

# Corporate Governance

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# Transparent Corporate Governance

Baloise is a company that adds value, and, as such, we attach great importance to practising sound, responsible corporate governance.

Operating in line with the requirements of the Swiss Code of Best Practice and the SIX Corporate Governance Guidelines, Baloise strives to foster a corporate culture of high ethical standards that emphasises the integrity of the Company and its employees. Baloise firmly believes that high-quality corporate governance has a positive impact on its performance.

This chapter reflects the structure of the SIX Corporate Governance Guidelines as amended on 20 June 2019 in order to improve comparability with previous years and with other companies. It includes the requirements of *economiesuisse's* Swiss Code of Best Practice for Corporate Governance, Appendix 1 of which contains recommendations on the remuneration paid to the Board of Directors and the Executive Committee. In item 5 of its Corporate Governance Report, Baloise publishes the principles used to determine the content and scope of the disclosures on remuneration in the Remuneration Report (Appendix 1 to the Corporate Governance Report, page 88 onwards).

The information contained in the Corporate Governance Report refers to the situation on the balance sheet date (31 December 2019). Additional reference is made to material changes occurring between the balance sheet date and the print deadline for the Annual Report.

Sustainable business management has long played an important role at Baloise and is described in a dedicated section of the Annual Report from page 36 onwards.

## 1. STRUCTURE OF THE BALOISE GROUP AND SHAREHOLDER BASE

### Structure of the Baloise Group

Headquartered in Basel, Switzerland, Baloise Holding is a public limited company that is incorporated under Swiss law and listed on the Swiss Exchange (SIX). The Baloise Group had a market capitalisation of CHF 8,540 million as at 31 December 2019.

- ▶ Information on Baloise shares can be found from page 8 onwards.
- ▶ Significant subsidiaries, joint ventures and associates as at 31 December 2019 can be found from page 260 onwards in the notes to the consolidated annual financial statements, which form part of the Financial Report.
- ▶ Segment reporting by region and operating segment can be found from page 199 onwards in the notes to the consolidated annual financial statements within the Financial Report.
- ▶ The Baloise Group's operational management structure is presented on page 82 onwards.

### Shareholder base

As a public company with a broad shareholder base, Baloise Holding is a member of the SMI Mid (SMIM) Index.

### Shareholder structure

A total of 21,432 shareholders were registered in Baloise Holding's share register as at 31 December 2019. The number of registered shareholders had increased by 5.17 per cent compared with the previous year. The "Significant shareholders" section on page 288 provides information on the structure of the Company's shareholder base as at 31 December 2019.

The reports that were submitted to the issuer and to SIX Swiss Exchange AG's disclosure office during the reporting year in compliance with article 120 of the Federal Act on Financial Market Infrastructures and Market Conduct in Securities and Derivatives Trading (FinfraG) and were published on the latter's electronic reporting and publication platform in compliance with article 124 FinfraG can be viewed using the search function at [www.six-exchange-regulation.com/en/home/publications/significant-shareholders.html](http://www.six-exchange-regulation.com/en/home/publications/significant-shareholders.html)

### Treasury shares

Baloise Holding held (directly and indirectly) 2,741,099 treasury shares (5.62 per cent of the issued share capital) as at 31 December 2019.

### Cross-shareholdings

There are no cross-shareholdings based on either capital ownership or voting rights.

## 2. CAPITAL STRUCTURE

### Dividend policy

Baloise Holding pursues a policy of paying consistent, earnings-related dividends. It uses other dividend instruments such as share buy-backs and options to supplement conventional cash dividends. Shareholders have received a total of CHF 1,890.7 million from cash dividends and share buy-backs over the last five years.

	Cash dividends	Share buy-backs	Total
Year (CHF million)			
2015	250.0	59.1	309.1
2016	260.0	54.8	314.8
2017	273.3	63.3	336.6
2018	292.8	135.1	427.9
2019	312.3 <sup>1</sup>	190.0	502.3
<b>Total</b>	<b>1,388.4</b>	<b>502.3</b>	<b>1,890.7</b>

All figures stated as at 31 December.

<sup>1</sup> Proposal to the Annual General Meeting on 24 April 2020.

### Baloise Holding's equity

The table below shows the changes in equity during the last three reporting years.

#### CHANGES IN BÂLOISE HOLDING'S EQUITY (BEFORE APPROPRIATION OF PROFIT)

	31.12.2017	31.12.2018	31.12.2019
CHF million			
Share capital	4.9	4.9	4.9
General reserve	11.7	11.7	11.7
Reserve for treasury shares	6.1	6.4	8.3
Free reserves	472.4	566.1	683.2
Distributable profit	367.9	412.6	552.5
Treasury shares	-71.8	-206.7	-397.7
<b>Equity at-tribut-able to Baloise Holding</b>	<b>791.2</b>	<b>795.0</b>	<b>862.9</b>

Since the capital reduction decided on 28 April 2017, the share capital of Baloise Holding has totalled CHF 4.88 million and is divided into 48,800,000 dividend-bearing registered shares with a par value of CHF 0.10 each.

### Authorised and conditional capital; other financing instruments

#### Authorised capital

A resolution adopted by the Annual General Meeting on 26 April 2019 has authorised the Board of Directors until 26 April 2021 to increase the Company's share capital by up to CHF 400,000 by issuing up to 4,000,000 fully paid-up registered shares with a par value of CHF 0.10 each (see article 3 [4] of the Articles of Association).

[www.baloise.com/rules-regulations](http://www.baloise.com/rules-regulations)

### Conditional capital

The 2004 Annual General Meeting created conditional capital. This capital enables the Company's share capital to be increased by up to 5,530,715 registered shares with a par value of CHF 0.10 each (see article 3 [2] of the Articles of Association). This constitutes a nominal share capital increase of up to CHF 553,071.50.

Conditional capital is used to cover any option rights or conversion rights granted in conjunction with bonds and similar securities. Shareholders' pre-emption rights are disapplied. Holders of the pertinent option rights and conversion rights are entitled to subscribe for the new registered shares. The Board of Directors may restrict or disapply shareholders' pre-emption rights when issuing warrant-linked bonds or convertible bonds in international capital markets (see article 3 [3] of the Articles of Association).

[www.baloise.com/rules-regulations](http://www.baloise.com/rules-regulations)

### Other equity instruments

The Company has no profit-participation certificates.

### The Baloise Group's consolidated equity

The Baloise Group's consolidated equity amounted to CHF 6,715.6 million on 31 December 2019. Details of changes in consolidated equity in 2018 and 2019 can be found in the consolidated statement of changes in equity on pages 124 and 125 in the Financial Report. All pertinent details relating to 2017 can be found in the consolidated statement of changes in equity on page 124 in the Financial Report within the 2018 Annual Report.

### Bonds outstanding

Bâloise Holding and Baloise Life Ltd (with Bâloise Holding acting as guarantor) have issued bonds publicly. As at the end of 2019, a total of twelve public bonds were outstanding. Details of outstanding bonds can be found on pages 242 and 286 and on the website.

[www.baloise.com/bonds](http://www.baloise.com/bonds)

### Credit rating

On 11 November 2019, credit rating agency Standard & Poor's confirmed the rating of the Swiss units Baloise Insurance Ltd and Baloise Life Ltd as "A+" with a stable outlook. Standard & Poor's awarded this credit rating in recognition of Baloise's excellent capitalisation – which is comfortably above the AAA level according to the S&P capital model – as well as its high operational profitability, robust risk management and solid competitive position in its profitable core markets. Information about the ratings of Bâloise Holding Ltd, the Belgian subsidiary Baloise Belgium NV and the German subsidiary Basler Sachversicherungs-AG, which were also reaffirmed, can be found on the website.

[www.baloise.com/rating](http://www.baloise.com/rating)

## 3. BOARD OF DIRECTORS

### Election and term of appointment

The Board of Directors consisted of ten members last year. Between 1 January 2019 and the Annual General Meeting on 26 April 2019, it had nine members because Karin Keller-Sutter stepped down from the Board of Directors after being elected to the Swiss Federal Council. Each member of the Board of Directors has been elected for a term of one year at a time.

As at 31 December 2019, the average age on the Board of Directors was 59 years.

### Members of the Board of Directors

All members of the Board of Directors (including the Chairman) are non-executives. They were not involved in the day-to-day management of any Baloise Group companies in any of the three financial years immediately preceding the reporting period, and they maintain no material business relationships with the Baloise Group.

During the reporting year, Dr Andreas Beerli, Dr Andreas Burckhardt, Christoph B. Gloor, Hugo Lasat, Dr Thomas von Planta, Thomas Pleines, Professor Dr Hans-Jörg Schmidt-Trenz and Professor Dr Marie-Noëlle Venturi - Zen-Ruffinen were re-elected as members of the Board of Directors for a one-year term until the end of the next Annual General Meeting. Karin Keller-Sutter stepped down from the Board of Directors with effect from 31 December 2018, and Dr Georges-Antoine de Boccard did so with effect from the 2019 Annual General Meeting.

Christoph Mäder and Dr Markus R. Neuhaus were elected as new members of the Board of Directors. All members of the Board of Directors are standing for re-election in 2020.

Further information on the members of the Board of Directors can be found on the website.

[www.baloise.com/board-of-directors](http://www.baloise.com/board-of-directors)

#### Statutory rules concerning the number of permitted activities

The Articles of Association contain a provision (article 33) concerning the maximum number of directorships that can be held outside the Company. Subsection 1 stipulates the principle that the number of external directorships held by members of the Board of Directors or Corporate Executive Committee must be compatible with the commitment, availability, capabilities and independence required of them in order to perform their duties as members of the Board of Directors or Corporate Executive Committee. Subsections 2 and 3 then specify numerical restrictions.

#### Interlocking directorates

There are no interlocking directorates.

#### MEMBERS

	Chairman's Committee	Audit and Risk Committee	Remuneration Committee	Investment Committee	Nationality	Born in	Appointed in
Dr Andreas Burckhardt, Chairman (since 2011), Basel	C			C	CH	1951	1999
Dr Andreas Beerli, Vice-Chairman (since 2018) Oberwil-Lieli	DC	C			CH	1951	2011
Christoph B. Gloor, Riehen		DC		DC	CH	1966	2014
Hugo Lasat, Kessel-Lo (B)				M	B	1964	2016
Christoph Mäder, Hergiswil			M		CH	1959	2019
Dr Markus R. Neuhaus, Zollikon		M			CH	1958	2019
Dr Thomas von Planta, Zurich	M			M	CH	1961	2017
Thomas Pleines, Munich (D)	M		C		D	1955	2012
Prof. Dr Hans-Jörg Schmidt-Trenz, Hamburg (D)			M		D	1959	2018
Prof. Dr Marie-Noëlle Venturi - Zen-Ruffinen, Crans-Montana		M	DC		CH	1975	2016

C: Chair, DC: Deputy Chair, M: Member.

DIVERSITY ON THE BOARD OF DIRECTORS

Per cent

Professional background / experience / expertise \*

Insurance		40.0
Banking		40.0
Legal and governance		40.0
Risk management		30.0
CEO		60.0

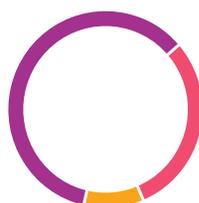
Nationality

→ Switzerland	70.0
→ Germany	20.0
→ Belgium	10.0



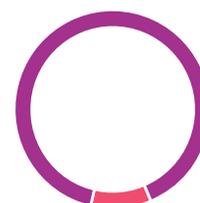
Term of appointment

→ < 5 years	60.0
→ 5 – 10 years	30.0
→ > 10 years	10.0



Gender

→ Men	90.0
→ Women	10.0



\* More than one category may apply.

Internal organisation

Functions and responsibilities of the Board of Directors

Subject to the decision-making powers exercised by shareholders at the Annual General Meeting, the Board of Directors is the Company's ultimate decision-making body. Decisions are taken by the Board of Directors unless, on the basis of the Organisational Regulations, authority on the matter is delegated to the Chairman of the Board of Directors, its committees, the Group CEO or the Corporate Executive Committee.

Article 716a of the Swiss Code of Obligations (OR) and clause A3 of the Organisational Regulations state that the Board of Directors' main functions and responsibilities are to act as the Company's ultimate managerial and supervisory body, to oversee the Company's finances and to determine its organisational structures.

[www.baloise.com/rules-regulations](http://www.baloise.com/rules-regulations)

Information on the Board of Director's role in corporate social responsibility can be found on page 40 of the Sustainability Report.

Committees of the Board of Directors

The Board of Directors has four committees, which support it in its activities. These committees report to the Board of Directors and submit proposals and motions. The Investment Committee and the Remuneration Committee have their own decision-making powers.

The committees appointed by the Board of Directors generally consist of four members, who are individually elected every year by the Board of Directors. Article 7 ERCO requires the members of the Remuneration Committee to be elected by the Annual General Meeting. The Chairman and Vice-Chairman of the Board of Directors are ex officio members of the Chairman's Committee. The Chairman of the Board of Directors is not allowed to sit on the Audit and Risk Committee. The committees' basic functions and responsibilities are specified in the Organisational Regulations. Additional specific regulations applicable to individual committees govern administrative and other aspects.

[www.baloise.com/rules-regulations](http://www.baloise.com/rules-regulations)

Functions and responsibilities of the committees

The **Chairman's Committee** discusses key transactions, especially those involving strategic or personnel-related matters. The Chairman's Committee also performs the function of

a nominations Committee and prepares personnel-related matters that fall within the remit of the Board of Directors. The Chairman's Committee regularly discusses succession planning for the Board of Directors. It focuses on the skills, experience and specialisations of the members of the Board of Directors and the requirements of the insurance group. Potential candidates are internally identified or advisers are brought in to find them. They are then proposed to the Board of Directors for nomination.

The **Investment Committee's** main responsibilities are to oversee the Baloise Group's investment activities, define the basic principles of its investment policy, specify the asset allocation strategy for all strategic business units and devise the relevant investment plan.

The **Remuneration Committee** proposes to the Board of Directors – for subsequent approval by the Annual General Meeting – the structure and amount of remuneration paid to the members of the Board of Directors and of the salaries paid to the members of the Corporate Executive Committee. Under ERCO, the remuneration paid to the Board of Directors and the Corporate Executive Committee has to be approved by the Annual General Meeting. The Remuneration Committee approves the target agreements and performance assessments that are applied to the Corporate Executive Committee members in order to determine their variable remuneration. It also sanctions the remuneration policies applicable to the Corporate Executive Committee members and ensures that they are being correctly implemented. It approves the variable remuneration granted to individual members of the Corporate Executive Committee; this remuneration has to be within the maximum amount approved by the Annual General Meeting. Furthermore, it specifies the total amount available in the performance pool.

The **Audit and Risk Committee** supports the Board of Directors in its non-delegable overarching supervisory and financial oversight functions (article 716a OR) by ascertaining whether the internal and external control systems, including risk management, are well organised and function properly, by assessing the situation with respect to compliance in the Company and by forming its own view of the Company's separate and consolidated annual financial statements. It receives regular reports on the work and findings of Group Internal Audit and on cooperation with the external auditors.

#### Meetings of the Board of Directors and its committees

The Organisational Regulations stipulate that the full Board of Directors must meet as often as business requires, but no fewer than four times a year.

