

Corporate Governance

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Transparent Corporate Governance

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

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

This chapter reflects the structure of the SIX Corporate Governance Guidelines as amended on 20 June 2019 in order to improve comparability with previous years and with other companies. It includes the requirements of *economiesuisse's* Swiss Code of Best Practice for Corporate Governance, Appendix 1 of which contains recommendations on the remuneration paid to the Board of Directors and the Executive Committee. In item 5 of its Corporate Governance Report, Baloise publishes the principles used to determine the content and scope of the disclosures on remuneration in the Remuneration Report (Appendix 1 to the Corporate Governance Report, page 104 onwards).

The information contained in the Corporate Governance Report refers to the situation on the balance sheet date (31 December 2020). 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 a dedicated section of the Annual Report from page 35 onwards.

1. STRUCTURE OF THE BALOISE GROUP AND SHAREHOLDER BASE

Structure of the Baloise Group

Headquartered in Basel, Switzerland, Baloise Holding is a public limited company that is incorporated under Swiss law and listed on the Swiss Exchange (SIX). The Baloise Group had a market capitalisation of CHF 7,686 million as at 31 December 2020.

- ▶ Information on Baloise shares can be found from page 8 onwards.
- ▶ Significant subsidiaries, joint ventures and associates as at 31 December 2020 can be found from page 274 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 213 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 100 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 24,020 shareholders were registered in Baloise Holding's share register as at 31 December 2020. The number of registered shareholders had increased by 12.1 per cent compared with the previous year. The "Significant shareholders" section on page 300 provides information on the structure of the Company's shareholder base as at 31 December 2020.

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

Treasury shares

Baloise Holding held (directly and indirectly) 3,328,396 treasury shares (6.8 per cent of the issued share capital) as at 31 December 2020.

Cross-shareholdings

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

2. CAPITAL STRUCTURE

Dividend policy

Baloise Holding pursues a policy of paying consistent, earnings-related dividends. It uses other dividend instruments such as share buy-backs and options to supplement conventional cash dividends. Shareholders have received a total of CHF 1,986.7 million from cash dividends and share buy-backs over the last five years.

	Cash dividends	Share buy-backs	Total
Year (CHF million)			
2016	260.0	54.8	314.8
2017	273.3	63.3	336.6
2018	292.8	135.1	427.9
2019	312.3	190.0	502.3
2020	312.3 ¹	92.8	405.1
Total	1,450.7	536.0	1,986.7

All figures stated as at 31 December.

¹ Proposal to the Annual General Meeting on 30 April 2021.

Baloise Holding's equity

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

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

	31.12.2018	31.12.2019	31.12.2020
CHF million			
Share capital	4.9	4.9	4.9
General reserve	11.7	11.7	11.7
Reserve for treasury shares	6.4	8.3	9.2
Free reserves	566.1	683.2	922.3
Distributable profit	412.6	552.5	372.5
Treasury shares	-206.7	-397.7	-491.3
Equity attributable to Baloise Holding	795.0	862.9	829.3

The share capital of Baloise Holding totals CHF 4.88 million and is divided into 48,800,000 dividend-bearing registered shares with a par value of CHF 0.10 each. The Annual General Meeting on 30 April 2021 will be asked to reduce the share capital to 45,800,000 registered shares with a par value of CHF 0.10 each and to cancel 3,000,000 registered shares. The shares to be cancelled were repurchased under the share buy-back programme 2017 to 2020.

Authorised and conditional capital; other financing instruments

Authorised capital

A resolution adopted by the Annual General Meeting on 26 April 2019 has authorised the Board of Directors until 26 April 2021 to increase the Company's share capital by up to CHF 400,000 by issuing up to 4,000,000 fully paid-up registered shares with a par value of CHF 0.10 each (see article 3 [4] of the Articles of Association). The Annual General Meeting on 30 April 2021 will be asked to extend the authorised capital by two years to 30 April 2023 by way of an amendment to the Articles of Association.

www.baloise.com/rules-regulations

Conditional capital

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

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

www.baloise.com/rules-regulations

Other equity instruments

The Company has no profit-participation certificates.

The Baloise Group's consolidated equity

The Baloise Group's consolidated equity amounted to CHF 6,985.7 million on 31 December 2020. Details of changes in consolidated equity in 2019 and 2020 can be found in the consolidated statement of changes in equity on pages 140 and 141 in the Financial Report. All pertinent details relating to 2018 can be found in the consolidated statement of changes in equity on page 124 in the Financial Report within the 2019 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 2020, a total of 13 public bonds were outstanding. On 4 February, Baloise Holding issued a further bond in an amount of CHF 250 million. Details of outstanding bonds can be found on pages 256 and 298 and on the website.

www.baloise.com/bonds

Credit rating

On 24 August 2020, credit rating agency Standard & Poor's confirmed the rating of the Swiss units Baloise Insurance Ltd and Baloise Life Ltd as "A+" with a stable outlook. Standard & Poor's awarded this credit rating in recognition of Baloise's excellent capitalisation – which is comfortably above the AAA level according to the S&P capital model – as well as its high operational profitability, robust risk management and solid competitive position in its profitable core markets. Information about the ratings of Bâloise Holding Ltd, the Belgian subsidiary Baloise Belgium NV and the German subsidiary Basler Sachversicherungs-AG, which were also reaffirmed, can be found on the website.

www.baloise.com/rating

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 2020, the average age on the Board of Directors was 60 years.

Members of the Board of Directors

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

During the reporting year, Dr Andreas Beerli, Dr Andreas Burckhardt, Christoph B. Gloor, Hugo Lasat, 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.

With the exception of the Chairman Dr Andreas Burckhardt, who is not available for re-election, all members of the Board of Directors are standing for re-election at the Annual General Meeting on 30 April 2021. Dr Andreas Burckhardt (69) joined the Baloise Group as Secretary General and performed this role for six years. He took up a position on the Board of Directors of

Bâloise Holding Ltd in 1999 and became Chairman of the Board in 2011. The Board of Directors of Bâloise Holding has decided to nominate Dr Thomas von Planta for the position of Chairman of the Board at the Annual General Meeting on 30 April 2021. The 59-year-old Swiss national has been a member of the Board of Directors since 2017 and has contributed to the Chairman's Committee, the Investment Committee and the Audit and Risk Committee over the course of the last three and a half years or so. To ensure continuity, the Vice-Chairman and Chairman of the Audit and Risk Committee, Dr Andreas Beerli, will retain his position on the Board of Directors for a further term. The Board of Directors has approved an exemption to the rule on age limits for this purpose (Section A 1.3 of the Organisational Regulations).

The Board of Directors will propose that the Annual General Meeting elect Karin Lenzlinger Diedenhofen as a new member of the Board of Directors. She is extremely well connected in the Swiss business community, has experience in the media sector and will bring the perspective of an entrepreneur to the Board of Directors.

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

www.baloise.com/board-of-directors

Statutory rules concerning the number of permitted activities

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

Interlocking directorates

There are no interlocking directorates.

MEMBERS

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

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

DIVERSITY ON THE BOARD OF DIRECTORS

Per cent

Professional background / experience / expertise *

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

Nationality

→ Switzerland	70.0
→ Germany	20.0
→ Belgium	10.0



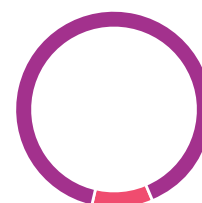
Term of appointment

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



Gender

→ Men	90.0
→ Women	10.0



* More than one category may apply.

Internal organisation

Functions and responsibilities of the Board of Directors

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

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

www.baloise.com/rules-regulations

Information on the Board of Director's role in corporate social and environmental responsibility can be found on page 35 in the Sustainable Business Management chapter.

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 elected individually by the Annual General Meeting. The Chairman and Vice-Chairman of the Board of Directors are ex officio members of the Chairman's Committee. The Chairman of the Board of Directors is not allowed to sit on the Audit and Risk Committee. The committees' basic functions and responsibilities are specified in the Organisational Regulations. Additional specific regulations applicable to individual committees govern administrative and other aspects.

www.baloise.com/rules-regulations

Functions and responsibilities of the committees

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

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

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

The **Audit and Risk Committee** supports the Board of Directors in its non-delegable overarching supervisory and financial oversight functions (article 716a OR) by ascertaining whether the internal and external control systems, including

risk management, are well organised and function properly, by assessing the situation with respect to compliance in the Company and by forming its own view of the Company's separate and consolidated annual financial statements. It receives regular reports on the work and findings of Group Internal Audit and on cooperation with the external auditors.

