

## *Swiss Life Compensation Report for the Financial Year 2020*

The General Meeting of Shareholders of Swiss Life Holding on 23 April 2014 approved various provisions of the Articles of Association, in response to a proposal by the Board of Directors pertaining to the implementation of the Ordinance against Excessive Compensation in Listed Stock Companies (Compensation Ordinance, VegüV), which take account of the requirements and powers of the General Meeting of Shareholders in relation to corporate governance and compensation.

With regard to the compensation system, the key principles of the compensation policy of the Swiss Life Group are regulated by the Articles of Association. The members of the Board of Directors are granted exclusively fixed compensation. This is paid partly in blocked Swiss Life Holding shares, with the amount, date of allocation and duration of the blocking period set by the Board of Directors. The members of the Corporate Executive Board are entitled to a fixed basic salary and, if applicable, a short- and long-term variable compensation component. The variable compensation for members of the Corporate Executive Board has been limited under the Articles of Association to a maximum 181% of the fixed basic salary.

Pursuant to the Articles of Association, the General Meeting of Shareholders is responsible for approving the maximum total amount of fixed compensation for the Board of Directors until the next General Meeting. The General Meeting of Shareholders also votes on a prospective basis on the maximum amount of the fixed compensation and the long-term variable compensation component (equity compensation plan) for the Corporate Executive Board for the next financial year. By contrast, the short-term variable compensation component for the Corporate Executive Board is submitted for approval to the General Meeting of Shareholders on a retrospective basis for the previous financial year, in full cognisance of the respective business figures.

Since 2009, Swiss Life has given shareholders the opportunity to hold a separate advisory vote at the General Meeting on the compensation report for the relevant financial year. The outcome of the vote is of material importance for the Board of Directors in their assessment and structuring of compensation.

On the basis of the powers of the General Meeting of Shareholders in relation to compensation under the Articles of Association, which came into effect on 1 January 2015, the General Meeting of Shareholders had approved the compensation for the Board of Directors and the Corporate Executive Board on 30 April 2019 as follows:

- For the Board of Directors: The maximum total amount of fixed compensation until the next Annual General Meeting in 2020 in the amount of CHF 3 200 000 in total.
- For the Corporate Executive Board: The short-term variable compensation component for the 2018 financial year in the amount of CHF 4 675 000 in total (bonus and deferred compensation in cash), determined by the Board of Directors at the beginning of 2019 in view of the 2018 annual results, and the maximum total amount of the fixed compensation and the long-term variable compensation (equity compensation plan) for the 2020 financial year in the amount of CHF 13 800 000 in total.

At the General Meeting of Shareholders of 28 April 2020, the following compensation was approved for the Board of Directors and Corporate Executive Board:

- For the Board of Directors: The maximum total amount of fixed compensation until the next Annual General Meeting in 2021 in the amount of CHF 3 200 000 in total.
- For the Corporate Executive Board: The short-term variable compensation component for the 2019 financial year in the amount of CHF 4 290 000 in total (bonus and deferred compensation in cash), determined by the Board of Directors at the beginning of 2020 in view of the 2019 annual results, and the maximum total amount of the fixed compensation and the long-term variable compensation component (equity compensation plan) for the 2021 financial year in the amount of CHF 13 800 000 in total.

In the same way, the General Meeting on 23 April 2021 will be asked to approve the exclusively fixed compensation to be paid to the Board of Directors until the 2022 Annual General Meeting, the short-term variable compensation component for the Corporate Executive Board for the 2020 financial year and the maximum total amount of fixed compensation (basic salary incl. ancillary benefits and occupational provisions) and of the long-term variable compensation component (equity compensation plan) for the 2022 financial year.

The proposed budget/maximum amount for the fixed and long-term variable compensation for the Corporate Executive Board for the 2022 financial year represents an upper limit, which would only be exhausted in the case of exceptional business performance. The Board of Directors will determine the fixed compensation and the long-term variable compensation component for the Corporate Executive Board at the beginning of 2022 and will detail the key underlying factors in the respective compensation report, on which the shareholders can in turn hold an advisory vote.

The Articles of Association of Swiss Life Holding can be seen and printed out at [www.swisslife.com](http://www.swisslife.com), “Investors and Shareholders” area, “Shareholders and services” section, “Articles of Association” ([www.swisslife.com/articles](http://www.swisslife.com/articles)) subsection. For stipulations on compensation and on the approval of compensation for the Board of Directors and the Corporate Executive Board, particular reference is made to Articles 14–16 of the Articles of Association.

### **Guidelines and standards**

The following information takes into account the requirements under the directive of the SIX Swiss Exchange on information relating to corporate governance and Circular 2010/1 of the Swiss Financial Market Supervisory Authority FINMA on minimum standards for remuneration schemes of financial institutions, as well as the transparency requirements under the Compensation Ordinance.

Additional information on compensation and benefit expenditure for the management and employees of the Swiss Life Group can be found in the Consolidated Financial Statements (notes 23 and 29 on pages 270 to 280 and 294 to 295). The information according to Art. 663c of the Swiss Code of Obligations regarding the shareholdings of members of the Board of Directors and the Corporate Executive Board is shown in the Notes to the Swiss Life Holding Financial Statements on pages 335 to 337.

The information on compensation granted to Corporate Executive Board members also includes the variable compensation, which was determined by the Board of Directors at the beginning of 2021 and is published on an accrual basis as compensation for the 2020 financial year. The members of the Board of Directors are granted exclusively fixed compensation, payable 70% in cash and 30% in Swiss Life Holding shares; the allocated shares are subject to a three-year blocking period.

The compensation received by each member of the Board of Directors, and that of the acting Chairman of the Corporate Executive Board (Group CEO), who in the period under review received the highest compensation of the members of the Corporate Executive Board, is disclosed on an individual basis.

