

# Corporate Governance

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# Corporate Governance Report

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 18 June 2021 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 57 onwards).

The information contained in the Corporate Governance Report refers to the situation on the balance sheet date (31 December 2021). Additional reference is made to material changes occurring between the balance sheet date and the print deadline for the Annual Report.

Sustainable business management plays an important role at Baloise and, in addition to the information provided in the Corporate Governance Report, is described in more depth in the various sections of the Company's Annual Review.

## 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 6,828.8 million as at 31 December 2021.

- ▶ Information on Baloise shares can be found from page 44 onwards.
- ▶ Significant subsidiaries, joint ventures and associates as at 31 December 2021 can be found from page 224 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 163 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 52 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 26,611 shareholders were registered in Baloise Holding's share register as at 31 December 2021. The number of registered shareholders had increased by 10.8 per cent compared with the previous year. The "Significant shareholders" section on page 249 provides information on the structure of the Company's shareholder base as at 31 December 2021.

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) 314,837 treasury shares (0.7 per cent of the issued share capital) as at 31 December 2021.

### 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 to supplement conventional cash dividends. Shareholders have received a total of CHF 1,992.5 million from cash dividends and share buy-backs over the last five years.

	Cash dividends	Share buy-backs	Total
Year (CHF million)			
2017	273.3	63.3	336.6
2018	292.8	135.1	427.9
2019	312.3	190.0	502.3
2020	312.3	92.8	405.1
2021	320.6 <sup>1</sup>	–	320.6
<b>Total</b>	<b>1,511.3</b>	<b>481.1</b>	<b>1,992.5</b>

All figures stated as at 31 December.

<sup>1</sup> Proposal to the Annual General Meeting on 29 April 2022.

### 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)

	31.12.2019	31.12.2020	31.12.2021
CHF million			
Share capital	4.9	4.9	4.6
General reserve	11.7	11.7	11.7
Reserve for treasury shares	8.3	9.2	7.6
Free reserves	683.2	922.3	502.8
Distributable profit	552.5	372.5	391.6
Treasury shares	– 397.7	– 491.3	– 9.3
<b>Equity attributable to Baloise Holding</b>	<b>862.9</b>	<b>829.3</b>	<b>909.1</b>

Since the capital reduction decided on 30 April 2021, the share capital of Baloise Holding totals CHF 4.58 million and is divided into 45,800,000 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 30 April 2021 has authorised the Board of Directors until 30 April 2023 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

Conditional capital has also been created that 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).

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### 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 7,299.9 million on 31 December 2021. Details of changes in consolidated equity in 2020 and 2021 can be found in the consolidated statement of changes in equity on pages 90 and 91 in the Financial Report. All pertinent details relating to 2019 can be found in the consolidated statement of changes in equity on page 140 in the 2020 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 2021, a total of 13 public bonds were outstanding and on 27 September 2021, the Company issued its first green bond. On 27 January 2022, Bâloise Holding placed a further bond in an amount of CHF 200 million. Details of outstanding bonds can be found on pages 207 and 247 and on the website.

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

### Credit rating

On 18 June 2021, the credit rating agency Standard & Poor's confirmed its rating for the Baloise Group's core companies of "A+" with a stable outlook. The rating of Basler Sachversicherungs-AG (Germany) was upgraded from 'A' with a positive outlook to "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 and its subsidiaries Baloise Belgium NV (Belgium), Basler Sachversicherungs-AG (Germany), Baloise Insurance Ltd (Switzerland) and Baloise Life Ltd (Switzerland) 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. Each member of the Board of Directors has been elected for a term of one year at a time. As at 31 December 2021, the average age on the Board of Directors was 60. The average term of office is 4.7 years.

The Organisational Regulations state that the term of appointment for members of the Board of Directors usually ends at the Annual General Meeting that follows the member's 70th birthday (age limit).

### Members of the Board of Directors

All members of the Board of Directors (including the Chairman) are independent and 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, Christoph B. Gloor, Hugo Lasat, Christoph Mäder, Dr Markus R. Neuhaus, Dr Thomas von Planta, Thomas Pleines, Professor Hans-Jörg Schmidt-Trenz and Professor 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.

Dr Thomas von Planta was elected as Chairman, replacing Dr Andreas Burckhardt who did not stand for re-election and has stepped down from the Board of Directors. Dr Karin Lenzlinger Diedenhofen was newly elected to the Board of Directors.

All members of the Board of Directors are standing for re-election at the Annual General Meeting on 29 April 2022 with the exception of Dr Andreas Beerli and Thomas Pleines who, having served eleven years and ten years respectively on the Board of Directors of Baloise Holding Ltd., are not standing for re-election. On the basis of its succession planning (see “Succession Planning” on page 45), the Board of Directors of Baloise Holding Ltd. intends to ask the Annual General Meeting to elect Maya Bundt and Claudia Dill to the Board of Directors, in both cases as independent non-executive members, on 29 April 2022.

Maya Bundt has a degree in geoecology and a doctorate in environmental science from the Swiss Federal Institute of Technology in Zurich. Since 2003, she has been working for the reinsurance company Swiss Re in a variety of roles. These include heading the Cyber&Digital Solutions department, and she is currently Cyber Practice Leader as well as chairing the Swiss Re Cyber Council. Before joining Swiss Re, Maya Bundt was a management consultant with Boston Consulting Group. Once she is elected to the Board of Directors of Baloise Holding Ltd

by the Annual General Meeting, Bundt will give up her operational activities in the reinsurance industry. Maya Bundt is a member of the Board of Directors of APG SGA AG and Valiant Bank AG.

Claudia Dill studied business administration at the University of St. Gallen and holds an MBA from the University of Rochester / Bern. She has a proven track record in finance and insurance, having worked, among others, for Deutsche Bank, Commerzbank and Credit Suisse in the areas of management reporting, auditing and risk management. From 1999 to 2020, she worked for the Zurich Insurance Group in a range of managerial positions in Zurich, New York and São Paulo, most recently as Chief Executive Officer for the Latin American business while she was a member of the Corporate Executive Committee. Claudia Dill was an independent member of the Board of Directors of the Finnish Nordea Bank Abp until March 2022.

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)

## MEMBERS

	Chairman's Committee	Audit and Risk Committee	Remuneration Committee	Investment Committee	Nationality	Born in	Appointed in
Dr Thomas von Planta, Chairman (since 2021), Zurich	C			C	CH	1961	2017
Dr Andreas Beerli, Vice-Chairman (since 2018), Oberwil-Lieli	DC	C			CH	1951	2011
Christoph B. Gloor, Riehen		M		DC	CH	1966	2014
Hugo Lasat, Kessel-Lo (B)				M	B	1964	2016
Dr Karin Lenzlinger Diedenhofen, Wermatswil				M	CH	1959	2021
Christoph Mäder, Hergiswil			DC		CH	1959	2019
Dr Markus R. Neuhaus, Zollikon		DC	M		CH	1958	2019
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	M			CH	1975	2016

C: Chair, DC: Deputy Chair, M: Member. Statutory rules concerning the number of permitted activities

DIVERSITY ON THE BOARD OF DIRECTORS

Per cent

Professional background / experience / expertise \*

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

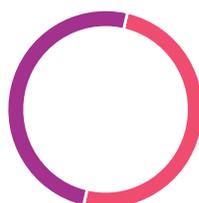
Nationality

→ Switzerland	70.0
→ Germany	20.0
→ Belgium	10.0



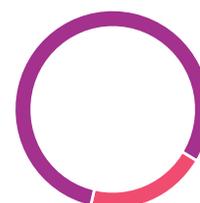
Term of appointment

→ < 5 years	50.0
→ 5–10 years	50.0
→ > 10 years	0.0



Gender

→ Men	80.0
→ Women	20.0



\* More than one category may apply.

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.

**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 section 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 Directors' role in corporate social and environmental responsibility can be found on page 101 onwards in the Company's Annual Review.

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

investors, government agencies, trade associations and other Baloise stakeholders. The Chairman of the Board of Directors maintains close contact with the Group CEO. He attends the meetings of the Corporate Executive Committee when appropriate, for example whenever matters of strategic or long-term importance are being discussed. He ensures the decisions of the Board of Directors are implemented by the Corporate Executive Committee and, conversely, that the Board of Directors is kept informed on all matters of material importance to the decision-making and monitoring process at Baloise.

As is the case for the Chairman of the Board of Directors, the Vice-Chairman is an ex officio member of the Chairman's Committee (see section C2.2 of the Organisational Regulations); he is also the Head of the Audit and Risk Committee. The heads of the control functions (Risk Management, Compliance, Group Internal Audit and the Appointed Actuary) and the external auditors are in regular dialogue with the Vice-Chairman of the Board of Directors and report to him. He has powers that enable him to ensure the independence of the control functions. If necessary, the Board of Directors can furthermore appoint the Vice-Chairman or another experienced member of the Board of Directors as Lead Director in order to ensure the independence of the Board of Directors as a governing body (see section A 3.7 of the Organisational Regulations).

#### 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 newly elected every year by the Board of Directors. Article 7 ERCO requires the members of the Remuneration Committee to be individually 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.

#### Functions and responsibilities of the committees

The **Chairman's Committee** reviews 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.

#### New committee structure as at 4 March 2022

The Chairman's Committee has been recast as a **Strategy and Governance Committee** (SGC). The SGC monitors the progress of strategy and sustainability matters on behalf of the Board of Directors. The Board of Directors is responsible for both areas (in the case of strategy, this is mandated by section 716a of the Swiss Code of Obligations) and, where required, adopts the relevant resolutions. The SGC prepares nominations within the parameters of the Board of Directors' responsibility for nominations and elections.