Meetings of the Board of Directors and its committees

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

www.baloise.com/rules-regulations

Response of the Board of Directors to Covid-19

The Board of Directors received regular briefings from the Corporate Executive Committee on action taken by the Covid-19 working group formed for this purpose by the strategic business units. The Board was able to contribute its experience and expertise at the six extraordinary meetings which members could choose to attend in person or by telephone. The meetings dealt systematically with the matters of critical importance to the Baloise Group: maintaining operations and IT, staff management and culture, impact on the insurance and reinsurance business and on solvency, and performance of the Group's investments. The Board of Directors was also regularly briefed at its ordinary meetings and between meetings. It therefore continued to actively carry out its management role during the Covid-19 pandemic.

The full Board of Directors of Baloise Holding met on seven occasions in 2020 and held a further six conference calls because of the Covid-19 pandemic. 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 five times in 2020, which included one two-day strategy meeting. The Investment Committee met on four 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. The seminar planned for December 2020 could not take place because of Covid-19-related travel restrictions and has been postponed until 2021.

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. The seminar planned for December 2020 could not take place because of Covid-related travel restrictions and has been postponed until 2021.

Succession planning

Succession planning for the Board of Directors and the Corporate Executive Committee is the responsibility of the Chairman's Committee. In appointing successors, care is taken to ensure that the composition of the Board of Directors is balanced in terms of the experience and knowledge of its members and their nationality, term of appointment and gender (see diversity charts on page 90). Any restrictions on availability and potential conflicts of interest arising from other mandates are also taken into account. In particular, the Board of Directors is endeavouring to increase the proportion of women on the Board of Directors, as this was reduced when Karin Keller Sutter stepped down at the end of 2018. 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). There are changes to the Board of Directors on an ongoing basis. In recent years, two members retired from the Board of Directors after terms of 18

and 17 years respectively. When the Chairman steps down in 2021, the Board of Directors will lose its longest-serving member. Dr Burckhardt has served on the Board for 21 years, including eleven years as a member and ten as Chairman. The average term of office is 5.9 years. The nomination of Ms Karin Lenzlinger Diedenhofen will increase the proportion of female members to 20 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

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 77 onwards and in the Financial Report starting on page 171.

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



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

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

Andreas Beerli (1951, Switzerland, Dr iur.)

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



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

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

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

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



Christoph Mäder (1959, Switzerland, lawyer)

has sat on the Board of Directors since May 2019. From 2000 to July 2018, he was a member of the Syngenta International AG executive team with responsibility for legal and tax. Until June 2018, he was a member of the Management Board of the Basel Chamber of Commerce. From 2006 to 2018, Christoph Mäder was a member of the Management Board of science-industries, and between 2008 and 2014 he also served as its president. He has been president of economiessuisse, the umbrella organisation representing Swiss business, since October 2020. He has been a member of the Board of Directors of Lonza Group AG since 2016 and served as its Vice-Chairman since 2020. He has sat on the Board of Directors of EMS Chemie Holding AG since 2018 and has been a member of the Board of Directors of Assivalor AG since 2019. Christoph Mäder is an independent non-executive director.

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

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





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

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

Thomas Pleines (1955, Germany, lawyer)

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



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

has been a member of the Board of Directors since 2018. He is a professor of economics at Saarland University and the University of Hamburg and Founding President of the HSBA Hamburg School of Business Administration. From 1996 to 2017, he was Chief Executive Officer of the Hamburg Chamber of Commerce. Prof. Hans-Jörg Schmidt-Trenz is Committee Chair of the General Council and Executive Committee of the International Chamber of Commerce's World Chambers Federation. He is a member of the Board of Trustees of Hamburger Sparkasse and the Hamburg Academic Foundation, sits on the advisory board of HIP Hamburg Innovation Port and is 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 president of the Swiss Board Institute foundation, a member 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:
Dr Philipp Jermann,
Buus (BL)

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

4. CORPORATE EXECUTIVE COMMITTEE



Gert De Winter (1966, Belgium, MSc)

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

Matthias Henny (1971, Switzerland, Dr phil.)

completed his undergraduate and postgraduate studies in physics at the University of Basel. From 1998 to 2003, he was employed at McKinsey & Co., before switching to what was then the Winterthur Group, where he was Head of Financial Engineering in Asset Management until 2007. Subsequently, he was a member of the management team at AXA Winterthur, as Head of Asset Management (until 2010) and as CFO. In 2012, Dr Matthias Henny joined the Baloise Group. As CEO of Baloise Asset Management AG, he was responsible for the administration of approximately CHF 50 billion in assets. Dr Matthias Henny became a member of the Corporate Executive Committee in May 2017. He manages the Corporate Division Asset Management 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 headed up the insurance and banking business in Switzerland. Michael Müller is Vice President of the Swiss Insurance Association (SVV) and a member of the Board of Foundation of Stiftung Finanzplatz Basel and the Executive Board of the Association of Basel Insurance Companies. He also sits on the board of the Promotion Society of the Institute of Insurance Economics at the University of St. Gallen.



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

studied business economics at Fribourg University and gained a doctorate specialising in financial management. He holds an Executive Master in Change from INSEAD. He joined the Baloise Group in 2002 as Head of Financial Relations. From 2009 to 2011, he was the Baloise Group's Head of Financial Accounting & Corporate Finance. Between 2011 and 2017, he was Head of Finance and Risk, and thus a member of the Executive Committee, at Basler Versicherungen Switzerland. Dr Carsten Stolz became a member of the Corporate Executive Committee in May 2017. He manages the Corporate Division Finance with its departments Group Accounting & Reporting, Financial Planning & Analysis, Group Risk Management and Corporate Communications & Investor Relations as well as the appointed actuary for Swiss business at Baloise and the Head of Regulatory Affairs. Since July 2020, his responsibilities have also included Mergers & Acquisitions, Group Procurement and Run-off. Dr Carsten Stolz is a member of the Finance and Regulation Committee of the Swiss Insurance Association (SVV).

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

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. In February 2019, Dr Alexander Bockelmann joined the Baloise Group to lead the newly created Corporate Division IT.



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

Management structure

(as at 31 December 2020)



* Member of the Corporate Executive Committee.

5. REMUNERATION, SHAREHOLDINGS AND LOANS

The Remuneration Report in [Appendix 1](#) to the Corporate Governance Report (page 104 onwards) describes the remuneration policies adopted and the remuneration systems in place and it contains in particular the remuneration paid and the loans granted to members of the Board of Directors and the Corporate Executive Committee in 2020 as well as the investments they hold. The content and scope of these disclosures are determined by articles 13 to 17 of the Ordinance Against Excessive Remuneration in Listed Companies Limited by Shares (ERCO), article 663c (3) of the Swiss Code of Obligations (OR), the corporate governance information guidelines published by SIX Swiss Exchange AG (version as at 20 June 2019) and the Swiss Code of Best Practice for Corporate Governance.

The report of the auditors on the audit of the Remuneration Report can be found in [Appendix 2](#) to the Corporate Governance Report (page 130 onwards).

6. SHAREHOLDER PARTICIPATION RIGHTS

Voting rights

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

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

Statutory quorums

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

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

Convening the Annual General Meeting

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

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

Requesting agenda items

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

Entry in the share register

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

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

www.baloise.com/rules-regulations

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

	2019	2020
CHF (including outlays and VAT)		
Audit fees	5,656,508	5,072,681
Consulting fees	39,626	46,960
Total	5,696,134	5,119,641

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 2020, 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" (as at 26 June 2019) published by the Swiss Financial Market Supervisory Authority (FINMA).

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

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

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

9. INFORMATION POLICY

Information principles

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

Information events

Baloise provides detailed information about its business activities as follows:

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

Information about Baloise shares

Information about Baloise shares begins on page 8.

www.baloise.com/baloise-share

Financial calendar

Important dates for investors are available at 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

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.