### Compensation policy principles

The compensation policy principles are governed Articles 14-16 of the Articles of Association of Swiss Life Holding, which can be seen at [www.swisslife.com](http://www.swisslife.com), “Investors and Shareholders” area, “Shareholders and services” section, “Articles of Association” ([www.swisslife.com/articles](http://www.swisslife.com/articles)) sub-section. Within this framework, the Board of Directors as a whole establishes the compensation policy guidelines for the Group (incl. variable compensation and equity compensation plans) and relevant guidelines for the employee benefit institutions.

The compensation policy underpins the performance culture required by the corporate strategy and forms part of the HR policy. The aim is to retain well-qualified employees and gain new, highly skilled staff. The compensation system is in line with the market environment and must be competitive. The individual overall compensation takes into account the employee’s professional skills, engagement and personal performance. It comprises the basic salary, a variable short-term component related to achieving annual targets, which is normally paid out in cash and sometimes equities and, if applicable, as deferred compensation in cash, and a long-term variable compensation component in the form of an equity compensation plan, as well as contributions to occupational provisions and risk insurance.

Salary	
Variable compensation	
Short-term variable compensation component (Bonus in cash and possibly in shares and, if applicable, deferred compensation in cash)	Long-term variable compensation component (Equity compensation plan, RSU plan)
Contributions to occupational provisions and risk insurance	

The salary is determined according to the employee’s function and skill set, and is annually reassessed and adjusted if appropriate. Salary comparison studies and recognised job evaluation systems are used to check appropriateness and to ensure internal and external comparability.

The variable compensation components are linked to the strategic objectives of the Group and the individual divisions, and the associated financial and HR-related targets. They are based on the achievement of annual objectives defined in advance for a period of three years as part of medium-term planning and determined on the basis of the actual performance of individuals or teams in relation to the objectives set (performance-linked payment) and on the degree of achievement of the Swiss Life Group targets as reflected in its annual result (share in the company's success). Quantitative and qualitative performance is also always assessed on the basis of the competencies required for the function held, such as professional expertise, entrepreneurship, task fulfilment, cooperation and leadership. The percentage weighting between the individual and/or team performance and the share in the company's success depends on the position and responsibilities of the function holder.

The share in the company's success is measured using quantitative Group targets (Key Performance Indicators, KPIs), which are defined in advance for the following three years as part of medium-term planning. Besides the annual profit, the main KPIs for the medium-term planning are distribution capacity, the planned cost savings, the risk and fee result, new business profitability, the return on equity and solvency (Swiss Solvency Test, SST). In order to avoid conduct aimed at the short-term achievement of key indicators with a higher weighting, the individual KPIs are not mechanistically weighted in advance. Assuming the generally equal weighting of all KPIs, the individual weighting is determined at the end of each financial year by the Board of Directors as a whole on the basis of a proposal by the Compensation Committee taking all developments into account and consideration (discretionary decision).

Qualitative goals relate in particular to project, risk management or compliance goals and to leadership, sustainability and ESG (environmental, social, corporate governance) requirements. This also includes optimising diversity within the Swiss Life Group, particularly with regard to reducing sustainability risks in general.

Personal performance based on the specified quantitative and qualitative objectives is assessed annually in the employee appraisal procedure implemented throughout the Group (Group Performance System, GPS). Two assessment elements/models are used for determining objectives and evaluating performance: the Group Objectives Model (GOM) relating to qualitative and quantitative objectives and the Group Competency Model (GCM) for measuring and assessing individual competencies and behaviour, including the relevant compliance regulations.

For persons responsible for risk management and risk control, the quantitative objectives are set in such a way that performance is not linked to the result of the monitored business unit, specific products or transactions.

In order to be eligible for any variable compensation, a GPS target achievement of at least 80% is required.

Permanent employment contracts in Switzerland contain notice periods of between three and twelve months, depending on position and seniority. All employment contracts with members of the Corporate Executive Board specify a notice period of twelve months. Members of the Corporate Executive Board have no contractual entitlements to severance payments. Likewise members of the Board of Directors have no such entitlements.

### Practice and procedure

Pursuant to the Organisational Regulations, the Board of Directors as a whole is responsible for determining the level and make-up of compensation for its members, whereas the Compensation Committee is responsible for putting forward appropriate proposals (for the internal organisation of the Board of Directors see “Internal organisational structure”, pages 45 to 48). The Board of Directors as a whole also establishes the guidelines for the company’s compensation policy. In doing so, it takes into consideration the compensation policies of other companies in the financial services industry, drawing its findings from publicly available information and studies by independent external experts. Comparable companies in the insurance sector in Switzerland used for the purposes of providing relevant information for the current compensation policy included Allianz, AXA, Balaise Insurance, Swiss Re, Zurich Insurance Group and Helvetia.

The Board of Directors as a whole sets the level and distribution of the variable compensation pool for all employees on the basis of its compensation policy guidelines at the proposal of the Compensation Committee. When determining the level of the allocation, it takes into consideration the annual result, as well as medium-term planning and the degree of target achievement.

Finally, the Board of Directors as a whole is responsible for determining the individual compensation of members of the Corporate Executive Board.

As part of the implementation of the Compensation Ordinance and based on the amended Articles of Association as in force on 1 January 2015, the General Meeting of Shareholders approves, on the basis of a proposal by the Board of Directors, the maximum total amount of fixed compensation and long-term variable compensation for the Corporate Executive Board for the following financial year. This prospective approval excludes the short-term variable compensation component for the Corporate Executive Board, which is approved by the General Meeting of Shareholders retrospectively for the previous financial year. In addition, the General Meeting of Shareholders can, under Article 16 of the Articles of Association, pass a resolution at any time to retrospectively increase an approved total amount. If new members of the Corporate Executive Board are appointed after a resolution approving the compensation has been passed, the Articles of Association stipulate that a supplementary amount of a maximum 40% of the total amount for the year in question is available for their compensation and to offset any disadvantages in connection with the change of job; this does not require the approval of the General Meeting of Shareholders.

