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*Annual Report 2020*

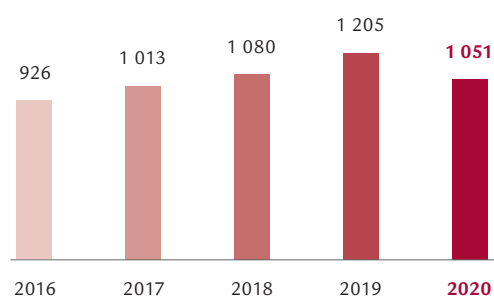


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# The Swiss Life Group's 2020 financial year at a glance

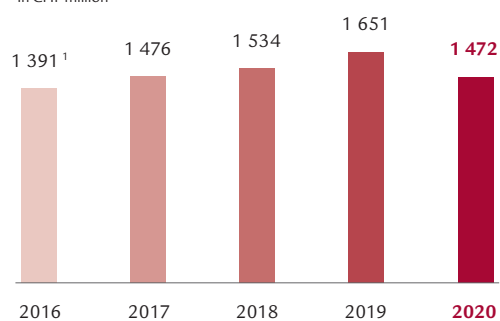
## Net profit

In CHF million



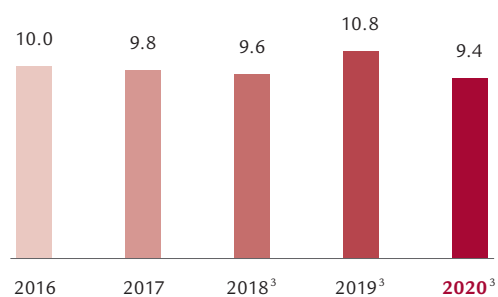
## Profit from operations

In CHF million



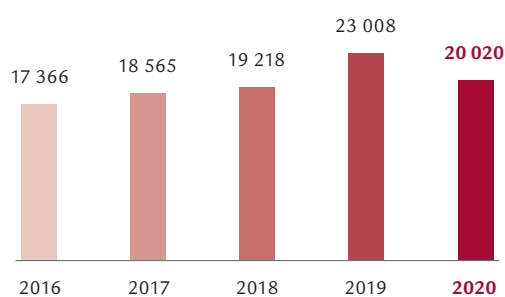
## Return on equity<sup>2</sup>

In %



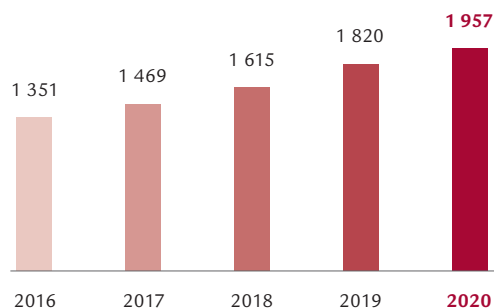
## Gross written premiums, policy fees and deposits received

In CHF million



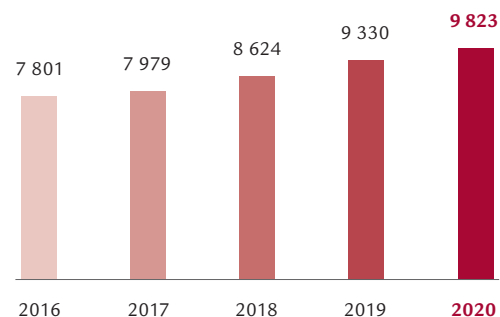
## Fee and commission income

In CHF million



## Total number of employees

in FTE



<sup>1</sup> adjusted

<sup>2</sup> equity excl. unrealised gains/losses on financial instruments

<sup>3</sup> incl. share buy-back

(2020: CHF 29 million / 2019: CHF 913 million / 2018: CHF 87 million)

## Business development

In a challenging environment, Swiss Life maintained adjusted profit from operations at a high level of CHF 1.57 billion in 2020 thanks to the great engagement of employees and advisors. Net profit in 2020 fell by 13% from the previous year to CHF 1.05 billion. The fee result increased compared with the previous year by 11% to CHF 601 million. Swiss Life Asset Managers and the owned advisory organisations in Germany contributed the most to this result. Swiss Life continued to expand its fee business, generating fee income of CHF 1.96 billion. Premiums came to CHF 20 billion. In its insurance business Swiss Life generated direct investment income of CHF 4.0 billion in 2020, which corresponds to a direct investment yield of 2.4%. The net investment yield was 2.2%. Swiss Life Asset Managers posted net new assets of CHF 7.5 billion in TPAM business in 2020. Third-party assets under management came to CHF 91.6 billion at the end of 2020, an increase of 10%.

## Markets

As a leading European provider of comprehensive life and pensions and financial solutions, the Swiss Life Group enables people to lead a self-determined life. In Switzerland, France and Germany, Swiss Life offers individuals and corporations comprehensive and individual advice plus a broad range of own and partner products through its sales force and distribution partners such as brokers and banks. The Swiss Life Select, Tecis, Horbach, Proventus, Chase de Vere and Fincentrum advisors choose suitable products for customers from the market according to the Best Select approach. Swiss Life Asset Managers offers institutional and private investors access to investment and asset management solutions. Swiss Life provides multinational corporations with employee benefits solutions and high net worth individuals with structured life and pensions products. The subsidiaries Livit, Corpus Sireo, Mayfair Capital, Beos and Fontavis are also part of the Group.

## Employees

At the end of 2020 the Swiss Life Group employed approximately 9800 people worldwide and had a network of some 15 800 advisors.

## *Ladies and gentlemen,*



Patrick Frost and Rolf Dörig

You can see it in our pictures: the Chairman of the Board of Directors and the CEO with and without a mask. That sums up these extraordinary times. After all, 2020 was not just another financial year, including for Swiss Life. Our business activities are ultimately linked to society in many ways. The coronavirus pandemic posed major challenges for our customers, for our employees and for you as shareholders. Numerous measures, including those initiated by governments of the countries in which we operate, are helping to mitigate the pandemic's impact from both a medical and an economic perspective in the short term. However, the crisis is far from over: the long-term effects of – for example – government debt and in the affected economic sectors are still unclear.

In this difficult environment, the Swiss Life Group's employees continued to do very good work in 2020. Thanks to a modern digital working environment, our teams were able to carry out their tasks as normal for our customers, despite the lockdown. Nevertheless, mainly one-off effects led to our net profit being 13% lower than in the previous year at CHF 1051 million. Our fee result was pleasing again: thanks to our advisory and investment expertise, we improved the result by 11% to CHF 601 million. At the same time, we increased the assets entrusted to us by third-party clients by 10% to CHF 91.6 billion. At 2.6% the new business margin, a very important value for us, was also markedly higher than the previous year (previous year: 1.9%). And with our ambition to remit cash to the holding company, we are 4% above the previous year at CHF 784 million for 2020 and thus ahead of our plans. Overall, we are proud of our business model's resilience. It shows that we are on the right track with our strategy, which is geared to the long term.

We are privileged to be operating in a growth industry: in view of ailing public finances and longer life expectancy, private pension provision is becoming increasingly important. Pension gaps are increasing worldwide. Government debt, which continues to grow due to the coronavirus crisis, is reducing the financial leeway for social welfare institutions. The ongoing debate in Switzerland is a good example of the urgency with which pension institutions are having to adapt to present-day reality. With our claim to enable people to lead a self-determined life, we are working in an area that is highly relevant to society. Individualised pension provision enables our customers to meet their need for financial confidence and self-determination in old age and in the event of misfortunes.

These developments, together with our successes of recent years, form a strong foundation for Swiss Life's further development. 2021 is the final year of our Group-wide "Swiss Life 2021" programme. We are doing a lot to achieve or exceed our goals. And at the same time, we are working on our plans for the next three years. We will present them to you and the public at the end of November this year. Continuity remains our business compass: profitability, increased fee results, strong solvency, effective customer access points and convincing products and services for our customers are the milestones we continue to follow. We are also forging ahead unrelentingly with the further development of our digital competence and in the area of sustainability. Here we expect demands from our customers and the legislator, to which we want to continue to respond proactively.

Dear shareholders



Thanks to our successes, the Board of Directors is able to propose to the Annual General Meeting a dividend increase from CHF 20.00 to CHF 21.00 per share for the 2020 financial year. Thank you for supporting our further development. We also wish you continued strong optimism and creativity in coping with the pandemic.

A handwritten signature in black ink, appearing to read 'R. Dörig'.

Rolf Dörig  
Chairman of the Board of Directors

A handwritten signature in black ink, appearing to read 'P. Frost'.

Patrick Frost  
CEO

# Strategy & Brand

*Swiss Life addresses a basic human need with its products and services: being able to lead a self-determined life with confidence. With the consistent and successful implementation of its multi-year Group-wide programmes, Swiss Life ensures that the long-term value propositions made to its customers are guaranteed and that Swiss Life creates sustainable value for its shareholders and target groups.*



The Swiss Life Group is one of Europe's leading comprehensive life and pensions and financial solutions providers. Swiss Life's success is due to a clear strategy, the disciplined implementation of Group-wide programmes, a sound purpose and a charismatic brand.

### **Swiss Life addresses a fundamental need**

Swiss Life enables people to lead a self-determined life. In doing so, the company is responding to a fundamental need: representative surveys conducted by Swiss Life in its core markets show that over 80% of people see self-determination and independence as a fundamental need in their lives, leading to satisfaction, optimism and less stress. Against the backdrop of demographic change and people's increasing personal responsibility for their future personal provisions, Swiss Life's work, advisory services and products will continue to grow in relevance.

Swiss Life operates in an environment heavily influenced by regulatory and political trends as well as by socio-economic changes, such as increasing life expectancy. Results of market research performed by Swiss Life show that people find pensions a stressful topic. And most of them are aware that their financial security is largely up to them. In view of these developments, Swiss Life sees growth opportunities and differentiation potential in the market for pension solutions as well as in advice.

### **Unique market position**

Swiss Life wants to address changing customer behaviour and consistently implement any findings to actively and profitably exploit market opportunities. Customers are ever better informed; they are able to compare services immediately and demand new products and services. Swiss Life wants to best combine the strengths of its broad distribution networks and advisors with the opportunities of digital change. Swiss Life derives its "phygital approach" from this targeted combination of personal advice and digital support, which is described in more detail in the "Digitalisation" section. Investing early in new technological tools and in the digital workplace has enabled Swiss Life to be there for its customers at all times, even during the restrictions imposed by the Covid-19 pandemic.

With its core markets of Switzerland, France and Germany as well as the cross-border business of the International segment and the asset management business of Swiss Life Asset Managers, Swiss Life enjoys a very strong market position. With around 15 800 advisors and 9800 employees, Swiss Life has proven advisory expertise and unique customer access.

Unique position in the life insurance sector	Dynamic asset management	Broad distribution networks	High earnings quality
<p>Market leader in Switzerland</p> <p>Attractive position in the private insurance sector in France</p> <p>Strong niche player in Germany and in the International division</p>	<p>Specialist expertise in asset and liability management and in risk management via asset management for the insurance business</p> <p>Rapidly growing third-party asset management</p> <p>Leading real estate manager in Europe</p>	<p>Strong network of owned IFAs especially in the Germany and International segments</p> <p>Major proprietary distribution in Switzerland</p> <p>Integrated multichannel distribution in France</p>	<p>Diversified profit sources with saving, risk, fee and cost result</p> <p>A good third of profit from operations stems from the fee business</p>

The Swiss Life product strategy is explained in the section on “Products, Services and Advice”. In view of its varied positioning in the relevant markets, Swiss Life uses a multi-local approach: Swiss Life also reports on strategic focuses and investments by individual divisions as part of its segment information.

### Three Group-wide programmes have been successfully implemented since 2009

Swiss Life has successfully completed its last three Group-wide programmes “Milestone” (financial targets for 2009–2012), “Swiss Life 2015” (2013–2015) and “Swiss Life 2018” (2016–2018).

Swiss Life regularly reports in detail on the current status of its strategic implementation, including during its annual and half-year reporting. The documents are available at [www.swisslife.com](http://www.swisslife.com) under “Investors and Shareholders”.

### Financial objectives under “Swiss Life 2021”

At the end of November 2018 Swiss Life presented its latest Group-wide programme, “Swiss Life 2021”. It is based on the purpose and four strategic thrusts: the focus on preferred segments, the promotion of attractive offers, the continuous improvement of customer relationships and the continuing increase of productivity.

The Group-wide programme contains specific financial goals for the period from 2019 to 2021 in the areas of earnings quality and growth, operational efficiency and disciplined capital management.



### On track with “Swiss Life 2021”

Swiss Life is on track with its Group-wide programme “Swiss Life 2021” and has confirmed its financial targets for 2021 as part of its 2020 annual results. Swiss Life increased its fee result to CHF 601 million in the year under review. The company is thus already in its 2021 ambition range. The new business margin came to 2.6% in 2020 and was thus significantly above the ambition of 1.5%. With a return on equity adjusted for unrealised gains and losses of 9.4%, Swiss Life is at the upper end of its ambition range.

	2021 objectives	Current status	
<b>Increased earnings quality</b>	Increase in the fee result, to between CHF 600 and 650 million by the end of 2021	On track	✓
	Increase in the risk result, to between CHF 400 and 450 million by the end of 2021	On track	✓
	Increase in cumulative value of new business (2019–2021) to over CHF 1.2 billion	Ahead	✓
<b>Operational efficiency</b>	Improve the efficiency ratio in the life business to below 40 basis points by the end of 2021	On track	✓
	In its owned IFAs, achieve a distribution operating expense ratio below 25 percent by the end of 2021	On track	✓
	Cost/income ratio in third-party asset management of approx. 75% by the end of 2021	On track	✓
<b>Capital management</b>	Increase in cash remittance to the holding company to a cumulative value between CHF 2 and 2.25 billion (2019–2021)	Ahead	✓
	SST ratio between 140 and 190%	Ahead	✓
	Increase in dividend payout ratio for the shareholders to 50–60% of profit	On track	✓
	From December 2018 to December 2019, the Group implemented a share buyback programme of CHF 1 billion.	Completed	✓
	Return on equity <sup>1</sup> : 8–10%	On track	✓

<sup>1</sup> Equity excluding unrealised gains/losses

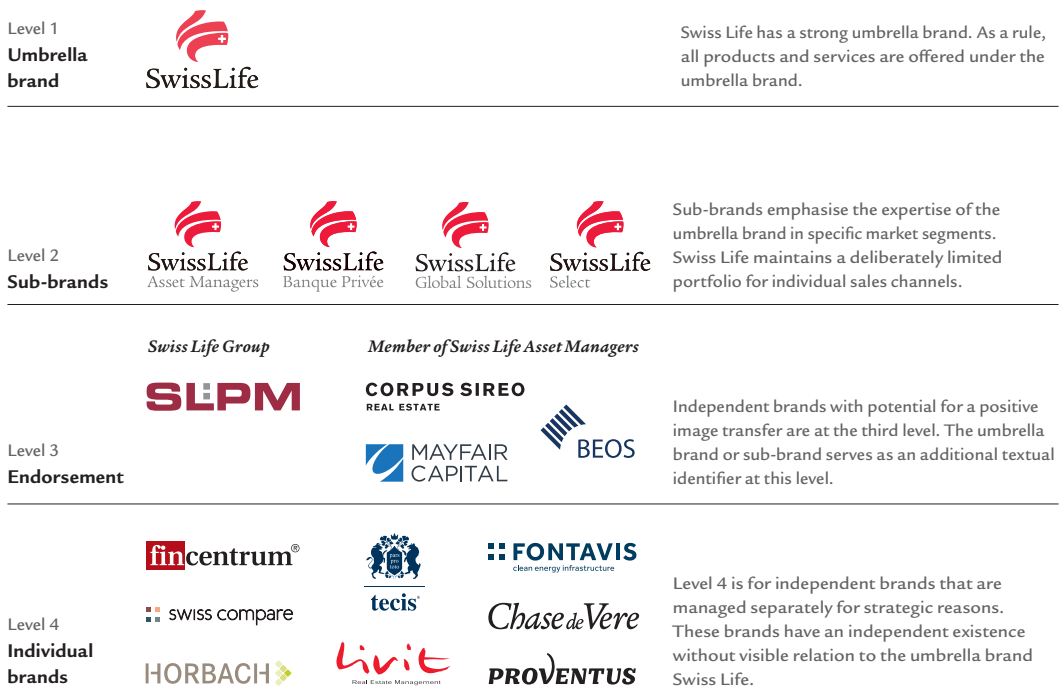
Swiss Life will disclose its new strategic focuses and associated financial objectives after “Swiss Life 2021” at an Investor Day on 25 November 2021.

**A charismatic brand**

The success of the Swiss Life brand results from a consistent brand strategy and management. On the basis of its corporate strategy and positioning as a provider of comprehensive life and pensions and financial solutions, the Swiss Life umbrella brand provides orientation and creates confidence.

The brands are assigned to various levels in a clear brand hierarchy. The strategic management of the entire brand portfolio is an element of corporate communication. The brand hierarchy is reviewed continuously, and adjustments are made as needed.

While the umbrella and sub-brands are managed centrally, brand management for the level 3 brands Endorsement and 4 Individual brands is performed directly in the relevant divisions. The individual brand Fincentrum, which was launched in the Czech Republic and Slovakia in 2019, was renamed the Swiss Life Select sub-brand in Slovakia in 2020. In the Czech Republic, the financial advisor based in Prague will continue to operate under the Fincentrum brand.



### Corporate identity & design

With its purpose and clear corporate design guidelines, Swiss Life guarantees a standardised appearance at all brand contact points. The Swiss Life brand personality always centres on the customer: “We enable people to lead a self-determined life.”

The corporate design is derived from the brand personality and, in addition to ensuring recognisability, contributes to a uniform brand experience. Whether they are browsing the website, reading a brochure or looking at an advert, the stakeholder groups are to receive the same strong impression of Swiss Life at all contact points. The pictorial world is one of the key instruments in making the brand personality of Swiss Life tangible for external and internal target groups. It sets Swiss Life apart from the competition and produces its clear recognition effect.

With the online brand platform introduced in 2019, brand management is increasingly taking place in the digital arena and is thus accessible to a large internal and external group of people in a user-friendly format.