Please register for the latest corporate communications at

www.baloise.com/maillinglist

www.baloise.com/media

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Appendix 1: Remuneration Report

1. LETTER FROM THE CHAIRMAN OF THE REMUNERATION COMMITTEE

DEAR SHAREHOLDERS,

The Remuneration Committee has determined the remuneration to be paid for the 2020 financial year and has adopted a number of changes in respect of the remuneration model. In this – my first – letter to you, I would like to provide you with a summary of the most important facts:

REMUNERATION FOR 2020

The reporting year was challenging for Baloise due to the Covid-19 pandemic. Nonetheless, Baloise has weathered the crisis comparatively well thanks to its prudent management approach. The Company did not need to access government aid or compensation for employees on reduced working hours at any point. Employee satisfaction improved and we were able to pay a dividend to our shareholders as planned. We would like to thank all employees for their hard work and efforts to help us negotiate this crisis.

The Remuneration Committee does not see any need to adjust the fixed remuneration of the Corporate Executive Committee. However, after careful deliberation, we have set the performance pool factor at 90 per cent. The Remuneration Committee assessed four main indicators when taking this decision: Good progress was made in respect of targets relating to customers, employees and shareholders. The combined ratio came to a solid 91.3 per cent despite the coronavirus pandemic; however, operating profit was down year on year (including after adjustment for non-recurring effects). Our assessment of the risks taken did not change. The share price performance weakened slightly compared with 2019 but remained robust in a difficult market environment.

Nevertheless, the Covid-19 pandemic put substantial pressure on society and the overall economy. Against this backdrop, we regard it as prudent to exercise restraint with regard to variable remuneration in spite of the solid result.

CHANGES TO THE REMUNERATION MODEL AND ITS DISCLOSURE

The remuneration system of Baloise is continually being developed. As part of this ongoing enhancement process, we maintain a regular dialogue with our investors. This year, I would like to point out three new changes:

1. Integration of sustainability into the remuneration model of Baloise

The subject of sustainability is becoming ever more relevant for us and our investors. Going forward, this will also be reflected in the remuneration model. From 2021, the criterion “sustainability” will be added to the main indicator “strategy implementation”. We have selected two metrics that are strategically relevant and easily measurable: (i) a broad-based sustainability index that indicates how well Baloise is fulfilling its responsibilities towards all relevant stakeholders and (ii) an index that measures the reputation of Baloise in society.

2. Fixed weighting of the main indicators for the performance pool

In recent years, we have been improving our transparency with regard to the performance pool. The main indicator “business performance” is given a weighting of 40 per cent because it is a necessary prerequisite for the future competitiveness and long-term success of Baloise. The main indicators “strategy implementation”, “risks taken” and “capital markets perspective” are each given a weighting of 20 per cent. This approach makes remuneration decisions more transparent while also offering the Remuneration Committee the necessary scope for discretion.

3. Advisory vote on the remuneration report

From the next Annual General Meeting on 30 April 2021, you will have the opportunity to participate in an advisory vote on the remuneration report. This step is being adopted in the context of a reform of stock corporation laws, but one year ahead of the reform coming into force.

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 2021



Thomas Pleines

Chairman of the Remuneration Committee

2. OVERVIEW OF REMUNERATION

A. REMUNERATION SYSTEM

The following table gives an overview of fixed and variable remuneration elements at Baloise.

Remuneration system of the Baloise Group

	DESCRIPTION	PAYMENT	INFLUENCING FACTORS	PURPOSE
Performance share units (PSUs)	<ul style="list-style-type: none"> ▶ Long-term variable remuneration ▶ Prospective entitlements to shares 	<ul style="list-style-type: none"> ▶ Prospective allocation ▶ Conversion into shares after three years 	<ul style="list-style-type: none"> ▶ Profit attributable to shareholders relative to peer group (STOXX Europe 600 Insurance) 	<ul style="list-style-type: none"> ▶ Strengthening loyalty of senior managers to the Company ▶ Aligning management interests with those of shareholders
Performance pool	<ul style="list-style-type: none"> ▶ Short-term variable remuneration ▶ Paid in cash or restricted shares (three-year closed period) ▶ Mandatory share subscription (50% for Corporate Executive Committee) 	<ul style="list-style-type: none"> ▶ Paid in arrears (March of the following year) 	<ul style="list-style-type: none"> ▶ Strategy implementation ▶ Business performance ▶ Risks taken ▶ Capital markets perspective 	<ul style="list-style-type: none"> ▶ Reward for the achievement of annual targets (company, team and individual targets) ▶ Participation in the success of the business
Fixed remuneration	<ul style="list-style-type: none"> ▶ Basic salary ▶ Fringe benefits (dependent on location) ▶ Pension provisions 	<ul style="list-style-type: none"> ▶ Paid over the course of the work year 	<ul style="list-style-type: none"> ▶ Tasks and responsibilities associated with the position ▶ Skills and expertise of the employee ▶ Market 	<ul style="list-style-type: none"> ▶ Competitiveness in the marketplace ▶ Fairness and transparency ▶ Financial hedging

More detailed information is provided in the following chapters of the remuneration report:

- ▶ Chapter 4. Remuneration policy and remuneration system
- ▶ Chapter 5. Components of remuneration

B. INDIVIDUAL REMUNERATION OF THE CORPORATE EXECUTIVE COMMITTEE

Gert De Winter	2019	52%	31%	17%	CHF 2.21 million
	2020	56%	25%	19%	CHF 2.04 million
Michael Müller	2019	53%	30%	17%	CHF 1.67 million
	2020	57%	25%	18%	CHF 1.54 million
Dr Thomas Sieber¹	2019	54%	30%	16%	CHF 1.52 million
	2020	77%	23%		CHF 0.74 million
Dr Carsten Stolz	2019	60%	23%	17%	CHF 1.16 million
	2020	60%	23%	17%	CHF 1.16 million
Dr Matthias Henny	2019	55%	29%	16%	CHF 1.24 million
	2020	60%	22%	18%	CHF 1.11 million
Dr Alexander Bockelmann²	2019	53%	31%	16%	CHF 1.38 million
	2020	57%	26%	17%	CHF 1.37 million

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

1 Until 31 August 2020; 2 Since 1 February 2019.

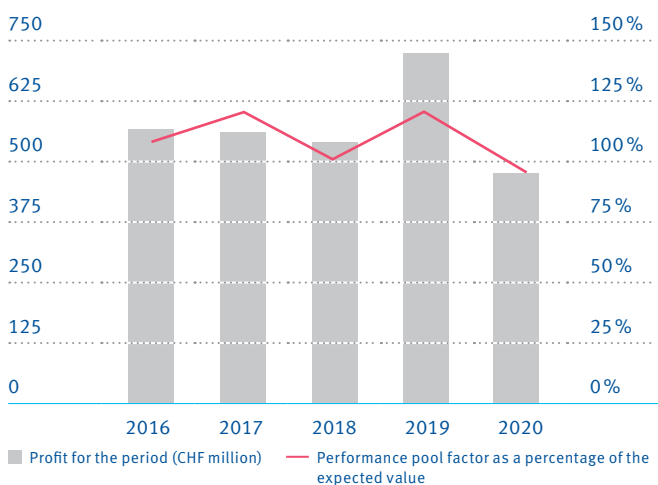
More detailed information is provided in the following chapter of the remuneration report:

- ▶ Chapter 12. Remuneration paid to the members of the Corporate Executive Committee

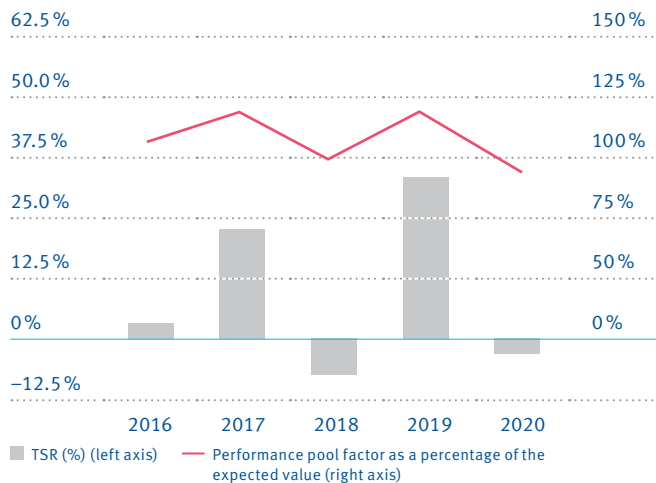
C. SHORT-TERM VARIABLE REMUNERATION

- ▶ The short-term variable remuneration is allocated by means of the performance pool.
- ▶ The Remuneration Committee assesses the Company’s performance and success during the past financial year based on four main indicators (see pages 111 to 113) and determines the performance pool factor.
- ▶ As illustrated in the following charts, the performance pool factor fluctuates in line with the profit for the period and the return on equities (total shareholder return, TSR). However, it is also dependent on a number of other criteria and thus cannot be derived from these key figures alone.