The **Investment and Risk Committee** (IRC; formerly the Investment Committee) supports the Board of Directors in the areas of investment management, capital management and risk management. It oversees investment activities and assesses capital adequacy and asset and liability management as part of its overall review of the financial risks. Asset management is no longer considered as an isolated element in the committee but in the light of key influencing factors (such as solvency, tied assets and reserves).

The **Audit Committee** (AC; formerly Audit and Risk Committee) supports the Board of Directors in its supervision of accounting, financial and regulatory reporting, and compliance with statutory provisions. Only independent members of the Board of Directors sit on the Audit Committee, which receives the reports from the various control functions (such as external auditors, Internal Audit, Compliance and Risk Management). The AC reviews the risk strategy and risk appetite of the Group for the attention of the Board of Directors and takes note of risk reports.

The tasks and responsibilities of the **Remuneration Committee** (RC) are set out in the Articles of Association and remain largely unchanged. The Remuneration Committee is elected by and reports to the Annual General Meeting.

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

#### 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 seven occasions in 2021. 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 16 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 six times in 2021, 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 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 all 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.

### 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 2021, two seminars were conducted for the Board of Directors on topics relating to valuation and accounting, with a specific focus on the IFRS 17 and IFRS 9 accounting standards.

### Succession planning

There are changes to the Board of Directors on an ongoing basis. Succession planning is the responsibility of the Chairman's Committee, which is also responsible for planning personnel changes in the Corporate Executive Committee.

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 42). Any restrictions on availability and potential conflicts of interest arising from other mandates are also taken into account.

The Chairman's Committee identified insurance expertise, know-how in IT and digitalisation, and the representation of women on the Board of Directors as priorities for succession planning in 2021. The election of Maya Bundt and Claudia Dill will replace and strengthen the necessary expertise on the Board of Directors and increase the proportion of female members to 40 per cent.

### 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 a separate chapter to the subject of financial risk management: from page 31 onwards and in the Financial Report starting on page 121.

The members of the Board of Directors have access to the minutes of all meetings of the Corporate Executive Committee and of the committees. The Chairman of the Board of Directors may attend meetings of the Corporate Executive Committee at any time.



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

has been a member of the Board of Directors since 2017 and its Chairman since 30 April 2021. Until March 2019, he was Chairman of the Board of Directors of Bellevue Group AG, Bank am Bellevue AG and Bellevue Asset Management AG. Before that, 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. Until April 2021, he was managing director of CorFinAd AG, a company he founded that specialises in consultancy for M&A transactions and capital market finance. Dr Thomas von Planta sits on the Board of Directors of BB Biotech AG. He is an independent non-executive director.

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

has been a member of the Board of Directors since 2011. After studying law at the University of Basel, 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 and is a member of the Advisory Board of Accenture Switzerland. 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 partner and Chief Executive Officer of private bank La Roche & Co AG before going on to become a member of the Executive Committee and Deputy 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 2013 to 2015 and was a member of the Board of Directors of the Swiss Bankers Association from 2013 to 2015. He was a member of the Board of Managing Directors of the Basel Banking Association until 2019. He holds an Executive Master in Change from INSEAD, where he also completed the International Directors Program in 2018. 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 has been Group CEO of Brussels-based Degroof Petercam since October 2021. In this role, he also chairs the Board of Directors of Degroof Petercam Asset Management (DPAM), a company he previously ran as CEO. Hugo Lasat is a member of the Board of Directors of Banque Degroof Petercam in Luxembourg and Arvestar Asset Management, Brussels. He is Chairman of the Board of Directors of Syncicap Asset Management Ltd., and his previous managerial roles include CEO of Amonis Pension Fund and of the Candriam Investors Group. He is a guest professor at KU Leuven (Brussels Campus). Hugo Lasat is an independent non-executive director.



**Karin Lenzlinger Diedenhofen** (1959, Switzerland, Dr oec. HSG) has been a member of the Board of Directors since 2021. She has been Vice-President of the SV Group AG since 2017 and Chair of the Board of Directors of Zürcher Oberland Medien AG since 2015. She is a member of the Board of Directors of Bank Linth LLB AG and of Übermorgen Ventures Investment AG and sits on various boards of foundations and organisations with portfolios including corporate responsibility and sustainability. Dr Karin Lenzlinger Diedenhofen has been President of Zurich's Chamber of Commerce and a member of the Board of Directors of economiesuisse since 2013. Between 1991 and 2019, she held various positions, most recently as CEO and delegate of the Board of Directors of Lenzlinger Söhne AG, Nänikon / Uster. Karin Lenzlinger Diedenhofen is an independent non-executive director.

**Christoph Mäder** (1959, Switzerland, lawyer) has sat on the Board of Directors since May 2019. From 2000 to 2018, he was a member of the Syngenta International AG executive team with responsibility for legal and tax. He was also a member of the Management Board of the Basel Chamber of Commerce and of scienceindustries until 2018, serving as the latter's president between 2008 and 2014. He has been president of economiesuisse, the umbrella organisation representing Swiss business, since 2020. Christoph Mäder is Vice-Chairman of the Board of Directors of Lonza Group AG, a member of the Board of Directors of EMS Chemie Holding AG and Assivalor AG and, since 2021, a member of the Bank Council of the Swiss National Bank. He 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 2019. He was the Chairman of the Board of Directors of PricewaterhouseCoopers AG (PwC) from 2012 to 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). Dr Markus R. Neuhaus is Vice-Chairman of the Board of Directors of Barry Callebaut AG and Orior AG. He is a member of the Board of Directors of Galenica AG and Jacobs Holding AG. Dr Markus R. Neuhaus is also Vice-President at Avenir Suisse and at the Zurich Chamber of Commerce, and a member of the Board of Foundation of the ETH Foundation. He 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 sat on the Board of Directors since 2018. He is a Professor of Economics at Saarland University and the University of Hamburg (specialising in institutional economics and governance) and Founding President of the HSBA Hamburg School of Business Administration, where he has been an honorary senator since 2019. From 1996 to 2017, he was Chief Executive Officer of the Hamburg Chamber of Commerce, and from 2010 to 2018, President of the Working Committee of European Chamber Chief Executives. He was a long-serving member of the Supervisory Board of Hamburg Airport, Hamburg Exhibition Centre and the NDR Broadcasting Council, as well as a member of the Board of Trustees of Hamburger Sparkasse. He is Vice-Chair of the World Chamber Federation of the International Chamber of Commerce ICC, a member of the Board of Trustees of the Hamburg Academic Foundation and Chairman of the Board of Trustees of the Tafel foundation of Hamburg-Schleswig-Holstein. 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 Vice-Chair of the Board of Foundation of the Swiss Board Institute, Vice-Chair of the Board of Directors of Banco Santander International SA, a member of the Board of Directors of Ina Invest Holding AG and Ina Invest AG and a member of 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: Buus (BL)

Dr Philipp Jermann,

Head of Group Internal Audit:

Christian Schacher,

Breitenbach (SO)

#### 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 and the Swiss-American Chamber of Commerce.

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

studied geocology and environmental sciences at the universities of Bayreuth and East Anglia 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 and Group Chief Information Officer on the Management Board. Dr Alexander Bockelmann joined the Baloise Group in February 2019 and has led the Corporate Division IT since then.



**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 incorporating the Investment Strategy and Investment Controlling, Business Development, Portfolio Management, Finance, Real Estate and Corporate Services units.



**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 been in charge of 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.

**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, Corporate Communications & Investor Relations, Mergers & Acquisitions, Group Procurement and Run-off 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).



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 2021 )



\* Member of the Corporate Executive Committee.

### 5. REMUNERATION, SHAREHOLDINGS AND LOANS

The Remuneration Report in [Appendix 1](#) to the Corporate Governance Report (page 57 onwards) describes the remuneration policies adopted and the remuneration system 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 2021 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 18 June 2021) and the Swiss Code of Best Practice for Corporate Governance.

The report of the external auditors on the audit of the Remuneration Report can be found in [Appendix 2](#) to the Corporate Governance Report (page 80 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) 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

	2020	2021
CHF (including outlays and VAT)		
Audit fees	5,072,681	5,025,285
Consulting fees	46,960	48,369
<b>Total</b>	<b>5,119,641</b>	<b>5,073,654</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 2021, the full amount of the additional fee for consultancy services was 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" 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, their independence and the quality of the service.

## 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 44.  
[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)

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# Appendix 1: Remuneration Report

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## LETTER FROM THE CHAIRMAN OF THE REMUNERATION COMMITTEE

### DEAR SHAREHOLDERS,

It is my pleasure to present the 2021 remuneration report to you.

Last year, the Remuneration Committee of the Board of Directors made sure that the remuneration processes were implemented correctly and in the interests of the Company and its shareholders and employees. Our remuneration system takes account of individual and team performance on the one hand and, on the other, the performance and position of the Company as a whole. The system ensures that the risk appetite of senior managers, in particular, is aligned not only with the objectives of the Company but also the objectives of you, our shareholders.

### REMUNERATION FOR 2021

Our remuneration model for senior managers contains fixed and variable remuneration. The variable component is split into a short-term and a long-term element.

Long-term variable remuneration is granted in the form of performance share units (PSUs). It is aimed at strengthening senior managers' loyalty to the Company and harmonising their interests with those of shareholders.

Short-term variable remuneration rewards performance in the past year. The total amount is specified in the performance pool. The performance pool factor, which is needed to calculate the performance pool, measures effective target achievement using four indicators and thus determines the total amount of money to be distributed from the performance pool.