The Board of Directors carries out an annual performance assessment of all members of the Corporate Executive Board, based on preparatory work by the Compensation Committee. In addition, current aspects of HR policy and, in particular, succession planning are regularly discussed at meetings of the Compensation Committee and the Board of Directors as a whole.

The Board of Directors may consult independent professionals where deemed appropriate. In the year under review, Swiss Life was advised on specific compensation-related matters by PricewaterhouseCoopers (PwC).

Within the framework of the compensation arrangements for members of the Corporate Executive Board, “deferred compensation in cash” was introduced as a new compensation component linked to short-term variable compensation on 1 January 2012. On the basis of the corresponding regulations, a portion of the short-term variable cash compensation determined by the Board of Directors is not paid immediately but after a period of three years has elapsed and provided that the regulatory requirements are satisfied at that point. The allocated deferred compensation in cash represents an entitlement during the three-year deferral period. The underlying “deferred cash plan” also provides for adjustment and reclaiming mechanisms (clawback). A full or partial reduction of the deferred compensation is provided for in the following cases: negative impact of the key figures applying to the allocation of deferred compensation due to a restatement of the annual accounts or damage to Swiss Life as a result of a violation of statutory, regulatory or compliance standards by participants in the plan. If the employment relationship is terminated by a participant during the three-year deferral period for deferred compensation in cash, the entitlements expire worthless (retention component). For the 2020 financial year, the Board of Directors has determined that, as from a variable compensation amount in cash of CHF 500 000, 23% (or 33% for the Group CEO) of the total variable compensation in cash is to be allocated as deferred compensation.

As a long-term variable compensation component linked to the performance of the Swiss Life Holding share price and to the medium-term planning and degree of target achievement, an equity compensation plan has been in place since 2004 for members of the Corporate Executive Board and other key performers within the Swiss Life Group, who are determined by the Corporate Executive Board with the approval of the Compensation Committee. Based on this plan, participants are granted future subscription rights to Swiss Life Holding shares. These subscription rights entitle them to receive Swiss Life Holding shares free of charge after a period of three years has elapsed, provided that the prerequisites under the plan have been satisfied at that point.

Since 2011 participants in the equity compensation plan have been allocated Restricted Share Units (RSUs) on 1 April (2011–2013 equity compensation plans) or on 1 March (equity compensation plans from 2014). The RSUs grant the holder future subscription rights, entitling them to receive Swiss Life Holding shares free of charge after a three-year period has elapsed. The attribution of shares after the expiry of the three-year deferral period is effected on a 1:1 basis (1 RSU = 1 share): the plan is therefore very simple, transparent throughout the whole term and directly linked to the performance of the Swiss Life share price. The value of RSUs during the three-year term develops linearly with the Swiss Life Holding share price and thus symmetrically corresponds with shareholder interests. In all, 58 members of Swiss Life Group senior management participated in the 2017 equity compensation plan, in which a total of 43 768 RSUs were allocated: 12 177 in total to the Corporate Executive Board, of which 3017 to Patrick Frost, in his capacity as Group CEO. A total of 57 members of Swiss Life Group senior management participated in the 2018 equity compensation plan. A total of 42 950 RSUs were allocated: 11 454 in total to the members of the Corporate Executive Board, of which 2828 RSUs to Patrick Frost as Group CEO. 65 persons participated in the 2019 equity compensation plan and a total of 40 840 RSUs were allocated: 10 237 in total to the Corporate Executive Board, of which 2496 to Group CEO Patrick Frost. Altogether 62 persons participated in the 2020 equity compensation plan, in which a total of 51 553 RSUs were allocated: 10 993 in total to the Corporate Executive Board, of which 2519 to Group CEO Patrick Frost. Under the 2021 equity compensation plan, a total of 37 436 RSUs were allocated to 54 members of Swiss Life Group senior management; members of the Corporate Executive Board received a total of 10 637 RSUs, of which 2409 were allocated to Group CEO Patrick Frost.

The 2017 and 2018 equity compensation plans are based on the “Swiss Life 2018” Group-wide programme, which was announced at the Swiss Life Group’s Investor Day on 25 November 2015 (see [www.swisslife.com/investorday2015](http://www.swisslife.com/investorday2015)). On that basis and based on the relevant mid-term planning (MTP), the following performance criteria were set for the next three years, in each case cumulatively over the three-year period: IFRS profit (50% weighting), the risk and fee result (25% weighting) and Cash to Swiss Life Holding (25% weighting).

The 2019, 2020 and 2021 equity compensation plans are based on the new Group-wide programme “Swiss Life 2021”, which was announced at the Swiss Life Group’s Investor Day on 29 November 2018 (see [www.swisslife.com/investorday2018](http://www.swisslife.com/investorday2018)). For the purpose of supporting the achievement of the respective corporate goals, the performance criteria have been determined by the Board of Directors as follows: IFRS profit (50% weighting), the risk and fee result (25% weighting), Cash to Swiss Life Holding (25% weighting).

In accordance with the Group-wide programme “Swiss Life 2021” (financial years 2019–2021) the following target values were communicated in relation to these performance criteria: IFRS profit/equity ratio of 8–10%, risk result of CHF 400–450 million in 2021, fee result of CHF 600–650 million in 2021 and cash remittance to Swiss Life Holding of CHF 2.00–2.25 billion cumulatively in 2019–2021. On this basis the Board of Directors determined the specific performance targets applicable to the 2019, 2020 and 2021 equity compensation programmes pursuant to the 2019–2021 MTP (2019 equity compensation programme) and the 2020–2022 MTP (2020 equity compensation programme) or MTP 2021–2023 (2021 equity compensation programme). These MTP target values cannot be disclosed for reasons of business secrecy. The respective specific target values have been set on a basis consistent with the “Swiss Life 2021” Group-wide programme, taking account of the current business development, with comparatively at least equally high requirements for target achievement.