### Brand identity

In the home market of Switzerland, Swiss Life focuses on sports and cultural sponsorship in addition to classical advertising. Swiss Life has been the main sponsor of ZSC Lions ice hockey club for several years, one of the biggest ice hockey clubs in Europe with a well-respected youth development programme. Since 2019, Swiss Life has also lent its name to the “Swiss Life Arena,” an ice hockey stadium under construction in Zurich, where the ZSC Lions will play their home games from 2022. In the cultural arena, film is the cornerstone of its commitment: Swiss Life is sponsor of the Solothurn and Locarno Film Festival.

In France, Swiss Life underscores its purpose by sponsoring the team of Thomas Ruyant for the Vendée Globe 20/21, the toughest solo regatta in sailing. Together with the distribution companies Swiss Life Select and Proventus, Swiss Life Germany supports popular sports for regional amateur clubs. The company is also a regular supporter of sporting events, such as the football benefit “Münchner Legenspiel”, the proceeds of which go to charitable organisations.

In the context of the Covid-19 pandemic, Swiss Life has responded to the changed needs of its customers in its campaigns: with the focus on digital forms of consulting, for example via video, support for a self-determined life has been directly linked to the brand. In autumn 2020, Swiss Life in Switzerland also launched a campaign focusing on its corporate clients. Through long-term partnerships with corporate clients, Swiss Life shows how it has supported them for many years in pension-related matters to enable them to focus on their business goals in a self-determined manner.



The success of the Swiss Life brand is constantly measured on the local front by independent institutes, which review brand awareness and perception. Swiss Life also regularly assesses the anchoring of its purpose externally among the general public, among customers following interaction with Swiss Life, and also internally among its employees. The findings are continuously used to develop and adjust marketing measures.

### Worldwide brand protection and assessment

Swiss Life protects its brands around the world. It takes vigorous action in cases of brand or copyright infringement. Customers can be sure that they will enjoy Swiss Life quality and service wherever the Swiss Life logo and corporate name appear.

Swiss Life carries out regular internal studies of brand value, which demonstrate the development of the brand's value based on a wide range of factors.

# Segment Reporting

*Thanks to the great engagement shown by employees and advisors, Swiss Life maintained its adjusted profit from operations at a high level of CHF 1.57 billion in 2020 in a very challenging environment. Net profit in 2020 fell by 13% from the previous year to CHF 1.05 billion.*

The Swiss Life Group generated adjusted profit from operations of CHF 1572 million in 2020, a decline of 5% compared to the previous year. Net profit fell by 13% to CHF 1051 million, which was CHF 154 million lower than in the previous year. This decline is mainly due to two one-offs unrelated to the pandemic: on the one hand, a provision for the pending agreement with the US Department of Justice (DOJ) and, on the other, CHF 49 million due to a positive, one-off tax effect in 2019 in the context of the Swiss corporate tax reform. In addition, the effects of the Covid-19 pandemic on the financial markets reduced the savings result. The fee result increased by 11% over the corresponding period in the previous year from CHF 541 million to CHF 601 million. Swiss Life Asset Managers and the owned advisory organisations in Germany made the biggest contribution to this result.

In its home market of Switzerland, Swiss Life achieved a segment result of CHF 830 million. The 7% decline stems from the lower savings result; the fee result and risk result, meanwhile, were expanded. France reported a segment result of CHF 217 million – 21% lower than the previous year due to the lower savings result. Swiss Life in Germany contributed CHF 180 million to the result, which was slightly below the previous year's figure (CHF 186 million). The increased fee result largely compensated for the decline in the savings result. Swiss Life International contributed CHF 78 million (previous year: CHF 81 million) to the result. Swiss Life Asset Managers increased its segment result by 12% to CHF 345 million, of which CHF 137 million came from third-party asset management, 60% up on the previous year.

In insurance business, Swiss Life generated direct investment income of CHF 4.0 billion (previous year: CHF 4.4 billion). The direct investment yield was 2.4% (previous year: 2.8%). The net investment yield was 2.2% (previous year: 2.9%).

Swiss Life was able to increase its fee income by 8% to CHF 1957 million. Of that, the contribution by owned IFAs increased by 8%, Swiss Life Asset Managers by 6% and from own and third-party products and services by 4%. Swiss Life posted premiums of CHF 20.0 billion for 2020. The decline of 13% and the associated normalisation are due to the extraordinarily high single premiums written by Swiss Life in the previous year, as a result of the withdrawal of a competitor from the full insurance business in Switzerland. Insurance reserves to the benefit of the company's policyholders rose by 2% in local currency.

As at 31 December 2020, Swiss Life Asset Managers had a total of CHF 269.7 billion under management. Third-party assets under management at year-end were CHF 91.6 billion – a 10% increase over the previous year.

Swiss Life's segment reporting is on a country basis: Switzerland, France and Germany. It also discloses separately the results of its cross-border segments: International and Asset Managers.

### **Events after the reporting period**

There were no events after the reporting period.



## Key figures for the Swiss Life Group

Amounts in CHF million

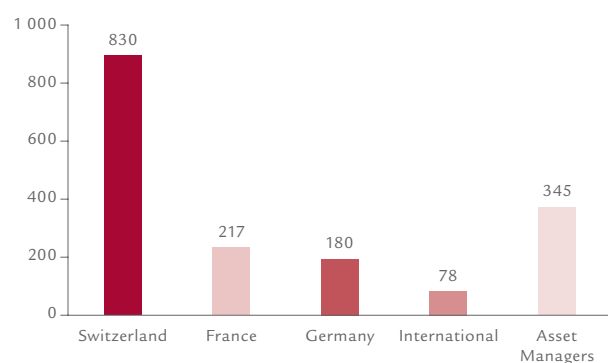
	2020	2019	+/-
GROSS WRITTEN PREMIUMS, POLICY FEES AND DEPOSITS RECEIVED	20 020	23 008	-13%
Net earned premiums	15 304	17 034	-10%
Fee and commission income	1 957	1 820	8%
Financial result	4 273	5 227	-18%
Other income	195	239	-19%
TOTAL INCOME	21 728	24 320	-11%
Net insurance benefits and claims	-15 629	-17 838	-12%
Policyholder participation	-910	-1 124	-19%
Interest expense	-127	-165	-23%
Operating expense	-3 590	-3 541	1%
TOTAL EXPENSE	-20 256	-22 669	-11%
PROFIT FROM OPERATIONS	1 472	1 651	-11%
NET PROFIT	1 051	1 205	-13%
Equity	17 263	16 435	5%
Insurance reserves	189 624	183 339	3%
Assets under management	299 272	279 258	7%
Assets under control	322 979	303 677	6%
Return on equity (in %) <sup>1,2</sup>	9.4	10.8	-1.4 ppt
Number of employees (full-time equivalents)	9 823	9 330	5%
Number of advisors	15 830	13 570	17%

<sup>1</sup> equity excl. unrealised gains/losses on financial instruments

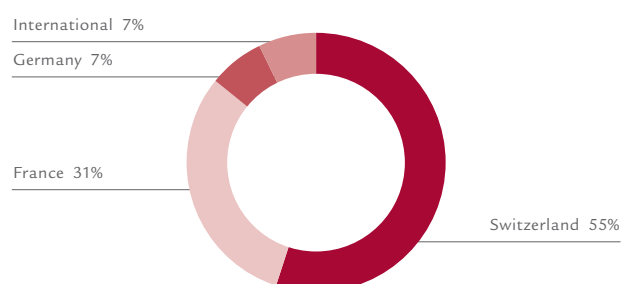
<sup>2</sup> incl. share buy-back (2020: CHF 29 million / 2019: CHF 913 million)

## Segment results

In CHF million



## Gross written premiums, policy fees and deposits received by segment



## Switzerland

In the home market of Switzerland, the segment result came to CHF 830 million in 2020 (previous year: CHF 892 million). The decline is due to the lower investment result caused by financial market developments arising from the Covid-19 pandemic. The risk result increased slightly (+2%). In addition, the fee result increased to CHF 26 million (+29%). This was due in particular to the successful expansion of investment solutions for private clients as well as real estate and mortgage brokerage.

In the year under review, premiums in Swiss Life Switzerland sank, as expected, to CHF 11.0 billion in total (-18%). The high premiums in the previous year were shaped by a competitor's withdrawal from the full insurance business. Of the total premium volume, 87% came from group life business.

According to the Swiss Insurance Association (SIA) premiums in the Swiss life insurance market were 18% higher than the previous year at CHF 24.5 billion. In group life business, premiums for the market as a whole were 22% down compared to the previous year, while premiums for individual life business were 3% below the previous year. Swiss Life's market share of group and individual life business remained stable.

Swiss Life has its own sales force in Switzerland, and Swiss Life Select has a distribution network totalling over 1300 professionally trained advisors, making it the market leader in Switzerland. In this way, Swiss Life helps its customers prepare for their financial future and enables them to lead a self-determined life.

With its broad and attractive pension offering for private customers, Swiss Life was able to significantly increase new business with periodically financed savings plans in the year under review compared with 2019. The new premium-based savings solution Swiss Life Immo Elements, which was launched in autumn 2020 and enables customers to save with attractive real estate investments, also contributed to this. The share of capital-saving solutions increased again in line with the company's strategy. There was also a positive trend in the assets under management of the pure investment solutions, where customers benefit from the proven investment expertise of Swiss Life Asset Managers.

The offer season in the group life business was successful, and the processing of changes and customer queries, as well as advisory services and support were also carried out virtually thanks to the use of new technological facilities. Due to the very robust business volume, in particular as a result of disciplined underwriting, there were no impacts from the Covid-19 pandemic or the measures taken to contain the pandemic, in the year under review.

2021 is the final year of the "Swiss Life 2021" strategic programme, the core of which is the digitally supported advisory process to improve the customer experience and advisory effectiveness, leading to more business with existing and new customers.

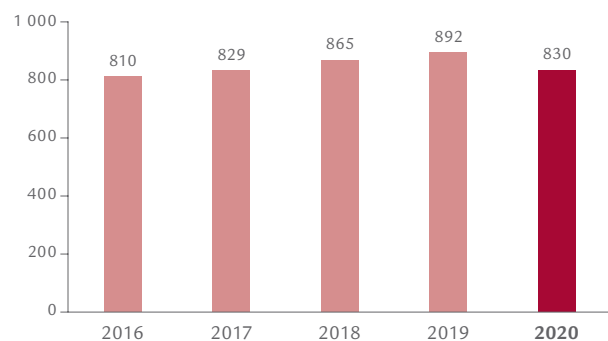
## Key figures for Switzerland

Amounts in CHF million

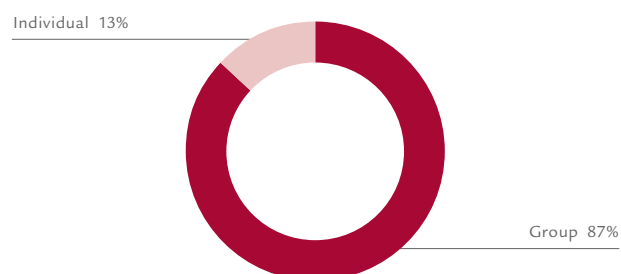
	2020	2019	+/-
GROSS WRITTEN PREMIUMS, POLICY FEES AND DEPOSITS RECEIVED	11 045	13 453	-18%
Net earned premiums	10 695	13 067	-18%
Fee and commission income	298	265	13%
Financial result	2 677	3 301	-19%
Other income	38	159	-76%
TOTAL INCOME	13 708	16 793	-18%
Net insurance benefits and claims	-11 602	-14 211	-18%
Policyholder participation	-268	-468	-43%
Interest expense	-27	-42	-34%
Operating expense	-981	-1 179	-17%
TOTAL EXPENSE	-12 878	-15 900	-19%
SEGMENT RESULT	830	892	-7%
Assets under control	133 284	127 330	5%
Insurance reserves	106 472	103 344	3%
Number of employees (full-time equivalents)	2 185	2 074	5%

## Segment result Switzerland

In CHF million



## Premiums for Switzerland, by type of insurance



## *France*

In the year under review, Swiss Life France posted a segment result of CHF 217 million (previous year: CHF 275 million). The 21% decline is due both to developments on the financial markets caused by the Covid-19 pandemic and to the higher costs brought about by business growth. The segment result decreased by 18% in local currency. Technical margins remained stable, with the Covid-19 pandemic having a neutral impact overall: lower claims in health and motor business due to the lockdowns were offset by higher costs for exceptional tax charges and contributions.

The French insurance market shrank by 12% in local currency in 2020 due to the ongoing low interest rate environment and to increasing regulation as a result of the pension reform. Savings and retirement business was down 20%, while health, death and disability insurance and property and casualty business grew by 2%. Swiss Life in France increased its premium volume by 6% to CHF 6.3 billion, while maintaining its focus on the quality and profitability of new business. Premiums in savings and retirement provisions rose by 14% in local currency. The share of premiums from unit-linked contracts was 57%, and thus about twice as high as the market average – thanks to the private insurer strategy. The contribution of unit-linked contracts to new business increased further to 69%. At the end of 2020, these contracts accounted for 45% of reserves in the life business. In health, death and disability insurance, premium volume increased by 2% as a result of strong sales momentum in death and disability. With its distribution of savings products, Swiss Life Banque Privée also made a positive contribution to business with high net worth individuals in 2020. Fee income rose from CHF 326 million to CHF 338 million in the year under review. This was due to the strong inflows, especially savings and pension business. In local currency this equates to an 8% increase.

In 2021, Swiss Life in France will continue to focus on existing customer segments, in particular by expanding its pension, health, death and disability offerings. Based on multichannel distribution, the company will drive the further development of its “phygital” model, which best combines the personal, physical customer relationship with digitalisation and services.

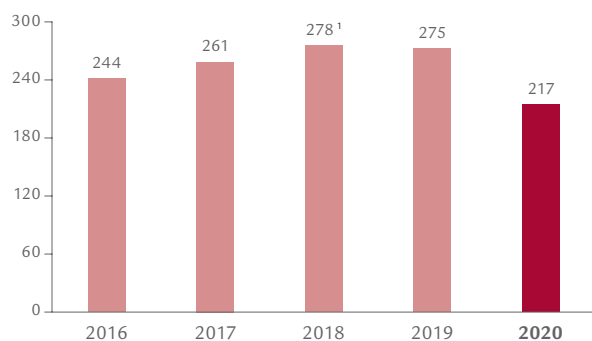
## Key figures for France

Amounts in CHF million

	2020	2019	+/-
GROSS WRITTEN PREMIUMS, POLICY FEES AND DEPOSITS RECEIVED	6 277	5 901	6%
Net earned premiums	3 503	2 828	24%
Fee and commission income	338	326	4%
Financial result	774	933	-17%
Other income	3	5	-37%
TOTAL INCOME	4 618	4 093	13%
Net insurance benefits and claims	-2 841	-2 410	18%
Policyholder participation	-409	-252	62%
Interest expense	-76	-84	-10%
Operating expense	-1 076	-1 072	0%
TOTAL EXPENSE	-4 401	-3 818	15%
SEGMENT RESULT	217	275	-21%
Assets under control	50 135	46 055	9%
Insurance reserves	40 179	36 935	9%
Number of employees (full-time equivalents)	2 576	2 455	5%

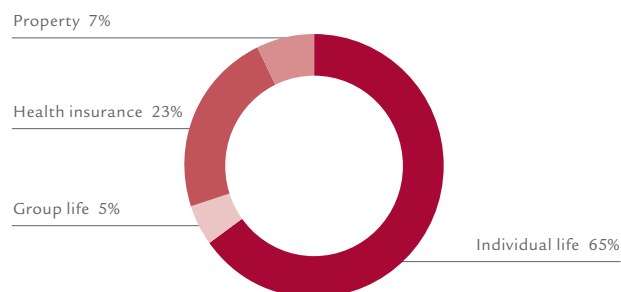
## Segment result France

CHF million



<sup>1</sup> adjusted

## Premiums for France, by type of insurance



## Germany

Swiss Life Germany is a leading provider of insurance and pension solutions in the areas of life insurance, occupational pensions and employee insurance as well as comprehensive financial and pension advice independent of product provider under the Swiss Life Select, Tecis, Horbach and Proventus brands. The segment reporting comprises local insurance activities and the financial consultancies operating in Germany.

In the year under review, Swiss Life Germany achieved a segment result of CHF 180 million (previous year: CHF 186 million) in a persistently challenging market environment. The moderate decline is attributable to currency effects. The fee result increased by 32% in local currency due to further growth in owned IFAs, while the exceptionally high savings result in 2019 could not be maintained as expected.

Thanks to various digitalisation measures, such as video consulting, remote signature and mobile working, Swiss Life Germany was able to further expand its consulting business during the Covid-19 pandemic. Fee income increased to CHF 552.0 million in 2020, equivalent to a 15% increase in local currency. The main driver was the strong growth of the distribution base in the owned IFAs as well as the brokered new business across all product areas. At the end of 2020, the proprietary financial advisory companies in Germany had 4635 trained and registered financial advisors under contract (+11% over the previous year).

Swiss Life Germany posted premiums of CHF 1.4 billion in 2020. This corresponds to an increase of 5% in local currency over the previous year and is thus well above the market performance in Germany (market growth: -0.4%). The core product areas of Swiss Life Germany are employee insurance, occupational pensions, long-term care insurance and modern guarantee concepts. The unit-linked life insurance Investo was successfully expanded during the year under review. In 2020, overall new business volume increased by 15% in local currency compared to the previous year.

Operating costs increased 1% less than business volume due to continuous improvement in operational efficiency.

In 2021, Swiss Life Germany will focus on the three strategic thrusts: the focus in insurance is on biometric, sector-specific and occupational pension solutions. For occupational and private retirement provisions, Swiss Life Germany focuses on unit-linked or hybrid products with low guarantees and therefore higher earnings expectations for customers. Swiss Life Germany wants to leverage its competency in biometry to set insurance market standards in service as well as in the scalable application process. In financial consulting, Swiss Life Germany has set its sights on becoming the “financial home” of the German Mittelschicht companies and further increasing its own distribution strength – for example through a scalable distribution platform. In order to achieve this goal, connectivity is being improved, and the administration processes are being automated, in step with the consistent advance of digitalisation.