The performance pool factor was set at 110 per cent for 2021. As announced last year, a sustainability criterion has been added for the first time. Its assessment is linked to two metrics. The first of these is the RepTrak@Pulse index, which measures our reputation within society. The second metric is the MSCI sustainability index, which measures progress with achieving the targets for the ESG criteria (environment, social, corporate governance) and shows how well Baloise is upholding its responsibilities vis-à-vis the different stakeholders.

### CHANGES TO THE REMUNERATION MODEL

We periodically compare our model with others in order to ascertain whether we are in line with the market and find out how remuneration has changed in the market. This comparison, insights from the most recent Annual General Meeting and dialogue with you – including one-on-one meetings – provided the basis for the adjustments that we have made to our remuneration system for the future.

Starting in 2022, the performance pool will be linked to the cash upstream into Baloise Holding, which also forms the basis for the shareholders' dividend. In future, the related financial key figure will be the main criterion for calculating the performance pool factor. At the same time, the cash upstream achieved will be linked to four strategic influencing factors. These are the customer and employee targets for the 2022–2025 strategic phase, the aforementioned sustainability criterion and the risk metric (see the information box on page 63).

We firmly believe that the measures decided upon will result in broader support for our remuneration model and greater transparency. The more in-depth measurement of progress in the sustainability sphere and the closer alignment with shareholders' financial interests create a clear focus on the overall success of the Baloise Group.

On behalf of all members of the Remuneration Committee, I would like to thank you, our esteemed shareholders, for your interest and trust.

Basel, March 2022



**Thomas Pleines**

Chairman of the Remuneration Committee

## 1. OVERVIEW OF REMUNERATION

### A. REMUNERATION SYSTEM

Employees in the Baloise Group receive fixed remuneration and, in some cases, variable remuneration. The Group-wide variable remuneration comprises a short-term remuneration component (performance pool) and a long-term remuneration component (performance share units, PSUs). (See the table below.)

The remuneration system is designed in such a way that it aligns and safeguards the interests of employees, the Company and shareholders.

### B. FIXED REMUNERATION

#### 1. Description

Fixed remuneration comprises the basic salary and, depending on location, fringe benefits and social security contributions.

The basic salary constitutes the level of remuneration that is commensurate with the functions and responsibilities of the employee's role as well as the skills and expertise required in this role. A market comparison of basic salary is carried out periodically. Fair pay within the Baloise Group is also taken into consideration. The Baloise Group applies the fair-pay principle that people who do the same job and have the same qualifications should be paid the same amount.

### C. SHORT-TERM VARIABLE REMUNERATION

#### 1. Description

Short-term variable remuneration is the reward for achieving annual targets. It is distributed from the performance pool, which is the total amount of short-term variable remuneration that is to be distributed. The aim of the performance pool is to reward those employees whose achievements in the preceding year have contributed to achieving the Company's targets and satisfying the interests of shareholders. The performance pool also ensures that the same factors and the same methodology are applied to variable remuneration across the Baloise Group.

Performance pool payments are awarded to eligible employees on the basis of an appraisal by their line manager, who considers the individual employee's contributions to achievement of the team targets and the Company's strategic targets.

The employees eligible for performance pool payments are those at senior management level.

### 2. Mechanism

Short-term variable remuneration is measured on the basis of the performance pool factor. This factor was used to calculate target achievement for 2021 using four indicators:

- ▶ **Strategy implementation (weighting: 20 per cent)**  
 The criteria are the strategic targets for the 2017 to 2021 strategic phase (cash upstream of CHF 2 billion into Baloise Holding, one million new customers and a rating as one of the best employers in the sector). Sustainability was introduced as a fourth criterion in 2021.
- ▶ **Business performance (weighting: 40 per cent)**  
 The metrics are profit for the period, the combined ratio and the interest margin and business mix in the life insurance business.
- ▶ **Risks taken (weighting: 20 per cent)**  
 The criteria are the SST ratio, economic profit, the credit rating awarded by Standards & Poor's and the assessments provided by the Head of Risk Management and the Head of Group Compliance.
- ▶ **Capital markets perspective (weighting: 20 per cent)**  
 The metric is the performance of Baloise's share price, including dividends paid, compared with the European insurance companies represented in the STOXX Europe 600 Insurance Index.

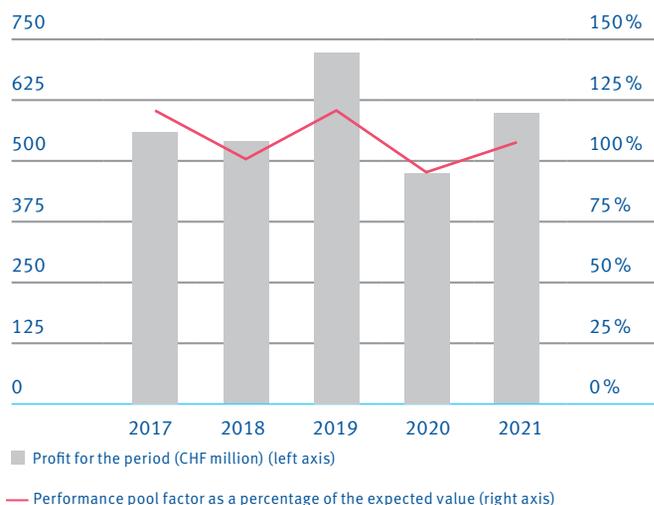
If the performance pool factor is set at 100 per cent, this means that the targets have been met and the entire amount of short-term variable remuneration is allocated.

	DESCRIPTION	PURPOSE
Fixed remuneration	<ul style="list-style-type: none"> <li>▶ Basic salary</li> <li>▶ Fringe benefits (dependent on location)</li> <li>▶ Social security contributions</li> </ul>	<ul style="list-style-type: none"> <li>▶ Competitiveness in the marketplace</li> <li>▶ Fairness and transparency</li> <li>▶ Financial hedging</li> </ul>
Short-term variable remuneration	<ul style="list-style-type: none"> <li>▶ Performance pool</li> <li>▶ Paid in cash or restricted shares</li> </ul>	<ul style="list-style-type: none"> <li>▶ Remuneration for the achievement of annual targets (Company, team and individual targets)</li> <li>▶ Participation in the success of the business</li> </ul>
Long-term variable remuneration	<ul style="list-style-type: none"> <li>▶ Performance share units (PSUs)</li> </ul>	<ul style="list-style-type: none"> <li>▶ Strengthening of senior managers' loyalty to the Company</li> <li>▶ Alignment of senior managers' interests with those of shareholders</li> </ul>

### 3. Performance pool factor for 2021

The performance pool factor for 2021 is 110 per cent (see the boxes on pages 64 to 65).

#### Performance pool factor vs. profit for the period



The performance pool factor also moves in line with the change in profit for the period. The chart shows this correlation over the past five years.

## D. LONG-TERM VARIABLE REMUNERATION

### 1. Description

The aim of long-term variable remuneration is to strengthen top managers' loyalty to the Baloise Group. Long-term variable remuneration is granted in the form of performance share units (PSUs).

PSUs are prospective entitlements to shares. Those eligible are given the prospect of a certain number of shares. Target achievement is measured after a period of three years. The shares are awarded definitively only if the targets are achieved.

Awarding shares ensures that the recipients' personal objectives are in line with those of shareholders.

The Remuneration Committee determines the total amount to be awarded in PSUs and the allocation of PSUs to the individual Corporate Executive Committee members.

### 2. Mechanism

The metric used to measure PSU target achievement is total shareholder return (TSR) compared with a peer group (companies in the STOXX Europe 600 Insurance Index).

After three years, the prospective entitlements are multiplied by a performance multiplier at the time of conversion into shares. The performance multiplier ranges from 0 to 2, depending on TSR relative to the peer group. If Baloise's TSR is around the median for the peer group, the prospective entitlements are multiplied by a factor of 1. If Baloise is the

company with the best TSR, the prospective entitlements are multiplied by a factor of 2. If Baloise's TSR is in the bottom quartile, no shares are converted (factor of 0).

The calculation is illustrated in the following examples:

**Example 1:** A person receives a prospective entitlement to 100 shares. At the time of conversion after the three-year period, the Company is the highest-ranked of the peer group. The performance multiplier is therefore 2, which means that the person is awarded 200 shares.

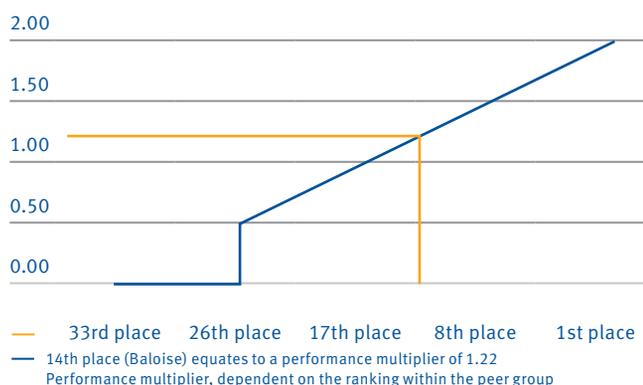
**Example 2:** A person receives a prospective entitlement to 100 shares. At the time of conversion after the three-year period, the Company is one of the lowest-ranked of the peer group. The performance multiplier is therefore 0, which means that the person is awarded no shares.

The Baloise Group reports on how the value of the shares changes during the vesting period. This provides an indication of the level of effective remuneration at the time of conversion.