After expiry of the three-year period of the RSU plan, the target value for each performance criterion according to the medium-term planning is compared with the actual result achieved. The share allocation corresponds to the number of allocated RSUs (1 RSU = 1 share) if all three performance criteria have been achieved or exceeded after the three-year period has elapsed; overperformance does not lead to a higher share allocation. If the targets are only partly achieved, the share allocation is correspondingly reduced in accordance with the weighting of the performance target concerned or the RSUs expire worthless. After expiry of the equity compensation plan, the number of RSUs available for exercise according to the effective performance and, respectively, the corresponding degree of target achievement and the corresponding share allocation (vesting) will be disclosed. The corresponding information on the vesting of the various equity compensation plans and the shares allocated, is set out in Note 23 of the Consolidated Financial Statements on pages 270 to 280.

The attribution of the long-term variable compensation component (equity compensation plan, RSU plan) is deferred for a period of three years from the date of allocation, as is the case with the deferred compensation in cash. Likewise, the RSU plans provide for adjustment and reclaiming mechanisms (clawback). These apply in the event of a negative impact of the key figures applying to the allocation of deferred compensation due to a retroactive correction to a restatement of the annual accounts and in the case of damage to Swiss Life as a result of a violation of statutory, regulatory or compliance standards. If the employment relationship is terminated by a participant during the three-year term of the RSU plan, the future entitlements expire worthless.

### Compensation to members of the Board of Directors

The members of the Board of Directors are granted exclusively fixed compensation. This is paid 70% in cash and 30% in Swiss Life Holding shares; the shares are subject to a three-year blocking period from the date of allocation.

The compensation takes into account membership of the Board of Directors of Swiss Life Holding and its subsidiary Swiss Life Ltd, as well as membership of the individual Board Committees, and is commensurate with the individual's function and workload. According to the regulatory requirements, it consists of basic compensation for serving on the Boards of Directors of Swiss Life Holding and Swiss Life Ltd, and additional compensation depending on membership of one or more Board committees and any chairing of such committees.

There were no contributions to occupational provisions for the members of the Board of Directors.

For the period from the 2019 Annual General Meeting to the 2020 Annual General Meeting, the General Meeting of Shareholders of 30 April 2019 approved a maximum amount of fixed compensation for the Board of Directors totalling CHF 3 200 000. Effectively the fixed compensation for the Board of Directors during the period in question (2019 General Meeting to 2020 General Meeting) was CHF 3 190 729 in total.

For the period from the 2020 Annual General Meeting to the 2021 Annual General Meeting, the General Meeting of Shareholders of 28 April 2020 approved a maximum amount of fixed compensation for the Board of Directors totalling CHF 3 200 000. In 2020, the Board of Directors determined the compensation for the members of the Board of Directors unchanged at the same level as in the previous year.

The compensation paid to members of the Board of Directors in the 2020 financial year is shown on an individual basis in the 2020 compensation table below. For comparison purposes, the compensation for the 2019 financial year is shown again after the 2020 compensation table.

Compensation in blocked shares is reported in both tables on the basis of the respective stock exchange closing prices on the day of allocation. The economic value at allocation, which is equal to the tax value, is indicated in footnote 3.

At the General Meeting of 23 April 2021, the Board of Directors will submit for approval to the shareholders the maximum amount of fixed compensation for the Board of Directors for the new term from the 2021 Annual General Meeting until the 2022 Annual General Meeting.

## Compensation to the Board of Directors in 2020

(audited)

Amounts in CHF	Compensation in cash	Compensation in blocked shares <sup>3</sup>		Aggregate total in cash and shares (amount) <sup>4</sup>
	Amount	Number	Amount (at closing price on allocation)	
Rolf Dörig, Chairman of the Board of Directors	840 000	948	360 557	1 200 557
Frank Schnewlin	245 000	277	105 360	350 360
Thomas Buess <sup>1</sup>	98 000	112	42 592	140 592
Adrienne Corboud Fumagalli	98 000	112	42 592	140 592
Ueli Dietiker	161 000	183	69 594	230 594
Damir Filipovic	98 000	112	42 592	140 592
Frank W. Keuper	98 000	112	42 592	140 592
Stefan Loacker	147 000	167	63 533	210 533
Henry Peter	126 000	143	54 413	180 413
Martin Schmid <sup>2</sup>	114 000	112	42 592	156 592
Franziska Tschudi Sauber	98 000	112	42 592	140 592
Klaus Tschütscher	112 000	127	48 298	160 298
<b>TOTAL BOARD OF DIRECTORS</b>	<b>2 235 000</b>	<b>2 517</b>	<b>957 307</b>	<b>3 192 307</b>

<sup>1</sup> From March to October 2020, Thomas Buess, Group CFO of Swiss Life from 2009 to February 2019, due to the extraordinary coronavirus situation, took over the project management of the Swiss Life Group Corona Task Force. This operational activity was remunerated with CHF 200 000 in total.

<sup>2</sup> This includes the compensation of CHF 16 000 for the membership of the Board of Directors of Fontavis AG, a 100% subsidiary of Swiss Life Investment Management Holding AG.

<sup>3</sup> The allocation of shares was effected on 18.06.2020 and 17.12.2020 at the stock exchange closing price of CHF 355.40 and CHF 409.00 respectively. Taking into account the blocking period of three years, the economic value, which is equal to the tax value, is CHF 298.4009 and CHF 343.4046 respectively.

<sup>4</sup> All contributions are gross contributions, i.e. they include employee contributions to AHV/IV/ALV. Employer contributions to AHV/IV/ALV/FAK amounted to a total of CHF 194 796 in the year under review.