[www.baloise.com/rules-regulations](http://www.baloise.com/rules-regulations)

The full Board of Directors of Baloise Holding met on eight occasions in 2019. Each one of these meetings was attended by the full complement of members. All members of the relevant committee in each case attended every one of the additional 17 committee meetings. This means that the Board of Directors achieved an overall meeting attendance rate of 100 per cent. Meetings of the Board of Directors and its committees usually last half a working day each.

The Chairman's Committee convened seven times in 2019, which included one two-day strategy meeting. The Investment Committee met on three occasions. The Audit and Risk Committee held five meetings, and the Remuneration Committee convened twice.

Meetings of the Board of Directors are regularly attended by members of the Corporate Executive Committee. Meetings of the Chairman's Committee are usually attended by the Group CEO and the Head of Corporate Division Finance. Those present at Audit and Risk Committee meetings are the Head of Corporate Division Finance, the Head of Group Internal Audit and, occasionally, representatives of the external auditors, the Head of Risk Management and the Head of Compliance. The main attendees at Remuneration Committee meetings are the Group CEO, the Head of the Corporate Centre and the Head of Group Human Resources. Meetings of the Investment Committee are usually attended by the Group CEO, the Head of Corporate Division Asset Management, the Head of Investment Strategy and Investment Control, the Head of Portfolio Management and the Head of Real Estate. The Secretary to the Board of Directors attends the meetings of the full Board of Directors and those of its committees.

### Self-evaluation

Every two years, a comprehensive self-evaluation is carried out in the full Board of Directors, in the Investment Committee and in the Audit and Risk Committee. The results are then discussed in each body. In 2019, the Board of Directors also anonymously took part in an assessment on the topic 'Speak up in boardrooms' and received a report indicating how it compared with other boards of directors. The report's findings were discussed by the Board of Directors.

### Training and development

In preparation for their new role, the members of the Board of Directors participate in a two-day introductory programme and then receive ongoing training (at least once a year) in half-day seminars on specific topics. In 2019, the Board of Directors held a seminar for the purpose of training its members on innovation and ecosystems.

### Succession planning

Succession planning for the Board of Directors and the Corporate Executive Committee is the responsibility of the Chairman's Committee. In appointing successors, care is taken to ensure that the composition of the Board of Directors is balanced in terms of the experience and knowledge of its members and their nationality, term of appointment and gender (see diversity charts on page 72). Any restrictions on availability and potential conflicts of interest arising from other mandates are also taken into account. In 2018, the Board of Directors changed the Organisational Regulations so that the term of appointment for members of the Board of Directors usually ends on the date of the Annual General Meeting that follows the member's 70<sup>th</sup> birthday (age limit). There are changes to the Board of Directors on an ongoing basis. In recent years, two members retired from the Board of Directors after terms of 18 and 17 years respectively. The average term of office is 4.9 years. The Chairman is currently the longest-serving member of the Board of Directors, having been in office for 20 years. The new appointments in 2019 further increased the Board of Directors' experience with listed companies and in particular with industrial companies and auditing firms. No changes to the composition of the Board of Directors are planned in 2020. One objective of the Board of

Directors' succession planning is to increase the proportion of female members again.

#### **Division of authorities, functions and responsibilities between the Board of Directors and the Corporate Executive Committee**

The division of authorities, functions and responsibilities between the Board of Directors and the Corporate Executive Committee is governed by law, the Articles of Association and the Organisational Regulations. The latter are reviewed on an ongoing basis and updated as changing circumstances require.  
[www.baloise.com/rules-regulations](http://www.baloise.com/rules-regulations)

#### **Tools used to monitor and obtain information on the Corporate Executive Committee**

Group Internal Audit reports directly to the Chairman of the Board of Directors.

Effective risk management is essential for any insurance group. This is why Baloise has devoted two separate chapters to the subject of financial risk management: from page 60 onwards and in the Financial Report starting on page 155.

The members of the Board of Directors receive copies of the minutes of Corporate Executive Committee meetings for their information. The Chairman of the Board of Directors may attend meetings of the Corporate Executive Committee at any time.



**Andreas Burckhardt** (1951, Switzerland, Dr iur., lawyer)

has been a member of the Board of Directors since 1999 and its Chairman since 29 April 2011. He studied jurisprudence at the universities of Basel and Geneva. He worked in the legal department of Fides Treuhandgesellschaft from 1982 to 1987 and served as Secretary General of the Baloise Group from 1988 to 1994. He was director and head of the Basel Chamber of Commerce from 1994 to April 2011. In this role he sat on various governing bodies of national and regional business organisations. From 1981 to 2011 he performed various political functions in the Basel civic municipality and in the canton of Basel-Stadt, and from 1997 to 2011 he served on the Great Council of the Canton of Basel-Stadt (as Chairman in 2006 and 2007). Dr Andreas Burckhardt is Chairman of the Board of Governors of the Swiss Tropical and Public Health Institute, Basel. He is also a member of the Executive Committee of economiesuisse and sits on the Executive Board of the Employers' Federation for Basel. Dr Andreas Burckhardt performs a non-executive function as Chairman of Baloise's Board of Directors.

**Andreas Beerli** (1951, Switzerland, Dr iur.)

has been a member of the Board of Directors since 2011. He studied law at the University of Basel. In 1979, he started working as an underwriter for the German market at Swiss Re. From 1985 to 1993, he performed various managerial roles at Baloise, with the main focus on supervising and supporting several foreign units. He then returned to Swiss Re, where he became a member of the Group Executive Committee in 2000, first in the United States as Head of Swiss Re Americas and, most recently, in Zurich as Chief Operating Officer for the entire Swiss Re Group. He acts as an independent adviser on the boards of directors and advisory boards of companies and professional associations. He is a member of the Advisory Board of Accenture Switzerland and, until the end of 2019, was a member of the Board of Directors of Hamilton Insurance DAC, Dublin (formerly Ironshore Europe Inc., Dublin). Dr Andreas Beerli is an independent non-executive director.



**Christoph B. Gloor** (1966, Switzerland, degree in business economics HWV)

has been a member of the Board of Directors since 2014. Since November 2019, he has been a director and limited partner in Basel-based private bank E. Gutzwiller & Cie, Banquiers. He had previously been Chief Executive Officer of private bank La Roche & Co AG before going on to become a member of the Executive Committee and CEO of Notenstein La Roche Privatbank AG and Deputy Head of Wealth Management at Bank Vontobel AG. Prior to joining La Roche & Co AG in 1998, he worked for Swiss Bank Corporation (SBC) before moving to Vitra (International). Christoph B. Gloor served as president of the Association of Swiss Private Banks from November 2013 to February 2015 and was a member of the Board of Directors of the Swiss Bankers Association from September 2013 to February 2015. He was a member of the Board of Managing Directors of the Basel Banking Association until early April 2019. Christoph B. Gloor is an independent non-executive director.

**Hugo Lasat** (1964, Belgium, Master in Economic Sciences, Master in Finance)

has sat on the Board of Directors since 2016. He is the CEO of Brussels-based Degroof Petercam Asset Management (DPAM), a member of the Board of Directors of Banque Degroof Petercam France, President of DPAM France and a member of the Supervisory Board of Degroof Petercam Asset Services, Luxembourg. He is also a member of the Board of Directors of Arvestar Asset Management, Brussels. His managerial roles prior to that include CEO of Amonis Pension Fund and CEO of Candriam Investors Group. He is a guest professor at KU Leuven (Brussels Campus) and a member of the Financial Commission of the Belgian Red Cross. Hugo Lasat is an independent non-executive director.



**Christoph Mäder** (1959, Switzerland, lawyer)

has sat on the Board of Directors since May 2019. From 2000 to July 2018, he was a member of the Syngenta International AG executive team with responsibility for legal and tax. Until June 2018, he was a member of the Management Board of the Basel Chamber of Commerce. From 2006 to May 2018, Christoph Mäder was a member of the Management Board of scienceindustries, and between 2008 and 2014 he also served as its president. He was a member of the Executive Committee of economiesuisse until August 2019. He is a member of the Board of Directors of Lonza Group AG, EMS Chemie Holding AG and, since June 2019, Assivalor AG. Christoph Mäder is an independent non-executive director.

**Markus R. Neuhaus** (1958, Switzerland, Dr iur., qualified tax expert)

has been a member of the Board of Directors since May 2019. He was the Chairman of the Board of Directors of PricewaterhouseCoopers AG (PwC) from July 2012 to June 2019 and served as its CEO for a period of nine years prior to that. He did not hold any operational role at PwC from July 2012 and was not personally involved in the Company's audit engagement for Baloise (until 2015). He is a member of the Board of Directors of Barry Callebaut AG, Orior AG, Galencia AG and Jacobs Holding AG. He is a member of the Tax Law Advisory Board of LGT Vaduz. He is the Chairman of the Board of Directors of Zürcher Volkswirtschaftliche Gesellschaft, Vice-Chair of the Board of Trustees of Avenir Suisse, Vice Chairman of the Foundation Board of stars – the leaders for the next generation, Vice-Chair of the Management Board of Zurich's Chamber of Commerce, Chairman of economiesuisse's Finance and Taxation Commission and a member of the Board of Trustees of the ETH Foundation. Dr Markus R. Neuhaus is an independent non-executive director.





**Thomas von Planta** (1961, Switzerland, Dr iur., lawyer)

has been a member of the Board of Directors since 2017. He is the founder and managing director of CorFinAd AG, a company specialising in consultancy for M&A transactions and capital market finance. He has sat on the Board of Directors of BB Biotech AG since March 2019 and on the Advisory Board of Harald Quandt Industriebeteiligungen since September 2019. Until March 2019, he was Chairman of the Board of Directors of Bellevue Group AG, Bank am Bellevue AG and Bellevue Asset Management AG. Previously, he had worked for Goldman Sachs in Zurich, Frankfurt and London for around ten years and had been the interim Head of Investment Banking and Head of Corporate Finance for the Vontobel Group in Zurich between 2002 and 2006. Thomas von Planta is an independent non-executive director.

**Thomas Pleines** (1955, Germany, lawyer)

has been a member of the Board of Directors since 2012. From 2003 to 2005, he was CEO and delegate of the Board of Directors at Allianz Suisse, Zurich, and from 2006 to 2010 he was CEO of Allianz Versicherungs-AG, Munich, and an executive director at Allianz Deutschland AG, Munich. He chairs the presidential boards of DEKRA e.V., Stuttgart, and DEKRA e.V. Dresden, as well as the supervisory boards of DEKRA SE, Stuttgart, and SÜDVERS Holding GmbH & Co. KG, Au near Freiburg. Thomas Pleines is an independent non-executive director.



**Hans-Jörg Schmidt-Trenz** (1959, Germany, Prof. Dr rer. pol.)

has been a member of the Board of Directors since 2018. He is a professor of economics at Saarland University and the University of Hamburg and Founding President of the HSBA Hamburg School of Business Administration. From 1996 to 2017, he was Chief Executive Officer of the Hamburg Chamber of Commerce and from 2000 to 2018 Chairman of the European Chief Executive Officers working group. Hans-Jörg Schmidt-Trenz is Committee Chair of the General Council and Executive Committee of the International Chamber of Commerce's World Chambers Federation. He is a member of the Board of Trustees of Hamburger Sparkasse and the Hamburg Academic Foundation, sits on the advisory boards of HIP Hamburg Innovation Port and HanseMerkur (until the end of 2019) and is a member of the Board of Trustees of the Tafel foundation of Hamburg-Schleswig-Holstein (since 2019). Hans-Jörg Schmidt-Trenz is an independent non-executive director.



**Marie-Noëlle Venturi - Zen-Ruffinen** (1975, Switzerland, Prof. Dr iur., lawyer)

has been a member of the Board of Directors since 2016. She holds a PhD and master's degree in law and a master's degree in philosophy from the University of Fribourg. She is a lawyer and honorary professor at the School of Economics and Management at the University of Geneva, where she mainly lectures on corporate law. Professor Marie-Noëlle Venturi - Zen-Ruffinen was a partner in the Geneva law firm Tavernier Tschanz until 2012, and since that time has been of counsel for the firm. She is president of the Swiss Board Institute foundation, a member of the Board of Directors of Banco Santander International SA and a member on the Board of Management of the Swiss Institute of Directors. Professor Marie-Noëlle Venturi - Zen-Ruffinen is an independent non-executive director.

Secretary to the Board of Directors:  
Dr Philipp Jermann,  
Buus (BL)

Head of Group Internal Audit:  
Rolf-Christian Andersen,  
Meilen (ZH)

#### 4. CORPORATE EXECUTIVE COMMITTEE



**Gert De Winter** (1966, Belgium, MSc)

studied applied economics at the University of Antwerp. From 1988 to 2004, he performed various roles at Accenture in Brussels for issues relating to IT and business transformation management in the financial sector. He was made a partner at the firm in the year 2000. In 2005, he joined the Baloise Group as Chief Information Officer and Head of HR of the Mercator insurance company in Belgium. From 2009 to 2015, Gert De Winter was Chief Executive Officer of Baloise Insurance, which was formed in 2011 from the merger of the three insurance companies Mercator, Nateus and Avéro. Gert De Winter has been Group CEO since January 2016. He is a member of the Management Board of the Basel Chamber of Commerce.

**Matthias Henny** (1971, Switzerland, Dr phil.)

completed his undergraduate and postgraduate studies in physics at the University of Basel. From 1998 to 2003, he was employed at McKinsey & Co., before switching to what was then the Winterthur Group, where he was Head of Financial Engineering in Asset Management until 2007. Subsequently, he was a member of the management team at AXA Winterthur, as Head of Asset Management (until 2010) and as CFO. In 2012, Dr Matthias Henny joined the Baloise Group. As CEO of Baloise Asset Management AG he was responsible for the administration of approximately CHF 50 billion in assets. Dr Matthias Henny became a member of the Corporate Executive Committee in May 2017. He manages the Corporate Division Asset Management with its units Investment Strategy and Investment Controlling, Sales and Marketing, Portfolio Management, Operations, Real Estate, Corporate Development and Compliance.



**Michael Müller** (1971, Switzerland, lic. oec. publ.)

graduated in economics from the University of Zurich, specialising in insurance and accounting/finance. He began his career with Basler Versicherungen in 1997, starting as a management trainee, then working in Group Finance and eventually becoming Deputy Head and, in 2004, Head of Financial Accounting for the Baloise Group. In 2009, as Head of Finance and Risk, he became a member of the senior management team in Corporate Division Switzerland. He has been a member of the Corporate Executive Committee and CEO of Corporate Division Switzerland since March 2011, and as such has headed up the insurance and banking business in Switzerland. Michael Müller is Vice President of the Swiss Insurance Association (SVV) and a member of the Board of Foundation of Stiftung Finanzplatz Basel and the Executive Board of the Association of Basel Insurance Companies. He also sits on the board of the Promotion Society of the Institute of Insurance Economics at the University of St. Gallen.