### 3. PSUs for the period 2018 to 2021

During the calculation period, Baloise was ranked 14th compared with the 33 insurance companies in the STOXX Europe 600 Insurance Index. The company ranked first is the one with the best TSR performance in the calculation period. Baloise's ranking equates to a performance multiplier of 1.22 (1st place = performance multiplier of 2; 26th place = performance multiplier of 0.5; 27th place to 33rd place = performance multiplier of 0).

#### Range for the performance multiplier and Baloise's ranking during the 2018–2021 calculation period



The chart shows the possible range for the performance multiplier, depending on Baloise's ranking compared with the 33 companies in the STOXX Europe 600 Insurance Index. During the 2018–2021 calculation period, Baloise achieved 14th place. This ranking equates to a performance multiplier of 1.22.

The following example shows the overall growth in the value of the PSUs:

In 2018, a person receives a prospective entitlement to 100 shares. At the time of conversion in 2021, Baloise is ranked 14th compared with the 33 companies in the STOXX Europe 600 Insurance Index. The performance multiplier is therefore 1.22, which means that the person is awarded 122 shares.

At the time of grant in 2018, one share had a value of CHF 149.20. At the time of conversion in 2021, one share had a value of CHF 158.90. The overall growth in value over the three years is based on the combination of share price performance and the performance multiplier. The overall growth in the value of the share package in the period 2018–2021 was 30 per cent.

#### PSU PLAN

	Share price at grant date (CHF)	Share price at conversion date (CHF)	Multiplier	Change in value
2014–2017	113.40	130.70	1.05	21 %
2015–2018	124.00	149.20	1.34	61 %
2016–2019	126.00	163.00	1.32	71 %
2017–2020	130.70	154.90	1.34	59 %
2018–2021	149.20	158.90	1.22	30 %

The table shows the plans that expired in the past five years. For example, the plan that expired in 2021 had a performance multiplier of 1.22. During the term of the plan, 2018–2021, the share price rose from CHF 149.20 to CHF 158.90. The overall growth in value, based on the combination of share price performance and the performance multiplier, was therefore 30 per cent.

#### Remuneration of the individual Corporate Executive Committee members

<b>Gert De Winter</b>	2020	56%	25%	19%	CHF 2.04 million
	2021	54%	29%	17%	CHF 2.18 million
<b>Michael Müller</b>	2020	57%	25%	18%	CHF 1.54 million
	2021	55%	28%	17%	CHF 1.65 million
<b>Dr Thomas Sieber<sup>1</sup></b>	2020	77%	23%		CHF 0.74 million
	2021				
<b>Dr Carsten Stolz</b>	2020	60%	23%	17%	CHF 1.16 million
	2021	57%	27%	16%	CHF 1.23 million
<b>Dr Matthias Henny</b>	2020	60%	22%	18%	CHF 1.11 million
	2021	57%	27%	16%	CHF 1.23 million
<b>Dr Alexander Bockelmann</b>	2020	57%	26%	17%	CHF 1.37 million
	2021	55%	28%	17%	CHF 1.42 million

■ Fixed (comprising basic salary, non-cash remuneration and employer contributions to the state-run social security schemes and the occupational pension scheme)
 ■ Short-term variable remuneration (comprising share-based and cash payments from the performance pool)
 ■ Long-term variable remuneration (comprising allocations of share entitlements)

<sup>1</sup> Until 31 August 2020

The chart shows the remuneration of the individual members of the Corporate Executive Committee for 2020 and 2021 and the breakdown by remuneration component. There are two reasons for the discrepancy between the aforementioned expected values (50 per cent basic salary, 30 per cent short-term variable remuneration and 20 per cent long-term variable remuneration) and the breakdown shown in the chart: (1) The fixed remuneration in the chart includes fringe benefits and social security contributions. (2) In both years, the performance pool factor was different to the expected value (2020: 90 per cent, 2021: 110 per cent, expected value: 100 per cent).

#### E. REMUNERATION OF THE INDIVIDUAL CORPORATE EXECUTIVE COMMITTEE MEMBERS

##### 1. Description

For the Corporate Executive Committee, the expected breakdown of total remuneration (excluding fringe benefits and social security contributions) is as follows:

- ▶ Fixed remuneration: 50 per cent
- ▶ Variable remuneration: 50 per cent
  - ▶ Short-term variable remuneration: 30 per cent (half in cash and half in restricted shares)
  - ▶ Long-term variable remuneration: 20 per cent

##### 2. Individual members' remuneration for 2021

See the chart below.

## 2. REMUNERATION COMMITTEE OF THE BOARD OF DIRECTORS

The Remuneration Committee is tasked with helping the Board of Directors to frame the Company's remuneration policy. It 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;
- ▶ remuneration 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 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 in the Baloise Group;
- ▶ submit proposals to the Board of Directors – for approval by the Annual General Meeting – on the maximum amount of remuneration for the Chairman and members of the Board of Directors and for 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 for senior managers that, 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), Christoph Mäder (Deputy Chairman), Prof. Hans-Jörg Schmidt-Trenz and Dr Markus R. Neuhaus were elected to the Remuneration Committee by the Annual General Meeting on 30 April 2021. The Remuneration Committee maintains a regular dialogue with senior management throughout the year and meets at least twice annually. In addition to the committee secretary being present, these meetings are usually also attended by the Group CEO and the Head of Group Human Resources, who participate in an

advisory capacity. The Group CEO leaves the meeting when his personal remuneration is being discussed and decided. 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

The remuneration principles and parameters applied across the Baloise Group have been set out in a Remuneration Guideline. This Remuneration Guideline applies to all employees throughout the Baloise Group. It is based on the principles set out in the sections below.

Further provisions are stipulated in the Articles of Association.

### Competitiveness in the marketplace

Baloise aims to pay basic salaries that are broadly in line with the market, i.e. around the market median. The variable remuneration should exceed the going market rate in the event of outstanding performance by the Company and outstanding individual performance. Baloise therefore regularly compares the salaries paid to its employees with those paid in the wider market in Switzerland and Europe. This involves taking part in benchmarking surveys conducted by Willis Towers Watson and Kienbaum. Insurance-related functions are benchmarked against a peer group of direct insurers. The peer group for interdisciplinary functions comprises companies from the banking and financial services sector. 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 always maintains a clear and transparent link between the Company's strategic targets, team targets and the targets of individual employees. The amount of short-term variable remuneration is influenced by the individual contributions to the achievement of these targets.

### 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.

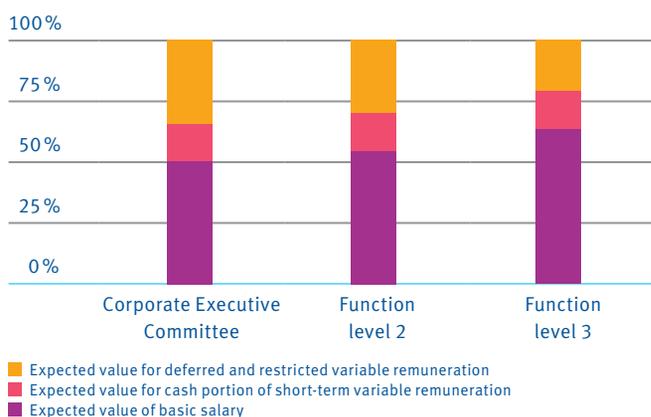
Baloise carried out a wage equality analysis in Switzerland in 2013 / 14 and again in 2018. In both cases, differences in pay that could not be objectively explained were below the Swiss government's defined tolerance threshold of 5 per cent. A further wage equality analysis was conducted in 2021 in connection with the amended Swiss Gender Equality Act. Baloise received

support from PwC with its EQUAL-SALARY method. The findings of the analysis confirmed that wage equality for women and men had been maintained at Baloise in accordance with the provisions of the Gender Equality Act. The findings were confirmed both by Ernst&Young and by Baloise’s employee commission in an independent audit.

### Sustainable remuneration

Baloise attaches considerable importance to managing its business sustainably and retaining high performers. It also matters to Baloise that its remuneration not only is competitive and achievement-oriented but also encourages managerial staff to align their long-term focus with the interests of stakeholders, particularly shareholders. To this end, the remuneration system provides for a significant portion of the variable remuneration to be awarded in shares that are restricted for three years and exposed to market risk during this period. Furthermore, the three most senior function 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. Both the proportion of variable remuneration in the total pay package and the proportion of remuneration awarded in restricted shares or as deferred remuneration increases in line with employees’ scope of strategic responsibility and influence.

#### REMUNERATION STRUCTURE OF THE THREE MOST SENIOR FUNCTION LEVELS



Excessive remuneration is prevented by means of clearly defined caps for members of the Board of Directors and the Corporate Executive Committee that are approved by the Annual General Meeting.

## 4. COMPONENTS OF REMUNERATION

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

### 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.

### Short-term variable remuneration: performance pool

#### Adjustment of the performance pool indicator model

Starting in 2022, the performance pool indicator model will have a simpler and more transparent structure. This should make it much clearer for shareholders. From now on, the performance pool factor will be calculated using a financial assessment and a supplementary quality assessment.

The financial assessment is based on the cash upstream to Baloise Holding. This key figure is one of Baloise’s three strategic targets and forms the basis for enabling investors to share in the Company’s success (shareholders’ dividend). This aligns the interests of senior managers even more closely with those of shareholders. Target achievement will be assessed annually using the target of achieving a cash upstream of CHF 2 billion by the end of the strategic phase in 2025. The target achievement rate is capped at 150 per cent.