## Compensation to the Board of Directors in 2019

(audited)

Amounts in CHF	Compensation in cash	Compensation in blocked shares <sup>3</sup>		Aggregate total in cash and shares (amount) <sup>4</sup>
	Amount	Number	Amount (at closing price on allocation)	
Rolf Dörig, Chairman of the Board of Directors	840 000	743	360 492	1 200 492
Frank Schnewlin	245 000	217	105 287	350 287
Thomas Buess <sup>1</sup>	73 500	65	31 708	105 208
Adrienne Corboud Fumagalli	98 000	87	42 213	140 213
Ueli Dietiker	161 000	143	69 375	230 375
Damir Filipovic	98 000	87	42 213	140 213
Frank W. Keuper	98 000	87	42 213	140 213
Stefan Loacker	135 333	120	58 298	193 631
Henry Peter	137 667	123	59 591	197 258
Martin Schmid <sup>2</sup>	114 000	87	42 213	156 213
Franziska Tschudi Sauber	98 000	87	42 213	140 213
Klaus Tschütscher	112 000	100	48 514	160 514
<b>TOTAL BOARD OF DIRECTORS</b>	<b>2 210 500</b>	<b>1 946</b>	<b>944 331</b>	<b>3 154 831</b>

<sup>1</sup> Joined 30.04.2019.

<sup>2</sup> This includes the compensation of CHF 16 000 for the membership of the Board of Directors of Fontavis AG, a 100% subsidiary of Swiss Life Investment Management Holding AG.

<sup>3</sup> The allocation of shares was effected on 18.06.2019 and 16.12.2019 at the stock exchange closing price of CHF 477.50 and CHF 493.10 respectively. Taking into account the blocking period of three years, the economic value, which is equal to the tax value, is CHF 400.9186 and CHF 414.0166 respectively.

<sup>4</sup> All contributions are gross contributions, i.e. they include employee contributions to AHV/IV/ALV. Employer contributions to AHV/IV/ALV/FAK amounted to a total of CHF 186 002 in the year under review.

### Compensation to members of the Corporate Executive Board

Compensation remitted to members of the Corporate Executive Board comprises the fixed basic salary, short-term variable compensation in cash and other compensation (child allowances, company cars, premium contributions to 3<sup>rd</sup> pillar pension plans). The short-term variable compensation in cash is allocated as a bonus and as deferred compensation in cash. The deferred compensation in cash is paid out after a period of three years has elapsed and provided that the regulatory requirements have been satisfied. In addition, a long-term variable compensation component is in place in the form of an equity compensation plan linked to the performance of the Swiss Life Holding share price, respectively to medium-term planning and corresponding target achievement (RSU plan). As already mentioned, participants are entitled to Swiss Life Holding shares after a period of three years has elapsed and provided that the relevant requirements are satisfied at the time of allocation.

The fixed basic salary is determined annually by the Board of Directors, on the basis of a proposal by the Compensation Committee, taking into account the individual member's function-related responsibility and the current market conditions.

The variable compensation components are determined by the Board of Directors in accordance with the compensation policy and based on the company result and the achievement of personal goals during the relevant business year, assessed in the employee appraisal procedure implemented throughout the Group (Group Performance System, GPS).

The amount of the variable compensation (short-term variable compensation in cash and equity compensation plan as a long-term variable compensation component) is limited in the Articles of Association of Swiss Life Holding to a maximum of 181% of the fixed basic salary (statutory "bonus cap", upper limit for the variable compensation). On the basis of the current compensation policy the Board of Directors has, with a view to harmonising fixed and variable compensation in the case of maximum target achievement and departing from a benchmark of 100%, set a range of 100–130% of the fixed basic salary for the variable compensation components; under extraordinarily positive circumstances the Board of Directors may augment this range at its own discretion to a maximum of 150% (Group CEO 165%). The short-term and long-term variable compensation components are, in principle, apportioned equally in a ratio determined by the Board of Directors in consideration of the results achieved in the given financial year (discretionary decision). In the case of an "on target" achievement, the range for variable compensation of members of the Corporate Executive Board is 80–100% of the fixed basic salary ("on-target bonus").

The short-term and long-term components of the variable compensation are allocated in principle in equal amounts (1:1 ratio), whereby the deferred compensation components (RSU plan and deferred compensation in cash) are considered as a whole. The Board of Directors may determine a different ratio for the Corporate Executive Board as a whole or for the Chairman (Group CEO) or individual members of the Corporate Executive Board (discretionary decision).

At Corporate Executive Board level, variable compensation depends 60% directly on the company's success. The Key Performance Indicators (KPIs) used to assess company success include, as mentioned above, key figures relating to annual profit, payout capacity, cost savings, the risk and fee result, new business profitability, return on equity and solvency (Swiss Solvency Test, SST).

40% of the variable compensation is based on Corporate Executive Board members' achievement of specified personal goals. On the one hand, these personal goals are linked back to the company's success, in that each Corporate Executive Board member has to meet personal quantitative objectives contributing to the company's success in relation to his division. On the other hand, the personal goals cover qualitative aspects, namely project targets, risk management and compliance goals, as well as requirements relating to leadership and to supporting and further developing corporate culture. Qualitative goals for 2020 related to the digital transformation of the distribution channels for Swiss Life and third-party products (e.g. mortgages), harmonization endeavours in respect of financial processes and IT systems, as well as the focused management of cyber risks. The qualitative targets applying equally to all members of the Executive Board also included the optimization of diversity in all divisions within Swiss Life, in particular increasing the proportion of women in management.

In order to avoid behaviour aimed at achieving higher-weighted KPIs in the short term, the individual weighting of KPIs used to measure company success is not carried out mechanically in advance, but on the basis of the fundamentally equal weighting of all KPIs at the end of each financial year (discretionary decision). Similarly, the weighting of personal goals is determined by the Board of Directors on the basis of a proposal by the Compensation Committee, taking into account and weighing up all developments at the end of the financial year.

