect Gorenje Group's goals or its independent development as mapped out by the company in its strategic plan.

Pursuant to the provisions of the Companies Act (ZGD-1), we approved the contents and the signing of an agreement with an independent auditor, for the audit of the parent company and our subsidiaries. We have also approved the Internal Audit Charter, and the signing of the agreement with the third-party auditor for the internal audit of IT.

Monitoring the execution of the Strategic Plan for the period 2016–2020

The Supervisory Board also monitored in detail the company operations and implementation of the Gorenje Group 2016–2020 Strategic Plan. In the first year its pursuit, Gorenje Group met the goals set forth as it increased its revenue to EUR 1.258 billion while improving considerably its financial

performance indicators. Thus, Gorenje Group is on the right track to continue to attain the goals specified in the strategic plan in the future.

Changes in the Gorenje Group organization

The Supervisory Board was presented the new Gorenje Group business organization introduced as of February 1, 2017, and approved the change in Management Board areas of responsibility, consistently with the new organization. With these organizational changes, Gorenje Group transformed its conventional functional organizational structure to business-product (divisional) organizational structure focused on brands and product programs. This will allow even more room for an entrepreneurial approach and focus on further improvement of performance. The new organization will further promote integrated thinking which is the prerequisite for integrated reporting on how Gorenje Group is generating value for its key stakeholders in the short, medium, and long run. We have already taken a step towards integrated reporting in the development of the Gorenje Group 2016 annual report; the logic of the new organization will be fully reflected in the 2017 annual report.

Approving our business plans

In January 2017, we approved the Business Plan of the company Gorenje d.d. and the Gorenje Group for the year 2017, which is the second year of the strategic period. Gorenje Group is planning further revenue growth of 4.5 percent in 2017; Home segment growth is planned at 5 percent; and EBITDA growth is planned at 11 percent. According to the 2017 plan, net profit is anticipated to exceed EUR 13 million. To support the improvement of profitability, the Group shall ensure adequate investment into marketing and development, and improve cost efficiency regarding raw and processed materials, logistics, and labour. We will continue to generate positive free cash flow, optimize net working capital, and reduce complexity at all levels. Based on the activities presented in detail in all fields of operation, both in terms of revenue and expenses, we found that the Business Plan as presented by the Management Board was realistic and we approved it.

Supervisory Board self-assessment – an important indicator of the Supervisory Board's work

With assistance from the Supervisory Board secretary, the Supervisory Board conducted its self-assessment using the questionnaire from the Slovenian Director's Association. Based on the analysis, the Supervisory Board committed to accepting measures in the fields with the lowest scores. As early as at the next session, we will launch the activities to improve the work of the Supervisory Board, making it even more effective.

In late February 2017, we approved the consensual termination of the term of office of the CFO (Management Board member in charge of corporate finance and the business area of ecology, trade, and industrial services) Peter Groznik.

Until the appointment of a new Management Board member, corporate finance and the business area of ecology, trade, and industrial services shall be managed by Jožica Turk, executive vice president of corporate finance.

Supervisory Board committees have long been an inseparable part of the Supervisory Board, performing important functions. Specific issues were first discussed by committees. Based on their findings and judgement, the Supervisory Board adopted relevant measures. Observing the relevant legislation, and to maintain the sound practice of Supervisory Board committees, the Supervisory Board approved the topics or issues to be addressed by its respective committees.

Supervisory Board committees

Audit Committee

Until the November session, the Audit Committee included three members: including Bachtiar Djalil as chairman, and members Drago Krenker and Aleksander Igličar. On November 11, 2016, Miha Košak was appointed Audit Committee member, expanding the Committee to four members.

The Audit Committee operated consistently with the relevant powers and authorizations specified by the effective legislation. The Audit Committee reviewed the compliance with the principle of prudence and consistency of reporting in quarterly reports, and resolved most ambiguities in these reports by raising relevant questions before they were discussed at a Supervisory Board session. The Management Board and Audit Committee members have established the good practice of raising questions by respective Audit Committee members before the Audit Committee session, with Management Board members and other Gorenje managers preparing written responses by the time of the session.