Profit for the period vs. performance pool factor



Total shareholder return (TSR) vs. performance pool factor

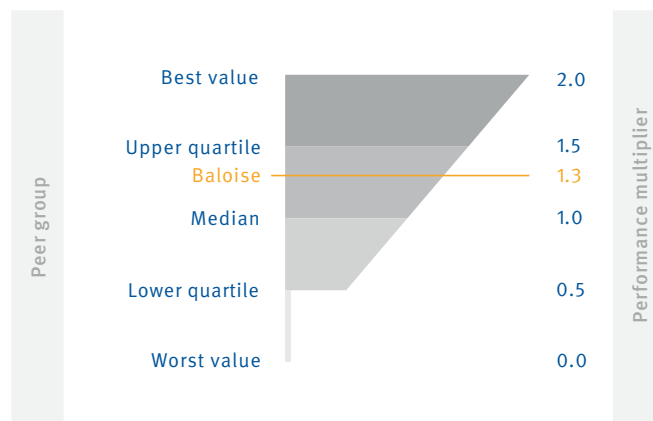


More detailed information is provided in the following chapter of the remuneration report:

- ▶ Chapter 5. Components of remuneration / Short-term variable remuneration: performance pool

D. LONG-TERM VARIABLE REMUNERATION

- ▶ Long-term variable remuneration is granted in the form of performance share units (PSUs).
- ▶ The Remuneration Committee determines the total amount to be awarded in PSUs and the allocation of PSUs to each individual Corporate Executive Committee member.
- ▶ After three years, the prospective entitlements are multiplied by a performance multiplier upon conversion into shares. Depending on the total shareholder return (TSR) relative to the peer group (STOXX Europe 600 Insurance), the performance multiplier can range from 0.0 to 2.0 (see illustration on the right). The performance multiplier for the 2020 financial year was set at 1.3.
- ▶ The budgeted figure also corresponds with the absolute TSR, as evidenced by the tables below.



Overview of ended and current plans (as at 31 December 2020)

2014 to 2020 plans		
1 Mar 2014 – 28 Feb 2017	15% 6%	21%
1 Mar 2015 – 28 Feb 2018	20% 41%	61%
1 Mar 2016 – 28 Feb 2019	29% 42%	71%
1 Mar 2017 – 29 Feb 2020	19% 40%	59%
1 Mar 2018 – 28 Feb 2021	6% 29%	35%
1 Mar 2019 – 28 Feb 2022	-3% 21%	18%
1 Mar 2020 – 28 Feb 2023	2% 11%	13%

■ Change in share value during programme term ■ Performance multiplier (current plans: as at 31 December 2020)

Overview of total shareholder return (TSR) of current plans

2014 to 2017 plans		
1 Mar 2014 – 28 Feb 2017	15% 13%	28%
1 Mar 2015 – 28 Feb 2018	20% 12%	32%
1 Mar 2016 – 28 Feb 2019	29% 13%	42%
1 Mar 2017 – 29 Feb 2020	19% 12%	31%

■ Change in share value during programme term ■ Dividend payments

More detailed information is provided in the following chapter of the remuneration report:

- ▶ Chapter 5. Components of remuneration / Long-term variable remuneration: performance share units

E. SHAREHOLDER INVOLVEMENT

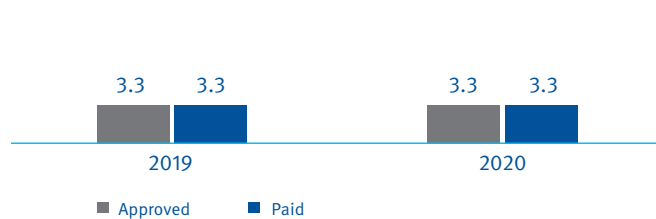
- ▶ Every year at the Annual General Meeting, the shareholders vote on the remuneration of the Board of Directors and the Corporate Executive Committee.
- ▶ Starting in 2021, the remuneration report will also be put to an advisory vote at the Annual General Meeting.

Shareholder vote at the Annual General Meeting	2020	2021	2022
Total remuneration Board of Directors (binding)			Remuneration for 2022 Board of Directors
Total remuneration Corporate Executive Committee (binding)		Maximum variable remuneration for 2021 for the Corporate Executive Committee	Fixed remuneration for 2022 for the Corporate Executive Committee
Remuneration report (advisory)	2020 remuneration report		

April 2021

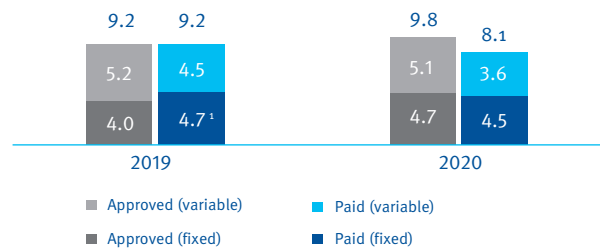
Approved vs. paid remuneration (Board of Directors)

CHF million



Approved vs. paid remuneration (Corporate Executive Committee)

CHF million



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

3. REMUNERATION COMMITTEE OF THE BOARD OF DIRECTORS

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

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

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

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

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

The Remuneration Committee consists of at least three members of the Board of Directors, who are elected every year by the Annual General Meeting. Thomas Pleines (Chairman), Prof. Marie-Noëlle Venturi – Zen-Ruffinen (Deputy Chairwoman), Christoph Mäder and Prof. Hans-Jörg Schmidt-Trenz were elected to the Remuneration Committee by the Annual General Meeting on 24 April 2020. 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.

4. REMUNERATION POLICY AND REMUNERATION SYSTEM Principles

The Company's success is largely dependent on the skills, capabilities and performance of its workforce. It is therefore essential to recruit, develop and retain suitably qualified, highly capable and highly motivated professionals and executives. 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 following principles: competitiveness in the marketplace; individual performance and the Company's success; fairness and transparency; and sustainable remuneration.

Competitiveness in the marketplace

Baloise aims to pay basic salaries that are broadly in line with the market – i.e. around the market median – and to offer variable remuneration packages in excess of the going market rate to reward outstanding performance by the Company and individuals. It therefore regularly compares the salaries paid to its employees with those paid in the wider market in Switzerland and Europe. This involves taking part in benchmarking surveys conducted by Willis Towers Watson and Kienbaum, and carrying out detailed analysis of the remuneration packages of the most

senior executives including the Corporate Executive Committee. 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. Short-term variable remuneration offers a nuanced way of linking the performance of individuals and of the team to Baloise’s success and recognising both accordingly. It is designed to reward employees for excellent work without creating an incentive for them to take inappropriate risks. It also aims to motivate staff to strive for outstanding results even beyond their own sphere of responsibility. Personal performance is used as a starting point for the development, advancement, career planning and promotion of employees.

The short-term variable remuneration of the Corporate Executive Committee, the most senior level of management and most other members of the management team throughout the Baloise Group is allocated via the performance pool and is therefore directly linked to the achievement of the Company’s goals. The discussion of individual and team contributions to the achievement of the Company’s goals forms the basis of the performance management system and takes place in the form of an ongoing dialogue between employees and their respective line managers. The performance management system thus underpins the implementation of Baloise’s “Simply Safe” strategy, because it places the focus on objectives such as achieving the three strategic pillars: “cash upstream”, “customer growth” and “employees”.