In an extraordinary year marked by the Covid-19 pandemic and a still very challenging economic environment, Swiss Life was able to mainly achieve or even exceed its medium-term planning targets based on the "Swiss Life 2021" Group-wide programme. Net profit, taking account of the one-offs affecting the business result, came to a comparatively high CHF 1051 million. This was, however, below plan, as was the return on equity at 9.4%. Adjusted profit from operations decreased by 5% compared to the previous year. The fee result increased by 11% from CHF 541 million to a very good CHF 601 million in spite of difficult conditions, compared with the corresponding period in the previous year. The risk result remained stable at CHF 407 million. The value of new business in the year under review came to a total of CHF 465 million with a new business margin of 2.6% and was thus well above the ambition. The cash remittance to Swiss Life Holding also increased again in 2020 and exceeded the target at CHF 784 million. The solvency target was well achieved with an SST ratio of around 195% as of 1 January 2021, based on the regulatory standard model. The cost targets were also met.

For the 2020 financial year, the General Meeting of Shareholders of 30 April 2019, as mentioned at the start of the present Compensation Report, had approved a maximum total amount of the fixed compensation and the long-term variable compensation component (equity compensation plan) for the Corporate Executive Board of CHF 13 800 000, based on the Articles of Association applicable on 1 January 2015. In line with this, the Board of Directors accordingly set a fixed compensation at the beginning of 2020 (basic salary incl. ancillary costs and occupational provisions) of CHF 8 335 528 in total for the members of the Corporate Executive Board. It also granted future subscription rights worth CHF 4 146 999, as long-term variable compensation under the 2019 RSU plan, to the members of the Corporate Executive Board, on 1 March 2020, for the extraordinarily good performance in 2019, when Swiss Life again increased its operational effectiveness and achieved profitable growth. The subscription rights allocated under the 2020 RSU plan entitle the holder to receive Swiss Life Holding shares following a three-year vesting period, provided the requirements are satisfied at that point. The approved budget for the 2020 financial year was applied to the sum of CHF 12 482 527, in view of the excellent business development.

At the General Meeting of Shareholders of 23 April 2021, the Board of Directors will again submit for approval the maximum amount of the fixed compensation and long-term variable compensation component (equity compensation plan) for the Corporate Executive Board for the 2022 financial year.

The compensation for members of the Corporate Executive Board for the 2020 financial year is reported in detail in the 2020 compensation table below. Patrick Frost, Chairman of the Corporate Executive Board (Group CEO) since 1 July 2014, received the highest compensation of the members of the Corporate Executive Board in the 2020 financial year; accordingly his compensation is disclosed individually.

In addition to Group CEO Patrick Frost, six persons were members of the Corporate Executive Board during the 2020 reporting period, as reported in the compensation table below.

The short-term variable compensation component for the Corporate Executive Board of a total CHF 3 670 000 (cash bonus of CHF 3 295 000 and deferred compensation in cash of CHF 375 000), which was determined by the Board of Directors at the beginning of 2021 for the 2020 financial year and will be proposed to the General Meeting of Shareholders on 23 April 2021 for approval, is disclosed in the following compensation table on an accrual basis as compensation for the 2020 financial year (accrual method). The members of the Corporate Executive Board did not receive any compensation in shares for the 2020 financial year; they are participating in the current equity compensation plan that provides for the allocation of so-called Restricted Share Units (RSUs).

The long-term variable compensation component in the form of the equity compensation plan (RSU plan 2021) is also reported in the compensation table for the 2020 financial year, which serves as the basis for the amount of the allocation and the corresponding number of allocated RSUs (accrual method).

The variable compensation for the members of the Corporate Executive Board reflects the excellent business development. The variable compensation components in the year under review amounted to around 138% of the fixed basic salary of the Group CEO and around 116% of the fixed basic salaries of the other Corporate Executive Board members. The variable compensation relative to the fixed basic salary is thus well below the statutory maximum of 181%.

Expenditure for occupational provisions for members of the Corporate Executive Board in the period under review amounted to CHF 1 596 400. This includes the ordinary annual employer contribution of CHF 275 470 for the occupational benefits of Patrick Frost, Group CEO.

The stated amounts do not include social security contributions (AHV/IV/ALV/FAK) payable by the employer under the law. The respective expenditure is shown in footnote 6 of the 2020 compensation table.

Following the 2020 compensation table, the details of the compensation for 2019 are stated in a separate table for comparison.

## Compensation to the Corporate Executive Board in 2020

(audited)

Amounts in CHF	Compensation in cash				Compensation in shares		Total compensation in cash and shares (amount)
	Salary	Bonus for 2020 paid in 2021 <sup>3</sup>	Other compensation <sup>4</sup>	Total compensation in cash	Number	Amount	
Patrick Frost, Group CEO	1 500 000	750 000	29 599	2 279 599	0	0	2 279 599
Other members of Corporate Executive Board <sup>1,2</sup>	5 003 710	2 545 000	205 819	7 754 529	0	0	7 754 529
TOTAL CORPORATE EXECUTIVE BOARD	6 503 710	3 295 000	235 418	10 034 128	0	0	10 034 128

<sup>1</sup> 6 individuals were taken into account in the period under review.<sup>2</sup> The salary amounts also include tax-equalisation payments and international travel expenses totalling CHF 205 800.<sup>3</sup> The short-term variable compensation component for the 2020 financial year (bonus and deferred compensation in cash) was determined by the Board of Directors at the beginning of 2021 for the 2020 financial year.<sup>4</sup> Child allowances (CHF 13 200), company cars (CHF 13 884), premium contributions to 3<sup>rd</sup> pillar pension plans (CHF 169 236), other (CHF 39 098) in total amounts.