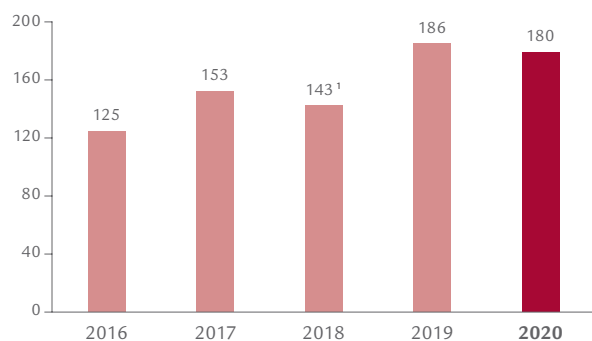
## Key figures for Germany

Amounts in CHF million

	2020	2019	+/-
<b>GROSS WRITTEN PREMIUMS, POLICY FEES AND DEPOSITS RECEIVED</b>	<b>1 390</b>	1 375	1%
Net earned premiums	1 047	1 092	-4%
Fee and commission income	552	498	11%
Financial result	771	933	-17%
Other income	-16	2	n/a
<b>TOTAL INCOME</b>	<b>2 353</b>	2 526	-7%
Net insurance benefits and claims	-1 157	-1 199	-3%
Policyholder participation	-227	-390	-42%
Interest expense	-11	-37	-71%
Operating expense	-779	-715	9%
<b>TOTAL EXPENSE</b>	<b>-2 174</b>	-2 340	-7%
<b>SEGMENT RESULT</b>	<b>180</b>	186	-3%
Assets under control	25 208	23 549	7%
Insurance reserves	21 403	20 443	5%
Number of employees (full-time equivalents)	1 657	1 608	3%

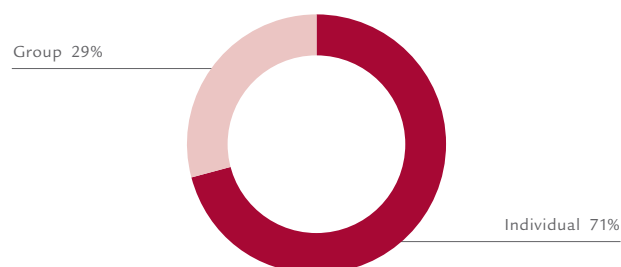
## Segment result Germany

In CHF million



<sup>1</sup> adjusted

## Premiums for Germany, by type of insurance



## *International*

The International segment comprises cross-border business for high net worth international individuals (Global Private Wealth Solutions) and multinational companies (Global Employee Benefits Solutions), under the brand Swiss Life Global Solutions, as well as the financial services providers Chase de Vere in the United Kingdom, Fincentrum in the Czech Republic, and Swiss Life Select in Austria, Slovakia and the Czech Republic.

In the year under review, the International segment achieved a result of CHF 78 million, a currency-related decrease of 4% (previous year: CHF 81 million). Fee business continues to account for the largest share by far.

The Global Private Wealth Solutions business area, with carriers based in Luxembourg, Liechtenstein and Singapore, specialises in life insurance solutions for high net worth individuals. Thanks to its comprehensive, international product range and assets under control of CHF 20.1 billion (previous year: CHF 21.2 billion) fee income remained at a high level in a difficult environment during the year under review.

The Global Employee Benefits Solutions business area concentrates on global provisions solutions for multinational companies. Positive risk and volume development led to higher profitability in the pensions business. Swiss Life Network, a leading independent provider of global employee benefits solutions in conjunction with Swiss Life partner companies, again made a major contribution to the result and consolidated its good market position due to its fee optimisation.

Fee income from the financial distribution companies fell by CHF 25.5 million to CHF 185.3 million during the year under review. While Chase de Vere continued to grow in the United Kingdom despite the difficult market environment caused by the Covid-19 pandemic, income in Central and Eastern Europe (CEE) declined.

Swiss Life Global Solutions will focus more on innovative approaches and digital channels in 2021 to further develop profitable new business. In financial consulting, the company focuses on increasing the number of advisors and their productivity. Accelerated and systematic digitalisation will form the basis for continuing to offer suitable, high-quality financial services and advice anytime and anywhere in the future. Through its digitalisation, Swiss Life International is targeting further growth in fee and risk business.



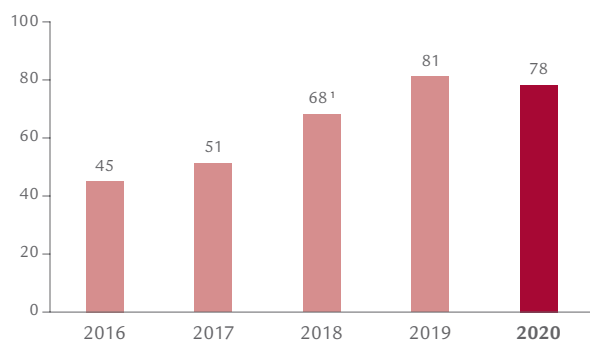
## Key figures for International

Amounts in CHF million

	2020	2019	+/-
GROSS WRITTEN PREMIUMS, POLICY FEES AND DEPOSITS RECEIVED	1 343	2 304	-42%
Net earned premiums	58	47	25%
Fee and commission income	279	314	-11%
Financial result	23	38	-40%
Other income	14	0	n/a
TOTAL INCOME	373	398	-6%
Net insurance benefits and claims	-30	-18	70%
Policyholder participation	-6	-14	-56%
Interest expense	-14	-15	-5%
Operating expense	-245	-270	-9%
TOTAL EXPENSE	-295	-317	-7%
SEGMENT RESULT	78	81	-4%
Assets under control	22 332	23 242	-4%
Insurance reserves	21 652	22 694	-5%
Number of employees (full-time equivalents)	985	987	0%

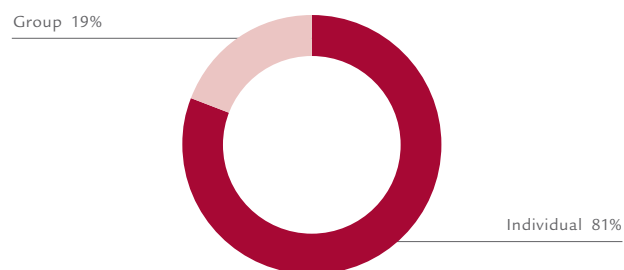
## Segment result International

In CHF million



<sup>1</sup> adjusted

## Premiums for International, by type of insurance



## *Asset Managers*

The Asset Managers segment comprises Swiss Life's Group-wide asset management and real estate services activities.

In 2020, Swiss Life Asset Managers achieved a segment result of CHF 345 million (previous year: CHF 309 million), which corresponds to an increase of 12%. Fee income in the year under review increased by 6% to CHF 886 million overall. The growth stems from third-party asset management. Fee income from insurance business remained constant. Operating costs, meanwhile, rose by 8%, of which just under a third was attributable to higher capital expenditure for projects.

Assets under management by Swiss Life Asset Managers came to CHF 269.7 billion at the end of 2020. Assets from insurance business climbed by around CHF 6.8 billion to CHF 178.1 billion. Due to the regulatory operating conditions long-term nature of its liabilities, Swiss Life invests especially in fixed-income securities, which accounted for an unchanged share of the portfolio at the end of 2020 (57%). The real estate holding increased further from 21% to 22% and the net equity holding was under 4% as at 31 December 2020.

Third-party business again grew vigorously: Swiss Life Asset Managers had third-party assets of CHF 91.6 billion under management at the end of 2020, an increase of 10% compared to the end of the previous year. This growth is primarily due to net new assets of CHF 7.5 billion. Real estate and infrastructure products in particular experienced strong demand.

In 2018, Swiss Life Asset Managers signed up to the United Nations-supported Principles for Responsible Investment (PRI) and became, inter alia, a member of the Global Real Estate Sustainability Benchmark (GRESB). In line with its responsible investment strategy, Swiss Life Asset Managers has continuously developed its product offering to meet increased customer demand for sustainable products and has launched new investment products. Today, clients have the opportunity to invest in a broad range of sustainable securities, real estate and infrastructure funds, thus contributing to sustainable development through their investments.

The expansion of the pan-European real estate funds, investing in real estate in various European countries, was pursued further in 2020. Due to the persistently high competitive pressure in the real estate market, the consistent implementation of risk and return specifications remains key for acquisitions. As one of Europe's leading real estate investors, Swiss Life Asset Managers was in close contact with its tenants during the Covid-19 pandemic. Swiss Life has provided constructive and pragmatic solutions to tenants experiencing difficulties as a result of the measures taken to contain the pandemic. Swiss Life assumes that demand for high-quality real estate will remain intact in view of the prevailing low interest rate environment for the foreseeable future.

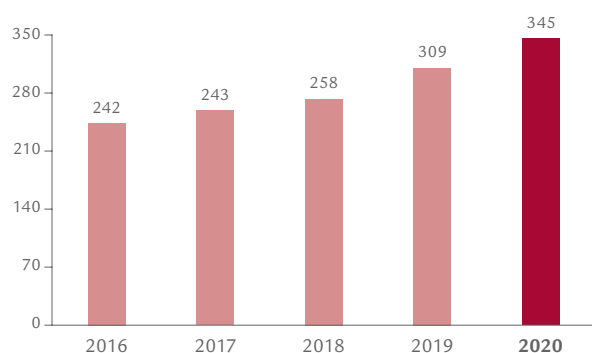
## Key figures for Asset Managers

Amounts in CHF million

	2020	2019	+/-
Fee and commission income	886	833	6%
Financial result	17	0	n/a
Other income	158	72	n/a
TOTAL INCOME	1 061	905	17%
Interest expense	-5	-5	5%
Operating expense	-711	-592	20%
SEGMENT RESULT	345	309	12%
Assets under management	269 720	254 400	6%
Number of employees (full-time equivalents)	2 384	2 174	10%

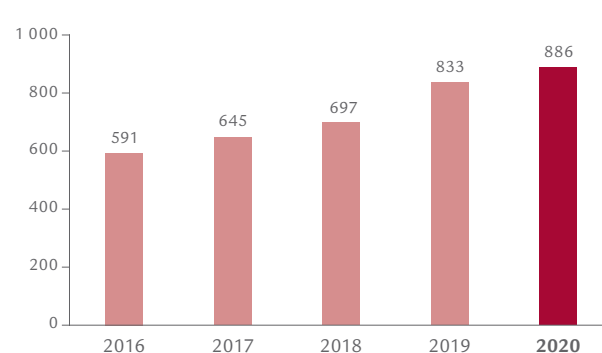
## Segment results

In CHF million



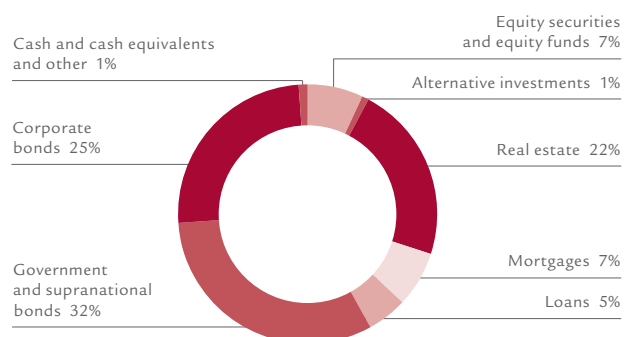
## Fee and commission income Asset Managers

In CHF million



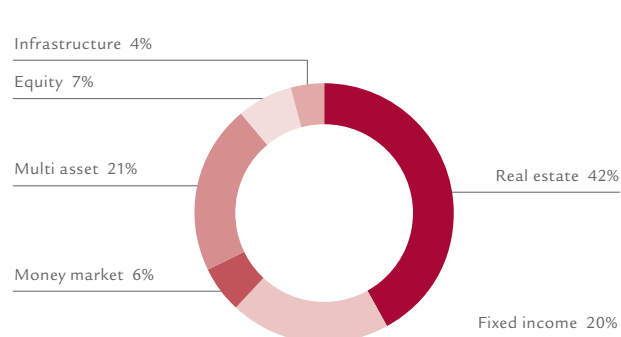
## Assets under management for insurance business – breakdown by asset class

As at 31.12.2020



## Assets under management for third-party clients – breakdown by asset class

As at 31.12.2020



# Corporate Governance

*Responsible and sustainable corporate governance is of central importance to the Swiss Life Group.*

Swiss Life structures its corporate governance openly and transparently in the interests of its shareholders, policyholders and employees, taking account of leading national and international corporate governance standards.

The corporate governance of Swiss Life Holding Ltd (Swiss Life Holding) is based on the relevant provisions issued by the SIX Swiss Exchange and the Swiss Financial Market Supervisory Authority FINMA and is modelled in particular on the Swiss Code of Best Practice for Corporate Governance issued by the Swiss Business Federation “economiesuisse”, as well as the Organization for Economic Cooperation and Development’s (OECD) principles on corporate governance.

The measures and mechanisms implemented by Swiss Life to ensure good corporate governance work well in practice. Specific adjustments are examined on an ongoing basis, however, in order to adapt the management and control tools and disclosure to current circumstances and to implement further improvements.

This report describes the essential features of corporate governance within the Swiss Life Group. The structure below largely follows the Annex to the Directive on Information Relating to Corporate Governance issued by the SIX Swiss Exchange, which came into force on 20 March 2018. The compensation report on pages 56 to 73 takes into consideration the regulations on transparency stipulated in the Compensation Ordinance and FINMA circular 2010/1 on minimum standards for remuneration schemes of financial institutions.

## *Group Structure and Shareholders*

### **Group structure**

The public limited company Swiss Life Holding was established in 2002 and is incorporated under Swiss law. Its registered office is located in Zurich. Since 19 November 2002, its stock has been listed on the SIX Swiss Exchange. Swiss Life Holding brings together all the Swiss Life Group companies and activities under a single holding company. The holding company structure makes it easier to effect investments, enter into partnerships or cooperation agreements and execute capital market transactions. Transparency is also improved by separating the interests of shareholders from those of policyholders.

The companies falling within the Group's scope of consolidation are presented in the Consolidated Financial Statements (note 35) on pages 312 to 318. Information on the listing on the SIX Swiss Exchange and market capitalisation can be found in the section "Share Performance and Historical Comparison" on pages 344 and 345. The organisational structure of the Group shows the key business markets and areas. The resulting operational responsibilities are reflected in the allocation of responsibilities among the Corporate Executive Board. With regard to insurance operations, one person with responsibility for the market and results is assigned to each specific area.

The operational management structure as at 31 December 2020 is shown on page 50.

### **Shareholders**

The purchase or sale of shares or of acquisition/disposal considerations regarding shares in companies that are domiciled in Switzerland and have their shares listed in Switzerland, must be reported to the company in question and the SIX Swiss Exchange if the shareholdings exceed, fall below or reach certain thresholds. The relevant thresholds are 3, 5, 10, 15, 20, 25, 33 $\frac{1}{3}$ , 50 and 66 $\frac{2}{3}$ % of the voting rights. The details are set out in the Financial Market Infrastructure Act (FMIA) and in the implementation provisions of the Financial Market Infrastructure Ordinance-FINMA (FMIO-FINMA) and Financial Market Infrastructure Ordinance (FMIO).

The disclosures of shareholdings that exceed the disclosure threshold on the balance sheet date of 31 December 2020 are shown below. In accordance with the disclosure requirements, the percentage figures given relate to the share capital and number of outstanding shares pursuant to the Articles of Association applicable at the time of the relevant disclosure.

**UBS Fund Management (Switzerland) AG**, P.O. Box, 4002 Basel, Switzerland, reported in a publication of 19 November 2014 that it held 990 414 shares of Swiss Life Holding, equivalent to a 3.09% share of the voting rights.

**BlackRock Inc.**, 55 East 52<sup>nd</sup> Street, New York 10055, USA, reported in a publication of 6 May 2017 that it held through various companies a total of 5.28% of the voting rights for Swiss Life Holding (1 292 673 shares, of which 56 953 shares from securities lending and comparable transactions, 342 486 voting rights transferred from a third party to exercise at its own discretion and 58 691 voting rights from equity derivatives). At the same time, BlackRock Inc. held sales positions in the amount of 0.002% of the voting rights (613 CFD).

All complete notifications can be seen on the website of the SIX Swiss Exchange's disclosure office at [www.six-exchange-regulation.com](http://www.six-exchange-regulation.com), "Publications" area, "Major Shareholders" subsection (<https://www.six-exchange-regulation.com/en/home/publications/significant-shareholders.html>).

There are no cross participations between Swiss Life Holding or its subsidiaries with other listed companies that exceed the participation threshold of 3%.

### **Shareholder structure**

On the balance sheet date, some 166 000 shareholders and nominees were listed in the Swiss Life Holding share register, of which about 4500 were institutional shareholders. Taken together, the shareholders entered in the share register held around 50% of the shares issued. Over half of these shares were owned by shareholders domiciled in Switzerland. Approximately a third of the registered shares were in private hands.

A table showing the shareholder structure is provided in the section "Share Performance and Historical Comparison" on page 345.

## Capital Structure

### Capital and changes in capital

The capital structure of Swiss Life Holding was as follows on the balance sheet date:

- Ordinary share capital: CHF 3 201 439.10, divided into 32 014 391 fully paid registered shares with a par value of CHF 0.10 each;
- Conditional share capital: CHF 385 794.80, divided into 3 857 948 registered shares with a par value of CHF 0.10 each;
- Authorised share capital: none.

If the conditional share capital were utilised to the maximum extent possible, the share capital would increase by around 12% (385 794.80 divided by 3 201 439.10 or 3 857 948 divided by 32 014 391).

The conditional share capital is at the disposal of the holders of conversion or option rights granted by Swiss Life Holding or by companies belonging to the Group in connection with the issuing of new or existing convertible bonds, bonds with option rights, loans or other financing instruments (“equity-linked financing instruments”). The shareholders are excluded from subscription rights. The respective owners of the equity-linked financing instruments are entitled to subscribe to the new shares. The Board of Directors is entitled to limit or exclude the preemptive subscription rights of the existing shareholders in connection with the issuing of equity-linked financing instruments up to a value of 3 000 000 registered shares or up to a maximum amount of CHF 15 300 000, if the equity-linked financing instruments are placed on national or international capital markets or with selected strategic investors or are used in connection with the financing or refinancing of the acquisition of companies, parts of companies, participations or new investment projects. If the preemptive subscription rights are not granted either directly or indirectly when issuing equity-linked financing instruments, the equity-linked financing instruments must be issued according to the prevailing market conditions and the exercise period may not exceed 7 years for option rights and 15 years for conversion rights from the time of issuance of the relevant equity-linked financing instruments.