Since the approval of the most recent annual report, the Audit Committee has held eight sessions, of which one was a correspondence session. In addition to reviewing the periodic or interim reports, the Committee regularly reviewed the compliance with the covenants laid down in the loan agreements signed with respective banks, periodic reports on the work of the Internal Audit, and other financial and accounting issues related to Gorenje Group's operations. The Committee proposed to the Supervisory Board a candidate for the company auditor for the 2016 fiscal year.

In addition to regular issues and topics, the Audit Committee also discussed the following:

- powers and authorizations for signing agreements and consulting agreements;
- strategic project management at Gorenje Group,
- working capital management at Gorenje Group,
- procedure for recognizing capitalized development costs, with emphasis on internal controls,

- divestment of real property and subsidiaries,
- repayment of the loan by the company Intersolar,
- selection of a third party auditor for the IT internal audit,
- effects of currency hedging, risk management system, IT security, and business continuity plan,
- raw material purchasing procedure,
- sponsorship and donation agreements, and
- competition protection.

Audit Committee members conducted self-assessment and, based on the results, adopted measures to improve their work where necessary.

Benchmark Committee

The Benchmark Committee consists of chairwoman Corinna Graf (since July 9, 2016), chairman and member Keith Miles (until July 8, 2016), and members Bernard Pasquier, Toshibumi Tanimoto, Peter Kobal, and Miha Košak (member since November 11, 2016). Since the approval of the most recent Annual Report, the Benchmark Committee has held five sessions. It is the goal of the Committee to be informed about benchmarks against the competition in as many fields as possible. Results of analyses are the basis for improvement of operations and performance in virtually all aspects of business. The Committee addressed benchmarks in the following fields:

- production statistics,
- market share statistics,
- quality assurance,
- cost efficiency,
- complexity,
- digitization,
- labour costs,
- trends in the industry,
- pricing strategy and price ranges, and
- benchmark of other fields against the best in the industry.

Remuneration Committee

Remuneration Committee consists of chairman Bernard Pasquier and members Keith Miles (member until July 8, 2016), Uroš Slavinec, Marko Voljč, Drago Krenker, Jurij Slemenik, and Miha Košak (member as of November 11, 2016).

Following the announcement of the resignation by the Supervisory Board member Keith Miles, the Supervisory Board authorized the Remuneration Committee to evaluate the candidates for the substitute Supervisory Board member. Based on the previously specified criteria, the Remuneration Committee evaluated the candidates and proposed Miha Košak as a candidate for the substitute Supervisory Board member. The Supervisory Board approved the proposal and proposed to the Shareholders Assembly to appoint Miha

Košak as the new Supervisory Board member; at last years, assembly, the Shareholders Assembly approved this proposal

Following the consensual termination of the term of office of the Management Board member in charge of corporate finance and the business area of ecology, trade, and industrial services (CFO) Peter Groznik, the committee prepared a range of candidates and assessed the candidates for the Management Board until the end of the current term, i.e. until July 19, 2018.

Corporate Governance Committee

Corporate Governance Committee consists of chairman Bernard Pasquier and members Marko Voljč, Peter Kobal, and Krešimir Martinjak. In December 2016, the Corporate Governance Committee discussed the planned changes in the Gorenje Group organization, based on which Gorenje Group was transformed from a conventional functional organization into business-product (divisional) organization focusing on brands and product programs.

Nomination Committee

The Supervisory Board Nomination Committee is currently inactive since the current Supervisory Board commenced its four-year term of office on July 19, 2014. As the term of office of the current Supervisory Board expires on July 20, 2018, the Supervisory Board will most likely appoint the Nomination Committee early in 2018, to short-list the candidates for the Supervisory Board in its next term of office, and evaluate them.

Annual Report review and approval

On April 13, 2017, the company Management Board presented to the Supervisory Board for adoption the audited Annual Report of Gorenje d.d. and the Gorenje Group, for the year 2016. The Supervisory Board reviewed and discussed the Annual Report at the meeting held on April 21, 2017.

The Annual Report of the company Gorenje d.d. and the Gorenje Group for the year 2016 was audited by the auditing company Deloitte Revizija d.o.o. Audit was also conducted at all Gorenje Group material subsidiaries, as previously agreed upon with the auditing company Deloitte Revizija d.o.o. On March 31, 2017, the auditing company issued an unqualified opinion on the Annual Report of Gorenje d.d. and the consolidated Annual Report of the Gorenje Group for 2016.