**Thomas Sieber** (1965, Switzerland, Dr iur., M. B.L., lawyer, SCCM mediator, EMC INSEAD) studied law at the University of St. Gallen. At the beginning of 1994, he qualified to practise as a lawyer in the Swiss canton of Zurich. From 1999 to 2002, he lectured in corporate law at the University of St. Gallen. After brief spells working at Landis & Gyr and Siemens he joined the Baloise Group in 1997 as Deputy Head of Legal and Tax. He became Head of this division in 2001 and, in addition, was secretary to Baloise Holding's Board of Directors until April 2012. Since 6 December 2007, Dr Sieber has been a member of the Corporate Executive Committee and, as Head of the Corporate Centre, is responsible for Group Strategy and Digital Transformation, M&A, Group Human Resources, Legal and Tax, Group Compliance, Run-off and Group Procurement. He will leave Baloise in the middle of 2020. Dr Thomas Sieber sits on the Panel of Experts of SWIPRA Services AG.



**Carsten Stolz** (1968, Germany / Switzerland, Dr rer. pol.)

studied business economics at Fribourg University and gained a doctorate specialising in financial management. He holds an Executive Master in Change from INSEAD. He joined the Baloise Group in 2002 as Head of Financial Relations. From 2009 to 2011, he was the Baloise Group's Head of Financial Accounting & Corporate Finance. Between 2011 and 2017, he was Head of Finance and Risk, and thus a member of the Executive Committee, at Basler Versicherungen Switzerland. Dr Carsten Stolz became a member of the Corporate Executive Committee in May 2017. He manages the Corporate Division Finance with its departments Group Accounting & Reporting, Financial Planning & Analysis, Group Risk Management and Corporate Communications & Investor Relations as well as the appointed actuary for Swiss business at Baloise and the Head of Regulatory Affairs. Dr Carsten Stolz is a member of the Finance and Regulation Committee of the Swiss Insurance Association (SVV).

**Alexander Bockelmann** (1974, Germany, Dr rer. nat.)

has been Head of the newly created Corporate Division IT since February 2019. He studied in Germany and the UK, before completing his doctorate at the University of Tübingen's faculty of geosciences. Dr Alexander Bockelmann is a proven expert in digitalisation and transformation, and has many years of experience in the industry. He previously worked as an IT strategy and transformation consultant at the Boston Consulting Group and in various senior roles at Allianz SE in Germany and the USA. At the end of 2013, he moved to UNIQA Insurance Group AG in Austria in the role of Group CIO and ultimately became Chief Digital Officer on the Management Board.



With the exception of the mandates listed above, no Corporate Executive Committee members serve on the Boards of Directors at companies outside the Baloise Group. There are no management agreements that assign executive functions to third parties. Further information on the members of the Corporate Executive Committee can be found on the website. [www.baloise.com/corporate-executive-committee](http://www.baloise.com/corporate-executive-committee)

# Management structure

(as at 31 December 2019)

<b>GROUP CEO</b>			
Gert De Winter*			
<b>HEAD OF GROUP CEO OFFICE</b>			
Ruken Baysal			
<b>FINANCE</b>	<b>ASSET MANAGEMENT</b>	<b>CORPORATE CENTRE<sup>1</sup></b>	<b>IT</b>
Carsten Stolz*	Matthias Henny*	Thomas Sieber*	Alexander Bockelmann*
<b>Group Accounting &amp; Reporting</b>	<b>Asset Strategy &amp; Investment Controlling</b>	<b>Group Strategy &amp; Digital Transformation</b>	<b>Enterprise Architecture</b>
Pierre Girard	Marc Dünki	Adrian Honegger	Martin Fischer
<b>Financial Planning &amp; Analysis</b>	<b>Business Development</b>	<b>Group Human Resources</b>	<b>IT Security &amp; Compliance</b>
Andreas Frick	Alfonso Papa	Stephan Ragg	Marc Etienne Cortesi
<b>Group Risk Management</b>	<b>Portfolio Management</b>	<b>Group Legal &amp; Tax</b>	<b>IT Portfolio &amp; Financials</b>
Stefan Nölker	Stephan Kamps	Andreas Burki	Carsten Matschinsky
<b>Corporate Communications &amp; Investor Relations</b>	<b>Operations</b>	<b>Group Compliance</b>	<b>BizDevOps</b>
Marc Kaiser	Bernd Maier	Peter Kalberer	Matthias Cullmann, Silvan Saxer
<b>Appointed Actuary Switzerland</b>	<b>Real Estate</b>	<b>Mergers &amp; Acquisitions</b>	<b>IT Sourcing</b>
Thomas Müller	Dieter Kräuchi	Philipp Hammel	Alexander Bockelmann (a. i.)
<b>Regulatory Affairs</b>	<b>Corporate Development &amp; Compliance</b>	<b>Run-off</b>	<b>Group Applications</b>
Gaby Lurie	Fabian Kaderli	Bruno Rappo	Martin Fischer (a.i.)
	<b>Collective Investments</b>	<b>Group Procurement</b>	<b>Group Infrastructure</b>
	Robert Antonietti	Manfred Schneider	Martines Säggerer

<sup>1</sup> The Corporate Centre is being dissolved with effect from 30 June 2020. The Group Strategy & Digital Transformation, Group Human Resources, Group Legal & Tax and Compliance divisions will fall under the remit of the Group CEO, while the Mergers & Acquisitions, Run-off and Group Procurement divisions will fall under the remit of the CFO.  
 \* Member of the Corporate Executive Committee.

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**SWITZERLAND**

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Michael Müller \*

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**Product Management  
 Corporate Clients**

Patric Olivier Zbinden

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**Product Management  
 Private Customers  
 & Specialised Financial  
 Services**

Wolfgang Prasser (from  
 1 January 2020: Yannick Hasler)

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**Sales & Marketing**

Bernard Dietrich (from 1 January  
 2020: Mathias Zingg)

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**Baloise Bank SoBa**

Jürg Ritz

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**Operations & IT**

Clemens Markstein

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**Finance & Risk**

Urs Bienz

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**Claims**

Mathias Zingg (from 1 January  
 2020: Thomas Schöb)

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**GERMANY**

---

Jürg Schiltknecht

---

**Life & Exclusive Distribution**

Maximilian Beck

---

**Finance & Asset Management**

Julia Wiens

---

**Non-Life**

Christoph Willi

---

**IT/Operations**

Ralf Stankat

---



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**BELGIUM**

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Henk Janssen

---

**Risk, Compliance & Actuarial  
 Function**

Kathleen Vergote

---

**Non-Life Retail**

Noël Pauwels

---

**Non-Life Corporates Clients  
 & Marine**

Joris Smeulders

---

**ICT**

Joris Smeulders

---

**Life**

Wim Kinnet

---

**Finance & Procurement**

Gert Vernailen

---

**Human Resources**

**& General Services**

Marc L'Ortye

---



---

**LUXEMBOURG**

---

Romain Braas

---

**Operations**

Daniel Frank

---

**Finance**

Alain Nicolai

---

**Distribution**

Laurent Heiles

---

**IT**

Filip Volders

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## 5. REMUNERATION, SHAREHOLDINGS AND LOANS

The Remuneration Report in **Appendix 1** to the Corporate Governance Report (page 88 onwards) describes the remuneration policies adopted and the remuneration systems in place and it contains in particular the remuneration paid and the loans granted to members of the Board of Directors and the Corporate Executive Committee in 2019 as well as the investments they hold. The content and scope of these disclosures are determined by articles 13 to 17 of the Ordinance Against Excessive Remuneration in Listed Companies Limited by Shares (ERCO), article 663c (3) of the Swiss Code of Obligations (OR), the corporate governance information guidelines published by SIX Swiss Exchange AG (version as at 20 June 2019) and the Swiss Code of Best Practice for Corporate Governance.

The report of the statutory auditors on the audit of the Remuneration Report can be found in **Appendix 2** to the Corporate Governance Report (page 114 onwards).

## 6. SHAREHOLDER PARTICIPATION RIGHTS

### Voting rights

The share capital of Baloise Holding consists solely of uniform registered shares. Each share confers the right to one vote. No shares carry preferential voting rights. To ensure a broad-based shareholder structure and to protect minority shareholders, no shareholder is registered as holding more than 2 per cent of voting rights, regardless of the size of their shareholding. The Board of Directors can approve exceptions to this provision if a majority of two-thirds of all its members is in favour (article 5 of the Articles of Association). There are currently no exceptions. Each shareholder can appoint a proxy in writing in order to authorise another shareholder or an independent proxy to exercise his or her voting rights. When exercising voting rights, no shareholder can accumulate more than one fifth of the voting shares at the Annual General Meeting directly or indirectly for his or her own votes or proxy votes (article 16 of the Articles of Association).

Powers of attorney and voting instructions may also be given to an independent proxy electronically without requiring a qualifying electronic signature (article 16 [2] of the Articles of Association).

### Statutory quorums

The Annual General Meeting is quorate regardless of the number of shareholders present or proxy votes represented, subject to the mandatory cases stated by law (article 17 of the Articles of Association).

The consent of at least three-quarters of the votes represented at the Annual General Meeting is required to suspend statutory restrictions on voting rights. The votes must also represent at least one third of the total shares issued by the Company. This qualified majority also applies to the cases specified in article 17 (3)(a) to (h) of the Articles of Association. Otherwise, resolutions are adopted by a simple majority of the votes cast, subject to compulsory legal provisions (article 17 of the Articles of Association).

### Convening the Annual General Meeting

The Annual General Meeting generally takes place in April, but must be held within six months of the end of the previous financial year. Baloise Holding's financial year ends on 31 December. The Annual General Meeting is convened at least 20 days before the date of the meeting. Each registered shareholder receives a personal invitation, which includes the agenda. The invitation and the agenda are published in the Swiss Official Gazette of Commerce, in various newspapers and on the website.

The Annual General Meeting, the Board of Directors or the external auditors decide whether to convene extraordinary general meetings. Furthermore, legal provisions also require the Board of Directors to convene an extraordinary general meeting if requested by the shareholders (article 11 of the Articles of Association). Article 699 (3) of the Swiss Code of Obligations (OR) states such requests must be made by shareholders who represent at least 10 per cent of the share capital.

### Requesting agenda items

Article 699 (3) OR states that one or more shareholders who together represent shares of at least CHF 100,000 can request items to be put on the agenda for debate. Such requests must be submitted in writing to the Board of Directors at least six weeks before the Annual General Meeting is held, giving details of the motions to be put to the AGM (article 14 of the Articles of Association).

### Entry in the share register

Shareholders are entitled to vote at the Annual General Meeting provided they are registered in the share register as shareholders with voting rights on the cut-off date stated by the Board of Directors in the invitation. The cut-off date should be several days before the Annual General Meeting (article 16 of the Articles of Association).

Article 5 of the Articles of Association determines whether nominee entries are permissible, taking into account any percentage limits and entry requirements. The procedures and requirements for suspending and restricting transferability are set out in article 5 and article 17 of the Articles of Association.

[www.baloise.com/rules-regulations](http://www.baloise.com/rules-regulations)

[www.baloise.com/calendar](http://www.baloise.com/calendar)

## 7. CHANGES OF CONTROL AND POISON-PILL MEASURES

Shareholders or groups of shareholders acting together by agreement are required to issue a takeover bid to all other shareholders when they have acquired 33 per cent of all Baloise shares. Baloise Holding has not made any use of the option to deviate from or waive this regulation. There is no statutory opting-out clause or opting-up clause as defined by the Federal Act on Financial Market Infrastructures and Market Conduct in Securities and Derivatives Trading (FinfraG).

The members of the Corporate Executive Committee have a notice period of twelve months. Baloise has not agreed any arrangements in respect of changes of control or non-compete clauses with members of either the Board of Directors or the Corporate Executive Committee.

## 8. EXTERNAL AUDITORS

The external auditors are elected annually by the Annual General Meeting. Ernst & Young AG (EY), Basel, has been the external auditing firm for Baloise Holding since 2016. Christian Fleig holds the post of auditor-in-charge. In accordance with article 730a (2) OR, the role of auditor-in-charge is rotated every seven years. EY is the external auditing firm for almost all Group companies.

### EXTERNAL AUDITORS' FEES

	2018	2019
CHF (including outlays and VAT)		
Audit fees	5,431,077	5,656,508
Consulting fees	219,306	39,626
<b>Total</b>	<b>5,650,383</b>	<b>5,696,134</b>

Audit fees paid to EY include fees for engagements with a direct or indirect connection to a particular audit engagement and fees for audit-related activities (namely statutory and regulatory special audits).

In 2019, CHF 39,626 of the additional fees for consultancy services were attributable to tax consultancy and legal advice. The services were rendered in accordance with the relevant provisions on independence set forth in the Swiss Code of Obligations, the Swiss Audit Supervision Act and FINMA-Circular 2013/3 on "auditing" (as at 26 June 2019) published by the Swiss Financial Market Supervisory Authority (FINMA).

At its meetings, primarily at meetings about the annual and half-year financial statements, the Audit and Risk Committee received detailed explanations and documents about the external auditors' main findings from the auditors' representatives.

The performance of the external auditors and their interaction with Group Internal Audit, Risk Management and Compliance are assessed by the Audit and Risk Committee. The Audit and Risk Committee's discussions with the external auditors focus on the audit work the latter have undertaken, their reports and the material findings and most important issues raised during the audit.

Before the start of the annual audit, the Audit and Risk Committee reviews the scope of the audit and suggests areas that require special attention. The Audit and Risk Committee reviews the external auditors' fees and independence on an annual basis.

## 9. INFORMATION POLICY

### Information principles

The Baloise Group provides (potential) shareholders, investors, employees, customers and the public with information on a regular, open and comprehensive basis. All registered shareholders each receive a summary of the Annual Report once a year and a letter to shareholders every six months, which provide a review of business. The full Annual Report is sent to shareholders on request. In addition, a presentation is created for every set of financial statements that summarises the financial year or period for financial analysts and investors. All publications are simultaneously available to the public. All market participants receive the same information. Baloise offers teleconferences, podcasts, videos and live streaming in order to make information generally and easily accessible.

### Information events

Baloise provides detailed information about its business activities as follows:

- ▶ Details about its financial performance, targets, strategies and operations are provided at press conferences covering its annual and half-year financial statements.
- ▶ Teleconferences for financial analysts and investors take place when the annual and half-year financial statements are published. The events can then be downloaded as podcasts.
- ▶ Shareholders are informed about business during the year at the Annual General Meeting.
- ▶ Roadshows are regularly staged at various financial centres.
- ▶ At its regular Investor Days, the Company presents its corporate strategy and targets as well as any other matters relevant to its business. The documents used for this and the recording of the event are made publicly available on various media.
- ▶ Ongoing relationships are maintained with analysts, investors and the media. Full details of individual Baloise events can be accessed at [www.baloise.com](http://www.baloise.com).

### Information about Baloise shares

Information about Baloise shares begins on page 8.  
[www.baloise.com/baloise-share](http://www.baloise.com/baloise-share)

### Financial calendar

Important dates for investors are available at [www.baloise.com](http://www.baloise.com). This is where the publication dates for the annual and half-year reports and the Q3 interim statement are listed and where the date of the Annual General Meeting, the AGM invitation, the closing date for the share register and any ex-dividend dates are published.

[www.baloise.com/calendar](http://www.baloise.com/calendar)

### Availability of documents

Annual and half-year reports, media releases, disclosures, recent announcements, presentations and other documents are available to the public at [www.baloise.com](http://www.baloise.com). Please register for the latest corporate communications at [www.baloise.com/maillinglist](http://www.baloise.com/maillinglist).