Since the establishment of Swiss Life Holding on 17 September 2002, a number of capital market transactions have been conducted. A detailed description of the transactions carried out up to and including the end of 2017 can be found in the Corporate Governance section of the annual reports for the relevant years. The annual reports can be accessed at [www.swisslife.com](http://www.swisslife.com), “Investors and Shareholders” area, “Results and Reports” section ([www.swisslife.com/annualreports](http://www.swisslife.com/annualreports)).

In 2018 there were no changes to the share capital. The distribution of CHF 13.50 per share approved by the Annual General Meeting on 24 April 2018 was made from the capital contribution reserves.

In the year under review, as part of the share buyback programme announced by Swiss Life on 29 November 2018, the 628 500 registered shares with a par value of CHF 5.10 each that had been repurchased up to and including 8 March 2019 were cancelled on 17 July 2019 in accordance with the resolution of the Annual General Meeting on 30 April 2019. As a result, the ordinary share capital decreased from CHF 174 537 840.60 to CHF 171 332 490.60.



In the year under review, on 28 April 2020 the Annual General Meeting of Swiss Life Holding approved a reduction in share capital by means of a reduction in par value of CHF 5.00 per registered share and the cancellation of 1 580 215 registered shares acquired under the 2018/2019 share buyback programme. The share capital thus fell from CHF 171 332 490.60, divided into 33 594 606 fully paid-up registered shares with a par value of CHF 5.10 each, to CHF 3 201 439.10 fully paid-up registered shares with a par value of CHF 0.10 each. The conditional capital decreased from 19 675 534.80, divided into 3 857 948 registered shares with a par value of CHF 5.10 each, to CHF 385 794.80 divided into 3 857 948 registered shares with a par value of CHF 0.10 each.

### Shares

32 014 391 fully paid-up Swiss Life Holding registered shares with a par value of CHF 0.10 each were outstanding on the balance sheet date. Subject to the ten per cent limit on voting rights set out in the Articles of Association (cf. the section on “Shareholders’ participation rights” on page 74), each share grants the right to one vote at the Annual General Meeting.

There are no outstanding shares with either increased or limited voting rights, privileged or restricted voting rights, privileged dividend entitlements or other preferential rights.

There are no other equity securities apart from the registered shares mentioned above, nor do any participation certificates or dividend right certificates exist.

Regulations are in place to govern transactions in Swiss Life Holding shares carried out by Swiss Life Group employees. Pursuant to the Code of Conduct and the Swiss Life Group’s Directive on Insider Information, all purchases and sales of Swiss Life Holding securities made by members of senior management or employees who are privy to confidential information are subject to a reporting requirement. Transactions by persons who, by virtue of their position, have regular access to insider information are also subject to a prior approval requirement. A general blackout period is imposed annually from 1 January until 24 hours after the year-end results have been presented and from 1 July until 24 hours after the half-year results have been presented, as well as from 20 days before until 24 hours after publication of the interim statements for the first and third quarters.

Additional information on the Swiss Life share is available in the section “Share Performance and Historical Comparison” on pages 344 and 345.

### **Limitations on transferability and nominee registrations**

Swiss Life Holding shares are not subject to any limitations on transferability. According to the Articles of Association, resolutions for the introduction, amendment or repeal of limitations on transferability must be put before the Annual General Meeting and must be approved by two thirds of the voting shares represented and by an absolute majority of the share par value represented.

The Board of Directors may refuse to recognise an acquirer as a shareholder with voting rights if, upon request, the acquirer does not expressly declare that he has acquired the registered shares in his own name and for his own account.

Swiss and foreign banks, securities brokers and companies acting on their behalf may be entered in the share register as nominees if they are holding shares of Swiss Life Holding in their custody for the account of the beneficial owners. Professional asset managers may also be registered as nominees if, in a fiduciary capacity, they have deposited Swiss Life Holding shares for the account of third parties with Swiss or foreign banks or securities brokers in their own name. Nominees are required to be subject to banking or financial market supervision. A request must be filed to register as a nominee. The voting right representation is restricted to 10% of the share capital overall, whereby nominees who are connected with regard to capital or voting rights under uniform management or contractual agreement will be counted as a single shareholder. The Board of Directors may approve exceptions to these restrictions on registration, observing the principle of responsible judgement. No such exemptions were granted during the period under review.

### **Convertible bonds and options**

Swiss Life Holding has no convertible bonds outstanding on the balance sheet date. The 0% convertible bond (2013–2020) issued by Swiss Life Holding Ltd in 2013 in the amount of CHF 500 000 000 was fully converted or repurchased during the 2017 financial year.

As at 31 December 2020 Swiss Life Holding and its Group companies had not granted any options on rights to participate in Swiss Life Holding.

# *Board of Directors*

## **Function**

The Board of Directors is responsible for all matters that are not reserved for the consideration of the Annual General Meeting (formally the supreme decision-making body of a public limited company) under the terms of the law (Art. 698 of the Swiss Code of Obligations CO) or by the company's Articles of Association. In line with its non-transferable duties prescribed by law, the Board of Directors is responsible, in particular, for the ultimate direction of the Group, as well as the supervision of the Corporate Executive Board.

## **Elections and terms of office**

The Board of Directors consists of no fewer than five and no more than 14 members in accordance with the Articles of Association. The Chairman, other members of the Board of Directors and members of the Compensation Committee of the Board of Directors are elected by the Annual General Meeting on an individual basis for a one-year period. The term of one year is deemed to signify the period from one Annual General Meeting up to and including the next. Members whose terms of office are expiring are eligible to stand for immediate re-election.

The Organisational Regulations stipulate that a member of the Board of Directors shall automatically resign from the Board at the Annual General Meeting in the year in which the member reaches the age of 70.

## **Composition**

With the exception of Thomas Buess, up until 28 February 2019 Group Chief Financial Officer (Group CFO), no member of Swiss Life Holding's Board of Directors exercised any duties relating to operational management within the Swiss Life Group in the year under review and during the three financial years preceding the reporting period.

No member of the Board has any significant business relationship with Swiss Life Holding or any other Group companies. The members of the Board of Directors of Swiss Life Holding also make up the Board of Directors of Swiss Life Ltd.

The number of external mandates for members of the Board of Directors and the Corporate Executive Board is limited in the Articles of Association as revised on 23 April 2014 as follows: Members of the Board of Directors may hold no more than 15 additional mandates, a maximum of four of which in other listed companies; members of the Corporate Executive Board may hold no more than 5 additional mandates, a maximum of one of which in another listed company. Mandates in different legal entities that are under joint control or same beneficial ownership are deemed one mandate. This restriction does not apply to mandates that a member of the Board of Directors or the Corporate Executive Board assumes at the request of the company or to mandates in associations, charitable foundations, family foundations and occupational benefit institutions.

The acceptance of appointments to the Board of Directors of other companies requires the consent of the Board of Directors at Swiss Life Holding; the Chairman of the Board of Directors is to be informed of any intention to accept an additional board mandate. Information on additional board mandates held by individual members of the Board of Directors is presented in the following section.

The Articles of Association and Organisational Regulations of Swiss Life Holding 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 following information on the members of the Board of Directors is based on the situation on the balance sheet date. The CVs of former members of the Board of Directors and information on previous external mandates of current Board members can be found in the Corporate Governance section of the relevant previous annual reports, available at [www.swisslife.com](http://www.swisslife.com), “Investors and Shareholders” area, “Results and reports” section ([www.swisslife.com/annualreports](http://www.swisslife.com/annualreports)).

### Members of the Board of Directors

On the balance sheet date of 31 December 2020, the Board of Directors was composed of the following members.

Name	Main function	Additional functions	Year of admission <sup>1</sup>
Rolf Dörig	Chairman	Chairman's and Corporate Governance Committee, Chairman	2008
Frank Schnewlin	Vice Chairman	Chairman's and Corporate Governance Committee Investment and Risk Committee Compensation Committee, Chairman	2009
Thomas Buess	Member	Investment and Risk Committee	2019
Adrienne Corboud Fumagalli	Member	Audit Committee	2014
Ueli Dietiker	Member	Chairman's and Corporate Governance Committee Investment and Risk Committee, Chairman	2013
Damir Filipovic	Member	Investment and Risk Committee	2011
Frank W. Keuper	Member	Investment and Risk Committee	2013
Stefan Loacker	Member	Audit Committee, Chairman Investment and Risk Committee	2017
Henry Peter	Member	Chairman's and Corporate Governance Committee Audit Committee	2006
Martin Schmid	Member	Audit Committee	2018
Franziska Tschudi Sauber	Member	Compensation Committee	2003
Klaus Tschütscher	Member	Audit Committee Compensation Committee	2013

<sup>1</sup> Change since AGM of 23 April 2014 due to the Minder Initiative: in accordance with Articles 3, 4 and 29 of the Ordinance against Excessive Compensation in Listed Stock Companies (VegüV), the General Meeting of Shareholders shall elect the members and the Chairman of the Board of Directors individually every year for a term of office of one year each. Furthermore, in accordance with Articles 7 and 29 of the VegüV, the members of the Compensation Committee are also to be elected individually for a term of office of one year each.

**Rolf Dörig** – Born 1957, Swiss national  
Chairman of the Board of Directors



Rolf Dörig laid the groundwork for his professional career by obtaining a doctorate in law (Dr. iur.) from the University of Zurich before being called to the bar in Zurich. He also completed the Advanced Management Program at Harvard Business School (Boston). Joining Credit Suisse in 1986, he assumed a number of executive responsibilities in various areas of banking and in different geographical markets. As a Member of the Executive Board, he was assigned responsibility for Swiss Corporate and Retail Banking from 2000 onwards. In 2002 he assumed the role of Chairman Switzerland of Credit Suisse. Following his move to Swiss Life, Rolf Dörig held the positions of Chairman of the Corporate Executive Board from November 2002 to May 2008 and Delegate of the Board of Directors from May 2008 to May 2009.

He became Chairman of the Board of Directors of Swiss Life Holding in May 2009.

Rolf Dörig will be put forward for re-election as Member and Chairman of the Board of Directors at the Annual General Meeting of Swiss Life Holding on 23 April 2021.

Other appointments:

- Adecco Group AG, Chairman of the Board of Directors (until April 2020)
- dormakaba Holding Ltd, Member of the Board of Directors (until October 2020)
- Danzer Holding AG, Member of the Supervisory Board
- Emil Frey Holding AG, Member of the Board of Directors
- Swiss Insurance Association (SIA), Chairman
- economiesuisse, Member of the Board Committee

**Frank Schnewlin** – Born 1951, Swiss national  
Vice Chairman of the Board of Directors



Frank Schnewlin studied at the University of St. Gallen (lic. oec. HSG), at the London School of Economics (Master of Science) and Harvard Business School (MBA) before earning his doctorate in economics in 1983 at the University of Lausanne (Dr. ès sc. écon.). From 1983 to 2001 he held various positions at the Zurich Financial Services Group in Switzerland and the USA, including Head of Corporate Center and Head of the Business Division Southern Europe, Asia/Pacific, Middle East, Africa and Latin America. From 1993 he served on the Zurich Financial Services Group's Executive Committee. From 2002 to 2007, Frank Schnewlin chaired the Baloise Group's Corporate Executive Committee as CEO and was, at the same time, Head of the International Division.

Frank Schnewlin will step down from the Board of Directors, of which he has been a member for twelve years, at the next Annual General Meeting of Swiss Life Holding on 23 April 2021 due to reaching the statutory age limit.

Other appointments:

- Vontobel Holding Ltd and Bank Vontobel Ltd, Vice Chairman of the Board of Directors and Member of the Risk and Audit Committee
- Twelve Capital AG and Twelve Capital Holding AG, Chairman of the Board of Directors (until July 2020)

**Thomas Buess** – Born 1957, Swiss national  
Member of the Board of Directors



After completing his business administration and economics studies at the University of St. Gallen and a two-year research activity at the Institute of International Economics, Thomas Buess launched his career in insurance in 1985. From 1985 to 1993 he assumed various positions in the area of finance at the ELVIA Group. In 1994 he joined Zurich Insurance Group as Chief Financial Officer and Member of the Executive Committee of the Swiss P&C business unit. From 1997 to 1999 he was Chief Financial Officer of all Swiss operations. In 1999 Thomas Buess moved to the USA as Chief Financial Officer of Zurich Insurance Group's North American business area. In 2002 he was appointed Group Chief Financial Officer and Member of the Group Management Board before assuming the role of Chief Operating Officer of Zurich Insurance Global Life in 2004. In January 2009 he moved to Allianz Group as Head of Operational Transformation. In August 2009 Thomas Buess was named Group Chief Financial Officer and Member of the Corporate Executive Board of the Swiss Life Group. After nearly ten years, Thomas Buess handed over his function as Group CFO to his successor at the end of February 2019.

Thomas Buess will be put forward for re-election as Member of the Board of Directors at the Annual General Meeting of Swiss Life Holding on 23 April 2021.

Other appointments:

- Cembra Money Bank AG, Member of the Board of Directors and Member of the Audit and Risk Committee (since April 2020)
- Sygnum Bank AG, Member of the Board of Directors and Chairman of the Audit and Risk Committee

**Adrienne Corboud Fumagalli** – Born 1958, Swiss and Italian national  
Member of the Board of Directors



Adrienne Corboud Fumagalli is a Doctor of Economics and Social Sciences and a graduate of the University of Fribourg. In 1996 she joined the PTT in the management team of Radiocom (radio, TV, mobile) in charge of New Business Development and the international market. The PTT then became Swisscom and Adrienne Corboud Fumagalli held various positions from 1997 to 2000, ultimately becoming Director of Product Marketing in Radio Broadcasting Services. In November 2000, Adrienne Corboud Fumagalli joined the Kudelski Group as Corporate Secretary and Member of the Corporate Executive Board. In January 2004, she was appointed Executive Vice

President in charge of Business Development. From 2008 to 2016, Adrienne Corboud Fumagalli served as Vice President for Innovation and Technology Transfer at EPF Lausanne. From 2017 to 2020, she was also President of the Board of Directors and Chief Executive Officer of Deep-tion SA (spin-off of the EPF Lausanne Social Media Lab).

Adrienne Corboud Fumagalli will be put forward for re-election as Member of the Board of Directors at the Annual General Meeting of Swiss Life Holding on 23 April 2021.

Other appointments:

- Federal Communications Commission (ComCom), Vice President (President from 1 January 2021)
- CSD Holding AG, Member of the Board of Directors and Chairwoman of the Nomination and Compensation Committee (since 2 October 2020)

**Ueli Dietiker** — Born 1953, Swiss national  
Member of the Board of Directors



Certified accountant Ueli Dietiker started his career at Ernst & Young. He later assumed management responsibility in the finance division at Motor-Columbus Ltd. From 1995 to 2001 he worked at Cablecom Holdings Ltd, ultimately as CEO. In 2001 he switched to the Swiss telecommunications company Swisscom AG where he held several positions of responsibility. From 2002 until 2006 he was CFO and deputy CEO of the Swisscom Group. In 2006 and the first half of 2007 he was CEO of Swisscom Fixnet AG and afterwards became CFO and deputy CEO of the Swisscom Group again until the end of 2012. From 2013 until the end of February 2018 he had a 50% position at Swisscom, managed selected projects and served on the Board of Directors of various Swisscom subsidiaries and investment companies.

Ueli Dietiker will be put forward for re-election as Member of the Board of Directors at the Annual General Meeting of Swiss Life Holding on 23 April 2021.

Other appointments:

- Sanitas Krankenversicherung and Sanitas Beteiligungen AG, Vice Chairman of the Board of Trustees and Chairman of the Board of Directors
- Zuckermühle Rapperswil AG, Member of the Board of Directors
- BLS Ltd. as well as BLS Netz AG and BLS Fernverkehr AG, Chairman of the Board of Directors
- Renaissance KMU Schweizerische Anlagestiftung, Member of the Board of Trustees
- Emaform AG, Member of the Board of Directors
- Mobilejobs AG, Chairman of the Board of Directors
- Bomatec Holding AG, Member of the Board of Directors
- F&P Robotics AG, Member of the Board of Directors
- CT Cinetrade AG as well as Teleclub AG and Kitag AG, Member of the Board of Directors (until December 2020)
- Swiss Smart Technologies AG, Member of the Board of Directors (since August 2020)

**Damir Filipovic** — Born 1970, Swiss national  
Member of the Board of Directors



Damir Filipovic studied mathematics at the Swiss Federal Institute of Technology in Zurich (ETHZ), where he qualified in 1995 and gained a doctorate in financial mathematics in 2000. He then held research posts at various universities abroad, including the US universities of Stanford, Columbia and Princeton. He was appointed assistant professor at the University of Princeton in 2002, and then from 2003 to 2004 he worked on the development of the Swiss Solvency Test at the Federal Office of Private Insurance (now FINMA) in Switzerland. Damir Filipovic went on to hold the chair of financial and actuarial mathematics at the Ludwig Maximilian University of Munich from 2004 to 2007. From 2007 to 2009 he was head of the Vienna Institute of Finance, a research institute affiliated to the University of Vienna and the Vienna University of Economics and Business. In 2010 he was appointed Swissquote Chair in Quantitative Finance and Swiss Finance Institute Professor at the Swiss Federal Institute of Technology in Lausanne (EPFL).

Damir Filipovic will be put forward for re-election as Member of the Board of Directors at the Annual General Meeting of Swiss Life Holding on 23 April 2021.

Other appointment:

– Evooq SA, Member of the Board of Directors

**Frank W. Keuper** — Born 1953, German national  
Member of the Board of Directors



Frank W. Keuper studied social and economic sciences at Vienna University of Economics and Business and obtained a doctorate in the same subject. He started his career in the insurance sector in 1985 at the Albingia insurance group as assistant to the Management Board and later became Head of Sales and Marketing. After switching to the Zurich Insurance Group he returned to Albingia in 1992 and served as a Member of the Management Board from 1994 until 2000. He later assumed responsibility as a Member of the Management Board at AXA Versicherung AG for the Private and Corporate Clients division as well as Damages. From 2004 until 2007 he managed DBV Winterthur Holding AG as Chairman of the Management Board and was simultaneously a Member of the Management Board of the Winterthur Group. From 2007 until 2012 Frank W. Keuper was CEO of AXA Konzern AG and a Member of the Executive Committee of AXA Group in Paris.