The contents of the Auditor's Report have been amended in accordance with the revised International Standards on Auditing that specify auditor reporting, and pursuant to which the entire contents of the Auditor's Report have been amended. The amendments include a more detailed explanation of the responsibility of the auditor, the management, and the supervisory board. For companies whose securities are listed on a regulated market, which includes

Gorenje d.d. and the Gorenje Group, the Auditor's Report shall, according to the revised Standards, also include a chapter on key auditing aspects which are, in the auditor's view, the most important from the aspect of financial statement auditing. In this chapter, the auditor is required to specify the reasons behind the selection of the key auditing aspects and present an account thereof within the auditing procedures.

The Auditor's Report for the Gorenje Group and Gorenje d.d. for the year 2016 differs from the 2015 Auditor's Report as a result of the changes specified above. As in 2015, the auditor issued an unqualified opinion to Gorenje d.d. and the Gorenje Group.

Pursuant to the sound practice to date, the Audit Committee examined with due diligence before the Supervisory Board session the 2016 Annual Report, complete with Audit Report and Management Letter, to propose amendments and put forth their positions and opinions, which were observed.

The Supervisory Board confirmed that the 2016 Annual Report prepared by the Management Board and audited by a certified auditor was compiled in a clear and intelligible manner and in compliance with the provisions of the Companies Act and effective International Accounting Standards. It complies with the Global Reporting Initiative (GRI G4), as well as the concept, guiding principles, and elements of contents of integrated reporting pursuant to the International Integrated Reporting Council (IIRC). The Supervisory Board reviewed and confirmed the Auditor's Report to which no objections were made. As a result, the Board finds that the Annual Report presents a true and fair account of the property, liabilities, financial position, and income, as well as a fair account of the development of operations and the business position of the parent company and the Gorenje Group.

Based on these findings the Supervisory Board approved at the session held on April 21, 2017, the Annual Report for the company Gorenje d.d. and the consolidated Gorenje Group Annual Report for the fiscal year 2016, as presented by the Management Board.

Distributable profit and proposal for its allocation

In the calculation of the distributable profit for the year 2016, the Management Board and Supervisory Board observed the effective provisions of the Companies Act and Gorenje's Articles of Association. Net profit of the company Gorenje d.d. for 2016 amounts to EUR 3,699,298.62, and distributable profit amounts to EUR 2,430,330.20. The proposal on the allocation of distributable profit for the year 2016 will be announced in the convocation of the Shareholders Assembly where the decision on this proposal will be made.

The Supervisory Board proposes to the Shareholders Assembly to grant discharge from liability to the Management Board and Supervisory Board for their work in 2016.

The Supervisory Board compiled this report in compliance with the provisions of Article 282 of the Companies Act (ZGD-1); it is intended for the Shareholders Assembly.

Velenje, April 21, 2017

Supervisory Board Chairman
Marko Voljč

The Management Board and the Supervisory Board of Gorenje d.d.

hereby propose to the Shareholders Assembly for discussion and adoption the following

Proposal for resolutions to item 2 of the agenda:

2.1. Distributable profit for the 2016 fiscal year, in the amount of EUR 2,430,330.20, shall be allocated to dividend payment. Gross dividend amounts to EUR 0.10 per share and it shall be paid out on August 4, 2017, to shareholders who are entered in the share register as at August 3, 2017.

2.2. Discharge shall be granted to the company Management Board and Supervisory Board for the fiscal year 2016.

Explanation:

The Supervisory Board discussed and adopted the audited 2016 Annual Report on April 21, 2017. Pursuant to provisions of Articles 193 and 294 of the Companies Act ZGD-1, the Shareholders Assembly shall vote on the allocation of distributable profit and on granting discharge to the company Management Board and Supervisory Board. Pursuant to Article 294 of the Companies Act (ZGD-1), the Shareholders Assembly shall be informed about the payments to the Management Board and Supervisory Board members.

Pursuant to the Companies Act and Gorenje d.d. Articles of Association, the company Management Board and Supervisory Board propose to the Shareholders Assembly to allocate the distributable profit for the 2016 fiscal year, amounting to EUR 2,430,330.20, to dividend payment. Gross dividend amounts to EUR 0.10 per share and it shall be paid out on August 4, 2017, to shareholders who are entered in the share register as at August 3, 2017.