Amounts in CHF	Expenditure for occupational provisions		
	Regular contributions <sup>5</sup>	Extraordinary contributions	Aggregate total compensation in cash and in shares and occupational provisions expense (amount) <sup>6</sup>
Patrick Frost, Group CEO	275 470	0	2 555 069
Other members of Corporate Executive Board	1 320 930	0	9 075 459
TOTAL CORPORATE EXECUTIVE BOARD	1 596 400	0	11 630 528

<sup>5</sup> Pursuant to the pension fund regulations, occupational provisions were financed by the employer and the employee at a ratio of 70% to 30%.<sup>6</sup> All contributions are gross contributions, i.e. they include employee contributions to AHV/IV/ALV. Employer contributions to AHV/IV/ALV/FAK amounted to a total of CHF 926 811 in the year under review.

Amounts in CHF	Variable deferred compensation in cash <sup>3</sup>		Restricted Share Units (RSUs) 2021 RSU plan 2021 <sup>8,9</sup>	
	Amount <sup>7</sup>	Number	Amount	Aggregate total compensation incl. deferred compensation in cash and RSUs (amount)
Patrick Frost, Group CEO	375 000	2 409	950 375	3 880 444
Other members of Corporate Executive Board	0	8 228	3 246 028	12 321 487
TOTAL CORPORATE EXECUTIVE BOARD	375 000	10 637	4 196 403	16 201 931

<sup>7</sup> The variable deferred compensation in cash is paid out after a deferral period of three years, provided the requirements are satisfied at that point.<sup>8</sup> The RSUs represent future subscription rights that entitle the individuals concerned to receive Swiss Life Holding shares after a period of three years, provided the requirements are satisfied at that point.<sup>9</sup> For the 2020 RSU plan beginning 01.03.2021 the 2020 financial year forms the basis for the amount of the allocation and the corresponding number of allocated RSUs. The allocation of RSUs on 01.03.2021 was effected at a fair value of CHF 394.51 as calculated by the independent consultancy firm KPMG AG, Zurich.

## Compensation to the Corporate Executive Board in 2019

(audited)

Amounts in CHF	Compensation in cash				Compensation in shares		Total compensation in cash and shares (amount)
	Salary	Bonus for 2019 paid in 2020 <sup>3</sup>	Other compensation <sup>4</sup>	Total compensation in cash	Number	Amount	
Patrick Frost, Group CEO	1 500 000	1 000 000	29 599	<b>2 529 599</b>	0	0	<b>2 529 599</b>
Other members of Corporate Executive Board <sup>1,2</sup>	5 204 770	2 790 000	200 286	<b>8 195 056</b>	0	0	<b>8 195 056</b>
<b>TOTAL CORPORATE EXECUTIVE BOARD</b>	<b>6 704 770</b>	<b>3 790 000</b>	<b>229 885</b>	<b>10 724 655</b>	<b>0</b>	<b>0</b>	<b>10 724 655</b>

<sup>1</sup> 7 individuals were taken into account in the period under review.<sup>2</sup> The salary amounts also include tax-equalisation payments and international travel expenses totalling CHF 270 800.<sup>3</sup> The short-term variable compensation component for the 2019 financial year (bonus and deferred compensation in cash) was determined by the Board of Directors at the beginning of 2020 for the 2019 financial year.<sup>4</sup> Child allowances (CHF 12 700), company cars (CHF 11 808), premium contributions to 3<sup>rd</sup> pillar pension plans (CHF 164 683), other (CHF 40 694) in total amounts.

Amounts in CHF	Expenditure for occupational provisions		
	Regular contributions <sup>5</sup>	Extraordinary contributions	Aggregate total compensation in cash and in shares and occupational provisions expense (amount) <sup>6</sup>
Patrick Frost, Group CEO	275 470	0	<b>2 805 069</b>
Other members of Corporate Executive Board	1 357 995	0	<b>9 553 051</b>
<b>TOTAL CORPORATE EXECUTIVE BOARD</b>	<b>1 633 465</b>	<b>0</b>	<b>12 358 120</b>

<sup>5</sup> Pursuant to the pension fund regulations, occupational provisions were financed by the employer and the employee at a ratio of 70% to 30%.<sup>6</sup> All contributions are gross contributions, i.e. they include employee contributions to AHV/IV/ALV. Employer contributions to AHV/IV/ALV/FAK amounted to a total of CHF 1 055 501 in the year under review.

Amounts in CHF	Variable deferred compensation in cash <sup>3</sup>		Restricted Share Units (RSUs) 2020 RSU plan 2020 <sup>8,9</sup>		Aggregate total compensation incl. deferred compensation in cash and RSUs (amount)
	Amount <sup>7</sup>	Number	Amount	Number	
Patrick Frost, Group CEO	<b>500 000</b>	2 519	950 268		<b>4 255 337</b>
Other members of Corporate Executive Board	<b>0</b>	8 474	3 196 731		<b>12 749 782</b>
<b>TOTAL CORPORATE EXECUTIVE BOARD</b>	<b>500 000</b>	<b>10 993</b>	<b>4 146 999</b>		<b>17 005 119</b>

<sup>7</sup> The variable deferred compensation in cash is paid out after a deferral period of three years, provided the requirements are satisfied at that point.<sup>8</sup> The RSUs represent future subscription rights that entitle the individuals concerned to receive Swiss Life Holding shares after a period of three years, provided the requirements are satisfied at that point.<sup>9</sup> For the 2020 RSU plan beginning 01.03.2020 the 2019 financial year forms the basis for the amount of the allocation and the corresponding number of allocated RSUs. The allocation of RSUs on 01.03.2020 was effected at a fair value of CHF 377.24 as calculated by the independent consultancy firm KPMG AG, Zurich.

**Additional fees and compensation to members of governing bodies<sup>1</sup>**

No additional fees and compensation were paid to members of governing bodies in the year under review.