Frank W. Keuper will be put forward for re-election as Member of the Board of Directors at the Annual General Meeting of Swiss Life Holding on 23 April 2021.

Other appointments:

- HanseMercur Insurance Group, Member of the Supervisory Board
- JCK Holding GmbH Textil KG, Chairman of the Advisory Committee
- HVP Hanse Vertriebspartner AG, Chairman of the Supervisory Board



**Stefan Loacker** — Born 1969, Austrian national  
Member of the Board of Directors



Stefan Loacker studied economics at Vienna University of Economics and Business and at the University of St. Gallen (Mag. rer. soc. oec., lic. oec. HSG). He began his professional career with stints at the Institute of Insurance Economics (I.VW) at the University of St. Gallen and at the then-Rentenanstalt (now Swiss Life) before joining Helvetia Patria Versicherungen in 1997 as assistant to the Executive Board. He was promoted to Head of Business Development, served in that capacity from 2000 to 2002 and subsequently became CFO and Head of IT at ANKER Versicherung (a subsidiary of the Helvetia Group) in Vienna from 2002 to 2005. In 2005 Stefan Loacker took over management of Helvetia Versicherungen AG (previously ANKER Versicherung). He returned to Switzerland in 2007 and, at age 38, became CEO of Helvetia Group. Stefan Loacker led Helvetia Group for nine years before handing over his function as CEO to a successor in 2016. Since October 2016 he has been managing partner of DELOS Management GmbH.

Stefan Loacker will be put forward for re-election as Member of the Board of Directors at the Annual General Meeting of Swiss Life Holding on 23 April 2021.

Other appointments:

- Vontobel Holding AG and Bank Vontobel Ltd, Member of the Board of Directors and Member of the Risk and Audit Committee
- Institute of Insurance Economics at the University of St. Gallen, Member of the Executive Committee

**Henry Peter** — Born 1957, Swiss and French national  
Member of the Board of Directors



Henry Peter completed his studies in law at the University of Geneva in 1979, and in 1981 he was called to the Geneva bar. Following an assistantship in Geneva, a period of study as a visiting scholar at the University of California in Berkeley and legal work in Lugano, he obtained his PhD at the University of Geneva in 1988. Since 1988 he has been a partner in a Lugano law firm, currently Kellerhals Carrard Lugano SA. He has also served since 1997 as professor of business law, and since 2017 President of the Geneva Center for Philanthropy, at the University of Geneva. Between 2004 and 2015 he was a Member of the Swiss Takeover Board. Since 2007 he has been a Member of the Sanctions Commission of SIX Swiss Exchange.

Henry Peter will be put forward for re-election as Member of the Board of Directors at the Annual General Meeting of Swiss Life Holding on 23 April 2021.

## Other appointments:

- Sigurd Rück Ltd, Chairman of the Board of Directors
- Casino de Montreux SA, Chairman of the Board of Directors and Member of the Audit Committee
- Consitex SA, Member of the Board of Directors
- Ermenegildo Zegna Holditalia SpA, Member of the Board of Directors and Chairman of the Nomination and Compensation Committee
- Global Petroprojects Services Ltd, Member of the Board of Directors
- Bank Lombard Odier & Co Ltd, Member of the Board of Directors and Chairman of the Audit Committee
- Swiss Olympic Association, Vice Chairman of the disciplinary chamber in charge of doping cases

**Martin Schmid** – Born 1969, Swiss national  
Member of the Board of Directors



Martin Schmid completed his law degree at University of St. Gallen in 1995 and was admitted to the bar of Canton Graubünden in 1997. Following an assistantship in St. Gallen and a stint as an independent lawyer plus a spell at PricewaterhouseCoopers, he attained a doctorate from the University of St. Gallen in 2005. Martin Schmid was a member of the Cantonal Parliament of Canton Graubünden from 1994 to 2002. He was elected to the government of Canton Graubünden in 2002, where he initially managed the Department for Justice, Security and Health (2003–2007), and then the Department for Finance and Municipalities (2007–2011). He was elected to the Council of States in 2011 and gave up his mandate as a cantonal councillor. In addition to his role as a member of the Council of States, Martin Schmid has worked as a lawyer at the law firm KUNZ SCHMID Rechtsanwälte und Notare AG in Chur since 2012.

Martin Schmid will be put forward for re-election as Member of the Board of Directors and for election as Member of the Compensation Committee at the Annual General Meeting of Swiss Life Holding on 23 April 2021.

## Other appointments:

- Siegfried Holding Ltd, Vice Chairman of the Board of Directors
- Repower AG, Member of the Board of Directors
- Engadiner Kraftwerke AG, Chairman of the Board of Directors
- Elettricità Industriale SA, Chairman of the Board of Directors
- Calanda Holding AG, Chairman of the Board of Directors
- Fontavis AG, Member of the Board of Directors
- Dogger Ltd, Member of the Board of Directors
- The Association of the Swiss Natural Gas Industry (Verband der Schweizerischen Gasindustrie [VSG ASIG]), Chairman of the Board of Directors
- Swissgas, Member of the Board of Directors
- Kantonsspital Graubünden Foundation, Chairman of the Board of Trustees
- economiesuisse, Member of the Executive Board
- Entwicklung Schweiz, President of the association
- Institute for Financial Economics and Financial Law (IFF) at the University of St. Gallen, President of the Executive Committee

**Franziska Tschudi Sauber** — Born 1959, Swiss national  
Member of the Board of Directors



Franziska Tschudi graduated in law at the University of Bern and passed her bar exam there in 1984. She studied law at Georgetown University, Washington, D.C., earning an LL.M. in 1986, and passed the bar exam for the US states of New York and Connecticut in 1987. Franziska Tschudi completed postgraduate studies at the University of St. Gallen (1991 to 1993), receiving an Executive MBA. After initially working as an Assistant for Media Law at the Institute for Constitutional and Administrative Law at the University of Bern, and practising business and media law in Zurich, Washington, D.C. and Geneva, she served as Secretary General at SIG Holding AG from 1992 to 1995. She then became a Member of the Executive Board of Weidmann Holding AG (“Weidmann Group”), Rapperswil, in 1995, where she was Head of Corporate Development and, from 1998, Head of the Business Area Electrical Technology Asia/Pacific. She has held the positions of Chief Executive Officer and Delegate of the Board of Directors of Weidmann Holding AG since 2001.

Franziska Tschudi will be put forward for re-election as Member of the Board of Directors and as Member of the Compensation Committee at the Annual General Meeting of Swiss Life Holding on 23 April 2021.

Other appointments:

- Biomed AG, Member of the Board of Directors
- economiesuisse, Member of the Executive Board
- Energie Zürichsee Linth AG, Member of the Board of Directors (since March 2020)
- Swissmem, Member of the Executive Board
- Commercial Court St. Gallen, part-time commercial judge

**Klaus Tschütscher** — Born 1967, Liechtenstein national  
Member of the Board of Directors



Klaus Tschütscher studied law at the University of St. Gallen and obtained a doctorate (Dr. iur.) in 1996. In 2004 he also completed a postgraduate LL.M. degree in International Business Law at the University of Zurich, specialising in banking, capital market and insurance law. He started his career in 1993 as a research assistant at the University of St. Gallen. Two years later he became Head of Legal Services and Deputy Director of Liechtenstein Tax Administration. In this function he was notably a Member of the Liechtenstein OECD delegation and Governor of the European Bank for Reconstruction and Development (EBRD) in London for four years. Klaus Tschütscher went on to start his political career as a Member of government of the Principality of Liechtenstein. Initially he was Deputy Prime Minister from 2005 to 2009, responsible in particular for Justice and Economic Affairs. From 2009 to 2013 Klaus Tschütscher was Prime Minister and Finance Minister of Liechtenstein. He has received various awards and international distinctions. Klaus Tschütscher serves as Vice President and delegate at UNICEF Switzerland and Liechtenstein. Since his withdrawal from politics, Klaus Tschütscher has been a member of the Board of Directors of Swiss Life Holding Ltd. Since January 2014 he has been Owner and Chairman of the Board of Directors of Tschütscher Networks & Expertise AG and supports various start-ups.

Klaus Tschütscher will be put forward for re-election as Member of the Board of Directors and as Member of the Compensation Committee at the Annual General Meeting of Swiss Life Holding on 23 April 2021.

Other appointments:

- Büchel Holding AG, Member of the Board of Directors
- Grand Resort Bad Ragaz Ltd., Member of the Board of Directors
- responsAbility Investments AG, Member of the Board of Directors
- University of Liechtenstein, President of the University Council
- UNICEF Switzerland and Liechtenstein, Vice President of the Board
- Swiss-Austrian-Liechtenstein Chamber of Commerce, Member of the Governing Council

### **Resignations and new Members**

No members of the Board of Directors resigned during the reporting period.

### **Changes in the Board of Directors with effect from the 2021 Annual General Meeting**

Frank Schnewlin (born 1951) will step down from the Board of Directors at the next Annual General Meeting on 23 April 2021, due to reaching the statutory age limit. The other members of the Board of Directors will be put forward for re-election.

### Internal organisational structure

In accordance with the Articles of Association, the Board of Directors has issued Organisational Regulations setting forth the internal organisational structure and the duties and competencies of the Board of Directors, the Board of Directors' committees, the Chairman of the Board of Directors and the Corporate Executive Board. The Organisational Regulations are reviewed regularly and adjusted where necessary. They can be found 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 Chairman of the Board of Directors coordinates the work of the Board and the committees, and ensures reporting from the Corporate Executive Board to the Board of Directors. In urgent situations, the Chairman may also determine the necessary measures and take steps falling within the scope of the competencies of the Board until the Board of Directors takes a decision. If a timely decision cannot be reached by the Board of Directors, the Chairman is empowered to take a decision.

The Board of Directors meets as often as business requires, usually at least six times a year. Meetings are generally called by the Chairman. However, any member of the Board of Directors may request that a meeting be called, as may the Corporate Executive Board. In addition to the members of the Board of Directors, the Group CEO also generally attends the meetings or parts of meetings in an advisory capacity, as do other members of the Corporate Executive Board when required.

The Board of Directors met eleven times during the year under review. The meetings lasted around two-and-a-half hours on average. All members of the Board of Directors attended all the meetings. The Group CEO and the other members of the Corporate Executive Board were present at all the meetings apart from one, when a member of the Corporate Executive Board was unable to attend. The Board of Directors conducted parts of the meetings among themselves.

The Board of Directors regularly performs a self-assessment. Furthermore, discussions take place between the Chairman of the Board and its members on an individual basis.

Four standing committees support the work of the Board of Directors as a whole: the Chairman's and Corporate Governance Committee, the Compensation Committee, the Investment and Risk Committee, and the Audit Committee. The Board of Directors may establish other committees to be entrusted with special tasks.

The committees of the Board of Directors sometimes call on the services of external consultants and assess their own work once a year. If the Chairman of the Board of Directors is not a member of a committee of the Board of Directors, he has the right to attend meetings (without voting rights).

The members of the Board of Directors or a committee of the Board of Directors are obliged to leave meetings when issues are discussed that affect their own interests or the interests of natural or legal persons close to them.

**Chairman's and Corporate Governance Committee**

The Chairman's and Corporate Governance Committee (Chairman's Committee) assists both the Chairman of the Board of Directors in performing his leadership and coordination duties and the Board of Directors with issues relating to corporate governance. The Committee also supports the Board of Directors in key strategic decisions.

The Chairman of the Board of Directors presides over meetings. As a rule, the Group CEO attends the Chairman's Committee meetings or parts of the meetings in an advisory capacity. Other members of the Corporate Executive Board and in-house or external specialists may also be invited. The Chairman's Committee meets at least six times a year.

The Chairman's Committee held seven meetings during the year under review. Each session lasted for just under two hours on average. The meetings were attended by all members. The Group CEO and Group CFO attended all the meetings.

**Compensation Committee**

The Compensation Committee supports the Board of Directors with regard to setting the compensation policy and in key personnel decisions regarding appointments to the highest levels of management and related performance-based and market consistent compensation. The fundamental duties and responsibilities of the Compensation Committee are set out in Article 12 of the Articles of Association as amended on 23 April 2014 ([www.swisslife.com/articles](http://www.swisslife.com/articles)).

The Compensation Committee generally consists of three members, who are elected by the Annual General Meeting. All members of the Compensation Committee are independent members of the Board of Directors. A Board of Directors member is regarded as being independent if he has not exercised any operational management role within the Swiss Life Group for at least three years and has no or only a minor business relationship with the Group.

The Board of Directors appoints the Chairman of the Compensation Committee from among the latter's members and issues regulations for the Compensation Committee.

The Compensation Committee may invite the Group CEO to some or all of its meetings in an advisory capacity. Other members of the Corporate Executive Board and in-house or external specialists may also be invited. The Compensation Committee meets at least three times a year.

During the year under review, the Compensation Committee convened a total of seven times. Each session lasted for just under two hours on average. There was full attendance at all meetings. The Chairman of the Board of Directors also attended meetings of the Compensation Committee in relation to nomination and succession planning issues in the Board of Directors and Corporate Executive Board.

At the Annual General Meeting on 23 April 2021 the following will be proposed as members of the Compensation Committee: Franziska Tschudi, Klaus Tschüscher and Martin Schmid. It is planned that Klaus Tschüscher will take over as Chairman of the Compensation Committee following the 2021 Annual General Meeting.

**Investment and Risk Committee**

The Investment and Risk Committee assists the Board of Directors in matters concerning investment management, financial management and risk management within the Group. The tasks of the Investment and Risk Committee include drafting proposals on the principal features of asset and liability management (ALM) and submitting them to the Board of Directors, determining the investment policy, assessing capital adequacy, verifying compliance with guidelines on investments, and establishing the risk tolerance in insurance and investment operations. The Investment and Risk Committee is vested with the authority to define various regulations and directives pertaining to the investment activities of the Swiss Life Group and must inform the Board of Directors accordingly. In addition, the Investment and Risk Committee is responsible for making decisions on investments above a certain amount and specifies the terms of significant intra-Group financing.

Generally, the Group CIO, the Group CFO and the Group CRO attend the Investment and Risk Committee meetings or parts of meetings in an advisory capacity. The Group CEO may attend (without the right to vote) the meetings of the Investment and Risk Committee. Further members of the Corporate Executive Board and in-house specialists may also be invited to attend. The Investment and Risk Committee meets at least four times a year.

Eleven meetings of the Investment and Risk Committee were held in the year under review. Each session lasted for around one-and-a-half hours on average. All members attended all the meetings. The Chairman of the Board of Directors was also present at all the meetings with one exception. The Group CEO and Group CIO attended ten meetings of the Investment and Risk Committee and the Group CFO attended all eleven meetings. The Group CRO also attended all the meetings.

It is planned that the Investment and Risk Committee will be constituted as follows once voting has been completed at the Annual General Meeting of 23 April 2021: Ueli Dietiker as Chairman, Thomas Buess, Damir Filipovic, Frank W. Keuper and Stefan Loacker as Members.

**Audit Committee**

The Audit Committee assists the Board of Directors in its supervision of the accounting function and financial reporting activities, as well as compliance with the legal framework. It reviews the appropriateness of the internal control structures and processes used to comply with the legal requirements. It monitors the activities of Corporate Internal Audit and the external audit services, takes due note of their reports and recommendations, and oversees any further measures that may prove necessary. The Committee is empowered to make decisions with respect to defining the terms and conditions for mandates to external auditors and keeps the Board of Directors appropriately informed. Moreover, the Audit Committee issues the regulations for Corporate Internal Audit and sets its annual programme of activities.

Generally, the Group CFO and the Head of Corporate Internal Audit attend the Audit Committee meetings or parts of the meetings in an advisory capacity. The Group CEO may attend the meetings of the Audit Committee (without voting rights). Representatives from the external audit services are also regularly invited (cf. also “Supervisory and control instruments vis-à-vis the auditors”, page 77). In addition, further members of the Corporate Executive Board or in-house specialists may also be invited to attend. The Audit Committee meets at least four times a year. The frequency of meetings depends on the financial budgeting and reporting process.

In the year under review, the Audit Committee convened six times, with a meeting lasting about two hours on average. There was full attendance at all meetings. The Chairman of the Board of Directors, with one exception, attended all the meetings of the Audit Committee. The Group CEO attended five and the Group CFO attended all the meetings. The Head of Corporate Internal Audit, as well as representatives of the external auditors, attended all meetings.

It is planned that the Audit Committee will be constituted as follows once voting has been completed at the Annual General Meeting of 23 April 2021: Stefan Loacker as Chairman, Adrienne Corboud Fumagalli, Henry Peter, Martin Schmid and Klaus Tschüscher as Members.

### **Delineation of competencies between the Board of Directors and the Corporate Executive Board**

The Organisational Regulations of Swiss Life Holding provide for the comprehensive delegation of the executive management responsibilities of the company to the Group CEO and the Corporate Executive Board, with the exception of those duties reserved for other bodies in accordance with the law, the Articles of Association or the Organisational Regulations themselves.

The Articles of Association of Swiss Life Holding 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 Organisational Regulations can also be found on the Swiss Life website, “Investors and Shareholders” area, “Shareholders and services” section, “Articles of Association” subsection ([www.swisslife.com/articles](http://www.swisslife.com/articles)).

The Corporate Executive Board bears responsibility in particular for the implementation of the corporate strategy, for the conditions governing business operations and for financial guidance. It is further responsible for preparing the resolutions for the Board of Directors and its committees, and for monitoring the implementation of these decisions in the Group. It is vested with the authority to rule on business referred to it by the Board of Directors, the Board of Directors’ committees and the Chairman of the Board of Directors, insofar as approval or a decision is not reserved exclusively to the delegating body.

### **Information and control instruments of the Board of Directors vis-à-vis the Corporate Executive Board**

The Board of Directors is continually and comprehensively briefed on the activities of the Corporate Executive Board. The Group CEO regularly informs the Chairman of the Board of Directors and the Board of Directors and its committees on the course of business, new business activities and significant projects. The Group CEO informs the Chairman of the Board of Directors immediately of any extraordinary matters. Considerable expenditure which is unbudgeted for and amounts to more than 10% of the relevant budget must be submitted to the Chairman’s and Corporate Governance Committee for approval. Similarly, significant investments and divestments require the approval of the Investment and Risk Committee or, when they reach a certain level, the approval of the Board of Directors as a whole.