Two credit agreements between Gorenje, d.d. and its creditors from Year 2014 and 2016 include covenants that prohibit the company to pay out dividend without the respective creditor's prior consent if the indicator "net financial liabilities / EBITDA" exceeds 2 or 3.5, respectively. Total value of the said credit agreements as at May 31, 2017, was EUR 72.6 million. Dividend payment without consent of these two creditors would constitute a breach of the said agreements and result in their termination. Therefore, Gorenje d.d. obtained before the Shareholders Assembly convocation from these two creditors their covenant waivers for the covenants related to dividend payment in the amount as proposed in the preceding paragraph.

Due to integration of KDD (Central Securities Clearing Corporation) into the TARGET2-Securities system, Gorenje d.d. observed the new KDD rules on

specifying the dividend entitlement cut-off date and the payment date for the dividend for the fiscal year 2016. The proposed cut-off date for entitlement to dividend is August 3, 2017, and the proposed dividend payment date is August 4, 2017.

Furthermore, the Supervisory Board proposes to the Shareholders Assembly to grant discharge from liability to the Management Board and Supervisory Board for their work in 2016.

Velenje, June 12, 2017

President and CEO
Franc Bobinac

Supervisory Board Chairman
Marko Voljč

The Supervisory Board of Gorenje d.d.

hereby proposes to the Shareholders Assembly for discussion and adoption the following

Resolution proposal to item 3 of the agenda:

The company DELOITTE REVIZIJA d.o.o., Dunajska cesta 165, 1000 Ljubljana, shall be appointed company auditor for the fiscal year 2017.

Explanation:

DELOITTE is a renowned international auditing company of which DELOITTE REVIZIJA d.o.o., Ljubljana, is an integral part.

The proposal is based on the proposal by the Supervisory Board Audit Committee dated May 22, 2017, submitted to the Supervisory Board which is, pursuant to Article 281 of the Companies Act ZGD-1, the proposing party for the appointment of a candidate for the auditor of the company Annual Report. The Audit Committee proposes the appointment of the auditing company that was approved at last year's Shareholders Assembly, i.e. the auditing company DELOITTE REVIZIJA d.o.o. The Audit Committee and the Supervisory Board find that the auditor rendered its services in a quality and professional manner and therefore, the Supervisory Board proposes to the company Shareholders Assembly to appoint the company DELOITTE REVIZIJA d.o.o. as the auditor for the company Gorenje d.d. for the year 2017.

Velenje, June 12, 2017

Supervisory Board Chairman
Marko Voljč

The Supervisory Board of Gorenje d.d.

hereby proposes to the Shareholders Assembly for discussion and adoption the following

Resolution proposal to item 4 of the agenda:

Karlo Kardov shall be appointed Supervisory Board member representing the interests of the shareholders, with a term of office from July 14, 2017, to July 20, 2018.

Explanation:

Consistently with the best practices of corporate governance, the Supervisory Board proposes, following the procedures of candidate evaluation by the Supervisory Board Remuneration Committee, the appointment of Karlo Kardov as the Supervisory Board with a term of office lasting from July 14, 2017, to July 20, 2018, and hereby submits a presentation of the said candidate.

Karlo Kardov, born October 8, 1975, graduated in mechanical engineering. He graduated in 2001 at the Faculty of Mechanical Engineering in Mostar, BiH, majoring in manufacturing machinery. In 2011, he completed his post-graduate studies in finance and banking at the Faculty of Economics in Split, Croatia. He is currently enrolled in a PhD program in economics at the Faculty of Economics in Rijeka, Croatia. He has worked as a mechanical engineer at the company Zec, Međugorje, BiH. He has been active in investment in regional and global capital markets since 2000. From 2006 to 2010 he was employed as a fund manager at the Croatian asset management company Aureus. Since 2010, he has worked as a consultant on renewable energy investments, regional capital market investments, mergers and acquisitions, and finance sourcing in Eastern Europe. Since 2016, he has been a member of the Supervisory Board at JP Elektroprivreda HZ HB d.d. (public power utility company), Bosnia and Herzegovina, as minority shareholders representative, and a member of the Supervisory Board at Infosistem d.d., Zagreb, Croatia.

The proposed candidate provided his consent for candidacy and a written statement declaring that there are no circumstances opposing his appointment pursuant to the provisions of the Companies Act (ZGD-1).

Velenje, June 12, 2017

Supervisory Board Chairman
Marko Voljč