[www.baloise.com/media](http://www.baloise.com/media)

### Contact

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# Appendix 1: Remuneration Report

## 1. OVERVIEW OF REMUNERATION

### A. REMUNERATION GUIDELINE

#### Basic salary

- ▶ Aim for a position around the market median
- ▶ Reflection of the responsibilities of the role and the individual's long-term performance

#### Short-term variable remuneration

- ▶ Influencing factors: the Company's economic value added, the performance of the team, and an employee's individual contribution to the team's performance
- ▶ Designed to incentivise staff to achieve outstanding results

#### Long-term variable remuneration

- ▶ Supports the Company's long-term development
- ▶ Gives the top level of management a greater stake in the performance of the Company

#### Fringe benefits

- ▶ Not dependent on either an individual's function or performance or the Company's performance
- ▶ Demonstration of Baloise's close partnership with employees and its respect for them

### APPROVED REMUNERATION VS. AMOUNT PAID OUT

	Approved	2018 Paid out	Approved	2019 Paid out
CHF million				
Fixed remuneration of Board of Directors	3.3	3.3	3.3	3.3
Fixed remuneration of Corporate Executive Committee	4.0	4.0	4.0	4.7 <sup>1</sup>
Variable remuneration of Corporate Executive Committee	4.5	3.5	5.2	4.5

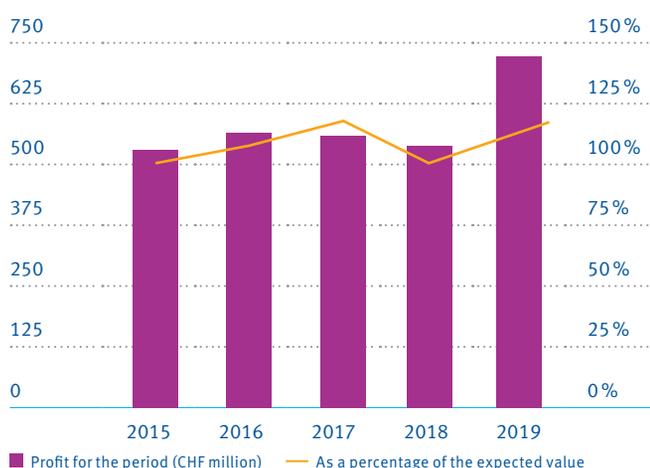
<sup>1</sup> Increase due to enlargement of the Corporate Executive Committee, covered by the additional amount pursuant to article 30 of the Articles of Association of Baloise Holding Ltd.

## B. SHORT-TERM VARIABLE REMUNERATION

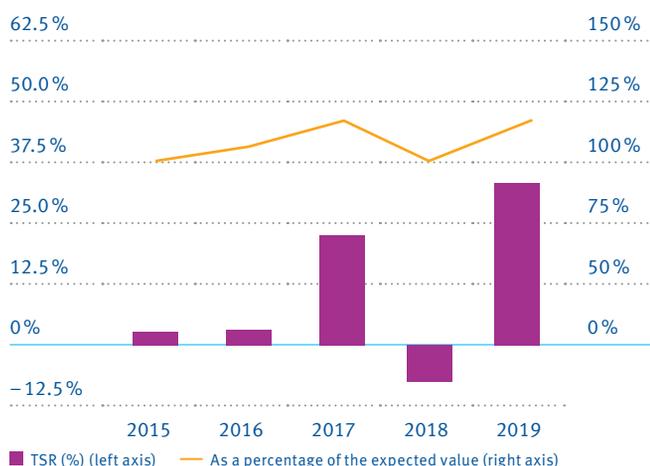
### PERFORMANCE POOL

	2018	2019
Total performance pool <sup>2</sup> for Corporate Executive Committee (CHF million)	2.0	2.7
Performance pool factor <sup>2</sup> (%)	100 %	120 %

### Profit for the period vs. performance pool factor<sup>2</sup>



### Total shareholder return (TSR) vs. performance pool factor<sup>2</sup>



<sup>2</sup> The performance pool (PP) is the short-term variable remuneration that depends on the Company's performance: The Remuneration Committee of the Board of Directors assesses the Company's performance and success during the past financial year. The performance pool factor is the ratio of the pool to its target value.

## C. LONG-TERM VARIABLE REMUNERATION

### Performance share units (PSUs)

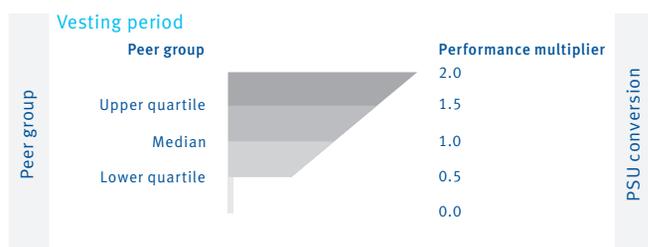
Long-term variable remuneration for members of the Corporate Executive Committee

#### Allocation

- ▶ The total amount for the allocation of PSUs is determined by the Remuneration Committee
- ▶ The Remuneration Committee decides on the allocation of PSUs to each individual Corporate Executive Committee member

#### Conversion

- ▶ Performance criterion: profit for shareholders relative to the peer group (STOXX Europe 600 Insurance) after three years
- ▶ PSUs are a performance instrument with a performance multiplier of between 0.0 and 2.0



### 2019 plan (ended)

#### Plan term 1 March 2016 – 28 February 2019

01.03.2016	100%			
28.02.2019	100%	29%	41%	70%

#### Profit for shareholders 1 March 2016 – 28 February 2019

01.03.2016	100%			
28.02.2019	100%	29%	13%	42%

### Overview of ended and current plans (as at 31 December 2019)

#### 2013 to 2019 plans

1 Mar 2013 – 29 Feb 2016	50%	75%	125%
1 Mar 2014 – 28 Feb 2017	15%	6%	21%
1 Mar 2015 – 28 Feb 2018	20%	41%	61%
1 Mar 2016 – 28 Feb 2019	29%	41%	70%
1 Mar 2017 – 29 Feb 2020	34%	52%	86%
1 Mar 2018 – 28 Feb 2021	17%	33%	50%
1 Mar 2019 – 28 Feb 2022	8%		8%

- Share value at start of PSU programme
- Change in share value during programme term (current plans: as at 31 December 2019)
- Performance multiplier (current plans: as at 31 December 2019)
- Dividend payments

## D. INDIVIDUAL REMUNERATION OF THE CORPORATE EXECUTIVE COMMITTEE

<b>Gert De Winter</b>	2018	55%	27%	18%	CHF 2.095 million
	2019	52%	31%	17%	CHF 2.211 million
<b>Michael Müller</b>	2018	56%	26%	18%	CHF 1.579 million
	2019	53%	30%	17%	CHF 1.667 million
<b>Dr. Thomas Sieber</b>	2018	57%	26%	17%	CHF 1.442 million
	2019	54%	30%	16%	CHF 1.518 million
<b>Dr. Carsten Stolz</b>	2018	58%	25%	17%	CHF 1.195 million
	2019	60%	23%	17%	CHF 1.158 million
<b>Dr. Matthias Henny</b>	2018	57%	26%	17%	CHF 1.175 million
	2019	55%	29%	16%	CHF 1.243 million
<b>Dr. Alexander Bockelmann<sup>1</sup></b>	2018				
	2019	53%	31%	16%	CHF 1.384 million

- Fixed (comprising basic salary, non-cash remuneration and pension benefits)
- Short-term variable remuneration (comprising share-based and cash payments from the performance pool)
- Long-term variable remuneration (comprising allocations of share entitlements)

1 Since 1 February 2019

## 2. REMUNERATION COMMITTEE OF THE BOARD OF DIRECTORS

The Remuneration Committee set up by the Board of Directors in 2001 is consistent with the Swiss Code of Best Practice and is tasked with helping the Board of Directors to frame the Company's remuneration policies. The Remuneration Committee has been vested with special decision-making powers and ensures, among other things, that:

- ▶ the remuneration offered by Baloise is in line with the going market rate and performance-related in order to attract and retain individuals with the necessary skills and character attributes;
- ▶ the remuneration paid is demonstrably dependent on the Company's sustained success and individuals' personal contributions and does not create any perverse incentives;
- ▶ the structure and amount of overall remuneration paid are consistent with Baloise's risk policies and encourage risk awareness.

The Remuneration Committee's main functions and responsibilities are to:

- ▶ submit proposals to the Board of Directors on the structure of remuneration to be paid in the Baloise Group, especially the remuneration to be paid to the Chairman and members of the Board of Directors and to the members of the Corporate Executive Committee;
- ▶ submit proposals to the Board of Directors – for approval by the Annual General Meeting – on the amount of remuneration to be paid to the Chairman and members of the Board of Directors and to the members of the Corporate Executive Committee;
- ▶ approve the basic salaries and the variable remuneration paid to individual members of the Corporate Executive Committee (in compliance with the pay caps stipulated by the Annual General Meeting);
- ▶ specify the total amount available in the performance pool and the total amount set aside for the allocation of performance share units (PSUs);
- ▶ approve inducement payments and severance packages that are granted to the most senior managers and which in individual cases exceed CHF 100,000 (subject to the proviso that no severance packages may be granted to

members of the Board of Directors or the Corporate Executive Committee).

The Remuneration Committee consists of at least three members of the Board of Directors, who are elected every year by the Annual General Meeting. Thomas Pleines (Chairman), Prof. Dr Marie-Noëlle Venturi - Zen-Ruffinen (Deputy Chairwoman), Christoph Mäder and Prof. Dr Hans-Jörg Schmidt-Trenz were elected to the Remuneration Committee by the Annual General Meeting on 26 April 2019. The Remuneration Committee maintains a regular dialogue with senior management throughout the year and generally meets at least twice annually. In addition to the committee secretary being present, these meetings are usually also attended by the Group CEO, the Head of the Corporate Centre and the Head of Group Human Resources, who participate in an advisory capacity. The individual members of the Group Executive Committee leave the meeting if the Remuneration Committee is discussing or deciding on their personal remuneration. The Chairman of the Remuneration Committee reports to the Board of Directors at its next meeting on the committee's activities.

## 3. REMUNERATION POLICY AND REMUNERATION SYSTEM

### Principles

The Company's success is largely dependent on the skills, capabilities and performance of its workforce. It is therefore essential to recruit, develop and retain suitably qualified, highly capable and highly motivated professionals and executives. Responding to a request from the Remuneration Committee, in 2017 the Board of Directors formally adopted a new Remuneration Guideline that formulates the remuneration principles and parameters applied across the Baloise Group. This Remuneration Guideline applies to all employees throughout the Baloise Group. It is based on the following principles: competitiveness in the marketplace; individual performance and the Company's success; fairness and transparency; and sustainability.

### Competitiveness in the marketplace

Baloise aims to pay basic salaries that are broadly in line with the market – i.e. around the market median – and to offer variable remuneration packages in excess of the going market rate to reward outstanding performance by the Company and individuals. It therefore regularly compares the salaries paid to its employees with those paid in the wider market. This involves

taking part in benchmarking surveys conducted by Willis Towers Watson, SwissICT and Kienbaum, and carrying out detailed analysis of the remuneration packages of the most senior executives. These surveys and analyses consider which companies Baloise is competing against for the skill sets and qualifications needed for each function (i.e. recruitment market) and which alternative employers – in theory, at least – meet a certain function profile (i.e. competitors). The findings are fed into the Company’s regular review of its salary structures and presented to the Remuneration Committee.

#### Individual performance and the Company’s success

As a performance-driven organisation, Baloise clearly and transparently aligns team targets and the contributions of individual employees with the Company’s targets, which are derived from its strategic priorities. The amount of the individually specified variable remuneration is influenced by the individual contributions to the achievement of targets. The total remuneration package – which comprises basic salary and variable remuneration – offers a sophisticated way of linking the performance of individuals and of the team to Baloise’s success and recognising both accordingly, and it is designed to reward employees for outstanding achievement without creating an incentive for them to take inappropriate risks. Personal performance provides our talented individuals with the necessary platform for their development, advancement, career planning and promotion.

Since 1 January 2018, the variable remuneration of the Corporate Executive Committee, the most senior level of management and most other members of the management team throughout the Baloise Group has been closely linked to achievement of the Company’s goals and is calculated solely on the basis of the performance pool. Together with a performance management system based on continuous dialogue regarding the contributions of teams and individuals, this will support the implementation of Baloise’s ‘Simply Safe’ strategy as the focus will be on achieving the three strategic pillars: ‘cash upstream’, ‘customer growth’ and ‘employees’ in addition to the other earnings-related KPIs.

#### Fairness and transparency

In addition to the regular benchmarking of overall remuneration against the market, Baloise also aims to ensure that pay within

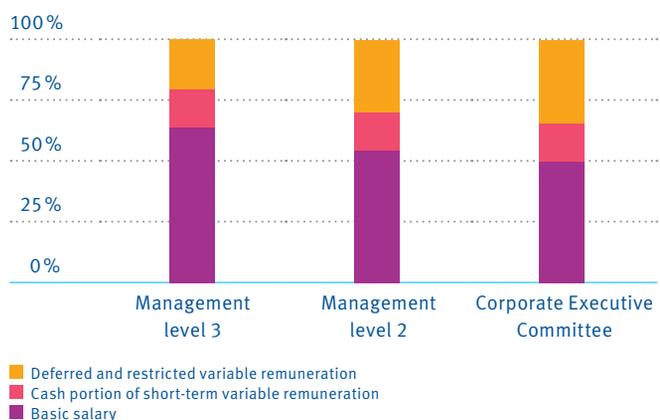
the Company is fair when setting salary levels. Baloise applies the fair-pay principle that people who do the same job and have the same qualifications should be paid the same amount.

#### Sustainability

Baloise attaches considerable importance to managing its business sustainably and retaining high performers. In addition to paying its staff in line with market rates and according to individual achievement, the Company encourages its executives to focus on the longer term and on the interests of its stakeholders, particularly its shareholders. Consequently, it pays a substantial proportion of variable remuneration in the form of shares that are restricted for three years. Furthermore, the three most senior management levels receive performance share units, which means that a further component of their salaries is paid out as prospective entitlements; these PSUs must be held for three years before being converted into shares as a form of deferred remuneration. As managers’ strategic responsibility and influence grow, the amount of their variable remuneration is largely determined by the Company’s profitability and economic value added (allowing for the level of risk taken). Variable remuneration as a percentage of total compensation as well as the proportion of remuneration paid in the form of restricted shares or as deferred compensation increase accordingly.

The clearly defined caps approved by the Annual General Meeting for the pay awarded to members of the Board of Directors and Corporate Executive Committee ensure that remuneration is not excessive.

REMUNERATION STRUCTURE OF THE THREE MOST SENIOR LEVELS OF MANAGEMENT



#### 4. COMPONENTS OF REMUNERATION

Baloise views its compensation packages in the round and therefore factors in not only the basic salary plus short- and long-term variable remuneration but also other benefits such as pension contributions, additional benefits, and staff development.