If required, the Board of Directors and its individual committees regularly invite all or some members of the Corporate Executive Board and in-house specialists to their meetings. Outside the meetings, each member of the Board of Directors may request information about the course of business from the Corporate Executive Board subject to the prior notification of the Chairman of the Board of Directors. Requests for information on individual transactions require the prior approval of the Chairman of the Board of Directors.

The Chairman of the Board of Directors may participate (without voting rights) in the meetings of the Corporate Executive Board. He receives the invitations and the minutes of the meetings.

Corporate Internal Audit, which reports directly to the Chairman of the Board, represents a suitable means of independent monitoring and information gathering for the Board of Directors. Regular meetings take place between the Chairman of the Board of Directors and the Head of Corporate Internal Audit, as well as between the Chairman of the Audit Committee and the Head of Corporate Internal Audit. In the same way, the Group CRO has direct access to the Chairman of the Board of Directors and to the Chairman of the Investment and Risk Committee. This ensures that in addition to regular reporting information is provided in a situation-specific and timely manner.

In accordance with the audit plan approved by the Audit Committee, Corporate Internal Audit draws up topic-related audit reports, which are distributed to the Chairman of the Board of Directors, the Members of the Audit Committee and the competent management staff and persons in charge of the audited area. In addition, Corporate Internal Audit prepares a written quarterly report for the attention of the Audit Committee at least four times a year. Qualitative risk management is generally discussed by the Audit Committee at least twice a year.

Implementation of the measures recommended by Corporate Internal Audit is monitored by Group Compliance and Operational Risk Management. The Audit Committee regularly receives a report on operational risk management within the Swiss Life Group. The Internal Control System (ICS) is another instrument available to the Board of Directors for information and controlling purposes. Further details are available in the “Risk Management” section from page 79.

The performance of the Corporate Executive Board and the contributions made by the individual members are regularly discussed and evaluated by the Chairman’s and Corporate Governance Committee, the Compensation Committee and the Board of Directors, with no members of the Corporate Executive Board being present. The acceptance of directorships and senior political or military roles by members of the Corporate Executive Board is subject to the consent of the Chairman of the Board of Directors.

## Corporate Executive Board

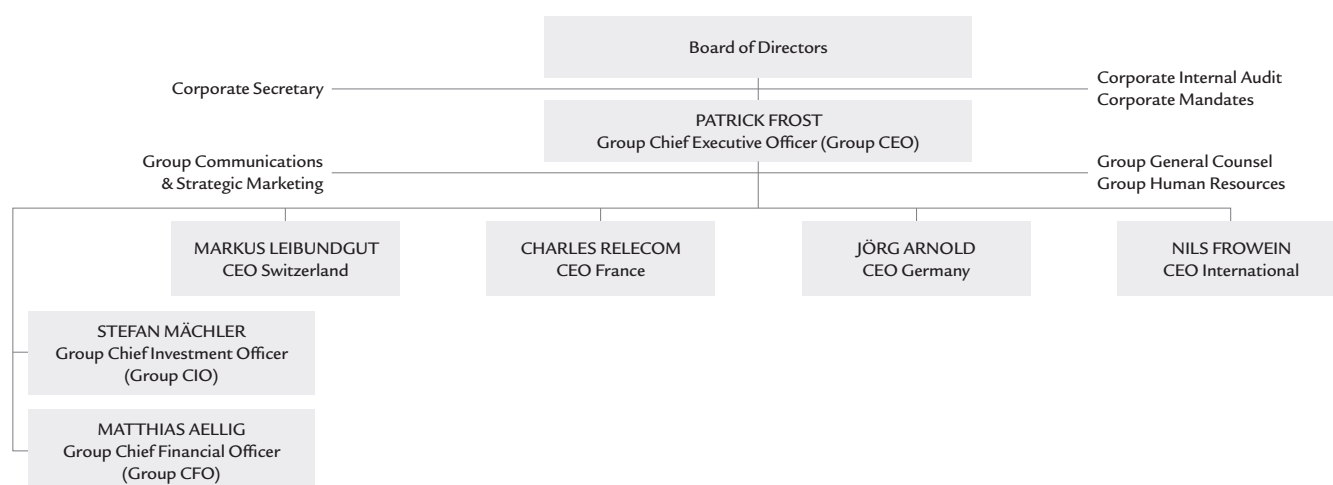
The Group CEO directs the business operations of the Group. The Group CEO, together with the Corporate Executive Board, works out the long-term objectives and strategic orientation of the Group for submission to the Board of Directors and, based on the resolutions of the Board of Directors, ensures the goal-oriented leadership and development of the Group. The Corporate Executive Board can form committees to address specific areas and can delegate competencies to such Corporate Executive Board committees.

The organisation and division of tasks within the Corporate Executive Board generally reflects the key business areas and functions. The members of the Corporate Executive Board have a direct management role with functional management responsibility for cross-divisional competencies. The members of the Corporate Executive Board are responsible for setting objectives, financial planning, HR management and achievement of objectives within their area. They issue directives for their area within the context of legal and regulatory requirements, the relevant regulations and the directives valid for the Group as a whole.

The Corporate Executive Board is responsible for the implementation of the corporate strategy, for the establishment of conditions governing business operations and for financial guidance. It is responsible for the preparation of the resolutions for the Board of Directors and its committees, and for monitoring the implementation of these decisions in the Group. The Corporate Executive Board is vested with the authority to rule on business referred to it by the Board of Directors, the Board of Directors' committees and the Chairman of the Board of Directors, insofar as decision or approval is not reserved exclusively to the delegating body.

The Corporate Executive Board may delegate operational responsibility for the management of subsidiaries to individual members of the Corporate Executive Board.

### Management structure of the Swiss Life Group as at 31 December 2020



The following information on the members of the Corporate Executive Board is based on the situation on the balance sheet date. The information on former members of the Corporate Executive Board and information on any previous external mandates can be found in the Corporate Governance section of the relevant previous annual reports, available at [www.swisslife.com](http://www.swisslife.com), “Investors and Shareholders” area, “Results and reports” section ([www.swisslife.com/annualreports](http://www.swisslife.com/annualreports)).

### Members of the Corporate Executive Board

On 31 December 2020 the Corporate Executive Board of Swiss Life Holding was composed of the following members:

Name	Function	Member of the Corporate Executive Board since
Patrick Frost	Group CEO	01.07.2006
Markus Leibundgut	CEO Switzerland	01.04.2014
Matthias Aellig	Group CFO	01.03.2019
Charles Relecom	CEO France	01.07.2008
Jörg Arnold	CEO Germany	01.07.2017
Stefan Mächler	Group CIO	01.09.2014
Nils Frowein	CEO International	01.01.2015

**Patrick Frost** — Born 1968, Swiss national  
Group Chief Executive Officer (Group CEO)



Patrick Frost studied at the ETH in Zurich and the universities of Cologne, Basel and Zurich, obtaining degrees in natural science (dipl. Natural Science (dipl. Natw. ETH), economics (Dr. rer. pol.) and law (lic. iur.)). He began his career in the mid-nineties as an analyst and subsequently as a Portfolio Manager in asset management for Winterthur Group. After two years in the US as a Corporate Bond Manager, he was appointed Head of Fixed Income at Winterthur Group in 2001.

In 2006 Patrick Frost was appointed Member of the Corporate Executive Board and Group Chief Investment Officer of Swiss Life and in this capacity was responsible for the investment management of the Swiss Life Group. Since 1 July 2014 he has been Group Chief Executive Officer (Group CEO) of the Swiss Life Group.

Other appointments:

- Roche Holding AG, Member of the Board of Directors (from March 2020)
- Avenir Suisse, Member of the Board of Trustees
- Zurich Chamber of Commerce, Member of the Board of Directors
- Zürcher Volkswirtschaftliche Gesellschaft, (Zurich Economic Society), Chairman of the Board

**Markus Leibundgut** — Born 1969, Swiss national  
Chief Executive Officer Switzerland (CEO Switzerland)



Markus Leibundgut studied Physics and Mathematics at the University of Bern and gained his doctorate in quantum field theory. Having joined McKinsey & Company in 1999 he worked in various positions as a strategic advisor for companies in a number of sectors including technology, telecommunications and management. During his career at McKinsey & Company, Markus Leibundgut focused on consulting in the insurance sector in Europe and Switzerland. He was elected a partner in 2005. From 2009 to 2011 Markus Leibundgut also managed the McKinsey European Life Insurance Center of Competence. He joined Swiss Life in 2012, initially heading the Finance & Actuarial Services business area as CFO and Member of the Executive Board at Swiss Life Switzerland. In 2013 Markus Leibundgut was appointed Chief Operating Officer and Member of the Executive Board of Swiss Life Germany.

From April 2014 to March 2017 Markus Leibundgut was Chief Executive Officer Germany (CEO Germany) and Member of the Corporate Executive Board of the Swiss Life Group.

Markus Leibundgut was appointed Chief Executive Officer Switzerland (CEO Switzerland) in April 2017. He continues as a Member of the Corporate Executive Board of the Swiss Life Group.

Other appointments:

- Palladio Foundation, Member of the Board of Trustees
- Swiss Insurance Association (SIA), Member of the Board of Directors
- Society for the Promotion of the Institute of Insurance Economics of the University of St. Gallen, Member of the Board

**Matthias Aellig** — Born 1971, Swiss national  
Group Chief Financial Officer (Group CFO)



Matthias Aellig studied Physics at the University of Bern. After receiving his doctorate in the field of solar wind and completing a research visit at the Massachusetts Institute of Technology in Cambridge, USA, he joined McKinsey & Company in Zurich as an advisor in 2000, mainly charged with projects in the banking and insurance area. At the end of 2003, Matthias Aellig joined the then-Winterthur Group (now AXA), initially as Head of Value Management and then, as of 2004, as Chief actuary Life, running the Winterthur Group's actuarial office. In 2007 he was named Chief actuary Life at Zurich Switzerland, in which role he was notably responsible for reserving, the group life operating account and market-consistent valuation. In 2010 Matthias Aellig became Chief Risk Officer of the Swiss Life Group. In this function he was charged with the Group-wide enterprise risk management framework, which includes, in addition to quantitative and qualitative risk management, the Group's actuarial office and product and margin management.

Since March 2019, Matthias Aellig has been Group Chief Financial Officer (Group CFO) and Member of the Corporate Executive Board.

Other appointment:

– Swiss Insurance Association (SIA), Chairman of the Finance and Regulation Committee

**Charles Relecom** – Born 1953, Belgian and Swiss national  
Chief Executive Officer France (CEO France)



Charles Relecom graduated from the University of Namur (Belgium) with a degree in mathematics and went on to gain a master's degree in Actuarial Science at the University of Louvain (Belgium). He began his career in 1978 as Chief Actuary and Chief Technology Officer at Swiss Life in Belgium. In 1984 he moved to the head office in Zurich, where he played a significant role in setting up the International Division. From 1988 to 1994 he worked for ELVIA Life as Director of Sales in the key accounts business. In 1994 he moved to «La Suisse» and, in 1998, was appointed CEO of the non-life business and Chief Actuary. In 2000 he became the CEO of «La Suisse», a position he held until 2005 when the company was integrated into the Swiss Life Group. Following the integration, Charles Relecom returned to Swiss Life in Belgium, initially as the CEO of Zelia S.A. and, from February 2006, as CEO for the entire Belgian business.

In July 2008 Charles Relecom was appointed Chief Executive Officer France (CEO France) of the Swiss Life Group and Member of the Corporate Executive Board.

Other appointments:

– French Insurance Association (FFSA), Member of the Board of Directors

– Group Mutuel Holding AG, Member of the Board of Directors

**Jörg Arnold** – Born 1964, German national  
Chief Executive Officer Germany (CEO Germany)



After completing his studies in business economics at the University of Cologne, Jörg Arnold joined what was then Colonia Versicherung (now the AXA Group) in 1991 as assistant to the CEO. Jörg Arnold worked in a variety of positions at the company, including head of the Distribution Management department and district manager of the Frankfurt branch office, and in 1998 was made sales director and Member of the Executive Committee of Colonia Versicherung at its Berlin branch office. In 2001 he was appointed Head of Sales at Deutsche Ärzteversicherung AG, joining their Management Committee. In 2010 Jörg Arnold took over as CEO of Deutsche Ärzteversicherung AG. In this capacity he was responsible for sales as well as for operations, business development and human resources. In 2014 Jörg Arnold became Global Head of Savings, Retirement & Distribution at AXA Group in Paris within the Life & Savings Global Business Line, which is responsible for the Group's worldwide life insurance business.

Since July 2017, Jörg Arnold has been Chief Executive Officer Germany (CEO Germany) and Member of the Corporate Executive Board of the Swiss Life Group.

**Stefan Mächler** — Born 1960, Swiss national  
Group Chief Investment Officer (Group CIO)



After studying law at the University of St. Gallen, Stefan Mächler (lic. iur. HSG) spent 18 years working for the Credit Suisse Group in the capital market and asset management areas. After nine years abroad and various posts in Tokyo, Osaka, Seoul and Frankfurt, he returned to Switzerland in early 1999 and was appointed Managing Director of Sales & Marketing Europe and Switzerland at Credit Suisse Asset Management. At the same time, he was the driving force behind the foundation of the listed real estate company Swiss Prime Site AG, where he served as Chairman of the Board of Directors until 2005. From 2005 until 2009 he worked for Deutsche Bank, initially assuming responsibility for managing family offices in Switzerland and in the final two years serving as CEO of Privatbank Rüd, Blass & Cie AG. From 2009 until 2014, Stefan Mächler was in charge of asset management at the Swiss Mobiliar Group as Chief Investment Officer and Member of the Group Executive Board.

Since September 2014, Stefan Mächler has been Group Chief Investment Officer (Group CIO) and Member of the Corporate Executive Board of the Swiss Life Group.

Other appointments:

- Ina Invest Holding Ltd, Chairman of the Board of Directors
- Stiftung Technopark Zürich, Member of the Board of Trustees

**Nils Frowein** — Born 1964, German national  
Chief Executive Officer International (CEO International)



Nils Frowein is an economics graduate with German and American accountancy certification. He is a skilled banker and has extensive expertise in the financial services sector and many years of capital market experience. From 1997 until 2004 he worked at the auditing firm BDO Deutsche Warentreuhand AG, where he was responsible for the Financial Advisory Services division, most recently as partner. From 2004 to 2007 Nils Frowein was CFO of financial services provider MLP. There he was significantly involved in laying the strategic foundations for the company. Nils Frowein joined AWD as deputy Chief Executive Officer in January 2008. He was initially Chief Financial Officer and was appointed Chief Operating Officer on 1 September 2008. Between 2009 and 2010 he additionally took charge of the Swiss business of AWD as acting CEO.

Nils Frowein has been Chairman of the Swiss Life subsidiary Chase de Vere in the UK since 2010 and since 2011 Chairman of the Supervisory Board of Swiss Life Select Austria and the Czech Republic.

Nils Frowein has been Chief Executive Officer of the International market unit (CEO International) since 1 January 2013 and Member of the Corporate Executive Board of the Swiss Life Group since 1 January 2015.

Since 2017 he has in addition been Chairman of Swiss Life Singapore, Swiss Life Luxembourg and Swiss Life Liechtenstein. In October 2018 Nils Frowein became Chairman of the Supervisory Board of Fincentrum, in the Czech Republic and of Swiss Life Select Slovakia.

Other appointments:

- German-Swiss Chamber of Commerce, Member of the Board
- British Swiss Chamber of Commerce, Member of the Board
- International School Hannover Region (ISHR), Member of the Supervisory Board

### Resignations and new members

No members of the Corporate Executive Board departed during the reporting period, nor did any new members join the Board.

Charles Relecom (67), CEO France, will hand over his executive function in the Corporate Executive Board to Tanguy Polet on 1 March 2021.

### Preview

As announced in the media release of 4 November 2020, Tanguy Polet, currently on the Executive Board of Swiss Life France as “Directeur Division Clients et Transformation Digitale”, will become CEO of Swiss Life France and a member of the Corporate Executive Board with effect from 1 March 2021.

**Tanguy Polet** – Born 1970, Belgian national  
Chief Executive Officer France (CEO France) from 1 March 2021



Tanguy Polet studied law at the University of Louvain-La-Neuve (Belgium) and graduated in economic and social law. From 1994 he worked as a lawyer in Brussels, successively with Roberti & Associés (now Meritius), Peeters Advocaten-Avocats (Ernst & Young) and Simmons & Simmons. He specialises in commercial and financial law as well as consumer protection. In 2005, Tanguy Polet joined Swiss Life in Belgium as Head of Sales and Marketing and Member of the Executive Board. From 2008 to 2010, he was CEO of Swiss Life Luxembourg before moving to France in 2010, where he became CEO of Swiss Life Banque Privée and Member of the Executive Board of Swiss Life France. From 2015, Tanguy Polet was Chief Customer Officer for digital transformation and Customer Services and also a member of the Executive Board of Swiss Life France.

## *Transfer of Management Tasks*

No management tasks have been contractually delegated to third parties by Swiss Life Holding.

## *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 <i>(Bonus in cash and possibly in shares and, if applicable, deferred compensation in cash)</i>	Long-term variable compensation component <i>(Equity compensation plan, RSU plan)</i>
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, Baloise 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	<b>2 279 599</b>	0	0	<b>2 279 599</b>
Other members of Corporate Executive Board <sup>1,2</sup>	5 003 710	2 545 000	205 819	<b>7 754 529</b>	0	0	<b>7 754 529</b>
<b>TOTAL CORPORATE EXECUTIVE BOARD</b>	<b>6 503 710</b>	<b>3 295 000</b>	<b>235 418</b>	<b>10 034 128</b>	<b>0</b>	<b>0</b>	<b>10 034 128</b>

<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	<b>2 555 069</b>
Other members of Corporate Executive Board	1 320 930	0	<b>9 075 459</b>
<b>TOTAL CORPORATE EXECUTIVE BOARD</b>	<b>1 596 400</b>	<b>0</b>	<b>11 630 528</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 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>		Aggregate total compensation incl. deferred compensation in cash and RSUs (amount)
		Amount <sup>7</sup>	Number	
Patrick Frost, Group CEO	<b>375 000</b>	2 409	950 375	<b>3 880 444</b>
Other members of Corporate Executive Board	<b>0</b>	8 228	3 246 028	<b>12 321 487</b>
<b>TOTAL CORPORATE EXECUTIVE BOARD</b>	<b>375 000</b>	<b>10 637</b>	<b>4 196 403</b>	<b>16 201 931</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 01.03.2021 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>7</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	
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) 31.12.2020 <sup>1</sup>	SLH shares 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</b> <sup>1</sup>	<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</b> <sup>3</sup>	<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.