Fairness and transparency

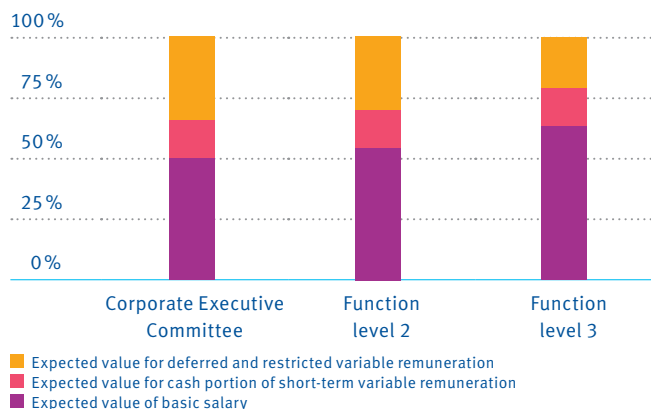
In addition to the regular benchmarking of overall remuneration against the market, Baloise also aims to ensure that pay within the Company is fair when setting salary levels. Baloise applies the fair-pay principle that people who do the same job and have the same qualifications should be paid the same amount. The Company already participated in the Swiss federal government’s voluntary wage equality dialogue in 2013 / 2014 and repeated

the analysis internally in 2018 in collaboration with the employee commission. 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. This means that there is no significant pay gap in the Company’s remuneration of female and male employees that cannot be explained with objective factors such as years of service, function and occupational status. In 2021, Baloise will conduct another wage equality analysis in connection with the amended Swiss Equal Opportunities Act. The findings will be audited both internally and externally and will then be shared with employees and shareholders.

Sustainable remuneration

Baloise attaches considerable importance to managing its business sustainably and retaining high performers. It also matters to Baloise that its remuneration is not only competitive and achievement-oriented, but that it also encourages managerial staff to align their long-term focus with the interests of stakeholders, particularly the 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.

5. COMPONENTS OF REMUNERATION

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

Basic salary

The basic salary constitutes the level of remuneration that is commensurate with the functions and responsibilities of the position concerned as well as the employee skills and expertise required in order to achieve the relevant business targets and objectives. This remuneration is paid by bank transfer. The Company's clearly defined and market-based salary structures (e.g. grade-based salary bands) help ensure fair pay relative to others both inside and outside the organisation (see also chapter 4. "Remuneration policy and remuneration system").

Short-term variable remuneration: performance pool

The key factors determining the amount of short-term variable remuneration paid are the Company's profitability and economic value added, the performance of the team, and an employee's individual contribution to the team's performance. Short-term variable remuneration is paid together with the salary for March of the following year. 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. This choice is limited for the most senior managers, who are obliged to subscribe for shares on a sliding-scale basis: members of the Corporate Executive Committee must receive at least 50 per cent of their short-term variable remuneration in the form of shares (if the long-term effect of performance share units is taken into account, the total proportion of remuneration awarded in shares, including entitlements, amounts to at least 70 per cent of total variable remuneration at the time of allocation). Two plans are available to individuals who wish to subscribe for shares: the Share Subscription Plan and the Share Participation Plan (see chapter 6. "Share Subscription Plan and Share Participation Plan").

Fixed weighting of the main indicators for the performance pool

From 2020, the Remuneration Committee will define the weightings of the four main indicators in advance. The main indicators "strategy implementation", "risks taken" and "capital markets perspective" are each given a weighting of 20 per cent while the main indicator "business performance" is given a weighting of 40 per cent. "Business performance" is weighted more heavily than the other indicators because it forms the basis for the future competitiveness and long-term success of Baloise. The fixed weighting of the factors makes the determination of the performance pool easier to understand and thus improves transparency of the variable remuneration.

Sustainability

Sustainability is of far-reaching significance in the future strategy of Baloise (see pages 37 to 38). The Remuneration Committee has decided to add "sustainability" to the criteria for the main indicator "strategy implementation" from 2021, i.e. one year before the start of the next strategic phase, in order to further emphasise the importance of sustainability. This criterion measures improvements in public perception based on Baloise's performance as measured by a broad-based sustainability index and a reputational rating.

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.

The short-term variable remuneration is allocated via the performance pool. The performance pool takes account of the entire Baloise Group's performance. Its amount is determined by the Remuneration Committee after the end of the financial year concerned, using a systematic analytical process that takes account of the following main indicators:

- ▶ Main indicator "strategy implementation" (weighting: 20 per cent)
The criteria are the three strategic goals set by Baloise for

the period 2017 to 2021, comprising a cash upstream of CHF 2 billion into Baloise Holding, one million new customers, and a rating as one of the best employers in the sector. From 2021, sustainability will be included as an additional criterion.

- ▶ **Main indicator “business performance” (weighting: 40 per cent)**
 The key metric is the profit for the period, with the combined ratio, the interest margin and the business mix in the life insurance business as supplementary metrics.
- ▶ **Main 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 Swiss Solvency Test (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.
- ▶ **Main indicator “capital markets perspective” (weighting: 20 per cent)**
 The key 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 114).

The assessments by the Head of Risk Management and the Head of Group Compliance of the risks taken and the evaluations by the Head of Group Human Resources and others of strategy requirements that cannot be easily quantified are also based on qualitative criteria such as senior managers’ risk behaviour, compliance with procedures and regulations and the practising

of a genuine compliance culture, the effectiveness of the internal control system, and the efforts made in respect of talent management and staff engagement.

The formal cap for the performance pool is set at 150 per cent of the expected value.

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

The allocation of performance pool payments to the members of the Corporate Executive Committee is described in chapter 12. “Remuneration paid to the members of the Corporate Executive Committee”.

For the 2020 financial year, the Remuneration Committee decided on a factor of 90 per cent of the expected value of performance pool payments. The decision and the main indicators are explained in greater detail in the following.

Main indicator	Strategy implementation
Key question	How successfully were the strategic targets implemented?
Sub-criteria	Cash upstream Customer growth Employees
Appraisal	Baloise is well on track to achieve the ambitious targets of “Simply Safe Season 1” by the end of 2021. Cash remittance to the holding company remained healthy at CHF 424 million in 2020 in spite of the challenging conditions. The goal of attracting one million new customers remains within reach: In 2020, the Company’s customer base grew by a solid 225,000 new customers. Baloise is currently among the top 8 per cent of employers in the peer group of European financial services providers. This all amounts to an outstanding achievement, especially against the backdrop of the Covid-19 pandemic.
Rating	Positive

Main indicator	Business performance
Key question	What is the operating profit?
Sub-criteria	Profit for the period Combined ratio Life insurance key figures (interest margin and business mix)
Appraisal	The profit for 2020 was down year on year due to the adverse impact of the Covid-19 pandemic. The achievement of a combined ratio of 91.2 per cent in this challenging financial year confirms once again the high quality of the underwriting and the profitability of the non-life business. In a persistently difficult interest-rate environment, the non-life business generated EBIT well above CHF 200 million.
Rating	Negative / Neutral

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

Main indicator	Capital markets perspective
Key question	How did Baloise perform relative to other companies on the stock market?
Sub-criteria	Total shareholder return
Appraisal	At the end of the year, Baloise Holding AG shares had outperformed the STOXX Europe 600 Insurance Index slightly. Baloise Holding AG's shares were ranked above the median (15 th out of 35 stocks), with a total shareholder return of minus 5.9 per cent.
Rating	Neutral / Positive

Determination of the performance pool factor	
Appraisal	Baloise achieved a solid result despite the impact of the Covid-19 pandemic. The assessment of “strategy implementation” and “risks taken” remained on a par with the previous year. The relative assessment of “capital markets perspective” has weakened slightly but the share price proved robust in the challenging market environment. The “operating performance”, a factor to which the Remuneration Committee attaches great importance, was weaker than in 2019. The Remuneration Committee carefully analysed all main indicators. Despite the solid results, it decided to set the performance pool factor at 90 per cent in light of the pressure that the Covid-19 pandemic is putting on society and the wider economy.
Factor	90 per cent

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

	Performance pool (as a percentage of the normal expected value)	Consolidated profit for the period (CHF million)
2013	120%	455.4
2014	137%	711.9
2015	100%	511.1
2016	107%	533.9
2017	120%	531.9
2018	100%	522.9
2019	120%	689.5
2020	90%	428.3

Long-term variable remuneration: performance share units

Baloise grants performance share units (PSUs) to the most senior managers as a form of long-term variable remuneration in order to retain high performers and align their interests with those of the shareholders.

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

to the other participating employees on the basis of the relevant line manager's proposal, which must be approved by the line manager's manager.