At the same time, the cash upstream achieved will be linked to four strategic key factors. The four quality criteria will be assessed annually using the customer and employee strategic targets (to be achieved by 2025), our ambitions in connection with our sustainability strategy and a risk metric. The outcome of the quality assessment can raise or lower the assessment of the cash upstream achieved by up to 20 per cent.

The performance pool factor – obtained by multiplying the financial assessment and the quality assessment – cannot exceed 150 per cent in any circumstances.

Full details will be provided in the 2022 remuneration report.

Short-term variable remuneration is the reward for achieving annual targets. It is distributed from the performance pool, which is the total amount of short-term variable remuneration that is to be distributed. Short-term variable remuneration is measured on the basis of the performance pool factor. It is set by the Remuneration Committee after the end of the financial year concerned. In doing so, the committee systematically analyses target achievement using four measurable indicators, some of which are quantitative and some qualitative:

- ▶ **Indicator: strategy implementation (weighting: 20 per cent)**  
 The criteria are the three strategic targets set by Baloise for the period 2017 to 2021, comprising a cash upstream of CHF 2 billion into Baloise Holding, one million new customers and a rating as one of the best employers in the sector. Sustainability was introduced as an additional, fourth criterion in 2021.
- ▶ **Indicator: business performance (weighting: 40 per cent)**  
 The key metric is the profit for the period, with the combined ratio, and the interest margin and business mix in the life insurance business as supplementary metrics.
- ▶ **Indicator: risks taken (weighting: 20 per cent)**  
 The criteria used to gauge the success of the Company's business from a risk perspective are the SST ratio, economic profit, the credit rating awarded by Standard & Poor's and assessments provided by the Head of Risk Management and the Head of Group Compliance.

▶ **Indicator: capital markets perspective (weighting: 20 per cent)**

The metric is the performance of Baloise's share price, including dividends paid, compared with the European insurance companies represented in the STOXX Europe 600 Insurance Index (the composition of this index is shown in the table on page 66).

If the performance pool factor is set at 100 per cent, this means that the targets have been met and the entire amount of short-term variable remuneration is allocated. The formal cap for the performance pool factor is 150 per cent.

For 2021, the Remuneration Committee set a factor of 110 per cent for the performance pool. The decision and the indicators are explained in greater detail in the following.

<b>Indicator</b>	<b>Strategy implementation</b>
<b>Key question</b>	How successfully were the strategic targets implemented?
<b>Criteria</b>	Cash upstream Customer growth Employees MSCI sustainability index and RepTrak®Pulse reputational index
<b>Appraisal</b>	Despite challenging conditions created by the COVID-19 pandemic, which has been ongoing since 2020, and by the extreme weather events in 2021, Baloise was able to report a strong set of results at the end of the 2017–2021 strategic phase of Simply Safe. With a transfer of CHF 431 million in 2021 and a total transfer of CHF 2.17 billion, we exceeded the cash target of CHF 2 billion for the 2017–2021 strategic phase. The ambitious target for customer growth – around one million new customers as a result of organic growth – was almost achieved thanks to a further rise of 0.22 million customers, taking the total to 0.96 million new customers. Following a strong start to the year with a position in the top 10 per cent, Baloise's employee target was challenged from the summer onwards owing to the impact of government-imposed coronavirus measures and the persistently high workload generated by the storm events, and this was reflected in the measurement for December. We have made good progress with the new sustainability target added in 2021: In the first measurement of its reputation (RepTrak score), the Baloise Group achieved 73.9 points, which put it in the “strong” bracket; Baloise's sustainability rating from MSCI was upgraded from BB to A in 2021.
<b>Rating</b>	Positive

<b>Indicator</b>	<b>Business performance</b>
<b>Key question</b>	What is the operating profit?
<b>Criteria</b>	Profit for the period Combined ratio Life insurance key figures (interest margin and business mix)
<b>Appraisal</b>	Against a challenging backdrop in 2021, Baloise delivered a very strong performance and generated a profit for the period of CHF 583 million. This is an impressive increase compared with 2020 that was achieved despite the storms in all of Baloise's core markets. The related claims took their toll on the combined ratio, which was slightly higher year on year at 92.6 per cent. The life insurance business benefited from the ongoing optimisation of the business mix, with a shift towards non-capital-intensive products, and an easing of the interest rate environment. Thanks to EBIT of CHF 407 million, it is making a substantial contribution to the Company's success.
<b>Appraisal</b>	Very positive

<b>Indicator</b>	<b>Risks taken</b>
<b>Key question</b>	How should the operating performance be assessed from a risk perspective?
<b>Criteria</b>	SST Economic profit S&P credit rating Internal perspective Compliance
<b>Appraisal</b>	Baloise maintained a strong SST ratio for the Group and an S&P rating of A+ with a stable outlook, underlining its very good level of capitalisation. The low level of interest rates continues to create challenges. The risk assessment for compliance is very positive.
<b>Rating</b>	Positive

<b>Indicator</b>	<b>Capital markets perspective</b>
<b>Key question</b>	How did Baloise perform relative to other companies on the stock market?
<b>Criteria</b>	Total shareholder return
<b>Appraisal</b>	Baloise has achieved a total shareholder return of 41.1 per cent over the past five years. The figure for 2021 was –1.3 per cent. Compared with the peer group (STOXX Europe 600 Insurance Index), the total shareholder return for Baloise shares in 2021 was only ranked 28th out of 32 as at 31 December 2021. However, Baloise shares staged a strong recovery at the turn of the year 2021 / 2022.
<b>Rating</b>	Insufficient

<b>Determination of the performance pool factor</b>	
<b>Appraisal</b>	Baloise performed extremely well in 2021. The business performance indicator (with a weighting of 40 per cent) was rated as very positive thanks to the excellent results. The other indicators (each with a weighting of 20 per cent) were more mixed. For example, share price performance was poor, and this has to be viewed as inadequate from a capital markets perspective. By contrast, there were positive assessments in respect of the risks taken and implementation of the 2017–2021 strategic programme. This paints a positive picture overall, justifying a performance pool factor of 110 per cent.
<b>Factor</b>	110 per cent

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, validated at inter-departmental and inter-divisional level and adjusted where necessary. This process ensures that all aspects of an employee's performance as well as risk-relevant behavioural attributes are factored into the performance pool payment awarded to an individual.

Those considered for performance pool payments are senior managers in Switzerland and the corresponding functions abroad. However, there is no automatic entitlement to receive payments from the performance pool. The allocation of performance pool payments to the members of the Corporate Executive Committee is described in chapter 8 "Remuneration paid to the members of the Corporate Executive Committee".

The variable remuneration paid to employees who perform control functions (Risk Management, Compliance, Group Internal Audit and the Appointed Actuary) 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.

Those entitled to receive short-term variable remuneration generally have a choice as to what percentage of their remuneration is paid out and what proportion they receive in the form of shares with a closed period of three years (see chapter 5 "Share Subscription Plan and Share Participation Plan"). This choice is limited for senior managers, who are obliged to subscribe for shares on a sliding-scale basis.

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

The aim of long-term variable remuneration is to strengthen senior managers' loyalty to the Baloise Group. Long-term variable

remuneration is granted in the form of performance share units (PSUs).

PSUs are prospective entitlements to shares. 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 senior managers 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.

The number of shares that can be subscribed after three years – i.e. at the end of the vesting period – depends on the total shareholder return (TSR) of Baloise Holding Ltd. relative to a peer group. The peer group comprises the leading European insurance companies contained in the STOXX Europe 600 Insurance Index (see table below).

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 during the vesting period. In this case, the performance multiplier is 1.0. Participants receive more shares in exchange for their PSUs if the Baloise TSR for the vesting period is higher than the TSRs 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 (see page 60). 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 2021 they receive their shares on 1 March 2024.

Companies in the STOXX Europe 600 Insurance Index (as at 31 December 2021)

ADMIRAL GRP	BALOISE	LEGAL & GENERAL GRP	SCOR
AEGON	CNP ASSURANCES	MUENCHENER RUECK	STOREBRAND
AGEAS	DIRECT LINE INSURANCE GROUP	NN GROUP	SWISS LIFE HLDG
ALLIANZ	GJENSIDIGE FORSIKRING	PHOENIX GROUP HDG.	SWISS REINSURANCE COMPANY
ASR NEDERLAND NV	HANNOVER RUECK	POSTE ITALIANE	TRYG
ASSICURAZIONI GENERALI	HELVETIA HLDG	PRUDENTIAL	ZURICH INSURANCE GROUP
AVIVA	HISCOX	PZU GROUP	
AXA	HOMESERVE	SAMPO	

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

**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>		
2017	1 Mar 2017	130.70	1 Mar 2020	1.34	154.90	207.57	59%
2018	1 Mar 2018	149.20	1 Mar 2021	1.22	158.90	193.86	30%
2019	1 Mar 2019	163.00	1 Mar 2022	0.72 <sup>4</sup>	149.10 <sup>4</sup>	107.68 <sup>4</sup>	-34% <sup>4</sup>
2020	1 Mar 2020	154.90	1 Mar 2023	0.61 <sup>4</sup>	149.10 <sup>4</sup>	91.12 <sup>4</sup>	-41% <sup>4</sup>
2021	1 Mar 2021	158.90	1 Mar 2024	0.00 <sup>4</sup>	149.10 <sup>4</sup>	0.00 <sup>4</sup>	-100% <sup>4</sup>

1 Price = price of Baloise shares at the PSU grant date or conversion date.

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

3 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 2017:  $\frac{((1.34 * 154.90) - 130.70) / 130.70}{1} * 100 = 59\%$ .