# Report of the Statutory Auditor

## Report of the statutory auditor to the General Meeting of Swiss Life Holding Ltd

### Zürich

We have audited the compensation report of Swiss Life Holding Ltd for the year ended 31 December 2020. The audit was limited to the information contained on pages 64 and 68 to 70 of the compensation report.

#### Board of Directors' responsibility

The Board of Directors is responsible for the preparation and overall fair presentation of the compensation report in accordance with Swiss law and the Ordinance against Excessive Compensation in Stock Exchange Listed Companies (Ordinance). The Board of Directors is also responsible for designing the compensation system and defining individual compensation packages.

#### Auditor's responsibility

Our responsibility is to express an opinion on the accompanying compensation 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 compensation 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 compensation 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 compensation report, whether due to fraud or error. This audit also includes evaluating the reasonableness of the methods applied to value components of compensation, as well as assessing the overall presentation of the compensation 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 compensation report of Swiss Life Holding Ltd for the year ended 31 December 2020 complies with Swiss law and articles 14–16 of the Ordinance.

PricewaterhouseCoopers AG

Peter Eberli  
Audit expert  
Auditor in charge

Nebojsa Baratovic  
Audit expert

Zürich, 15 March 2021

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## *Shareholders' Participation Rights*

### **Restrictions on voting rights**

In exercising voting rights, no shareholder can collect more than 10% of the total share capital directly or indirectly in respect of his own shares and those he represents. Legal entities and partnerships which are connected through capital, voting rights, uniform management or in any other way, as well as individuals or legal entities and partnerships which act in concert by virtue of agreement, as a syndicate or in any other way, are deemed to be a single person. Any amendment to or revocation of restrictions on voting rights must be approved by at least two thirds of the voting shares represented at the Annual General Meeting and an absolute majority of the share par value represented. The Board of Directors can permit exceptions to this limit on the basis of its discretionary powers. During the year under review, no such exceptions were granted.

### **Right of representation**

Under the terms of the Articles of Association, a shareholder may be represented by a legal representative, or, if a written power of attorney exists, by another shareholder entitled to vote or by the independent voting representative.

### **Independent voting representative**

The Annual General Meeting elects an independent voting representative. His term of office ends after completion of the next ordinary Annual General Meeting. Re-election is possible. The independent voting representative is obliged to exercise the represented voting rights pursuant to the instructions given. He can be represented at the Annual General Meeting by an assistant. He remains fully responsible for compliance with his obligations. If the company does not have an independent voting representative, the Board of Directors appoints one for the next Annual General Meeting.

### **Required majorities**

In addition to the resolutions provided for by law, a qualified majority (corresponding to at least two thirds of the voting shares represented and an absolute majority of the share par value represented) is required to:

- change provisions concerning restrictions on voting rights
- dissolve the company (liquidation)
- dismiss more than one third of the members of the Board of Directors
- change these provisions of the Articles of Association

### **Convocation of the Annual General Meeting and agenda**

The rules set out in the Articles of Association for convening an Annual General Meeting and drawing up the agenda comply with the stipulations of the law. Shareholders who represent at least 0.25% of the share capital can submit a written request within a time limit published in advance by Swiss Life Holding for the inclusion on the agenda of an item for discussion, together with the relevant motions. The written application must be accompanied by a blocking certificate issued by a bank to confirm that the shares are deposited with it until after the Annual General Meeting.

### **Entry in the share register**

Entries can be made in the share register up to the day before the Annual General Meeting. In all cases, however, the company reserves the right to adhere to the legal maximum period of 20 days for recognition of entries in the share register in accordance with Art. 685g of the Swiss Code of Obligations. For administrative reasons (postal delivery times), the deadline for registering to participate in the Annual General Meeting is usually seven calendar days before the event takes place.

### **Voting system and procedures**

Based on a corresponding authorisation in the Articles of Association, the presiding officer at Swiss Life Holding's Annual General Meeting generally requests that votes be taken electronically. Swiss Life Holding uses a certified electronic voting system which permits balloting with remote-controlled handsets and records the exact number of voting shares represented.

## *Changes of Control and Defence Measures*

### **Duty to make an offer**

Swiss Life Holding's Articles of Association provide for neither an "opting up" nor an "opting out" clause within the meaning of Art. 135 para. 1 and Art. 125 paras 3 and 4 of the Financial Market Infrastructure Act (FMIA).

### **Clauses on changes of control**

No contractual provisions exist in favour of the Board of Directors or the Corporate Executive Board with regard to changes in control of the company.

## Auditors

As was the case last year, PricewaterhouseCoopers (PwC) is again serving as external statutory auditor for all Swiss Life Group companies that are directly or indirectly held by Swiss Life Holding under its scope of consolidation.

PwC confirms that it meets the legal requirements concerning professional qualification and independence.

### **Duration of the mandate and term of office of the lead auditor**

The Articles of Association stipulate that the external auditor is to be elected by the Annual General Meeting for one financial year at a time. When Swiss Life Holding was established in 2002, PwC was named statutory auditor and Group auditor. Since then PwC has been elected without fail. PwC has also acted as statutory auditor for Swiss Life Ltd since 1994. Swiss Life Holding last invited tenders for its statutory auditor and Group auditor mandate for the 2008 financial year. On completion of the evaluation process, the Board of Directors, in accordance with the proposal of the Audit Committee, again nominated PwC as its statutory auditor and Group auditor at the Annual General Meeting.

The partner at PwC in charge of auditing the Swiss Life Holding annual financial statements and consolidated financial statements (lead auditor) has exercised this function since 2018.

The role of lead auditor rotates in compliance with the term of office regulations stipulated by the Swiss Code of Obligations, the independency guidelines set forth by the Swiss Institute of Certified Accountants and Tax Consultants, and internal guidelines at PwC. Under the Swiss Code of Obligations and the independency guidelines set forth by the Swiss Institute of Certified Accountants and Tax Consultants, the maximum term of office of the lead auditor is limited to seven years.

### **Auditing fees**

In 2020 the auditing fees credited to PricewaterhouseCoopers came to around CHF 9.2 million (prior year: CHF 9.1 million). This includes the fees for reviewing the 2020 half-year accounts.

### **Additional fees**

PwC invoiced additional fees of approximately CHF 0.3 million in 2020 (prior year CHF 0.9 million), for services in the areas of risk management, taxes, fiscal and legal consulting and other advisory services. All services were performed in compliance with the relevant independency regulations set out in the Swiss Code of Obligations, the Audit Supervision Act and FINMA circular 2013/3, "Auditing".

### **Supervisory and control instruments vis-à-vis the auditors**

The Audit Committee maintains regular contact with the external auditors. It evaluates the independence of the external auditors and identifies possible conflicts of interest. It also examines the terms and conditions of the external audit mandates and assesses the audit plan and strategy for the year in question.

The external auditors submit regular written reports on the status of the auditing work. They also submit detailed reports on the half-year and annual financial statements to the Audit Committee. At the end of the year, the external auditors draw up a comprehensive report for the attention of the Annual General Meeting and a detailed report on the financial year just completed for the attention of the Audit Committee, the Board of Directors and the Swiss Financial Market Supervisory Authority FINMA.

The Audit Committee also acknowledges and approves the various recommendations of the external auditors, including the Management Letter. If required, the committee discusses with representatives of the external auditors any issues which could have a major impact, either collectively or individually, on the financial situation or the result of the audit.

In the year under review, representatives of the external auditors attended all Audit Committee meetings, either in their entirety or for specific items on the agenda.

## *Information Policy*

The Communications and Investor Relations areas provide up-to-date reports to private and institutional investors, financial analysts, journalists and the public.

Key facts and figures about the Swiss Life Group and info kits on previous years' reports are available on the internet at [www.swisslife.com](http://www.swisslife.com), "Investors and Shareholders" area, "Results and Reports" section ([www.swisslife.com/results](http://www.swisslife.com/results)). Details on events relevant to shareholders, analysts and the media (Annual General Meetings, media conferences etc.) can be found at [www.swisslife.com](http://www.swisslife.com), "Investors and Shareholders" area, "Financial Calendar" section ([www.swisslife.com/financialcalendar](http://www.swisslife.com/financialcalendar)).

At [www.swisslife.com/subscription](http://www.swisslife.com/subscription), all interested parties can subscribe to the company's mailing list so as to receive timely ad hoc reports and media releases free of charge via the e-mail distribution system. These releases are also published on the Swiss Life website at the same time as they are sent to subscribers, and are available online for at least two years at [www.swisslife.com](http://www.swisslife.com), "Media" area, "Media releases" section ([www.swisslife.com/mediareleases](http://www.swisslife.com/mediareleases)).

In addition to its comprehensive Annual Report and Financial Statements, Swiss Life Holding also publishes its half-year results. Furthermore, in May and November of each year, it publishes specific details on the previous quarter. All Swiss Life's annual reports since 1998 and all half-year reports since 2001 can be accessed on the internet at [www.swisslife.com](http://www.swisslife.com), "Investors and Shareholders" area, "Results and Reports" section, ([www.swisslife.com/annualreports](http://www.swisslife.com/annualreports)). A report detailing the key facts and figures on business operations is sent out on an annual basis to all the shareholders listed in the share register.

On 29 November 2018, furthermore, Swiss Life presented its targets for 2021 as part of its Investor Day. The relevant information and presentations can be accessed on the internet at [www.swisslife.com](http://www.swisslife.com), "Investors and Shareholders" area, "Investor Days" section ([www.swisslife.com/investordays](http://www.swisslife.com/investordays)).

Contact details are available at the end of this Annual Report.

# *Risk Management*

*A key pillar of Swiss Life's responsible and sustainable business is its integrated, value-oriented risk management involving both quantitative and qualitative elements. The goal is to protect customers' funds and ensure the best possible investment of risk capital, while complying with regulatory requirements and taking account of the persistently challenging capital market environment.*

Risk management is a key component of Swiss Life's management process. The responsible committees of the Corporate Executive Board and the Board of Directors continually monitor and manage risks, and their decisions are then incorporated into the annual planning process. On the one hand they conduct qualitative assessments of strategic risks, as well as evaluating operational risks, the internal control system (ICS) and measures aimed at continually improving information and system security. On the other hand, they also cover quantitative elements, such as risk tolerance of the Swiss Life Group, risk budgeting for the insurance units and Asset Liability Management's investment strategy. The Board of Directors employs a limits framework based on solvency ratios and economic capitalisation to determine Swiss Life's risk appetite. Limits for the financial risks taken by the individual business units are based on local regulatory provisions and risk appetite at Group level, and are used to determine their investment objectives.

The key risk management elements are presented and discussed below. Additional statements on the risk management principles and procedures plus the risk budgeting process, asset liability management and the management of insurance risks (including mortality, disability and longevity) are included in Annex 5 of the consolidated financial statements. In addition to the key risk management elements described above, Swiss Life also analyses systemic risks in cooperation with the Swiss regulator.

### **Strategic risk management**

Swiss Life uses structured processes to determine the comprehensive risk profile to deal with risks that could jeopardise strategic target achievement in what continues to be a very challenging environment. Swiss Life incorporates all the information on risks and corresponding earnings opportunities in its strategic decisions as part of its strategic risk management process. An understanding of the interplay of individual risks is essential so that the factors which influence risk can already be factored in and properly addressed when strategies are being developed.

Emerging risks are a key element of strategic risk: they are regularly analysed and assessed in various risk categories. Examples of such risk categories include demographic and social transformation as well as political or regulatory changes. Any risks in connection with the environment, human rights and governance are also included in the comprehensive risk profile and assessed in the emerging risk process.

### **Operational risk management and the internal control system**

Operational risk management at Swiss Life employs methods and processes to identify, assess, control and avoid operational risks. In this process, operational risks are defined as the risk of negative consequences that result from shortcomings or failures stemming from internal processes, people, systems or external events. Swiss Life's internal control system consists of the entirety of procedures, methods and measures prescribed by the Board of Directors and by the Corporate Executive Board to ensure the orderly conduct of business. The focus is on the reliability of financial and non-financial reporting, the effectiveness of business processes and compliance with relevant laws and regulations issued to protect the company's assets. Risk Management prepares and maintains corresponding internal directives and minimum requirements for qualitative risk management and the internal control system (ICS). These are based on the interna-



tionally recognised standard “Internal Control – Integrated Framework (2013)” issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

### **Information and system security**

Swiss Life depends on its information systems and communication technologies for the attainment of the operational goals derived from its business strategy. Ensuring the availability, confidentiality and integrity of systems, data and information is a central component of its internal control system.

Risk Management prepares and maintains directives and minimum requirements for information security. These are based on leading and internationally recognised Data Security standards such as British Standards ISO/IEC 27001 and 27002, the Control Objectives for Information and Related Technology (CobiT) Framework v2019, the Center of Internet Security (CIS) Controls v7.1 and the Cyber Security Framework v1.1 of the National Institute of Standards and Technology (NIST). Line management implements these requirements, and compliance with them is assessed at Group and divisional level in cooperation with information security experts. This includes many different topics such as end-device encryption, remote network access control, vulnerability management, security operations, disaster recovery and cross-functional IT controls. Corporate Internal Audit reviews the area of information security and data protection several times a year as part of its internal auditing activities, and appropriate measures are taken to deal with any weaknesses.

All Swiss Life employees, including external staff, undergo regular information security and data protection training in their divisions. Relevant information or system security incidents are recorded and communicated to the appropriate units for analysis and rectification. Significant incidents are reported to the regulatory authorities. Information security is closely linked to locally applicable data protection provisions, such as the Swiss Federal Act on Data Protection (DSG) and the European Union’s General Data Protection Regulation (GDPR). More information on data protection can be found in the section “Compliance at Swiss Life” in the Sustainability Report.

### **Business continuity management**

Business continuity management (BCM) is a Group-wide approach at Swiss Life to identify and assess business-critical processes and document continuity plans. These entail temporary measures being taken in the event of an emergency or crisis such as a pandemic or hacker attacks until business can return to normal. The continuity plans are tested annually.

### **Sustainability factors**

As part of its Group-wide sustainability programme, Swiss Life is also integrating sustainability and climate aspects into its existing risk management frameworks for the management of the business. Aside from uncertainty about new regulatory requirements, Swiss Life does not currently deem the physical and transitory risks of the transition to a climate-compatible society to

be strategic risks for the business model. In addition to its annual business and sustainability report, Swiss Life publishes a climate report based on the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). The climate report, which describes how climate risks are being addressed, is available online at [www.swisslife.com/reports](http://www.swisslife.com/reports).

## Capital management

### Solvency model

The standard Swiss Solvency Test (SST) model, with company-specific adjustments, is used to determine regulatory solvency. SST sets out the capital requirements valid for insurance companies and groups in Switzerland. The SST capital requirements are based on the understanding that insurers will meet their obligations towards policyholders even under difficult conditions. In addition to this solvency model, Swiss Life calculates economic solvency based on an internal model for capital and solvency as the standard model is too simplified to be used for business management. Monitoring of solvency in accordance with the solvency model and the internal model for capital and solvency is performed continuously. Calibration is based on the full SST calculations at the beginning of the calendar year.

### Economic assessment

Swiss Life uses an integrated approach to risk and capital management. The economic capital of a life insurance company for its shareholders comprises its economic net worth and the present value of future profits. The economic capital is determined bottom-up for each large business unit and takes into account market, credit and insurance risks. These risks are calculated on the basis of loss distributions using a specified risk measure. The overall capital requirement is obtained by taking into consideration respective diversification effects.

Economic and regulatory capital requirements and the profit target are the main elements in risk budgeting. Based on the overall risk budget set by the Investment and Risk Committee of the Board of Directors, the Group Risk Committee of the Corporate Executive Board defines the risk limits for the business areas. Adherence to these limits is checked continuously.

### Standard & Poor's rating capital

In the Standard & Poor's risk-based model, the total adjusted capital is the measure used for available capital, set against the capital required given the target rating category (target capital). The calculation of target capital takes into account, in particular, insurance risks, asset value volatility and credit risks. Swiss Life has established a target capital level in line with its rating ambition. Within the capital analysis, in addition to assessing capital adequacy, Standard & Poor's assesses the quality of capital with respect to its structure (including the share of equity and hybrid capital). Capital adequacy is monitored on an ongoing basis according to the Standard & Poor's model.

In November 2020 – in the light of Swiss Life's improved diversification of profit sources and its capital position, which has stabilised at a sound level – Standard & Poor's confirmed its rating "A+", outlook stable.

# *Sustainability Report*

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## Dear reader

With our advice, services and products, we enable people to lead a self-determined life. We assume risks for our customers, invest capital over the long term and provide them with comprehensive advice. Our customer relationships often last for several decades – so we think and act in the long term. That's why we see sustainability as an integral part of our business.

As part of our risk management activities, we also address challenges that are directly related to sustainability. These include dealing with climate change. As a company, we support the goals of the Paris Climate Agreement and would like to contribute to the achievement of these goals by implementing a range of measures. Some examples:

- In our asset management activities we integrate ESG factors into 90% of the assets we manage. Furthermore, we refrain from investing in companies that achieve more than 10% of their sales with power station coal, monitor the CO<sub>2</sub> intensity of the insurance portfolio and have set ourselves the goal of investing a total of CHF 2 billion in green bonds by 2023.
- We are continually making our real estate portfolio more sustainable through new projects and targeted measures for existing properties.
- Our goal in terms of operational ecology of reducing greenhouse gas emissions by 10% per full-time equivalent by the end of 2021 is well on track. Among other things, this includes switching over to 100% renewable electricity in all company buildings.
- In order to further increase transparency and to show specifically how we deal with climate risks and opportunities, we are now for the first time publishing a climate report in accordance with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) in addition to our Annual Report for 2020.