The number of shares that can be subscribed after three years – i.e. at the end of the vesting period – depends on the performance of Baloise Holding Ltd. shares (total shareholder return or TSR) relative to a peer group. 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. In this case the performance multiplier would be 1.0. Participants receive more shares in exchange for their PSUs if the Baloise TSR for the vesting period is higher than the 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 107). 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 2020 they receive their shares on 1 March 2023. If an individual's employment contract is terminated during the vesting period, the PSUs expire without the person concerned receiving any consideration or compensation. This does not apply if the employment contract ends due to retirement, disability or death. It also does not apply if the

Companies in the STOXX Europe 600 Insurance Index (as at 31 December 2020)

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

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

contract is terminated but the participant does not join a rival company or is not personally at fault for the termination of the contract. In the last two cases, some of the allocated PSUs will still expire. The number of PSUs expiring is proportional to the amount of time remaining until the end of the vesting period. In addition, the Remuneration Committee has the powers to claw back some or all of the PSUs allocated to an individual or to a group of participants if there are specific reasons for doing so. Such specific reasons include, for example, serious breaches of internal or external regulations, the taking of inappropriate risks that are within an individual's control, and the type of conduct or behaviour that would increase the risks to Baloise.

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

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

- ▶ interest rate of 1 per cent;
- ▶ volatility of all stocks in the peer group and their correlation with one another (measured over a historical period of three years);
- ▶ empirical data on how long eligible programme participants remain with the Company.

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

Fringe benefits

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

6. SHARE SUBSCRIPTION PLAN AND SHARE PARTICIPATION PLAN

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

Share Subscription Plan

Those who qualify as eligible persons at Baloise Group companies in Switzerland and the members of the Executive Committees at companies outside Switzerland are able to subscribe for shares at a preferential price as part of their short-term variable remuneration. The subscription date is 1 March of each year. Although title to the shares passes to the relevant employees on this date without any further vesting conditions having to be met, the shares cannot be sold for the duration of a three-year closed period.

PERFORMANCE SHARE UNIT (PSU) PLAN

	PSUs granted		PSUs converted			Change in value ³	
	Date	Price (CHF) ¹	Date	Multiplier	Price (CHF) ¹		Value (CHF) ²
2009	1 Jan 2009	82.40	1 Jan 2012	0.64	64.40	41.22	-50%
2010	1 Jan 2010	86.05	1 Jan 2013	0.58	78.50	45.53	-47%
2011	1 Jan 2011	91.00	1 Jan 2014	0.77	113.60	87.47	-4%
2012	1 Mar 2012	71.20	1 Mar 2015	1.21	124.00	150.04	111%
2013	1 Mar 2013	84.50	1 Mar 2016	1.50	126.00	189.00	124%
2014	1 Mar 2014	113.40	1 Mar 2017	1.05	130.70	137.24	21%
2015	1 Mar 2015	124.00	1 Mar 2018	1.34	149.20	199.93	61%
2016	1 Mar 2016	126.00	1 Mar 2019	1.32	163.00	215.86	71%
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	1.28 ⁴	157.50 ⁴	201.60 ⁴	35% ⁴
2019	1 Mar 2019	163.00	1 Mar 2022	1.22 ⁴	157.50 ⁴	192.50 ⁴	18% ⁴
2020	1 Mar 2020	154.90	1 Mar 2023	1.11 ⁴	157.50 ⁴	175.00 ⁴	13% ⁴

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 2009: $\left(\frac{0.64 \times 64.40}{82.40} - 1\right) \times 100 = -50\%$.

⁴ Interim measurement as at 31 December 2020.

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

	Applicable closing quotation		Subscription price
	from	CHF	CHF
Share Subscription Plan for 2021 (applies to variable remuneration awarded for the 2020 reporting period)	8 Jan 2021	159.40	143.46
Share Subscription Plan for 2020 (applies to the variable remuneration granted for 2019)	10 Jan 2020	176.00	158.40

Share Participation Plan

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

	Applicable closing quotation		Subscription price
	from	CHF	CHF
Share Participation Plan for 2021 (applies to variable remuneration awarded for the 2020 reporting period)	8 Jan 2021	159.40	139.73
Share Participation Plan for 2020 (applies to the variable remuneration granted for 2019 and to the shares subscribed by the Chairman of the Board of Directors in 2020)	10 Jan 2020	176.00	156.46

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

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

7. EMPLOYEE INCENTIVE PLAN

The Baloise Foundation for Employee Participation set up in 1989 offers members of staff working for various Baloise Group companies in Switzerland the opportunity to purchase shares in Baloise Holding – usually once a year – at a preferential price in compliance with the regulations adopted by the Board of Foundation. This encourages employees to maintain their commitment to the Company over the long term by becoming shareholders. The subscription price is fixed by the Board of Foundation at the beginning of the subscription period and is then published on the intranet. It equals half of the volume-weighted average share price calculated for the month of August in each subscription year. In 2020, the subscription price amounted to CHF 71.70 (2019: CHF 88.50) and a total of 209,951 shares were subscribed (2019: 192,501). Title to the subscribed shares passes to the relevant

EMPLOYEE INCENTIVE PLAN

	2019	2020
Number of shares subscribed	192,501	209,951
Restricted until	31 Aug 2022	31 Aug 2023
Subscription price per share (CHF)	88.50	71.70
Value of shares subscribed (CHF million)	17.0	15.1
Fair value of subscribed shares on subscription date (CHF million)	32.5	29.5
Employees entitled to participate	3,301	3,372
Participating employees	2,218	2,370
Subscribed shares per participant (average)	86.8	88.6

employees with effect from 1 September each year, and the shares are subject to a three-year closed period.

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

8. PENSION SCHEMES

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

The members of the Corporate Executive Committee are insured under the pension scheme run by Baloise Insurance Ltd. They are subject to the same terms and conditions as all other insured office-based members of staff. No contributions to vocational pension schemes are made for the Chairman or the other members of the Board of Directors.

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

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

The Remuneration Policy adopted by the Board of Directors contains clear guidance on inducement payments and severance packages. Such remuneration may only be paid in justified cases. No severance packages may be awarded to members of either the Board of Directors or the Corporate Executive Committee, and any inducement payments granted to such persons – irrespective of their amount – must be approved by the Remuneration Committee. Inducement payments and severance packages for the most senior managers must be approved by the Remuneration Committee if they exceed CHF 100,000. Each individual case is assessed on a discretionary basis.

10. RULES STIPULATED IN THE ARTICLES OF ASSOCIATION

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

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

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11. REMUNERATION PAID TO THE MEMBERS OF THE BOARD OF DIRECTORS

Please refer to the tables on pages 122 and 123.

BOARD OF DIRECTORS' FEES AND MANDATORY SHARE OWNERSHIP

	CHF thousand/year	of which shares in Baloise Holding AG
Base fee – Chairman ¹	1,320	1/4
Base fee – Member	125	1/4
Fee – Vice-Chairman ²	50	1/4
Fee – Chair of Committee ²	70	1/4
Fee – Committee Member ²	50	1/4
Mandatory share ownership		1,000 shares each

¹ The Chairman is not entitled to any additional remuneration for participation in Committees.

² In addition to the base fee for members.

The members of the Board of Directors receive a 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 remained unchanged since 2008.

One quarter 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 pages 115 to 116). Until 2019, these shares were allocated in March (please refer to the accompanying table for details). With effect from 2020, the allocation has been moved to June because the composition of committees for the full year is known by this point. It is thus possible to ensure that members receive exactly one quarter of their fee in shares.

	Relevant closing price		Allocation on	Subscription price CHF
	as at	CHF		
Shares received by members of the Board of Directors 2020	29 May 2020	136.60	1 Jun 2020	122.94
Shares received by members of the Board of Directors 2019	10 Jan 2019	143.80	1 Mar 2019	129.42

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.

The Chairman of the Board of Directors performs his various functions on a full-time basis, in return for which he is paid

a fixed amount of remuneration. He is not entitled to any variable remuneration and, consequently, he receives no performance pool payments and no allocation of PSUs. He is paid roughly a quarter of his remuneration in the form of shares (closed period of five years). In January of each year, he can choose freely what proportion of this share-based remuneration he wishes to receive under the Share Participation Plan (closed period of three years, see page 116).

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

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 (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 (section A 3.7 of the Organisational Regulations).

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

12. REMUNERATION PAID TO THE MEMBERS OF THE CORPORATE EXECUTIVE COMMITTEE

Please refer to the tables on pages 124 and 125.