4 Interim measurement as at 31 December 2021.

If an individual's employment contract ends 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 or is terminated. However, if the participant has joined a rival company or is personally at fault for the termination of the contract, some of the allocated PSUs will expire on a pro rata basis.

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.

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 above.

**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. Members of the Corporate Executive Committee are obliged to receive at least half of their short-term variable remuneration in the form of shares. There are upper limits on the proportion of shares that can be obtained under the Share Participation Plan (see table).

	Share Subscription Plan	Share Participation Plan
Overview	Those who qualify as eligible persons are able to subscribe for shares at a preferential price as part of their short-term variable remuneration.	Those who qualify as eligible persons are able to subscribe for shares as part of their short-term variable remuneration. They are granted loans on which interest is charged at market rates, which enables them to purchase more shares than they would otherwise be able to buy. Repayment of the loan and the interest incurred after the three-year period is hedged by a put option that is financed by the sale of an off-setting call option.
Subscription date	1 March	1 March
Vesting conditions	No further vesting conditions	No further vesting conditions
Specification of the share plan parameters	Remuneration Committee	Remuneration Committee
Closed period	Three years	Three years
Calculation of subscription price	Closing price before the first day of the subscription period, less a discount of 10 per cent	Closing price before the first day of the subscription period, less discounted dividend rights over a three-year period
Dividend entitlement	Yes	No
Maximum subscription limit for Corporate Executive Committee	No upper limit	Maximum of 40 per cent (Share Participation Plan) of short-term variable remuneration
Share plan parameters for 2021	Relevant closing price (8 January 2021): CHF 159.40 Subscription price: CHF 143.46	Relevant closing price (8 January 2021): CHF 159.40 Subscription price: CHF 139.73

## 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.

### EMPLOYEE INCENTIVE PLAN

	2020	2021
Number of shares subscribed	209,951	214,804
Restricted until	31 Aug 2023	31 Aug 2024
Subscription price per share (CHF)	71.70	73.00
Value of shares subscribed (CHF million)	15.1	15.7
Fair value of subscribed shares on subscription date (CHF million)	29.5	31.4
Employees entitled to participate	3,372	3,373
Participating employees	2,370	2,427
Subscribed shares per participant (average)	88.6	88.5

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

See the tables on pages 72 and 73.

### Components of remuneration

#### BOARD OF DIRECTORS' FEES AND MANDATORY SHARE OWNERSHIP

	CHF thousand / year	of which shares in Baloise Holding AG
Base fee – Chairman <sup>1,2</sup>	1,300	1/3
Base fee – Member	125	1/4
Fee – Vice-Chairman <sup>3</sup>	50	1/4
Fee – Chair of Committee <sup>3</sup>	70	1/4
Fee – Committee Member <sup>3</sup>	50	1/4
<b>Mandatory share ownership</b>		<b>1,000 shares each</b>

<sup>1</sup> From 1 May 2021

<sup>2</sup> The Chairman is not entitled to any additional remuneration for participation in Committees.

<sup>3</sup> In addition to the base fee for members.

The members of the Board of Directors receive fixed remuneration for their service as members of the board and its committees, as set out in the table above. These amounts provide appropriate compensation for the responsibility and workload involved in their various functions and have not been raised since 2008.

One-third (Chairman, since 1 May 2021) or one-quarter (other members) of the annual remuneration is paid in June of each year in the form of shares that remain restricted for three years. The subscription price is based on the closing price on the last trading day in May, on which the same 10 per cent discount is granted as on shares under the Share Subscription Plan (see page 67).

	Relevant closing price		Subscription price
	as at	CHF	CHF
Shares received by members of the Board of Directors 2021	31 May 2021	148.30	133.47
Shares received by members of the Board of Directors 2020	29 May 2020	136.60	122.94

The members of the Board of Directors are obliged to lodge 1,000 shares with the Company for the duration of their term of appointment (Article 20 of the Articles of Association). They do not participate in any share ownership programmes that are predicated on the achievement of specific performance targets.

### Chairman of the Board of Directors

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.

A number of changes took effect on 1 May 2021 when the new Chairman of the Board of Directors took office:

- ▶ One of these changes is that the Chairman is now engaged on the basis of a service contract. The agreement has a fixed term that ends at the end of the subsequent Annual General Meeting. It expires automatically when the Chairman leaves office. If he is re-elected, the agreement is extended by a further fixed-term period of appointment.
- ▶ The Chairman receives one-third of his remuneration in the form of shares that, as is also the case for the other members of the Board of Directors, remain restricted for three years and are subject to the conditions of the Share Subscription Plan. Previously, the Chairman had an employment relationship and received one-quarter of his remuneration in the form of shares that remained restricted for five years; he was able to choose freely whether these shares were subject to the conditions of the Share Subscription Plan or those of the Share Participation Plan.

The tasks of the Chairman and the Vice-Chairman are described in more detail in the corporate governance report (see pages 42 to 43).

#### Amounts receivable from current or previous members of the Board of Directors; remuneration for previous members

No amounts receivable from current or previous members of the Board of Directors have been waived.

The previous Chairman of the Board of Directors received remuneration for his work up to the end of April. No other remuneration was paid to former members of the Board of Directors.

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

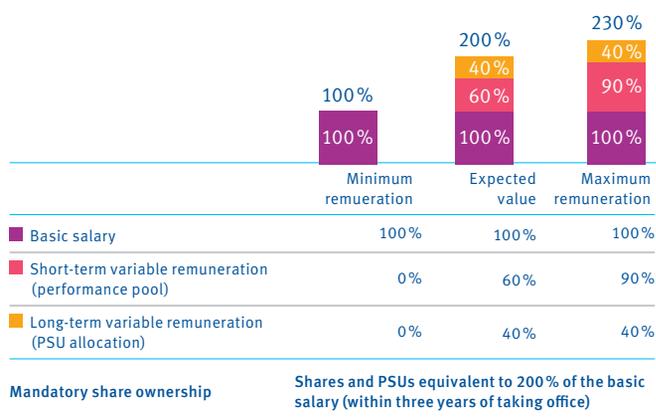
See the tables on pages 74 and 75.

### Components of remuneration

TYPE OF REMUNERATION	DECIDED BY
Fixed remuneration 2021	Annual General Meeting 2020
Variable remuneration 2021	
– cap	Annual General Meeting 2021
– individual payment	Remuneration Committee in February 2022 (in compliance with the cap set by the Annual General Meeting 2021)

The remuneration for the Corporate Executive Committee comprises the basic salary, which is paid in cash, the variable remuneration and other compensation components (non-cash benefits, social security contributions). The total amount of remuneration is compared with the wider market at regular intervals. The actual level of remuneration paid is determined in accordance with the table above.

### REMUNERATION STRUCTURE AND MANDATORY SHARE OWNERSHIP OF THE CORPORATE EXECUTIVE COMMITTEE



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. This mandatory purchase of shares ensures that, compared with the market as a whole, the payment of a significant proportion of their remuneration is on a deferred basis.

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.

The Remuneration Committee decides on the short-term variable remuneration awarded to the individual members of the Corporate Executive Committee. 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 business 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.
- ▶ Individual development 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.

See pages 66 to 67 for details regarding the allocation of PSUs.

### Remuneration for 2021

The remuneration paid to the members of the Corporate Executive Committee for the 2020 and 2021 financial years is set out on pages 74 to 75. The disclosure is made in accordance with the accrual principle. The table includes all forms of remuneration awarded for performance in each financial year even if individual components are not paid until a later date.

Due to the departure of Dr Thomas Sieber from the Corporate Executive Committee in August 2020, the total remuneration awarded to the Corporate Executive Committee was lower in 2021 than in the previous year (reduction of 2.8 per cent in the aggregate amount of basic salaries and variable remuneration). This was despite higher performance pool payments being awarded.

The Annual General Meeting held on 24 April 2020 approved an amount of CHF 4.01 million for the fixed remuneration (including social security contributions) payable to the Corporate Executive Committee for 2021. The amount paid out was

CHF 4.01 million. In addition, the Annual General Meeting held on 30 April 2021 approved a maximum amount of CHF 4.79 million for the variable remuneration (including social security contributions and discounted subscriptions under the Share Subscription Plan) payable for 2021. The total amount paid out was CHF 3.80 million.

On 1 March 2021, the performance share units allocated in 2018 were converted into shares as scheduled. These PSUs had a value of CHF 1.31 million at the time of allocation. The actual value of the shares granted was CHF 1.64 million.

#### **Employment contracts, change-of-control clauses, inducement payments and severance packages**

All members of the Corporate Executive Committee have a notice period of twelve months. There are no change-of-control clauses.

No severance packages may be awarded to members of the Corporate Executive Committee. Inducement payments must be approved by the Remuneration Committee, irrespective of their amount.

### **9. LOANS AND CREDIT FACILITIES**

See the table on page 76.

### **10. SHARES AND OPTIONS HELD**

See the tables on pages 77 and 78.

### **11. AMOUNTS OF TOTAL REMUNERATION AND VARIABLE REMUNERATION**

See the table on page 79.

