

# Statement of Compliance with the Corporate Governance Code

In the period from January 1, 2016, to December 31, 2016, the company Gorenje d.d. was bound by the provisions of the Corporate Governance Code (or the LJSE Code), compiled and adopted on December 8, 2009, in agreement between the Ljubljana Stock Exchange, Slovenian Directors Association, and the Managers' Association of Slovenia. The Code is available on the Ljubljana Stock Exchange website at <http://www.ljse.si> in Slovenian and English.

The Management Board and the Supervisory Board hereby declare that Gorenje d.d. complies with the Corporate Governance Code (for publicly traded companies, or the LJSE Code) in its work and operations, with particular discrepancies or deviations disclosed and explained hereinafter.

## **Chapter: Company Management Framework**

### **Recommendation 1:**

The fundamental goals of the company are not specified in the Articles of Association; however, they are clearly specified in the company mission: "We create innovative, technologically superior products and services inspired by design, which bring simplicity to the lives of our users."

## **Chapter: Relations with shareholders**

### **Recommendation 5.8:**

According to the current practice, the General Meeting of Shareholders votes on the discharge to the members of the Management Board and Supervisory Board simultaneously. This has been proven appropriate and consistent with the method of work employed so far, the high standards of cooperation of the two bodies in their joint response to issues of relevance for the Company and its development, the reasonable equal treatment of the duties and responsibilities of their members as stipulated by law, and the attained level of trust.

## **Chapter: Supervisory Board**

### **Recommendation 8.4:**

The Company devotes special care to 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 as a hard copy.

### **Recommendation 9:**

The Supervisory Board assesses its work and the work of its committees as a whole; in addition, it assesses the work of individual members. The Supervisory Board and its committees are generally in full attendance in their meetings; all members regularly participate in discussions and their responsibility, enthusiasm, and professional and other experience contribute to the quality of their work. Thus, the Supervisory Board finds that individual evaluation is not necessary.

**Recommendation 13 (13.1–13.6):**

The issue of Supervisory Board committee founding is regulated by the Supervisory Board Rules of Procedure. The Supervisory Board has an Audit Committee, a Corporate Governance Committee, a Benchmark Committee, and a Human Resource/Remuneration Committee. The Supervisory Board members assumed their terms of office on July 20, 2014, for a period of four years, and the term of the previous Nomination Committee expired on July 19, 2014; a new Nomination Committee has not yet been appointed by the Supervisory Board.

**Chapter: Management Board:**

**Recommendation 16.3:**

Recommendation on severance payments to the Management Board shall be observed and implemented to the greatest extent possible, except for the case of dismissal pursuant to Article 268, Paragraph 2, Section 4 of the Companies Act.

As of January 1, 2017, the Slovenian Corporate Governance Code for Publicly Traded Companies has come into effect. It amends the 2009 Corporate Governance Code and it has become the company's reference Code. The Code was developed and adopted in 2016 by the Ljubljana Stock Exchange (Ljubljanska borza d.d., Ljubljana), and the Slovenian Directors Association. The Code is available on the Ljubljana Stock Exchange website at <http://www.ljse.si> in Slovenian and English. The Supervisory Board and the Management Board will conduct relevant activities for maximum compliance with the Code's recommendations.