##### Basic salary

The basic salary constitutes the level of remuneration that is commensurate with the functions and responsibilities of the position concerned as well as the employee skills and expertise required in order to achieve the relevant business targets and objectives. When determining the level of its basic salaries, Baloise aims to position itself around the market median, although the way in which this is done will vary depending on local operating and market requirements. This remuneration is paid by bank transfer. In order to ensure fairness and compliance with its code of conduct when determining the level of basic salaries, Baloise applies the internal fair-pay principle that people who do the same job and have the same qualifications should be paid the same amount. The Company's clearly defined and market-based salary structures (e.g. grade-based salary bands) help ensure fair pay both inside and outside the organisation.

##### Short-term variable remuneration

The key factors determining the amount of short-term variable remuneration paid are the Company's profitability and economic value added, the performance of the team, and an employee's individual contribution to the team's performance. The resulting link between the Company's profits and the performance of the team as well as the individual is designed to incentivise staff to achieve outstanding results and work towards the success of areas beyond their own sphere of responsibility. Measurement of the short-term variable remuneration paid to employees who perform control functions (risk management, compliance, Group Internal Audit) is structured in such a way that it is not determined directly by the profitability of the unit being monitored or by the profitability of individual products or transactions. The Remuneration Committee reviews the remuneration paid to the heads of the control functions on an annual basis.

The remuneration paid to the insurance sales force is, by its very nature, strongly performance-related in line with the compensation system commonly used in the insurance industry

as a whole. However, these payments (for bringing in new business and for providing service and support for existing customers) constitute selling expenses rather than being regarded as variable remuneration in the strict sense of the term. Consequently, they are not discussed in this remuneration report.

Short-term variable remuneration is paid together with the salary for March of the following year. A substantial proportion of variable remuneration is paid in the form of shares. Senior managers can choose what percentage of their remuneration is paid out and what proportion they receive in the form of shares. This choice is limited for the most senior managers, who are obliged to subscribe for shares on a sliding-scale basis: members of the Corporate Executive Committee must receive at least 50 per cent of their short-term variable remuneration in the form of shares, which, including prospective entitlements, account for at least 70 per cent (at the time of allocation) of total variable remuneration if the long-term effect of performance share units is included [see page 91]. The shares subscribed in this way are restricted for three years and during this period are exposed to market risk. This mandatory purchase of shares in particular ensures that as senior executives' managerial responsibilities and total remuneration packages increase, a significant proportion of their compensation is paid in the form of deferred remuneration. This system also raises employees' risk awareness and encourages them to maintain sustainable business practices.

Two plans are available to individuals who wish to subscribe for shares: the Share Subscription Plan and the Share Participation Plan (see '5. Share Subscription Plan and Share Participation Plan').

The short-term variable remuneration is allocated as part of the performance pool described below.

##### Performance pool

The performance pool takes account of the entire Baloise Group's performance; its amount is determined by the Remuneration Committee after the end of the financial year concerned, and it factors in the following indicators resulting from systematic analysis:

- ▶ Strategy implementation  
The indicators are the three strategic goals set by Baloise for the period 2017 to 2021, comprising a cash upstream of CHF 2 billion into Baloise Holding, one million new cus-

tomers, and a rating as one of the best employers in the sector.

- ▶ Business performance  
The key metric for this criterion is the profit for the period, with the combined ratio, the interest margin and the business mix in the life insurance business as sub-criteria.
- ▶ Risks taken  
The indicators used to gauge the success of the Company's business from a risk perspective are the Swiss Solvency Test (SST) ratio, economic profit, the credit rating awarded by Standard & Poor's, and assessments provided by the Chief Risk Officer and the Head of Group Compliance.
- ▶ Capital markets perspective compared with competitors  
The main metric used to evaluate this criterion is the performance of Baloise's share price including dividends paid compared with the 35 European insurance companies represented in the STOXX Europe 600 Insurance Index (the composition of this index is shown in the table on page 96).

The Remuneration Committee deliberately avoids giving a pre-defined weighting to the four main indicators. Weighting the main indicators and potentially also the qualitative and quantitative sub-criteria in advance would allow the performance pool factor to be determined more accurately, but then the actual performance of the senior managers in the year concerned would potentially not be adequately reflected. The Remuneration Committee therefore determines the factor retrospectively at its own discretion. In the interests of transparency, this decision is explained on page 95. The assessments by the Chief Risk Officer and the Head of Group Compliance of the risks taken and the evaluations by the Head of Group Human Resources and others of strategy requirements that cannot be precisely measured are also based on qualitative criteria and non-financial indicators such as senior managers' risk behaviour, compliance with procedures and regulations and the practising of a genuine compliance culture, the effectiveness of the internal control system, and the efforts made in respect of talent management and staff engagement.

Performance pool payments are awarded to individuals at the discretion of the line manager concerned. The amount of these payments is mainly determined by a holistic assessment of the performance, conduct and individual development of the employees. The individual performance pool payment proposed

by the respective line manager is discussed by the relevant management team, compared with other departments and divisions, and adjusted where necessary. This process ensures that risk-relevant behavioural attributes are factored into the performance pool payments awarded to individuals, along with achievement-based measures.

This chosen system is centred on senior managers' overall assessment and the validation of individuals' performance pool payments at round-table discussions. The aim here is to give due consideration to all aspects of an individual's performance rather than using just a few parameters to make an assessment that may neglect other key factors.

Those considered for performance pool payments are the most senior management level in the Baloise Group, the majority of senior managers in Switzerland and the corresponding functions abroad. However, there is no entitlement to receive payments from the performance pool.

The Remuneration Committee decides on the performance pool payments awarded to the individual members of the Corporate Executive Committee. The arithmetical expected value amounts to 60 per cent of basic salary; the maximum amount that can be allocated per member of the Corporate Executive Committee is 90 per cent of the basic salary, or 150 per cent of the expected value.

In addition to the individual targets, the awarding of performance pool payments takes into account the contribution of each individual member of the Corporate Executive Committee to the achievement of the Company targets. The assessment of target achievement and the allocation of the performance pool is based on the reporting and the proposals made to the Remuneration Committee by the Chairman of the Board of Directors (for the Group CEO) and by the Group CEO (for the members of the Corporate Executive Committee). The Committee discusses each individual member, assessing their performance during the year under review and any changes compared to the prior year.

For the 2019 financial year the Remuneration Committee decided, on the basis of a positive overall assessment, on a factor of 120 per cent of the normally expected value of performance pool payments. The same factor was agreed for the members of the Corporate Executive Committee and the Group. The decision and the indicators are explained in more detail on the following pages.

<b>Main indicator</b>	<b>Strategy implementation</b>
<b>Key question</b>	How successfully were the strategic targets implemented?
<b>Sub-criteria</b>	Cash upstream Customer growth Employees
<b>Appraisal</b>	Baloise is on track to achieve its strategic Simply Safe targets. The Simply Safe targets are ambitious, but achievable through the measures already implemented. The holding company again received substantially more than CHF 400 million in cash in 2019 (target by 2021: CHF 2 billion). In December 2019, the proportion of employees who said in the employee survey that they would recommend Baloise as an employer was within the top 15 per cent of the peer group (target by 2021: top 10 per cent of employers in the industry). Net growth of around 200,000 new customers was achieved for 2019 (target by 2021: one million additional customers).
<b>Rating</b>	Positive



<b>Main indicator</b>	<b>Business performance</b>
<b>Key question</b>	What is the operating profit?
<b>Sub-criteria</b>	Profit for the period (incl. combined ratio and interest margin in life insurance, as well as the business mix in life insurance)
<b>Appraisal</b>	The profit for 2019 exceeded expectations and can therefore be assessed as positive. The combined ratio of 90.4 per cent confirms the high quality of the underwriting and the profitability of the non-life business. The combined ratio in Germany is also continuing to improve. The life business continues to be held back by the low-interest-rate environment.
<b>Rating</b>	Neutral / Positive



<b>Main indicator</b>	<b>Risks taken</b>
<b>Key question</b>	How should the operating performance be assessed from a risk perspective?
<b>Sub-criteria</b>	SST Economic Profit S&P rating Internal perspective Compliance
<b>Appraisal</b>	With a high SST ratio for the Group and an S&P rating of 'A+' with a stable outlook, Baloise remains strongly capitalised. The persistently low interest rates required certain internal measures to strengthen economic capitalisation. Compliance received a positive assessment.
<b>Rating</b>	Neutral

<b>Main indicator</b>	<b>Capital markets perspective</b>
<b>Key question</b>	How did Baloise perform relative to other companies on the stock market?
<b>Sub-criteria</b>	Total shareholder return
<b>Appraisal</b>	At the end of the year, Baloise Holding AG shares had outperformed the STOXX Europe 600 Insurance Index. Baloise Holding AG's shares were ranked tenth out of 35 stocks, with a total shareholder return of 33.85 per cent.
<b>Rating</b>	Positive



#### Determination of the performance pool factor

<b>Appraisal</b>	Overall, the four main indicators received a very positive total rating for 2019. Following an in-depth examination and assessment of all main indicators and sub-criteria, the Remuneration Committee therefore decided to set the performance pool factor at 120 per cent. While the 2018 assessments for 'Strategy implementation' and 'Business performance' were maintained or improved in 2019, the assessment for 'Risks taken' was slightly worse than in 2018. In a very positive market, the relative assessment of 'Capital markets' perspective' improved significantly from 2018.
<b>Factor</b>	120 per cent

As the table illustrates in the form of a comparison with the consolidated profit for the period, when the performance pool factor is set in this way, it goes up or down in line with the Company's success, although it is not directly derived from this key figure alone:

	Performance pool (as a percentage of the normal expected value)	Consolidated profit for the period (CHF million)
2012	100%	485.2
2013	120%	455.4
2014	137%	711.9
2015	100%	511.1
2016	107%	533.9
2017	120%	531.9
2018	100%	522.9
2019	120%	689.5

### Long-term variable remuneration: performance share units

In addition, Baloise grants performance share units (PSUs) to the most senior managers as a form of long-term variable remuneration. The PSU programme enables the top management level to benefit even more from the Company's performance and helps Baloise to retain high performers in the long run.

At the beginning of each vesting period the participating employees are granted rights in the form of PSUs, which entitle them to receive a certain number of shares free of charge after the vesting period has elapsed. The Remuneration Committee specifies the grant date and applies its own discretion in deciding which of the most senior management team members are eligible to participate. It determines the total number of PSUs available and decides how many are to be awarded to each member of the Corporate Executive Committee. PSUs are granted to the other participating employees on the basis of the relevant line manager's proposal, which must be approved by the line manager's manager.

The number of shares that can be subscribed after three years – i.e. at the end of the vesting period – depends on the performance of Baloise Holding Ltd. shares (total shareholder return or TSR) relative to a peer group. This comparative performance multiplier has been revised for allocations of PSUs from 2018 onward and can now be anywhere between 0.0 and 2.0. The aim of this change was to anchor the performance-related pay principle even more firmly within the long-term variable remuneration structure. The peer group comprises the 35 leading European insurance companies contained in the STOXX Europe 600 Insurance Index.

One PSU generally confers the right to receive one share. This is the case if the Baloise TSR performs in line with the median of the peer group. In this case the performance multiplier would be 1.0. Participants receive more shares in exchange for their PSUs if the Baloise TSR for the vesting period is higher than

the TSR of the peer group. The multiplier reaches the maximum of 2.0 if Baloise has the highest TSR of all companies in the peer group. The multiplier amounts to 0 if the Baloise TSR is in the bottom quartile of companies in the peer group. If this happens, no prospective entitlements will be converted into shares. Consequently, the performance multiplier increases on a linear basis from the bottom quartile from 0.5 to 2.0. The performance multiplier is defined for the entire vesting period ended, based on the closing stock market prices on the final trading day of the respective vesting period and taking the dividend payments for the period into account.

Participants receive the pertinent number of shares once the vesting period has elapsed, which means that for the PSUs allocated in March 2019 they receive their shares on 1 March 2022. If an individual's employment contract is terminated during the vesting period, the PSUs expire without the person concerned receiving any consideration or compensation. This does not apply if the employment contract ends due to retirement, disability or death. It also does not apply if the contract is terminated but the participant does not join a rival company or is not personally at fault for the termination of the contract. In the last two cases, some of the allocated PSUs will still expire. The number of PSUs expiring is proportional to the amount of time remaining until the end of the vesting period. In addition, the Remuneration Committee has the powers to claw back some or all of the PSUs allocated to an individual or to a group of participants if there are specific reasons for doing so. Such specific reasons include, for example, serious breaches of internal or external regulations, the taking of inappropriate risks that are within an individual's control, and the type of conduct or behaviour that would increase the risks to Baloise.

The shares needed to convert the PSUs are purchased in the market as and when required.

Companies in the STOXX Europe 600 Insurance Index (as at 31 December 2019)

ADMIRAL GRP	CNP ASSURANCES	OLD MUTUAL	SWISS LIFE HLDG
AEGON	DIRECT LINE INSURANCE GROUP	PHOENIX GROUP HDG.	SWISS REINSURANCE COMPANY
AGEAS	GJENSIDIGE FORSIKRING	POSTE ITALIANE	TOPDANMARK
ALLIANZ	HANNOVER RUECK	PRUDENTIAL	TRYG
ASR NEDERLAND NV	HELVETIA HLDG	PZU GROUP	ZURICH INSURANCE GROUP
ASSICURAZIONI GENERALI	HISCOX	RSA INSURANCE GRP	
AVIVA	LEGAL & GENERAL GRP	SAMPO	
AXA	MAPFRE	SCOR	
BALOISE	MUENCHENER RUECK	ST. JAMES'S PLACE CAPITAL	
BEAZLEY	NN GROUP	STOREBRAND	

Source: <https://www.stoxx.com/index-details?symbol= SXIP>

Measurement of the PSUs at their issue date is based on a Monte Carlo simulation, which calculates a present value for the payout expected at the end of the vesting period. This measurement incorporates the following parameters:

- ▶ interest rate of 1 per cent
- ▶ the volatilities of all shares in the peer group and their correlations with each other (measured over a three-year track record).

The value of PSUs is exposed to market risk until the end of the vesting period and may, of course, fluctuate significantly, as shown in the table below.

### Fringe benefits

Fringe benefits are generally defined as components of the total remuneration package that are not dependent on either an individual's function or performance or the Company's performance. By providing discretionary benefits in the form of retirement pensions, subsidies, concessions, and staff training and professional development, Baloise demonstrates the close partnership that it maintains with its employees and the extent to which it values their contribution. Fringe benefits are granted on a country-by-country basis in line with prevailing local laws.

## 5. SHARE SUBSCRIPTION PLAN AND SHARE PARTICIPATION PLAN

Two plans are available to individuals who wish to subscribe for shares as part of their short-term variable remuneration: the Share Subscription Plan and the Share Participation Plan.