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 79 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 2021 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

2020	Basic fee	Fee for additional functions	Total remuneration	Social security contributions	Total	Of which: in shares
CHF thousand						
<b>Dr Andreas Burckhardt</b>	1,320.0		1,320.0	–	1,320.0	311.9
Chairman of the Board of Directors		–				
<b>Dr Andreas Beerli</b>	125.0		295.0	–	295.0	73.6
Vice-Chairman of the Board of Directors		50.0				
Chairman's Committee		50.0				
Chair of the Audit and Risk Committee		70.0				
<b>Christoph B. Gloor</b>	125.0		225.0	6.1	231.1	56.2
Investment Committee		50.0				
Audit and Risk Committee		50.0				
<b>Hugo Lasat</b>	125.0		175.0	–	175.0	43.6
Investment Committee		50.0				
<b>Christoph Mäder</b>	125.0		175.0	6.1	181.1	43.6
Remuneration Committee		50.0				
<b>Dr Markus R. Neuhaus</b>	125.0		175.0	6.1	181.1	43.6
Audit and Risk Committee		50.0				
<b>Dr Thomas von Planta</b>	125.0		225.0	6.1	231.1	56.2
Chairman's Committee		50.0				
Investment Committee		50.0				
<b>Thomas Pleines</b>	125.0		245.0	4.6	249.6	61.2
Chair of the Remuneration Committee		70.0				
Chairman's Committee		50.0				
<b>Prof. Dr Hans-Jörg Schmidt-Trenz</b>	125.0		175.0	–	175.0	43.6
Remuneration Committee		50.0				
<b>Prof. Dr Marie-Noëlle Venturi-Zen-Ruffinen</b>	125.0		225.0	6.1	231.1	56.2
Audit and Risk Committee		50.0				
Remuneration Committee		50.0				
<b>Subtotal for the Board of Directors</b>	<b>2,445.0</b>	<b>790.0</b>	<b>3,235.0</b>	<b>35.3</b>	<b>3,270.3</b>	<b>789.9</b>
Share Subscription Plan discount					70.4	
<b>Total for the Board of Directors</b>					<b>3,340.7</b>	

### Explanatory notes to the table

**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.

**Social security contributions** The information disclosed for 2020 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). No contributions to vocational pension schemes were made for the Chairman or the other members of the Board of Directors.

**Shares** A proportion of the contractually agreed overall remuneration is paid in shares, which remain restricted for three years. They are awarded at market value less 10 per cent (CHF 122.94). In 2020, the Chairman of the Board of Directors had received half of his share-based remuneration in shares from the Share Subscription Plan for the Board of Directors (with a closed period of five years instead of the usual three years) and half in shares under the Share Participation Plan (excluding loan-financed shares).

**Share Subscription Plan discount** Members of the Board of Directors receive a 10 per cent discount on the shares' market price under the Share Subscription Plan for the Board of Directors. This discount is also reported as part of the overall remuneration.

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

2021	Basic fee	Fee for additional functions	Total remuneration	Social security contributions	Total	Of which: in shares
CHF thousand						
<b>Dr Thomas von Planta</b>			941.7	10.5	952.2	307.5
Chairman of the Board of Directors (since 30 April 2021)	866.7					
Member of the Board of Directors (until 30 April 2021)	41.7					
Chairman's Committee (until 30 April 2021)		16.7				
Investment Committee (until 30 April 2021)		16.7				
<b>Dr Andreas Burckhardt (until 30 April 2021)</b>	440.0		440.0	–	440.0	103.9
Chairman of the Board of Directors		–				
<b>Dr Andreas Beerli</b>	125.0		295.0	–	295.0	73.7
Vice-Chairman of the Board of Directors		50.0				
Chairman's Committee		50.0				
Chair of the Audit and Risk Committee		70.0				
<b>Christoph B. Gloor</b>	125.0		225.0	6.2	231.2	56.2
Investment Committee		50.0				
Audit and Risk Committee		50.0				
<b>Hugo Lasat</b>	125.0		175.0	–	175.0	43.6
Investment Committee		50.0				
<b>Christoph Mäder</b>	125.0		175.0	6.2	181.2	43.6
Remuneration Committee		50.0				
<b>Dr Markus R. Neuhaus</b>	125.0		208.3	6.2	214.5	52.1
Remuneration Committee (since 30 April 2021)		33.3				
Audit and Risk Committee		50.0				
<b>Dr Karin Lenzlinger Diedenhofen (since 30 April 2021)</b>	83.3		116.7	5.8	122.5	29.1
Investment Committee		33.3				
<b>Thomas Pleines</b>	125.0		245.0	5.0	250.0	61.1
Chair of the Remuneration Committee		70.0				
Chairman's Committee		50.0				
<b>Prof. Dr Hans-Jörg Schmidt-Trenz</b>	125.0		175.0	–	175.0	43.6
Remuneration Committee		50.0				
<b>Prof. Dr Marie-Noëlle Venturi-Zen-Ruffinen</b>	125.0		225.0	6.2	231.2	56.2
Audit and Risk Committee		50.0				
Chairman's Committee (since 30 April 2021)		33.3				
Remuneration Committee (until 30 April 2021)		16.7				
<b>Subtotal for the Board of Directors</b>	<b>2,431.7</b>	<b>790.0</b>	<b>3,221.7</b>	<b>46.1</b>	<b>3,267.7</b>	<b>870.7</b>
Share Subscription Plan discount					91.0	
<b>Total for the Board of Directors</b>					<b>3,358.7</b>	

### Explanatory notes to the table

**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.

**Social security contributions** The information disclosed for 2021 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). Statutory employer contributions are made to a vocational pension scheme for the new Chairman of the Board of Directors, who was elected in May 2021 and works in this role on a full-time basis. No contributions to vocational pension schemes are made for the other members of the Board of Directors.

**Shares** A proportion of the contractually agreed overall remuneration is paid in shares, which remain restricted for three years. They are awarded at market value less 10 per cent (CHF 133.47). In 2021, the previous Chairman of the Board of Directors received half of his share-based remuneration in shares from the Share Subscription Plan for the Board of Directors (with a closed period of five years instead of the usual three years) and half in shares under the Share Participation Plan (excluding loan-financed shares). The new Chairman received all of his share-based remuneration under the Share Subscription Plan for the Board of Directors (with a closed period of three years).

**Share Subscription Plan discount** Members of the Board of Directors receive a 10 per cent discount on the shares' market price under the Share Subscription Plan for the Board of Directors. This discount is also reported as part of the overall remuneration.

REMUNERATION PAID TO THE MEMBERS OF THE CORPORATE EXECUTIVE COMMITTEE

	Basic salary		Variable remuneration				Total basic salary plus variable remuneration	Variable remuneration as percentage of basic salary	Non-cash benefits	Social security contributions	Total remuneration
	Cash payment (fixed)	Cash payment (variable)	Share Subscription Plan	Share Participation Plan	PSU (granted in 2020)	Total variable remuneration					
<b>2020</b>											
CHF thousand											
<b>Gert De Winter</b>	950.0	256.6	256.4	–	380.0	893.0	1,843.0	94 %	–	196.6	<b>2,039.7</b>
Group CEO											
<b>Michael Müller</b>	700.0	151.3	226.7	–	280.1	658.1	1,358.1	94 %	4.6	178.0	<b>1,540.8</b>
Head of Corporate Division Switzerland											
<b>Dr Thomas Sieber (until 31 August 2020)</b>	414.0	83.9	25.1	58.7	–	167.7	581.7	41 %	–	154.5	<b>736.1</b>
Head of Corporate Division Corporate Centre											
<b>Dr Carsten Stolz</b>	500.0	135.0	135.0	–	200.0	470.0	970.0	94 %	4.6	183.2	<b>1,157.9</b>
Head of Corporate Division Finance											
<b>Dr Matthias Henny</b>	500.0	0.0	145.8	97.2	200.0	443.0	943.0	89 %	4.6	160.3	<b>1,107.9</b>
Head of Corporate Division Asset Management											
<b>Dr Alexander Bockelmann</b>	600.0	52.7	175.5	122.8	240.1	591.1	1,191.1	99 %	–	178.0	<b>1,369.1</b>
Head of Corporate Division IT											
<b>Subtotal for the Corporate Executive Committee</b>	<b>3,664.0</b>	<b>679.6</b>	<b>964.3</b>	<b>278.7</b>	<b>1,300.2</b>	<b>3,222.9</b>	<b>6,886.9</b>	<b>88 %</b>	<b>13.9</b>	<b>1,050.6</b>	<b>7,951.4</b>
Share Subscription Plan discount											<b>107.1</b>
<b>Total for the Corporate Executive Committee</b>											<b>8,058.6</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 2020 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 a 10 per cent discount. Subscription price = CHF 143.46.

**Share Subscription Plan discount** Shares under the Share Subscription Plan are issued to members of the Corporate Executive Committee at a 10 per cent discount. This discount is also reported as part of the overall remuneration.

**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 139.73.

**Performance share units (PSUs)** These have been disclosed at their value of CHF 157.11 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.

**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).

**Social security contributions** These comprise the employer contributions to the state-run social security schemes and the occupational pension scheme (up to the pensionable or insurable threshold in each case). 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.