The structure of remuneration paid to the Corporate Executive Committee is laid down in the Remuneration Policy. It comprises the basic salary, which is paid in cash, the variable remuneration and other compensation components (non-cash benefits, pension contributions). The total amount of remuneration is compared with the wider market at regular intervals (see pages 109 to 110). The actual level of remuneration paid is determined in accordance with the table below.

TYPE OF REMUNERATION	DECIDED BY
Fixed remuneration 2020	Annual General Meeting 2019
Variable remuneration 2020	
– cap	Annual General Meeting 2020
– individual payment	Remuneration Committee in February 2021 (in compliance with the cap set by the Annual General Meeting 2020)

The variable remuneration comprises the performance pool (short-term variable remuneration) and the performance share units (PSUs, long-term variable remuneration). The calculated expected value for variable remuneration is 100 per cent of the basic salary (made up of 60 per cent from the performance pool and 40 per cent in PSUs). In accordance with Article 32 of the Articles of Association, the maximum amount of variable remuneration that can be awarded in the event of an outstanding individual performance and very good corporate results is 130 per cent of the basic salary (made up of 90 per cent from the performance pool and 40 per cent in PSUs).

REMUNERATION STRUCTURE AND MANDATORY SHARE OWNERSHIP OF THE CORPORATE EXECUTIVE COMMITTEE

	Minimum remuneration	Expected value	Maximum remuneration
PSUs (allocation)	0%	40%	40%
Performance pool	0%	60%	90%
Basic salary	100%	100%	100%

Mandatory share ownership Shares and PSUs equivalent to 200% of the basic salary (within three years of taking office)

This system takes account of applicable legislation in Switzerland. At the same time, it conforms with the European standard,

which demands that variable remuneration should not exceed 100 per cent of the fixed remuneration (or up to 200 per cent if approved by the shareholders) under normal circumstances (Capital Requirements Directive IV). 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, a significant proportion of their compensation is paid in the form of deferred remuneration.

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, based on proposals submitted to the committee from the Chairman of the Board of Directors for the Group CEO and from the Group CEO for the other members of the Corporate Executive Committee. The Committee discusses each individual member, assessing their performance during the year under review and any changes compared to the prior year. 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.

Please refer to pages 114 to 115 for details regarding the allocation of PSUs.

The remuneration paid to the members of the Corporate Executive Committee for the 2019 and 2020 financial years is set out on pages 124 to 125. 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 and the specification of a lower performance pool factor (2020: 90 per cent) than in the previous year (2019: 120 per cent), the total remuneration awarded to the Corporate Executive Committee was lower in 2020 than in the previous year (reduction of 14.5 per cent in the aggregate amount of basic salaries and variable remuneration).

The Annual General Meeting held on 26 April 2019 approved an amount of CHF 4.74 million for the fixed remuneration (including pension contributions) payable to the Corporate Executive Committee for 2020. The amount paid out was CHF 4.49 million.

In addition, the Annual General Meeting held on 24 April 2020 approved a maximum amount of CHF 5.15 million for the variable remuneration (including pension contributions and Share Subscription Plan discount) payable for 2020. The total amount paid out was CHF 3.56 million.

On 1 March 2020, the performance share units allocated in 2017 were converted into shares as scheduled. These PSUs had a value of CHF 1.08 million at the time of allocation. The actual value of the shares granted was CHF 1.61 million.

13. LOANS AND ADVANCES

Please refer to the table on page 126.

14. SHARES AND OPTIONS HELD

Please refer to the tables on pages 127 and 128.

15. AMOUNTS OF TOTAL REMUNERATION AND VARIABLE REMUNERATION

Please refer to the table on page 129.

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 129 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 2020 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

2019	Basic fee	Fee for additional functions	Total remuneration	Pension benefits	Total	Of which: in shares
CHF thousand						
Dr Andreas Burckhardt	1,320.0		1,320.0	–	1,320.0	311.9
Chairman of the Board of Directors		–				
Dr Andreas Beerli	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				
Dr Georges-Antoine de Boccard (until 26 April 2019)	62.5		112.5	–	112.5	28.1
Investment Committee		25.0				
Remuneration Committee		25.0				
Christoph B. Gloor	125.0		225.0	6.0	231.0	56.2
Investment Committee		50.0				
Audit and Risk Committee		50.0				
Hugo Lasat	125.0		175.0	–	175.0	43.7
Investment Committee		50.0				
Christoph Mäder (since 26 April 2019)	83.3		116.7	5.7	122.3	–
Remuneration Committee		33.3				
Dr Markus R. Neuhaus (since 26 April 2019)	83.3		116.7	5.7	122.3	–
Audit and Risk Committee		33.3				
Dr Thomas von Planta	125.0		225.0	6.0	231.0	56.2
Chairman's Committee		50.0				
Audit and Risk Committee (until 26 April 2019)		16.7				
Investment Committee (since 26 April 2019)		33.3				
Thomas Pleines	125.0		245.0	9.5	254.5	61.2
Chair of the Remuneration Committee		70.0				
Chairman's Committee		50.0				
Prof. Dr Hans-Jörg Schmidt-Trenz	125.0		175.0	–	175.0	43.7
Remuneration Committee		50.0				
Prof. Dr Marie-Noëlle Venturi – Zen-Ruffinen	125.0		208.3	6.0	214.3	43.7
Audit and Risk Committee		50.0				
Remuneration Committee (since 26 April 2019)		33.3				
Subtotal for the Board of Directors	2,424.2	790.0	3,214.2	38.8	3,253.0	718.4
Share Subscription Plan discount					62.5	
Total for the Board of Directors					3,315.5	

The presentation of the remuneration paid to the members of the Board of Directors has been modified. All amounts are now stated in thousand CHF. The number of shares is no longer stated in this context because the number of unrestricted and restricted shares can be found in the table on page 127. The presentation of the prior-year figures has been adjusted accordingly.

Explanatory notes to the table

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

Since 2012, newly elected members of the Board of Directors receive a fee for the full eight months of their first calendar year and in the year of their resignation they are paid for just four months. Mr de Boccard was elected before this change and therefore on the payment date in March 2019 received the additional two months' remuneration from the year of his election on top of the four months' remuneration he was due for 2019.

Remuneration paid to former members and related parties No remuneration on a non-arm's-length basis was paid to companies or individuals that 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.

Pension contributions The information disclosed for 2019 includes the contributions that the employer is required by law to pay into the state-run social security schemes (up to the pensionable or insurable threshold in each case). No contributions to vocational pension schemes are 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 recognised at market value less 10 per cent (CHF 129.42, in line with the Share Subscription Plan).

In 2019, the Chairman of the Board of Directors received half of his share-based remuneration in shares from the Share Subscription Plan (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. This discount is also reported as part of the overall remuneration.

REMUNERATION PAID TO THE MEMBERS OF THE BOARD OF DIRECTORS

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

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 that 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.

Pension 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 are 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 recognised at market value less 10 per cent (CHF 122.94, in line with the Share Subscription Plan).

In 2020, the Chairman of the Board of Directors received half of his share-based remuneration in shares from the Share Subscription Plan (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. 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	Pension contributions	Total remuneration
	Cash payment (fixed)	Cash payment (variable)	Share Subscription Plan	Share Participation Plan	PSU (granted in 2019)	Total variable remuneration					
2019											
CHF thousand											
Gert De Winter	950.0	342.0	342.0	–	380.1	1,064.1	2,014.1	112 %	–	196.5	2,210.6
Group CEO											
Michael Müller	700.0	50.5	453.5	–	280.1	784.1	1,484.1	112 %	5.3	177.9	1,667.3
Head of Corporate Division Switzerland											
Dr Thomas Sieber	621.0	179.0	134.0	134.1	248.5	695.6	1,316.6	112 %	5.3	196.5	1,518.4
Head of Corporate Division Corporate Centre											
Dr Carsten Stolz	500.0	135.0	135.0	–	200.0	470.0	970.0	94 %	5.3	183.1	1,158.4
Head of Corporate Division Finance											
Dr Matthias Henny	500.0	0.1	215.9	144.0	200.0	560.0	1,060.0	112 %	5.3	177.9	1,243.2
Head of Corporate Division Asset Management											
Dr Alexander Bockelmann (since 1 February 2019)	550.0	87.1	217.8	130.7	220.1	655.7	1,205.7	119 %	–	177.9	1,383.6
Head of Corporate Division IT											
Subtotal for the Corporate Executive Committee	3,821.0	793.8	1,498.1	408.8	1,528.8	4,229.5	8,050.5	111 %	21.3	1,109.8	9,181.5
Share Subscription Plan discount											166.5
Total for the Corporate Executive Committee											9,348.0

The presentation of the remuneration paid to the members of the Corporate Executive Committee has been modified. All amounts are now stated in thousand CHF. The number of shares is no longer stated in this context because the number of unrestricted and restricted shares can be found in the table on page 128. The presentation of the prior-year figures has been adjusted accordingly.