### Share Subscription Plan

	Applicable closing quotation		Subscription price
	from	CHF	CHF
Share Subscription Plan for 2020 (applies to variable remuneration awarded for the 2019 reporting period)	10.01.2020	176.00	158.40
Share Subscription Plan for 2019 (applies to the variable remuneration granted for 2018 and to the shares subscribed by the Chairman and members of the Board of Directors in 2019)	10.01.2019	143.80	129.42

Since January 2003, those who qualify as eligible persons at Baloise Group companies in Switzerland – and, since 2008, the members of the Executive Committees at companies outside Switzerland as well – have been able to subscribe for shares at a preferential price as part of their short-term variable remuneration. The subscription date is 1 March of each year; although title to the shares passes to the relevant employees on this date without any further vesting conditions having to be met, the

### PERFORMANCE SHARE UNIT (PSU) PLAN

	PSUs granted		PSUs converted			Change in value <sup>3</sup>	
	Date	Price (CHF) <sup>1</sup>	Date	Multiplier	Price (CHF) <sup>1</sup>		Value (CHF) <sup>2</sup>
2008	01.01.2008	109.50	01.01.2011	1.24	91.00	112.84	3%
2009	01.01.2009	82.40	01.01.2012	0.64	64.40	41.22	-50%
2010	01.01.2010	86.05	01.01.2013	0.58	78.50	45.53	-47%
2011	01.01.2011	91.00	01.01.2014	0.77	113.60	87.47	-4%
2012	01.03.2012	71.20	01.03.2015	1.21	124.00	150.04	111%
2013	01.03.2013	84.50	01.03.2016	1.50	126.00	189.00	125%
2014	01.03.2014	113.40	01.03.2017	1.05	130.70	137.24	21%
2015	01.03.2015	124.00	01.03.2018	1.34	149.20	199.93	61%
2016	01.03.2016	126.00	01.03.2019	1.32	162.50	214.50	70%
2017	01.03.2017	130.70	01.03.2020	1.39 <sup>4</sup>	175.00 <sup>4</sup>	244.08 <sup>4</sup>	86% <sup>4</sup>
2018	01.03.2018	149.20	01.03.2021	1.28 <sup>4</sup>	175.00 <sup>4</sup>	224.00 <sup>4</sup>	50% <sup>4</sup>
2019	01.03.2019	162.50	01.03.2022	1.00 <sup>4</sup>	175.00 <sup>4</sup>	175.00 <sup>4</sup>	8% <sup>4</sup>

<sup>1</sup> Price = price of Baloise shares at the PSU grant date or conversion date.

<sup>2</sup> Value = value of one PSU at the conversion date (share price at the conversion date times the multiplier).

<sup>3</sup> Change in value = difference between the value at the conversion date (multiplier times the share price at the conversion date) and the share price at the grant date, expressed as a percentage of the share price at the grant date; example of the PSU plan in 2008:  $\left(\frac{1.24 \times 91.00 - 109.50}{109.50}\right) \times 100 = 3\%$ .

<sup>4</sup> Interim measurement as at 31 December 2019.

shares cannot be sold for the duration of a three-year closed period.

The parameters used to determine the subscription price are decided each year by the Remuneration Committee. The subscription price is based on the closing price before the first day of the subscription period, on which a discount of 10 per cent is granted (please refer to the above table for details). Once it has been calculated using this method, the subscription price is published in advance on the intranet. The shares needed for the Share Subscription Plan are purchased in the market as and when required.

### Share Participation Plan

	Applicable closing quotation		Subscription price
	from	CHF	CHF
Share Participation Plan for 2020 (applies to variable remuneration awarded for the 2019 reporting period)	10.01.2020	176.00	156.46
Share Participation Plan for 2019 (applies to the variable remuneration granted for 2018 and to the shares subscribed by the Chairman of the Board of Directors in 2019)	10.01.2019	143.80	125.44

Since May 2001, it has been possible for most management team members working in Switzerland to receive part of their short-term variable remuneration in the form of shares from the Share Participation Plan instead of receiving cash. Within certain limits they are free to choose what proportion of their short-term variable remuneration they receive in the form of such shares. The most senior management team members are subject to upper limits; members of the Corporate Executive Committee – who are obliged to receive at least half of their short-term variable remuneration in the form of shares – are not allowed to receive more than 40 per cent of their entitlement in the form of shares from the Share Participation Plan. The subscription date is 1 March of each year (the same as for the Share Subscription Plan); although title to the shares passes to the relevant employees on this date without any further vesting conditions having to be met, the shares cannot be sold during a three-year closed period.

The parameters used to determine the subscription price are decided each year by the Remuneration Committee. The subscription price is based on the closing price before the first day of the subscription period, from which discounted dividend rights are deducted over a period of three years (please refer to the above table for details). Once it has been calculated using this method, the subscription price is published in advance on the intranet. The shares needed for the Share Participation Plan are purchased in the market as and when required.

In order to increase the impact of this Share Participation Plan, employees are granted loans on which interest is charged at market rates, which enables them to subscribe for shares whose value constitutes a multiple of the capital invested; these shares are purchased at their fair value net of discounted dividend rights over a period of three years. Repayment of these loans after the three-year closed period has elapsed is hedged by put options, which are financed by the sale of offsetting call options. If the price of the shares is below the put options' strike price when the closed period expires, programme participants can sell all their shares at this strike price, which ensures that they can repay their loans plus interest. In this event, however, they lose all the capital that they have invested. If, on the other hand, the price of the shares is above the call options' strike price, programme participants must pay the commercial value of these options. Their upside profit potential for the programme participant is thus limited by the call options. If, when the three-year closed period elapses, the price of the shares is between the put options' strike price and the call options' strike price, once the loans plus accrued interest have been repaid the employees concerned receive the remaining shares to do with as they wish.

### 6. EMPLOYEE INCENTIVE PLAN

The Baloise Foundation for Employee Participation set up in 1989 offers members of staff working for various Baloise Group companies in Switzerland the opportunity to purchase shares in Baloise Holding – usually once a year – at a preferential price in compliance with the regulations adopted by the Board of Foundation. This encourages employees to maintain their commitment to the Company over the long term by becoming shareholders. The subscription price is fixed by the Board of

## EMPLOYEE INCENTIVE PLAN

	2018	2019
Number of shares subscribed	186,489	192,501
Restricted until	31.08.2021	31.08.2022
Subscription price per share (CHF)	76.00	88.50
Value of shares subscribed (CHF million)	14.2	17.0
Fair value of subscribed shares on subscription date (CHF million)	27.8	32.5
Employees entitled to participate	3,254	3,301
Participating employees	2,130	2,218
Subscribed shares per participant (average)	87.6	86.8

Foundation at the beginning of the subscription period and is then published on the intranet. It equals half of the volume-weighted average share price calculated for the month of August in each subscription year. In 2019, the subscription price amounted to CHF 88.50 (2018: CHF 76.00) and a total of 192,501 shares were subscribed (2018: 186,489). Title to the subscribed shares passes to the relevant employees with effect from 1 September each year, and the shares are subject to a three-year closed period.

The Foundation acquired the underlying stock of shares used in this plan from previous capital increases carried out by Baloise Holding. It supplements these shareholdings by purchasing shares in the market. The existing shareholdings will enable the Foundation to continue the Employee Incentive Plan over the coming years. The Foundation is run by a Board of Foundation that is predominantly independent of the Corporate Executive Committee. The independent Board of Foundation members are Martin Wenk (Chairman) and Prof. Heinrich Koller (lawyer); the third member of the Board of Foundation is Andreas Burki (Head of Legal & Tax).

## 7. PENSION SCHEMES

Baloise provides a range of pension solutions, which vary from country to country in line with local circumstances. In Switzerland it offers different pension schemes for its insurance and banking employees. They enable an employee or the employee's dependants to maintain a reasonable standard of living following the occurrence of an insured event (old age, disability or death).

The members of the Corporate Executive Committee are insured under the pension scheme run by Baloise Insurance Ltd. They are subject to the same terms and conditions as all other insured office-based members of staff. Neither the Chairman (since June 2016) nor the members of the Board of Directors are entitled to have contributions paid to the pension fund, nor have such contributions been paid to the Chairman or the members of the Board of Directors.

## 8. EMPLOYMENT CONTRACTS, CHANGE-OF-CONTROL CLAUSES, INDUCEMENT PAYMENTS AND SEVERANCE PACKAGES

The employment contracts of senior managers in Switzerland and – in most cases – in other countries as well have been concluded for an indefinite period. They stipulate a notice period of six months. All members of the Corporate Executive Committee have a notice period of twelve months. The employment contract with the Chairman of the Board of Directors does not stipulate any notice period; its duration is determined by the term of appointment and by law. There are no change-of-control clauses.

The Remuneration Policy adopted by the Board of Directors contains clear guidance on inducement payments and severance packages. Such remuneration may only be paid in justified cases. No severance packages may be awarded to members of either the Board of Directors or the Corporate Executive Committee, and any inducement payments granted to such persons – irrespective of their amount – must be approved by the Remuner-

ation Committee. Inducement payments and severance packages for the most senior managers must be approved by the Remuneration Committee if they exceed CHF 100,000. Each individual case is assessed on a discretionary basis.

## 9. RULES STIPULATED IN THE ARTICLES OF ASSOCIATION

Certain rules governing remuneration are stipulated in the Articles of Association:

- ▶ Article 30 Additional amount for the remuneration paid to Corporate Executive Committee members appointed since the last Annual General Meeting
- ▶ Article 31 Annual General Meeting votes on remuneration
- ▶ Article 32 Principles of profit-related remuneration and the granting of equity instruments
- ▶ Article 34 Loans and advances granted to members of the Board of Directors and the Corporate Executive Committee

[www.baloise.com/rules-regulations](http://www.baloise.com/rules-regulations)

## 10. REMUNERATION PAID TO THE MEMBERS OF THE BOARD OF DIRECTORS

Please refer to the tables on pages 104 and 105.

The Chairman of the Board of Directors chairs the meetings of both the Board of Directors and the Chairman's Committee. He also chairs the Investment Committee. He represents the Company externally and, acting in this capacity, maintains contact with government agencies, trade associations and other Baloise stakeholders. Specifically, he represents Baloise in *economiesuisse*, the umbrella organisation representing Swiss business, and in the employers' association. The Chairman of the Board of Directors liaises with the Group CEO in formulating proposals on Baloise's long-term objectives and its strategic direction and development, and these proposals are then discussed and approved by the Board of Directors as a whole. He works closely with the Corporate Executive Committee to ensure that the Board of Directors is provided with timely information on all matters of material importance to the decision-making and monitoring process at Baloise. The Chairman of the Board of Directors is entitled to attend meetings of the Corporate Executive Committee at any time. He takes part in these meet-

ings when necessary in order to maintain a regular dialogue between himself and the Corporate Executive Committee and whenever matters of strategic or long-term importance are being discussed, and maintains close contact with the Group CEO.

The Chairman of the Board of Directors performs his various functions on a full-time basis, in return for which he is paid a fixed amount of remuneration. He is not entitled to any variable remuneration and, consequently, he receives no performance pool payments and no allocation of PSUs. He is paid roughly a quarter of his remuneration in the form of shares, although he is free to choose each year how many shares he receives under the Share Subscription Plan and how many under the Share Participation Plan. The shares that he receives under the Share Subscription Plan are subject to a closed period of five years (instead of the usual three years).

The other members of the Board of Directors are paid a lump sum as remuneration for their work on the Board of Directors (CHF 125,000) and for additional functions that they perform on the Board of Directors' committees (CHF 70,000 for the Chairman and CHF 50,000 for members). These amounts provide appropriate compensation for the responsibility and workload involved in their various functions and have remained unchanged since 2008.

All members of the Board of Directors are required to lodge 1,000 shares with the Company for the duration of their term of appointment (article 20 of the Articles of Association). Since 2006 the members of the Board of Directors have received a proportion of their annual remuneration in the form of shares that are restricted for three years. Members of the Board of Directors receive a 10 per cent discount on the shares' market price in line with the Share Subscription Plan available to senior executives. From 2020, this discount will also be reported as part of the overall remuneration, as it reflects Baloise's effective costs. In 2019 it amounted to CHF 62,495.

The members of the Board of Directors do not participate in any share ownership programmes that are predicated on the achievement of specific performance targets.

No amounts receivable from current or previous members of the Board of Directors have been waived. No remuneration was paid to former members of the Board of Directors.

## 11. REMUNERATION PAID TO THE MEMBERS OF THE CORPORATE EXECUTIVE COMMITTEE

Please refer to the tables on pages 106 to 109.

The short-term variable remuneration paid to the members of the Corporate Executive Committee is allocated from the performance pool. The expected performance pool value amounts to 60 per cent of basic salary. Even in cases of outstanding individual performance and excellent performance by the Company as a whole, this payment cannot exceed 90 per cent of basic salary (cap of 150 per cent of the expected value). The Remuneration Committee decides on the performance pool payments awarded to the individual members of the Corporate Executive Committee, based on a proposal from the Chairman of the Board of Directors for the Group CEO and from the Group CEO for the other members of the Corporate Executive Committee. Each proposal is discussed individually at the Remuneration Committee meeting. The allocation is based on (a) the individual's contribution to achieving the strategic targets and (b) the achievement of the individual targets, which are divided into three categories:

- ▶ Team target: Collaboration across business units and national subsidiaries, and across all functions and departments, is assessed.
- ▶ Individual target: The individual's contribution to the team target is assessed; relevant key projects or focus topics for the member of the Corporate Executive Committee concerned are examined.
- ▶ Development and conduct target: The professional and / or personal development of each member of the Corporate Executive Committee is assessed, along with the extent to which they have set an example by putting the Baloise values into practice.

The members of the Corporate Executive Committee receive performance share units (PSUs) as a form of long-term variable remuneration, which is expected to account for 40 per cent of basic salary. This system complies with Swiss legislation and meets the European standard, which stipulates that the ratio of fixed to variable remuneration should normally be one-to-one (Capital Requirements Directive IV).

The structure of remuneration paid to the Corporate Executive Committee is laid down in the Remuneration Policy. The actual level of remuneration paid is determined in accordance with the table below.

The members of the Corporate Executive Committee must receive at least 50 per cent of their short-term variable remuneration in the form of shares in order to ensure that their own interests are more strongly aligned with those of shareholders. In addition, each member of the Corporate Executive Committee is required to hold at least 200 per cent of their basic salary in free float or restricted shares or PSUs within a period of three years from the start of their term of office. This mandatory purchase of shares ensures that, compared with the market as a whole, a significant proportion of their compensation is paid in the form of deferred remuneration.

The Corporate Executive Committee members' remuneration is disclosed on pages 106 to 109 in accordance with the accrual principle. The table includes all forms of remuneration awarded for performance in 2019 even if individual components are not paid until a later date.

The total remuneration paid to the Corporate Executive Committee for 2019 was higher overall than in the previous year (sum total of basic salary plus variable remuneration up by 23.0 per cent). The change can be explained as follows:

TYPE OF REMUNERATION	DECIDED BY	APPLICABLE PERIOD
Fixed remuneration	Annual General Meeting	Upcoming year
Variable remuneration		
– cap	Annual General Meeting	Current year
– individual payment	Remuneration Committee (in compliance with the cap set by the Annual General Meeting)	Last year

- ▶ Since Dr Alexander Bockelmann joined, the Corporate Executive Committee has comprised six members instead of the previous five.
- ▶ The performance pool factor, which is relevant for the short-term variable remuneration, is higher than in the prior year (120 per cent compared to 100 per cent), which means the total allocated variable remuneration is higher.

The shares in the Share Subscription Plan (see pages 97 to 98) are issued to managers at a 10 per cent discount in order to encourage share ownership. From 2020, the discount on shares purchased by the Corporate Executive Committee under this plan will also be shown as part of the overall remuneration, as it reflects Baloise's effective costs. In 2019, the discount amounted to CHF 0.166 million.