REMUNERATION PAID TO THE MEMBERS OF THE CORPORATE EXECUTIVE COMMITTEE

	Basic salary		Variable remuneration				Total basic salary plus variable remuneration	Variable remuneration as percentage of basic salary	Non-cash benefits	Social security contributions	Total remuneration
	Cash payment (fixed)	Cash payment (variable)	Share Subscription Plan	Share Participation Plan	PSU (granted in 2021)	Total variable remuneration					
<b>2021</b>											
CHF thousand											
<b>Gert De Winter</b> Group CEO	950.0	313.6	313.4	–	380.0	1,007.0	1,957.0	106%	–	219.2	2,176.2
<b>Michael Müller</b> Head of Corporate Division Switzerland	700.0	184.9	277.1	–	280.1	742.1	1,442.1	106%	7.0	198.3	1,647.4
<b>Dr Carsten Stolz</b> Head of Corporate Division Finance	500.0	165.1	164.9	–	200.1	530.1	1,030.1	106%	5.0	197.1	1,232.1
<b>Dr Matthias Henny</b> Head of Corporate Division Asset Management	500.0	0.1	197.9	132.0	200.1	530.1	1,030.1	106%	5.0	197.1	1,232.1
<b>Dr Alexander Bockelmann</b> Head of Corporate Division IT	600.0	59.5	197.9	138.6	240.1	636.1	1,236.1	106%	–	179.5	1,415.6
<b>Subtotal for the Corporate Executive Committee</b>	<b>3,250.0</b>	<b>723.1</b>	<b>1,151.4</b>	<b>270.6</b>	<b>1,300.3</b>	<b>3,445.3</b>	<b>6,695.3</b>	<b>106%</b>	<b>16.9</b>	<b>991.2</b>	<b>7,703.4</b>
Share Subscription Plan discount											127.9
<b>Total for the Corporate Executive Committee</b>											<b>7,831.3</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 2021 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 a 10 per cent discount. Subscription price = CHF 142.92.

**Share Subscription Plan discount** Shares under the Share Subscription Plan are issued to members of the Corporate Executive Committee at a 10 per cent discount. This discount is also reported as part of the overall remuneration.

**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 137.34.

**Performance Share Units (PSUs)** These have been disclosed at their value of CHF 174.72 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.

**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).

**Social security contributions** These comprise the employer contributions to the state-run social security schemes and the occupational pension scheme (up to the pensionable or insurable threshold in each case). 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.

**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	
	2020	2021	2020	2021	2020	2021	2020	2021
CHF thousand								
Dr Thomas von Planta Chairman (since 30 April 2021) Member (until 30 April 2021)	-	-	-	-	-	-	-	-
Dr Andreas Burckhardt (until 30 April 2021) Chairman	-	-	2,623.5	-	-	-	2,623.5	-
Dr Andreas Beerli Vice-Chairman	-	-	-	-	-	-	-	-
Christoph B. Gloor Member	-	-	-	-	-	-	-	-
Hugo Lasat Member	-	-	-	-	-	-	-	-
Dr Karin Lenzlinger Diedenhofen (since 30 April 2021) Member	-	-	-	-	-	-	-	-
Christoph Mäder Member	-	-	-	-	-	-	-	-
Dr Markus R. Neuhaus Member	-	-	-	-	-	-	-	-
Thomas Pleines Member	-	-	-	-	-	-	-	-
Prof. Dr Hans-Jörg Schmidt-Trenz Member	-	-	-	-	-	-	-	-
Prof. Dr Marie-Noëlle Venturi-Zen-Ruffinen Member	-	-	-	-	-	-	-	-
<b>Total for the Board of Directors</b>	<b>-</b>	<b>-</b>	<b>2,623.5</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,623.5</b>	<b>-</b>
Corporate Executive Committee member with the highest outstanding loan:								
Dr Matthias Henny Head of Corporate Division Asset Management	-	-	2,136.2	2,024.7	-	-	2,136.2	2,024.7
Other members of the Corporate Executive Committee	1,700.0	1,700.0	1,061.6	1,752.2	-	-	2,761.6	3,452.2
<b>Total for the Corporate Executive Committee</b>	<b>1,700.0</b>	<b>1,700.0</b>	<b>3,197.8</b>	<b>3,776.9</b>	<b>-</b>	<b>-</b>	<b>4,897.8</b>	<b>5,476.9</b>

**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 individuals or companies who are related to members of the Board of Directors or 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 for the purpose of leveraging the Share Participation Plan (see chapter 5. 'Share Subscription Plan and Share Participation Plan'). Loans are subject to interest at a market rate (2021: 0.5 per cent) and 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	
	2020	2021	2020	2021	2020	2021	2020	2021
Quantity								
<b>Dr Thomas von Planta</b>	798	1,805	2,202	4,195	3,000	6,000	0.006 %	0.013 %
Chairman (since 30 April 2021)								
Member (until 30 April 2021)								
<b>Dr Andreas Burckhardt (until 30 April 2021)</b>	32,640	–	29,301	–	61,941	–	0.127 %	–
Chairman								
<b>Dr Andreas Beerli</b>	3,295	3,695	2,568	2,720	5,863	6,415	0.012 %	0.014 %
Member								
<b>Christoph B. Gloor</b>	8,576	8,976	2,291	2,312	10,867	11,288	0.022 %	0.025 %
Member								
<b>Hugo Lasat</b>	375	686	2,004	2,020	2,379	2,706	0.005 %	0.006 %
Member								
<b>Dr Karin Lenzlinger Diedenhofen (since 30 April 2021)</b>	–	–	–	1,218	–	1,218	–	0.003 %
Member								
<b>Christoph Mäder</b>	733	733	1,355	1,682	2,088	2,415	0.004 %	0.005 %
Member								
<b>Dr Markus R. Neuhaus</b>	–	–	1,355	1,745	1,355	1,745	0.003 %	0.004 %
Member								
<b>Thomas Pleines</b>	2,671	3,106	2,406	2,429	5,077	5,535	0.010 %	0.012 %
Member								
<b>Prof. Dr Hans-Jörg Schmidt-Trenz</b>	–	–	1,693	2,020	1,693	2,020	0.003 %	0.004 %
Member								
<b>Prof. Dr Marie-Noëlle Venturi-Zen-Ruffinen</b>	375	686	2,106	2,216	2,481	2,902	0.005 %	0.006 %
Member								
<b>Total for the Board of Directors</b>	<b>49,463</b>	<b>19,687</b>	<b>47,281</b>	<b>22,557</b>	<b>96,744</b>	<b>42,244</b>	<b>0.198 %</b>	<b>0.092 %</b>
Percentage of issued share capital	0.101 %	0.043 %	0.097 %	0.049 %	0.198 %	0.092 %		

**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 closed period of three years. The closed period for shares that had been received by the previous Chairman of the Board of Directors under the Share Subscription Plan was five years. The closed period for the new Chairman is the same as for the other members of the Board of Directors, i.e. three 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 (mandatory share ownership).

**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)	
	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021
Quantity										
<b>Gert De Winter</b>	29,593	30,852	6,591	6,148	36,184	37,000	0.074 %	0.081 %	7,225	6,861
Group CEO										
<b>Michael Müller</b>	26,698	27,799	8,477	7,339	35,175	35,138	0.072 %	0.077 %	5,325	5,057
Head of Corporate Division Switzerland										
<b>Dr Carsten Stolz</b>	3,006	5,768	6,012	5,923	9,018	11,691	0.018 %	0.026 %	3,803	3,611
Head of Corporate Division Finance										
<b>Dr Matthias Henny</b>	10,618	13,377	22,073	20,941	32,691	34,318	0.067 %	0.075 %	3,803	3,611
Head of Corporate Division Asset Management										
<b>Dr Alexander Bockelmann</b>	–	–	6,851	13,846	6,851	13,846	0.014 %	0.030 %	2,841	4,215
Head of Corporate Division IT										
<b>Total for the members of the Corporate Executive Committee</b>	<b>69,915</b>	<b>77,796</b>	<b>50,004</b>	<b>54,197</b>	<b>119,919</b>	<b>131,993</b>	<b>0.246 %</b>	<b>0.288 %</b>	<b>22,997</b>	<b>23,355</b>
Percentage of issued share capital	0.143 %	0.170 %	0.102 %	0.118 %	0.246 %	0.288 %				

**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.

**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 in order 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 2019, 1 March 2020 and 1 March 2021).

TOTAL AND VARIABLE REMUNERATION IN THE BALOISE GROUP

	2020				2021			
	Cash	Shares	Prospective entitlements	Total	Cash	Shares	Prospective entitlements	Total
CHF million								
Total remuneration	795.5	4.2	5.1	804.7	821.6	5.7	4.9	832.2
Total variable remuneration (total pool)	155.2	4.2	5.1	164.5	152.5	5.7	4.9	163.1
Number of beneficiaries	5,376	212	71		5,150	255	68	
Total outstanding deferred remuneration	–	112.0	15.2	127.2	–	109.7	14.8	124.6
Debits / credits for remuneration for previous reporting periods recognised in profit or loss	–0.9	–	–	–0.9	–0.3	–	–	–0.3
Total inducement payments made	0.1	–	–	0.1	0.1	–	–	0.1
Number of beneficiaries	12	–	–		10	–	–	
Total severance payments made	5.9	–	–	5.9	5.5	–	–	5.5
Number of beneficiaries	57	–	–		56	–	–	

**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, but not to members of the Board of Directors or the Corporate Executive Committee.

## APPENDIX 2: REPORT OF THE STATUTORY AUDITOR TO THE ANNUAL GENERAL MEETING OF BÂLOISE HOLDING LTD, BASEL



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To the General Meeting of  
Baloise Holding AG, Basel

Basel, 23 March 2022

### Report of the statutory auditor on the remuneration report

We have audited the preceding remuneration report of Baloise Holding AG (pages 59-79) for the year ended 31 December 2021.



#### 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 2021 of Baloise Holding AG complies with Swiss law and articles 14–16 of the Ordinance.

Ernst & Young Ltd

Christian Fleig  
Licensed audit expert  
(Auditor in charge)

Patrick Schwaller  
Licensed audit expert

This audit report is a translation of the audit report issued in German. Please also refer to the disclosure on page 267 “Information on the Baloise Group” referencing the fact that only the German text of the annual report is legally binding.