Explanatory notes to the table

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

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

Share Subscription Plan Proportion of variable remuneration received directly as shares, which are measured at market value less 10 per cent markdown. Subscription price = CHF 158.40.
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 156.46.

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

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

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

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

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 that are related to members of the Corporate Executive Committee. Related parties are spouses or life partners; children under 18 years or dependent family members; companies owned or controlled by directors; individuals who act as trustees for them; children, relatives, companies and trustees of the spouse or life partner. No amounts receivable from these persons were waived.

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

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

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

	Mortgages		Loans pertaining to the Share Participation Plan		Other loans		Total	
	2019	2020	2019	2020	2019	2020	2019	2020
CHF thousand								
Dr Andreas Burckhardt	–	–	2,623.4	2,623.5	–	–	2,623.4	2,623.5
Chairman								
Dr Andreas Beerli	–	–	–	–	–	–	–	–
Vice-Chairman								
Christoph B. Gloor	–	–	–	–	–	–	–	–
Member								
Hugo Lasat	–	–	–	–	–	–	–	–
Member								
Christoph Mäder (since 26 April 2019)	–	–	–	–	–	–	–	–
Member								
Dr Markus R. Neuhaus (since 26 April 2019)	–	–	–	–	–	–	–	–
Member								
Dr Thomas von Planta	–	–	–	–	–	–	–	–
Member								
Thomas Pleines	–	–	–	–	–	–	–	–
Member								
Prof. Dr Hans-Jörg Schmidt-Trenz	–	–	–	–	–	–	–	–
Member								
Prof. Dr Marie-Noëlle Venturi – Zen-Ruffinen	–	–	–	–	–	–	–	–
Member								
Total for the Board of Directors	–	–	2,623.4	2,623.5	–	–	2,623.4	2,623.5
Corporate Executive Committee member with the highest outstanding loan:								
Dr Matthias Henny	–	–	1,942.0	2,136.2	–	–	1,942.0	2,136.2
Head of Corporate Division Asset Management								
Other members of the Corporate Executive Committee	2,160.0	1,700.0	2,545.5	1,061.6	–	–	4,705.5	2,761.6
Total for the Corporate Executive Committee	2,160.0	1,700.0	4,487.4	3,197.8	–	–	6,647.4	4,897.8

The presentation of loans and advances granted to members of the Board of Directors and the Corporate Executive Committee has been modified. All amounts are now stated in thousand CHF. The presentation of the prior-year figures has been adjusted accordingly.

Explanatory notes to the table

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

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

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

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

Loans associated with the Share Participation Plan Loans to increase the effect of the Share Participation Plan (see chapter 6. "Share Subscription Plan and Share Participation Plan"). Loans are subject to interest at a market rate (2020: 1 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	
	2019	2020	2019	2020	2019	2020	2019	2020
Quantity								
Dr Andreas Burckhardt Chairman	28,566	32,640	31,788	29,301	60,354	61,941	0.124 %	0.127 %
Dr Andreas Beerli Member	2,812	3,295	2,452	2,568	5,264	5,863	0.011 %	0.012 %
Christoph B. Gloor Member	8,093	8,576	2,317	2,291	10,410	10,867	0.021 %	0.022 %
Hugo Lasat Member	–	375	2,024	2,004	2,024	2,379	0.004 %	0.005 %
Christoph Mäder (since 26 April 2019) Member	733	733	1,000	1,355	1,733	2,088	0.004 %	0.004 %
Dr Markus R. Neuhaus (since 26 April 2019) Member	–	–	1,000	1,355	1,000	1,355	0.002 %	0.003 %
Dr Thomas von Planta Member	555	798	1,745	2,202	2,300	3,000	0.005 %	0.006 %
Thomas Pleines Member	2,145	2,671	2,434	2,406	4,579	5,077	0.009 %	0.010 %
Prof. Dr Hans-Jörg Schmidt-Trenz Member	–	–	1,338	1,693	1,338	1,693	0.003 %	0.003 %
Prof. Dr Marie-Noëlle Venturi – Zen-Ruffinen Member	–	375	2,024	2,106	2,024	2,481	0.004 %	0.005 %
Total for the Board of Directors	42,904	49,463	48,122	47,281	91,026	96,744	0.187 %	0.198 %
Percentage of issued share capital	0.088 %	0.101 %	0.099 %	0.097 %	0.187 %	0.198 %		

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 received by the Chairman of the Board of Directors in connection with the Share Subscription Plan is five years. Article 20 of the Articles of Association also requires all members of the Board of Directors to lodge 1,000 shares with the Company for the duration of their term of appointment (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)	
	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020
Quantity										
Gert De Winter	22,875	29,593	7,125	6,591	30,000	36,184	0.061%	0.074%	7,809	7,225
Group CEO										
Michael Müller	21,662	26,698	8,125	8,477	29,787	35,175	0.061%	0.072%	5,351	5,325
Head of Corporate Division Switzerland										
Dr Thomas Sieber (until 31 August 2020)	9,058	–	24,511	–	33,569	–	0.069%	–	4,918	–
Head of Corporate Division Corporate Centre										
Dr Carsten Stolz	1,453	3,006	5,654	6,012	7,107	9,018	0.015%	0.018%	3,245	3,803
Head of Corporate Division Finance										
Dr Matthias Henny	6,338	10,618	21,867	22,073	28,205	32,691	0.058%	0.067%	3,531	3,803
Head of Corporate Division Asset Management										
Dr Alexander Bockelmann (since 1 February 2019)	–	–	–	6,851	–	6,851	–	0.014%	1,313	2,841
Head of Corporate Division IT										
Total for the members of the Corporate Executive Committee	61,386	69,915	67,282	50,004	128,668	119,919	0.264%	0.246%	26,167	22,997
Percentage of issued share capital	0.126%	0.143%	0.138%	0.102%	0.264%	0.246%				

Explanatory notes to the table

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

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

Options Options held in connection with the Share Participation Plan are not reported here because they were written 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 2018, 1 March 2019 and 1 March 2020).

TOTAL AND VARIABLE REMUNERATION IN THE BALOISE GROUP

	2019				2020			
	Cash	Shares	Prospective entitlements	Total	Cash	Shares	Prospective entitlements	Total
CHF million								
Total remuneration	765.2	5.7	5.5	776.4	795.5	4.2	5.1	804.7
Total variable remuneration (total pool)	156.5	5.7	5.5	167.7	155.2	4.2	5.1	164.5
Number of beneficiaries	5,130	196	67		5,376	212	71	
Total outstanding deferred remuneration	–	119.7	15.2	134.9	–	112.0	15.2	127.2
Debits / credits for remuneration for previous reporting periods recognised in profit or loss	–0.3	–	–	–0.3	–0.9	–	–	–0.9
Total inducement payments made	0.0	–	–	0.0	0.1	–	–	0.1
Number of beneficiaries	4	–	–		12	–	–	
Total severance payments made	6.4	–	–	6.4	5.9	–	–	5.9
Number of beneficiaries	67	–	–		57	–	–	

Foreign currency amounts are now translated using the average exchange rate for the year (previously: closing rate on 31 December). In addition, the basis of data for remuneration data has been redefined for the companies in Switzerland. The prior-year data has been adjusted accordingly.

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. Inducement payments made in 2019 came to less than CHF 50,000 in total.

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



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To the General Meeting of
Baloise Holding AG, Basel

Basle, 24 March 2021

Report of the statutory auditor on the remuneration report

We have audited the accompanying remuneration report of Baloise Holding AG for the year ended 31 December 2020.



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 2020 of Baloise Holding AG complies with Swiss law and articles 14–16 of the Ordinance.

Ernst & Young Ltd



Christian Flöig
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 317 "Information on the Baloise Group" referencing the fact that only the German text of the annual report is legally binding.