The Annual General Meeting held on 27 April 2018 approved a maximum amount of CHF 4.043 million for the fixed remuneration (including pension contributions) payable to the Corporate Executive Committee for 2019. The amount paid out was CHF 4.668 million. The difference of CHF 0.625 million (including pension contributions) can be explained by the increase in the size of the Corporate Executive Committee. The new member of the Corporate Executive Committee has been paid his fixed remuneration since the start of February. The amount exceeding the total amount originally requested is covered by article 30 of the Articles of Association of Baloise Holding Ltd. Under this provision, the amount approved by the Annual General Meeting is increased if a new member of the Corporate Executive Committee is appointed.

The Annual General Meeting held on 26 April 2019 approved a maximum amount of CHF 5.233 million for the variable remuneration (including pension contributions) payable for 2019. The total amount paid out was CHF 4.492 million.

On 1 March 2019, the performance share units allocated in 2016 were converted into shares. These PSUs had a value of CHF 1.434 million at the time of allocation. The actual value of the shares granted was CHF 2.378 million.

## 12. LOANS AND CREDIT FACILITIES

Please refer to the table on page 110.

## 13. SHARES AND OPTIONS HELD

Please refer to the tables on pages 111 and 112.

## 14. AMOUNTS OF TOTAL REMUNERATION AND VARIABLE REMUNERATION

Please refer to the table on page 113.

As requested by circular 10 / 1 issued by the Swiss Financial Market Supervisory Authority on the subject of remuneration, Baloise has published in the table on page 113 the amounts of total remuneration and variable remuneration and has disclosed the total amounts of outstanding deferred remuneration and the inducement payments and severance packages granted. These figures include all forms of remuneration awarded for 2019 even if individual components are not paid until a later date.

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## REMUNERATION PAID TO THE MEMBERS OF THE BOARD OF DIRECTORS

2018	Basic remuneration	Remuneration for additional functions	Total remuneration	Pension benefits	Total	Of which: in shares	Number of shares
CHF							
<b>Dr Andreas Burckhardt</b>	1,320,000		1,320,000	–	1,320,000	311,895	2,217
Chairman of the Board of Directors		–					
<b>Werner Kummer (until 27 April 2018)</b>	62,500		139,167	–	139,167	69,447	494
Vice-Chairman of the Board of Directors		16,667					
Chairman's Committee		25,000					
Chair of the Audit and Risk Committee		35,000					
<b>Dr Andreas Beerli</b>	125,000		271,667	–	271,667	56,232	400
Vice-Chairman of the Board of Directors (since 27 April 2018)		33,333					
Chairman's Committee		50,000					
Audit and Risk Committee (until 27 April 2018)		16,667					
Chair of the Audit and Risk Committee (since 27 April 2018)		46,667					
<b>Dr Georges-Antoine de Boccard</b>	125,000		225,000	–	225,000	56,232	400
Investment Committee		50,000					
Remuneration Committee		50,000					
<b>Christoph B. Gloor</b>	125,000		225,000	5,966	230,966	56,232	400
Investment Committee		50,000					
Audit and Risk Committee		50,000					
<b>Karin Keller-Sutter</b>	125,000		175,000	5,966	180,966	43,720	311
Remuneration Committee		50,000					
<b>Hugo Lasat</b>	125,000		175,000	–	175,000	43,720	311
Investment Committee		50,000					
<b>Dr Thomas von Planta</b>	125,000		208,333	5,966	214,299	43,720	311
Chairman's Committee (since 27 April 2018)		33,333					
Audit and Risk Committee		50,000					
<b>Thomas Pleines</b>	125,000		245,000	9,798	254,798	61,152	435
Chair of the Remuneration Committee		70,000					
Chairman's Committee		50,000					
<b>Prof. Dr Hans-Jörg Schmidt-Trenz (since 27 April 2018)</b>	83,333		116,667	–	116,667	–	–
Remuneration Committee		33,333					
<b>Prof. Dr Marie-Noëlle Venturi - Zen-Ruffinen</b>	125,000		175,000	5,966	180,966	43,720	311
Remuneration Committee (until 27 April 2018)		16,667					
Audit and Risk Committee (since 27 April 2018)		33,333					
<b>Total for the Board of Directors</b>	<b>2,465,833</b>	<b>810,000</b>	<b>3,275,833</b>	<b>33,662</b>	<b>3,309,495</b>	<b>786,071</b>	<b>5,590</b>

### Explanatory notes to the table

Prior to 2012, newly elected members of the Board of Directors only received six months' pay in the first calendar year; the first two months following election to the Board of Directors (May and June) were not remunerated. When members resigned from the Board of Directors, they received six months' pay instead of four months', thereby making up for the missing two months. Since 2012, newly elected members of the Board of Directors receive a fee for the full eight months of their first calendar year and in the year of their resignation they are paid for just four months.

Mr Kummer was elected before this change and therefore on the payment date in March 2018 received an additional two months' remuneration on top of the four months' remuneration he was due for 2018 (half each in shares and cash). This does not include the fee for Mr Kummer's service as Vice-Chairman of the Board of Directors, which was duly paid for the four-month period up to his resignation from the Board of Directors.

**Remuneration paid to former members and related parties** No remuneration on a non-arm's-length basis was paid to companies or individuals who are related to members of the Board of Directors. Related parties are spouses or life partners; children under 18 years or dependent family members; companies owned or controlled by directors; individuals who act as trustees for them; children, relatives, companies and trustees of the spouse or life partner. No amounts receivable from these persons were waived.

**Shares** A proportion of the contractually agreed overall remuneration is paid in shares which remain restricted for three years. They are recognised at market value less 10 per cent (CHF 140.58, in line with the Share Subscription Plan). Shares received by the Chairman of the Board of Directors amounted to 1,109 shares in connection with the Share Subscription Plan (CHF 155,903, with a closed period of five years instead of the usual three years) and 1,108 shares in connection with the Share Participation Plan (CHF 155,992).

**Pension contributions** The information disclosed for 2018 includes the contributions that the employer is required by law to pay into the state-run social security schemes (up to the pensionable or insurable threshold in each case). Neither the Chairman (since June 2016) nor the members of the Board of Directors are entitled to have contributions paid to the pension fund, nor have such contributions been paid to the Chairman or the members of the Board of Directors.

REMUNERATION PAID TO THE MEMBERS OF THE BOARD OF DIRECTORS

2019	Basic remuneration	Remuneration for additional functions	Total remuneration	Pension benefits	Total	Of which: in shares	Number of shares
CHF							
<b>Dr Andreas Burckhardt</b>	1,320,000		1,320,000	–	1,320,000	311,940	2,449
Chairman of the Board of Directors		–					
<b>Dr Andreas Beerli</b>	125,000		295,000	–	295,000	73,640	569
Vice-Chairman of the Board of Directors		50,000					
Chairman's Committee		50,000					
Chair of the Audit and Risk Committee		70,000					
<b>Dr Georges-Antoine de Boccard (until 26 April 2019)</b>	62,500		112,500	–	112,500	28,084	217
Investment Committee		25,000					
Remuneration Committee		25,000					
<b>Christoph B. Gloor</b>	125,000		225,000	6,003	231,003	56,168	434
Investment Committee		50,000					
Audit and Risk Committee		50,000					
<b>Hugo Lasat</b>	125,000		175,000	–	175,000	43,744	338
Investment Committee		50,000					
<b>Christoph Mäder (since 26 April 2019)</b>	83,333		116,667	5,656	122,323	–	–
Remuneration Committee		33,333					
<b>Dr Markus R. Neuhaus (since 26 April 2019)</b>	83,333		116,667	5,656	122,323	–	–
Audit and Risk Committee		33,333					
<b>Dr Thomas von Planta</b>	125,000		225,000	6,003	231,003	56,168	434
Chairman's Committee		50,000					
Audit and Risk Committee (until 26 April 2019)		16,667					
Investment Committee (since 26 April 2019)		33,333					
<b>Thomas Pleines</b>	125,000		245,000	9,480	254,480	61,216	473
Chair of the Remuneration Committee		70,000					
Chairman's Committee		50,000					
<b>Prof. Dr Hans-Jörg Schmidt-Trenz</b>	125,000		175,000	–	175,000	43,744	338
Remuneration Committee		50,000					
<b>Prof. Dr Marie-Noëlle Venturi - Zen-Ruffinen</b>	125,000		208,333	6,003	214,336	43,744	338
Audit and Risk Committee		50,000					
Remuneration Committee (since 26 April 2019)		33,333					
<b>Total for the Board of Directors</b>	<b>2,424,167</b>	<b>790,000</b>	<b>3,214,167</b>	<b>38,800</b>	<b>3,252,967</b>	<b>718,448</b>	<b>5,590</b>

**Explanatory notes to the table**

Prior to 2012, newly elected members of the Board of Directors only received six months' pay in the first calendar year; the first two months following election to the Board of Directors (May and June) were not remunerated. When members resigned from the Board of Directors, they received six months' pay instead of four months', thereby making up for the missing two months. Since 2012, newly elected members of the Board of Directors receive a fee for the full eight months of their first calendar year and in the year of their resignation they are paid for just four months.

Mr de Boccard was elected before this change and therefore on the payment date in March 2019 received the additional two months' remuneration from the year of his election on top of the four months' remuneration he was due for 2019.

**Remuneration paid to former members and related parties** No remuneration on a non-arm's-length basis was paid to companies or individuals who are related to members of the Board of Directors. Related parties are spouses or life partners; children under 18 years or dependent family members; companies owned or controlled by directors; individuals who act as trustees for them; children, relatives, companies and trustees of the spouse or life partner. No amounts receivable from these persons were waived.

**Shares** A proportion of the contractually agreed overall remuneration is paid in shares which remain restricted for three years. They are recognised at market value less 10 per cent (CHF 129.42, in line with the Share Subscription Plan). From 2020, this discount will also be recognised in the overall remuneration. In 2019 it amounted to CHF 62,495. The Chairman of the Board of Directors received 1,205 shares in connection with the Share Subscription Plan (CHF 155,951, with a closed period of five years instead of the usual three years) and 1,244 shares under the Share Participation Plan (CHF 155,989).

**Pension contributions** The information disclosed for 2019 includes the contributions that the employer is required by law to pay into the state-run social security schemes (up to the pensionable or insurable threshold in each case). Neither the Chairman (since June 2016) nor the members of the Board of Directors are entitled to have contributions paid to the pension fund, nor have such contributions been paid to the Chairman or the members of the Board of Directors.

REMUNERATION PAID TO THE MEMBERS OF THE CORPORATE EXECUTIVE COMMITTEE

	Basic salary		Variable remuneration			
	Cash payment (fixed)	Cash payment (variable)	Share Subscription Plan		Share Participation Plan	
2018	CHF	CHF	Number of shares	CHF	Number of shares	CHF
Gert De Winter	950,000	285,017	2,202	284,983	–	–
Group CEO						
Michael Müller	700,000	84,026	2,596	335,974	–	–
Head of Corporate Division Switzerland						
Dr Thomas Sieber	621,000	67	1,727	223,508	1,188	149,025
Head of Corporate Division Corporate Centre						
Dr Carsten Stolz	500,000	150,072	695	89,947	478	59,981
Head of Corporate Division Finance						
Dr Matthias Henny	500,000	125	1,390	179,894	956	119,981
Head of Corporate Division Asset Management						
<b>Total for the Corporate Executive Committee</b>	<b>3,271,001</b>	<b>519,307</b>	<b>8,610</b>	<b>1,114,306</b>	<b>2,623</b>	<b>328,987</b>

**Explanatory notes to the table**

Remuneration is disclosed in accordance with the accrual principle. The table includes all forms of remuneration awarded for performance in 2018 even if individual components are not paid until a later date. Amounts are gross, before deduction of social security contributions, etc.

**Remuneration paid to former members and related parties** No remuneration on a non-arm's-length basis was paid to companies or individuals who are related to members of the Corporate Executive Committee. Related parties are spouses or life partners; children under 18 years or dependent family members; companies owned or controlled by directors; individuals who act as trustees for them; children, relatives, companies and trustees of the spouse or life partner. No amounts receivable from these persons were waived.

**Share Subscription Plan** Proportion of variable remuneration received directly as shares, which are measured at market value less 10 per cent markdown. Subscription price = CHF 129.42.

**Share Participation Plan** Proportion of variable remuneration received as shares (excluding loan-financed shares), which are measured at market value less dividend rights discounted over three years. Subscription price = CHF 125.44.

**Performance share units (PSUs)** These have been disclosed at their value of CHF 149.70 at the grant date and measured using a Monte Carlo simulation, which calculates a present value for the payout expected at the end of the vesting period.

Performance share units (PSU)		Total variable remuneration			Total basic salary plus variable remuneration	Variable remuneration as percentage of basic salary	Non-cash benefits	Pension contributions	Total remuneration
Granted in 2018									
Number of PSUs	CHF	Number of shares	CHF	CHF			CHF	CHF	CHF
2,539	380,088	2,202	950,088	1,900,088	100 %	–	194,871	2,094,959	
1,871	280,089	2,596	700,089	1,400,089	100 %	4,910	174,338	1,579,337	
1,660	248,502	2,915	621,102	1,242,102	100 %	4,910	194,871	1,441,883	
1,337	200,149	1,173	500,149	1,000,150	100 %	4,910	189,966	1,195,026	
1,337	200,149	2,346	500,149	1,000,150	100 %	4,910	169,966	1,175,026	
8,744	1,308,977	11,233	3,271,577	6,542,578	100 %	19,640	924,011	7,486,229	

**Non-cash benefits** Based on all remuneration elements required to be declared on the Swiss salary certificate, including long-service awards, taxable benefits relating to shares received in connection with the Employee Incentive Plan (maximum of 100 shares per annum).

**Pension benefits** These comprise the estimated employer contributions to the state-run social security schemes (up to the pensionable or insurable threshold in each case).

REMUNERATION PAID TO THE MEMBERS OF THE CORPORATE EXECUTIVE COMMITTEE

	Basic salary		Variable remuneration			
	Cash payment (fixed)	Cash payment (variable)	Share Subscription Plan		Share Participation Plan	
2019	CHF	CHF	Number of shares	CHF	Number of shares	CHF
Gert De Winter	950,000	342,014	2,159	341,986	–	–
Group CEO						
Michael Müller	700,000	50,501	2,863	453,499	–	–
Head of Corporate Division Switzerland						
Dr Thomas Sieber	621,000	178,998	846	134,006	857	134,116
Head of Corporate Division Corporate Centre						
Dr Carsten Stolz	500,000	135,043	852	134,957	–	–
Head of Corporate Division Finance						
Dr Matthias Henny	500,000	105	1,363	215,899	920	143,996
Head of Corporate Division Asset Management						
Dr Alexander Bockelmann (since 1 February 2019)	550,000	87,121	1,375	217,800	835	130,679
Head of Corporate Division IT						
<b>Total for the Corporate Executive Committee</b>	<b>3,821,001</b>	<b>793,782</b>	<b>9,458</b>	<b>1,498,147</b>	<b>2,612</b>	<b>408,791</b>

**Explanatory notes to the table**

Remuneration is disclosed in accordance with the accrual principle. The table includes all forms of remuneration awarded for performance in 2019 even if individual components are not paid until a later date. Amounts are gross, before deduction of social security contributions, etc.