**Compensation to former members of governing bodies<sup>1</sup>**

No compensation was paid to former members of governing bodies in the year under review.

**Compensation to closely linked parties<sup>1,2</sup>**

No compensation was paid to closely linked parties in the year under review.

**Loans and credits to members of governing bodies<sup>1</sup>**

In accordance with Article 20 of the Articles of Association, which can be seen at [www.swisslife.com](http://www.swisslife.com), “Investors and Shareholders” area, “Shareholders and services” section, “Articles of Association” subsection ([www.swisslife.com/articles](http://www.swisslife.com/articles)), the Company may grant members of the Board of Directors and the Corporate Executive Board secured loans and credits at usual market terms for up to CHF 10 million each and unsecured loans and credit of up to CHF 0.5 million each.

No loans or credit were granted to members of governing bodies in the year under review; as at the balance sheet date, there are no outstanding loans or credit to members of governing bodies.

**Loans and credits to former members of governing bodies<sup>1</sup>**

No loans or credit were granted to former members of governing bodies in the year under review; as at the balance sheet date, there are no outstanding loans or credit to former members of governing bodies.

**Loans and credits to closely linked parties<sup>1,2</sup>**

No loans or credit were granted to closely linked parties in the year under review; as at the balance sheet date, there are no outstanding loans or credit to closely linked parties.

<sup>1</sup> audited

<sup>2</sup> “Closely linked parties” are natural persons and legal entities (in the sense of Art. 678 of the Swiss Code of Obligations and Art. 16 of the Compensation Ordinance) that have close personal, economic, legal or de facto ties with members of governing bodies. This typically includes spouses, minor children, companies controlled by members of governing bodies, and natural or legal persons serving as members of governing bodies in a fiduciary capacity.

## Share ownership/Participation rights

As at the balance sheet date of 31 December 2020, acting members of the Board of Directors and the Corporate Executive Board (including closely linked parties) held the following number of registered Swiss Life Holding shares and future subscription rights to Swiss Life Holding shares in the form of Restricted Share Units (RSU):

### Board of Directors

	SLH shares
	31.12.2020
Rolf Dörig, Chairman of the Board of Directors	32 056
Frank Schnewlin	5 904
Thomas Buess	25 987
Adrienne Corboud Fumagalli	906
Ueli Dietiker	1 339
Damir Filipovic	1 889
Frank W. Keuper	1 126
Stefan Loacker	1 015
Henry Peter	13 548
Martin Schmid	486
Franziska Tschudi Sauber	3 343
Klaus Tschütscher	1 164
<b>TOTAL BOARD OF DIRECTORS</b>	<b>88 763</b>

### Corporate Executive Board

	Restricted Share Units (RSUs)	SLH shares
	31.12.2020 <sup>1</sup>	31.12.2020
Patrick Frost, Group CEO	7 843	26 143
Matthias Aellig	3 840	4 043
Jörg Arnold	3 739	1 617
Nils Frowein	3 893	3 428
Markus Leibundgut	4 601	7 314
Stefan Mächler	4 270	6 316
Charles Relecom	4 151	1 764
<b>TOTAL CORPORATE EXECUTIVE BOARD</b>	<b>32 337</b>	<b>50 625</b>

<sup>1</sup> Total number of RSUs allocated in the years 2018, 2019 and 2020 in connection with the relevant equity compensation plan. The RSUs represent future subscription rights that entitle the individuals concerned to receive SLH shares after a period of three years, provided that the relevant conditions are met at that point. In addition to the reported shareholding, Thomas Buess held a total of 2861 RSUs as at the balance sheet date of 31 December 2020, which were allocated to him in 2018 and 2019 in the context of his former function as Group CFO and Member of the Corporate Executive Board of Swiss Life.

Shareholdings as well as future subscription rights to Swiss Life Holding shares as at 31 December 2019 are shown in the Notes to the Swiss Life Holding Financial Statements on page 337.

## Options

No share options have been granted in the Swiss Life Group since 2003 and no options are outstanding.

## Further information

In the form of an overview, the following additional information is provided on the Swiss Life Group compensation systems for the 2020 financial year:

In CHF (unless otherwise indicated)

<b>Total compensation<sup>1</sup></b>	<b>1 052 055 842</b>
of which total variable compensation (total pool) <sup>2</sup>	191 123 058
Number of persons who received variable compensation	8 565
<b>Total outstanding deferred compensation</b>	<b>15 440 174</b>
of which cash payment	952 668
of which shares	0
of which options	0
of which others (Restricted Share Units, RSU)	14 487 506
<b>Charges and credits in the financial year from compensation for previous financial years<sup>3</sup></b>	<b>-242 694</b>
<b>Board of Directors, Executive Board and persons whose activities have a significant influence on the risk profile of the company</b>	
Total sign-on payments made in the financial year <sup>4</sup>	0
Total severance payments made in the financial year <sup>5</sup>	0

<sup>1</sup> The totality of any monetary value which the company distributes to a person directly or indirectly for the work performed for the company, e.g. in the form of cash payments, non-cash benefits, expenditure which establishes or increases entitlements to occupational provisions, pensions, shares or other allocation of shareholding rights as well as the forgiving, extinguishing or renunciation of any claims or debts.

<sup>2</sup> Part of the total compensation, the granting or the amount of which is at the discretion of the company or which is contingent on fulfilment of predefined conditions. This includes compensation contingent on performance or meeting certain targets. Sign-on payments and severance payments also fall within the scope of the definition of variable compensation.

<sup>3</sup> Decrease in expenses affecting net income for variable compensation for the 2020 financial year.

<sup>4</sup> Compensation which is agreed on the conclusion of an employment agreement to be paid or be due once. Also deemed to constitute a sign-on payment shall be compensation for benefits foregone vis-à-vis a previous employer.

<sup>5</sup> Compensation which is agreed in connection with the termination of an employment relationship.