**Remuneration paid to former members and related parties** No remuneration on a non-arm's-length basis was paid to companies or individuals who are related to members of the Corporate Executive Committee. Related parties are spouses or life partners; children under 18 years or dependent family members; companies owned or controlled by directors; individuals who act as trustees for them; children, relatives, companies and trustees of the spouse or life partner. No amounts receivable from these persons were waived.

**Share Subscription Plan** Proportion of variable remuneration received directly as shares, which are measured at market value less 10 per cent markdown. Subscription price = CHF 158.40. From 2020, the discount will also be reported as part of the overall remuneration. In 2019, the discount amounted to CHF 166,461.

**Share Participation Plan** Proportion of variable remuneration received as shares (excluding loan-financed shares), which are measured at market value less dividend rights discounted over three years. Subscription price = CHF 156.46.

**Performance share units (PSUs)** These have been disclosed at their value of CHF 167.65 at the grant date and measured using a Monte Carlo simulation, which calculates a present value for the payout expected at the end of the vesting period.

Performance share units (PSU)		Total variable remuneration		Total basic salary plus variable remuneration	Variable remuneration as percentage of basic salary	Non-cash benefits	Pension contributions	Total remuneration
Granted in 2019								
Number of PSUs	CHF	Number of shares	CHF	CHF		CHF	CHF	CHF
2,267	380,063	2,159	1,064,063	2,014,062	112 %	–	196,515	2,210,578
1,671	280,143	2,863	784,143	1,484,143	112 %	5,314	177,878	1,667,336
1,482	248,457	1,703	695,577	1,316,577	112 %	5,314	196,515	1,518,407
1,193	200,006	852	470,006	970,007	94 %	5,314	183,103	1,158,424
1,193	200,006	2,283	560,006	1,060,007	112 %	5,314	177,878	1,243,199
1,313	220,124	2,210	655,724	1,205,724	119 %	–	177,878	1,383,603
9,119	1,528,800	12,070	4,229,520	8,050,521	111 %	21,256	1,109,768	9,181,545

**Non-cash benefits** Based on all remuneration elements required to be declared on the Swiss salary certificate, including long-service awards, taxable benefits relating to shares received in connection with the Employee Incentive Plan (maximum of 100 shares per annum).

**Pension benefits** These comprise the estimated employer contributions to the state-run social security schemes (up to the pensionable or insurable threshold in each case).

**LOANS AND CREDIT FACILITIES GRANTED TO MEMBERS OF THE BOARD OF DIRECTORS AND THE CORPORATE EXECUTIVE COMMITTEE  
 (AS AT 31 DECEMBER)**

	Mortgages		Loans pertaining to the Share Participation Plan		Other loans		Total	
	2018	2019	2018	2019	2018	2019	2018	2019
CHF								
<b>Dr Andreas Burckhardt</b>								
Chairman	-	-	2,623,451	2,623,431	-	-	2,623,451	2,623,431
<b>Dr Andreas Beerli</b>								
Vice-Chairman	-	-	-	-	-	-	-	-
<b>Dr Georges-Antoine de Boccard</b> (until 26 April 2019)								
Member	-	-	-	-	-	-	-	-
<b>Christoph B. Gloor</b>								
Member	-	-	-	-	-	-	-	-
<b>Karin Keller-Sutter</b> (until 31 December 2018)								
Member	-	-	-	-	-	-	-	-
<b>Hugo Lasat</b>								
Member	-	-	-	-	-	-	-	-
<b>Christoph Mäder</b> (since 26 April 2019)								
Member	-	-	-	-	-	-	-	-
<b>Dr Markus R. Neuhaus</b> (since 26 April 2019)								
Member	-	-	-	-	-	-	-	-
<b>Dr Thomas von Planta</b>								
Member	-	-	-	-	-	-	-	-
<b>Thomas Pleines</b>								
Member	-	-	-	-	-	-	-	-
<b>Prof. Dr Hans-Jörg Schmidt-Trenz</b> (since 27 April 2018)								
Member	-	-	-	-	-	-	-	-
<b>Prof. Dr Marie-Noëlle Venturi - Zen-Ruffinen</b>								
Member	-	-	-	-	-	-	-	-
<b>Total for the Board of Directors</b>	-	-	2,623,451	2,623,431	-	-	2,623,451	2,623,431
<b>Corporate Executive Committee member with the highest outstanding loan:</b>								
<b>Dr Thomas Sieber</b>								
Head of Corporate Division Corporate Centre	660,000	660,000	1,793,515	2,212,534	-	-	2,453,515	2,872,534
<b>Other members of the Corporate Executive Committee</b>								
	1,500,000	1,500,000	1,826,741	2,274,910	-	-	3,326,741	3,774,910
<b>Total for the Corporate Executive Committee</b>	2,160,000	2,160,000	3,620,256	4,487,444	-	-	5,780,256	6,647,444

**Explanatory notes to the table**

**Loans and credit facilities** No loans or credit facilities were granted at non-market terms and conditions

a) to former members of the Board of Directors or Corporate Executive Committee;

b) to companies or individuals who are related to members of the Board of Directors and the Corporate Executive Committee. Related parties are spouses or life partners; children under 18 years or dependent family members; companies owned or controlled by directors; individuals who act as trustees for them; children, relatives, companies and trustees of the spouse or life partner.

**Mortgages** Mortgages of up to CHF 1 million are granted to staff at the following terms and conditions: 1 per cent below the customer interest rate for variable-rate mortgages and at a preferential interest rate for fixed-rate mortgages.

**Loans associated with the Share Participation Plan** Loans to increase the effect of the Share Participation Plan (see 5. 'Share Subscription Plan and Share Participation Plan'). Interest is charged on loans at a market rate (2019: 1 per cent), and they have a term of three years.

**Other loans** There are no policy loans.

SHARES HELD BY MEMBERS OF THE BOARD OF DIRECTORS (AS AT 31 DECEMBER)

	Discretionary shares		Restricted shares		Total share ownership		Percentage of issued share capital	
	2018	2019	2018	2019	2018	2019	2018	2019
Quantity								
<b>Dr Andreas Burckhardt</b>								
Chairman	24,452	28,566	33,542	31,788	57,994	60,354	0.119%	0.124%
<b>Dr Andreas Beerli</b>								
Member	2,298	2,812	2,397	2,452	4,695	5,264	0.010%	0.011%
<b>Dr Georges-Antoine de Boccard (until 26 April 2019)</b>								
Member	3,176	–	2,397	–	5,573	–	0.011%	–
<b>Christoph B. Gloor</b>								
Member	7,693	8,093	2,283	2,317	9,976	10,410	0.020%	0.021%
<b>Karin Keller-Sutter (until 31 December 2018)</b>								
Member	806	–	2,086	–	2,892	–	0.006%	–
<b>Hugo Lasat</b>								
Member	–	–	1,686	2,024	1,686	2,024	0.003%	0.004%
<b>Christoph Mäder (since 26 April 2019)</b>								
Member	–	733	–	1,000	–	1,733	–	0.004%
<b>Dr Markus R. Neuhaus (since 26 April 2019)</b>								
Member	–	–	–	1,000	–	1,000	–	0.002%
<b>Dr Thomas von Planta</b>								
Member	439	555	1,311	1,745	1,750	2,300	0.004%	0.005%
<b>Thomas Pleines</b>								
Member	1,631	2,145	2,475	2,434	4,106	4,579	0.008%	0.009%
<b>Prof. Dr Hans-Jörg Schmidt-Trenz (since 27 April 2018)</b>								
Member	–	–	1,000	1,338	1,000	1,338	0.002%	0.003%
<b>Prof. Dr Marie-Noëlle Venturi - Zen-Ruffinen</b>								
Member	–	–	1,686	2,024	1,686	2,024	0.003%	0.004%
<b>Total for the Board of Directors</b>	<b>40,495</b>	<b>42,904</b>	<b>50,863</b>	<b>48,122</b>	<b>91,358</b>	<b>91,026</b>	<b>0.187%</b>	<b>0.187%</b>
Percentage of issued share capital	0.083%	0.088%	0.104%	0.099%	0.187%	0.187%		

**Explanatory notes to the table**

**Shareholdings** Includes shares held by related parties (spouses or life partners; children under 18 years or dependent family members; companies owned or controlled by directors; individuals who act as trustees for them; children, relatives, companies and trustees of the spouse or life partner).

**Restricted shares** Shares received in connection with share-based remuneration programmes are subject to a restriction period of three years. The closed period for shares received by the Chairman of the Board of Directors in connection with the Share Subscription Plan is five years. Article 20 of the Articles of Association also requires all members of the Board of Directors to lodge 1,000 shares with the Company for the duration of their term of appointment (qualifying shares).

**Options** Members of the Board of Directors do not hold any options on Baloise shares.

SHARES HELD BY MEMBERS OF THE CORPORATE EXECUTIVE COMMITTEE (AS AT 31 DECEMBER)

	Discretionary shares		Restricted shares		Total share ownership		Percentage of issued share capital		Prospective entitlements (PSUs)	
	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019
Quantity										
<b>Gert De Winter</b>										
Group CEO	19,206	22,875	5,735	7,125	24,941	30,000	0.051%	0.061%	8,471	7,809
<b>Michael Müller</b>										
Head of Corporate Division Switzerland	18,863	21,662	8,154	8,125	27,017	29,787	0.055%	0.061%	5,630	5,351
<b>Dr Thomas Sieber</b>										
Head of Corporate Division Corporate Centre	8,167	9,058	20,601	24,511	28,768	33,569	0.059%	0.069%	5,351	4,918
<b>Dr Carsten Stolz</b>										
Head of Corporate Division Finance	3,293	1,453	2,314	5,654	5,607	7,107	0.011%	0.015%	2,862	3,245
<b>Dr Matthias Henny</b>										
Head of Corporate Division Asset Management	7,247	6,338	21,236	21,867	28,483	28,205	0.058%	0.058%	3,417	3,531
<b>Dr Alexander Bockelmann (since 1 February 2019)</b>										
Head of Corporate Division IT	–	–	–	–	–	–	–	–	–	1,313
<b>Total for the members of the Corporate Executive Committee</b>	<b>56,776</b>	<b>61,386</b>	<b>58,040</b>	<b>67,282</b>	<b>114,816</b>	<b>128,668</b>	<b>0.235%</b>	<b>0.264%</b>	<b>25,731</b>	<b>26,167</b>
Percentage of issued share capital	0.116%	0.126%	0.119%	0.138%	0.235%	0.264%				

**Explanatory notes to the table**

**Shareholdings** Includes shares held by related parties (spouses or life partners; children under 18 years or dependent family members; companies owned or controlled by directors; individuals who act as trustees for them; children, relatives, companies and trustees of the spouse or life partner).

**Restricted shares** Includes loan-financed shares connected with the Share Participation Plan. Shares received in connection with share-based remuneration programmes are subject to a closed period of three years.

**Options** Options held in connection with the Share Participation Plan are not reported here because they were written to hedge loans and do not originate from a separate option plan. Each put option is also offset by a countervailing call option.

**Prospective entitlements (PSUs)** Number of allocated performance share units (granted as at 1 March 2017, 1 March 2018 and 1 March 2019).

**TOTAL AND VARIABLE REMUNERATION IN THE BALOISE GROUP**

	2018				2019			
	In cash	In shares	Prospective entitlements	Total	In cash	In shares	Prospective entitlements	Total
<b>Total remuneration</b>								
CHF million	726.9	5.2	5.0	737.1	734.2	5.7	5.5	745.4
<b>Total variable remuneration (total pool)</b>								
CHF million	146.8	5.2	5.0	157.0	145.5	5.7	5.5	156.7
Number of beneficiaries	4,931	184	67		4,966	196	67	
Of which commission paid to insurance sales force								
CHF million	104.8	–	–	104.8	96.5	–	–	96.5
Of which other forms of variable remuneration								
CHF million	40.0	5.2	5.0	50.3	49.0	5.7	5.5	60.2
<b>Total outstanding deferred remuneration</b>								
CHF million	–	92.7	14.7	107.4	–	119.7	15.2	134.9
<b>Debits / credits for remuneration for previous reporting periods recognised in profit or loss</b>								
CHF million	–0.2	–	–	–0.2	–0.3	–	–	–0.3
<b>Total inducement payments made</b>								
CHF million	0.0	–	–	0.0	0.0	–	–	0.0
Number of beneficiaries	6	–	–		4	–	–	
<b>Total severance payments made</b>								
CHF million	5.4	–	–	5.4	6.3	–	–	6.3
Number of beneficiaries	44	–	–		67	–	–	

**Explanatory notes to the table**

The table includes all forms of remuneration awarded for each year even if individual components are not paid until a later date.

**Total remuneration** All taxable benefits that the financial institution provides to persons directly or indirectly for the work they have performed for it in connection with their employment or directorship. They include cash payments, non-cash benefits, expenditure that creates or increases entitlements to pension benefits, pensions, allotment of shareholdings, conversion rights and warrants, and debt waivers.

**Variable remuneration** Part of total remuneration, the amount or payment of which is at the discretion of the financial institution or which depends on the occurrence of agreed conditions. It includes performance-related and profit-based remuneration such as fees and commissions. Inducement and severance payments also fall under the definition of variable remuneration.

**Total pool** All the variable remuneration that a financial institution allocates for a year regardless of its form, any contractual undertaking in respect of grant dates or payout dates and any terms and conditions attached. Inducement and severance payments made in the relevant year should be included in the total pool.

**Inducement payment** One-off payment agreed when an employment contract is signed. Payments to compensate for lost entitlement to remuneration from a former employer also count as inducement pay.

**Severance payment** Remuneration agreed in connection with the termination of an employment contract. Severance packages are paid only in individual justified cases and are granted only to management team members and to employees, but not to members of either the Board of Directors or the Corporate Executive Committee.



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To the General Meeting of  
Baloise Holding AG, Basel

Basel, 20 March 2020

## Report of the statutory auditor on the remuneration report

We have audited the accompanying remuneration report of Baloise Holding AG for the year ended 31 December 2019.



### Board of Directors' responsibility

The Board of Directors is responsible for the preparation and overall fair presentation of the remuneration report in accordance with Swiss law and the Ordinance. The Board of Directors is also responsible for designing the remuneration system and defining individual remuneration packages.



### Auditor's responsibility

Our responsibility is to express an opinion on the accompanying remuneration report. We conducted our audit in accordance with Swiss Auditing Standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the remuneration report complies with Swiss law and articles 14–16 of the Ordinance.

An audit involves performing procedures to obtain audit evidence on the disclosures made in the remuneration report with regard to compensation, loans and credits in accordance with articles 14–16 of the Ordinance. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatements in the remuneration report, whether due to fraud or error. This audit also includes evaluating the reasonableness of the methods applied to value components of remuneration, as well as assessing the overall presentation of the remuneration report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



**Opinion**

In our opinion, the remuneration report for the year ended 31 December 2019 of Baloise Holding AG complies with Swiss law and articles 14–16 of the Ordinance.

Ernst & Young Ltd

A handwritten signature in black ink, appearing to be 'C Fleig'.

Christian Fleig  
Licensed audit expert  
(Auditor in charge)

A handwritten signature in black ink, appearing to be 'P Schwaller'.

Patrick Schwaller  
Licensed audit expert