Last year the Corporate Executive Board continued with the successful development of our Group's sustainability strategy in cooperation with a team of specialists from all divisions. This is also reflected in our sustainability ratings, which showed a further improvement. In addition to the standards of the Global Reporting Initiative (GRI), this report is also – for the first time – aligned to the standards for the insurance industry put forward by the Sustainability Accounting Standards Board (SASB). The following chapters show how Swiss Life assumes responsibility in a variety of ways and integrates sustainability into its day-to-day business.



Patrick Frost  
CEO

## Sustainability at Swiss Life

*In the pursuit of its core business, financial provision and advice, Swiss Life contributes directly to the sustainability of society and the economy. Over and above this, the company acknowledges its responsibility as an employer and in relation to the environment.*

Swiss Life has summarised the principles of sustainability in a Group-wide sustainability strategy. This covers four areas: sustainability in business activities, in society, as an employer, and in the environment. The Group's sustainability reporting is based on this same structure.

### Our understanding of sustainability



#### In business activities

- Good governance, diligence and responsible conduct form the basis for successful business operations and for long-term and sustainable customer and business relationships.
- Swiss Life takes ESG criteria into account in the investment process and is, among other things, a signatory of the Principles for Responsible Investment (PRI) and a member of the Global Real Estate Sustainability Benchmark (GRESB).



#### In society

- As a pension provider, Swiss Life assumes social and economic responsibility and is in active dialogue with associations, authorities and politicians.
- With its own foundations, Swiss Life supports projects and institutions in the fields of culture, science, education and the environment and research that promote self-determination and confidence.



#### As an employer

- Swiss Life believes in the competence and engagement of its employees and promotes flexible working models and continuous development throughout all phases of life.
- Swiss Life offers its employees a collaborative working environment in which they can act with personal responsibility. Diversity, an open feedback culture, appreciation and trustworthy cooperation are key in this regard.



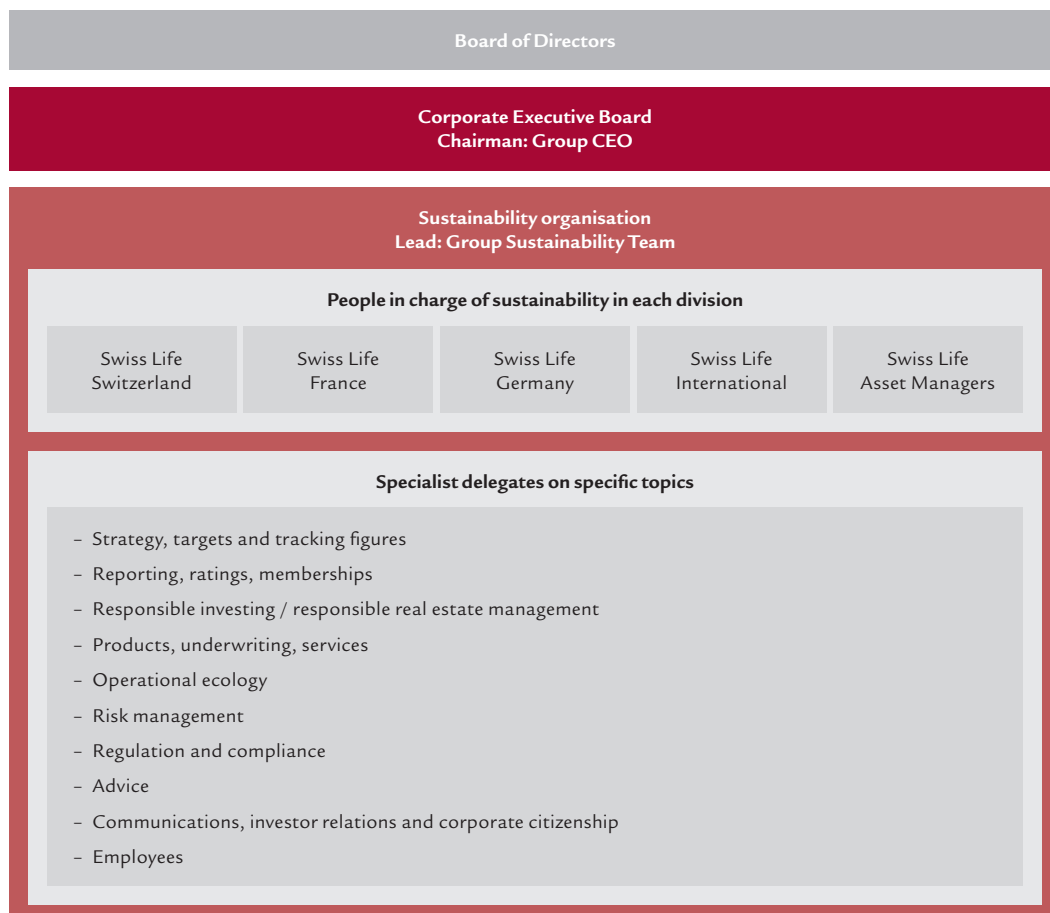
#### In the environment

- As a property owner, Swiss Life supports energy-saving measures, renewable energy and the sparing use of resources.
- In its own operations, Swiss Life has set itself goals for the reduction of CO<sub>2</sub> and fossil fuels, among other things. They apply to the entire Swiss Life Group.

## Organisational implementation

The highest management body in matters of sustainability is the Corporate Executive Board, chaired by the Group CEO. The Board of Directors – the supreme authority for strategic issues – is kept regularly informed about measures and progress in the area of sustainability. The Swiss Life Group Sustainability team is responsible for the coordination, steering and implementation of all measures at Group level. This team ensures that the focus areas defined by Swiss Life’s sustainability strategy are integrated within and implemented by the divisions. The team also reports on its progress and engages in dialogue with key stakeholder groups at Group level.

## Organisational structure



The sustainability organisation is aligned to Swiss Life’s multi-divisional organisation: it comprises sustainability delegates from all divisions as well as specialist delegates. Ten subject areas have been defined for specialist management. In 2020, Swiss Life Group’s sustainability organisation comprised around 31 full-time equivalents (FTE).

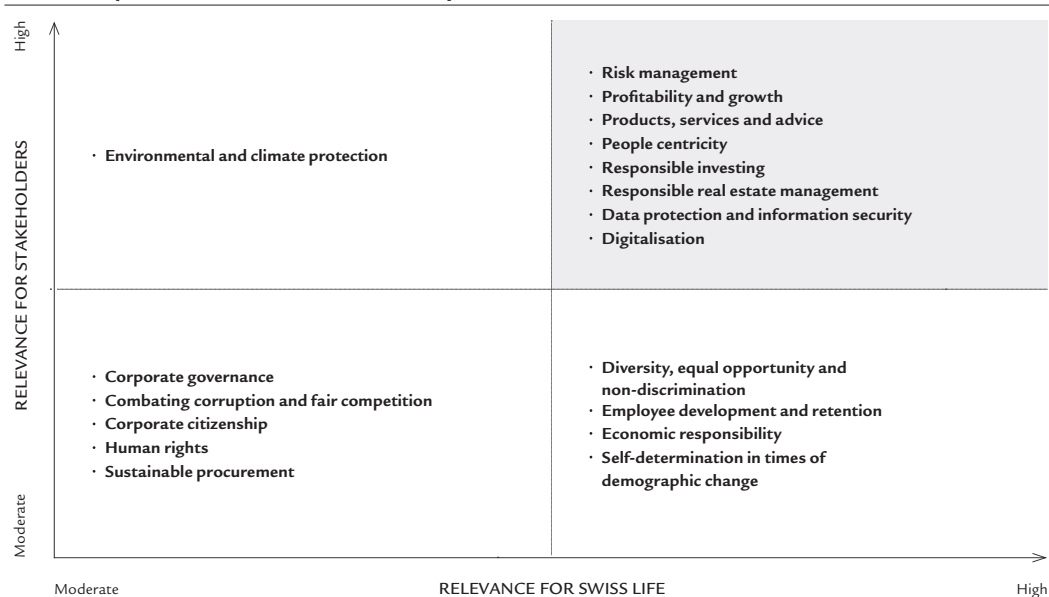
## Materiality Matrix

*Swiss Life's materiality matrix shows which topics are relevant for Swiss Life and its stakeholders. The materiality analysis forms the basis for the annual sustainability reporting.*

Swiss Life has reported on the basis of the Global Reporting Initiative's standards since 2016. In 2015 it produced the first version of its materiality matrix in a multi-step materiality process involving internal and external stakeholders. Since then, the matrix has been continuously refined. In 2019, Swiss Life performed an extensive re-evaluation of the key topics to reflect the various stakeholders' changing expectations, developments in its business environment and the latest standards (see Annual Report 2019, pages 8–85; GRI 102-46).

The sustainability matrix defined in 2019 has been used again as the basis for the 2020 sustainability reporting (GRI 102-49).

### Materiality matrix of the Swiss Life Group



(GRI 102-47)

To enhance readability, the dimension "Impact on sustainable development" is not directly integrated into the materiality matrix.

The four topics rated as having the greatest impact on sustainable development are:

- Responsible investing
- Responsible real estate management
- Risk management
- Data protection and information security



## Overview of the material sustainability topics<sup>1</sup>

### Risk management<sup>2</sup>

Business conduct in compliance with the law is a given for Swiss Life. Swiss Life accompanies its customers over many years. Responsible risk management is thus indispensable.

### Profitability and growth

Swiss Life's business model is aligned to long-term, profitable growth within the framework of the corporate strategy, focusing on profit growth and quality, efficiency, and financial strength.

### Products, services and advice

Swiss Life has over 160 years of experience in developing products and services, in consulting and in the life insurance, investment and pensions business. It aims to create optimal customer value and profitability for the company.

### People centricity

Swiss Life puts people first and advocates encounters on an equal footing – whether in customer advising, processes, products and services, dealing with employees, using technology or in our role in society as a whole.

### Responsible investing

Swiss Life's investment strategy has a long-term and sustainable focus. The company's investment policy is oriented towards long-term and stable returns. In addition to its legal obligations, Swiss Life observes ethical principles and environmental, social and governance (ESG) topics.

### Responsible real estate management

Swiss Life is one of Europe's leading real estate investors and has the biggest private real estate portfolio in Switzerland. It systematically integrates sustainability criteria into the entire value-creation process in real estate investments.

### Data protection and information security

There are Group-wide data protection and information security standards. Information security at Swiss Life is closely related to locally applicable data protection provisions, such as the Swiss Federal Act on Data Protection and the European Union's General Data Protection Regulation (GDPR).

### Digitalisation

Swiss Life is pursuing digitalisation along the entire value chain, using it to create relevant and sustainable added value for customers and employees.

<sup>1</sup> The subject parameters and the impact of Swiss Life on the material topics are set out in the relevant sections.

<sup>2</sup> This topic is discussed in the Annual Report in the section "Risk Management" from page 79.

**Diversity, equality of opportunity and non-discrimination**

Diversity, equality of opportunity and non-discrimination are part of Swiss Life's corporate values. Accordingly, potential, abilities and skills are promoted equally among all employees of all ages.

**Employee development and retention**

The Swiss Life corporate culture is based on mutual respect and trustworthy cooperation. Regular feedback and professional development interviews and the recognition and appreciation of performance are important prerequisites for corporate success.

**Economic responsibility**

As a corporation, Swiss Life takes social and economic responsibility by enabling its customers to lead a self-determined life. As a long-term investor, Swiss Life contributes to the stability of the financial centre. Swiss Life also meets its social and economic responsibility in its role as an employer and taxpayer.

**Self-determined living in times of demographic change<sup>1</sup>**

Helping people live a self-determined life is Swiss Life's purpose. That includes its contribution to the public debate on demographic change and people's growing responsibility for managing their own future provisions.

**Environmental and climate protection**

Swiss Life places a high value on operational ecology and climate protection. As a real estate owner and in its business operations, Swiss Life places importance on efficient use of resources, renewable energy and measures to reduce CO<sub>2</sub> emissions.

**Corporate governance<sup>2</sup>**

Responsible and sustainable corporate governance is of central importance for Swiss Life. It structures its corporate governance openly and transparently in compliance with the acknowledged national and international standards.

<sup>1</sup> This topic is discussed in the Annual Report in the section "Strategy & Brand" from page 8.

<sup>2</sup> This topic is discussed in the Annual Report in the section "Corporate Governance" from page 28.

**Combating corruption and fair competition**

Swiss Life does everything in its power to avoid infringing any legal and regulatory requirements, and to prevent all forms of corruption and bribery. Therefore, Compliance monitors and assesses the legal and regulatory environment and focuses on training and raising employee awareness.

**Corporate citizenship**

Swiss Life fosters contacts with representatives of its political and business world and liaises with trade and umbrella associations. In addition, Swiss Life is committed to projects and institutions in the areas of culture, science, education, the environment and research.

**Human rights**

Swiss Life prioritises high social standards in its own operations and expects similar standards from its business partners and suppliers. As a co-signatory of the “UN Global Compact” Swiss Life pledges, notably, to respect human rights.

**Sustainable procurement**

Swiss Life requires its procurement to comply fully with the law. When selecting suppliers and partners, Swiss Life bases its decisions on ethical, social and ecological principles and works with local suppliers whenever possible.

## *Sustainability in Business Activities*

*Swiss Life maintains high standards for its advice, service and product range. Diligence and responsible action are the basis for successful business operations as well as for long-term, sustainable customer and business relationships.*

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## *Profitability and Growth*

*The economic performance and sustainable profitability of Swiss Life are fundamental to the long-term success and sustainability of its corporate management. Thanks to consistent implementation of its strategy, Swiss Life has successfully completed its last three Group-wide programmes since 2009.*

Swiss Life's business model is aligned to the long term. It is committed to keeping the promises made to its customers over the decades. That is why sustainable, long-term investing plays a central role in the life insurance business. Swiss Life has geared its investment strategy to ensuring that the interest margin remains positive for more than three decades, even if interest rates stay low. In addition, Swiss Life has continuously developed its business in recent years. With its successful enhancement of asset management for third parties, growth in advisory channels, modern products and targeted acquisitions, Swiss Life has significantly increased the contribution made by so-called fee business in recent years, and thus reduced its dependency on the investment result. In addition to the focus on profitability, capital efficiency remains a relevant control parameter in new insurance business.

With its current "Swiss Life 2021" Group-wide programme, Swiss Life is aiming at a continuous and yet ambitious further development of its profit sources, efficiency and distribution to shareholders. The programme, which is oriented towards Swiss Life's purpose of enabling people to lead a self-determined life, focuses on four strategic thrusts. In addition to these focal areas and the corresponding financial objectives, sustainability and corporate responsibility are also part of the "Swiss Life 2021" Group-wide programme. With the consistent implementation of its strategy, Swiss Life is laying the groundwork for creating sustainable value for its stakeholder groups.

Further information on the Group-wide programme and the Swiss Life Group strategy may be found in the Annual Report in the "Strategy & Brand" section from page 8.

## People Centricity

*Swiss Life's business is centred around people. Cooperation on an equal footing is a key feature in that regard – not only in providing customer advice but in our treatment of employees and our role in society.*

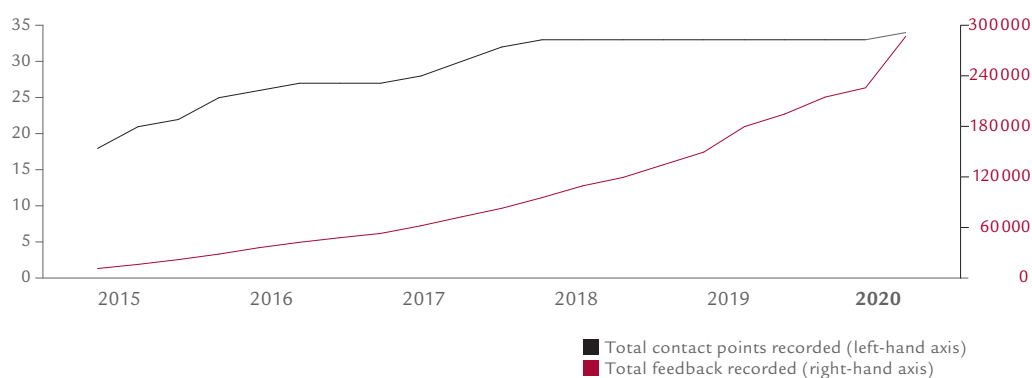
What Swiss Life does is relevant for people: it enables its customers to lead a self-determined life, thus ensuring security and confidence. People are central to everything Swiss Life does. The services that Swiss Life provides are geared to people's needs and address them as individuals.

### Continuous measurement of customer satisfaction

Swiss Life continuously assesses customer satisfaction at the key contact points. Directly following interaction, customers are asked at selected contact points about their experience, satisfaction and willingness to recommend Swiss Life. Anyone who gives a negative response is contacted within 48 hours. This allows Swiss Life to ensure it has understood the reasons for a negative review and can offer the customer a solution. Customer satisfaction is surveyed in close collaboration with an independent market research institute.

Swiss Life has continuously expanded its Direct Customer Feedback programme in recent years.

### Development of Direct Customer Feedback programme



### Net Promoter Score (NPS)

Swiss Life bases its quantitative measurement of customer satisfaction on the Net Promoter Score (NPS), which indicates a customer's willingness to recommend a provider to family and friends. The NPS is surveyed continuously and reported internally on a quarterly basis. What is more, the NPS is a component of objectives-setting and performance reviews of employees with customer contact.

The Swiss Life NPS has in almost all cases improved significantly at the key contact points – Consulting and Service Center – over the past four years, thanks to regular customer feedback analysis and the improvements derived from it.

#### The development of the NPS at consulting contact points

	2020	2019	2018	2017
Switzerland Individual life	+57	+59	+51	+52
Switzerland Swiss Life Select	+52	+48	+41	+39
France	+66	+57	+52	+46
Germany Swiss Life Select	+69	+64	+62	+53
Austria Swiss Life Select	+56	+58	+49	+44
UK Chase de Vere	+58	+56	+52	+56

The NPS at the Consulting contact point improved for the most part in 2020. This was partly due to the flexibility of advisors and clients and their ability to swiftly adapt to the situation resulting from the Covid-19 pandemic in 2020. Thanks to the fully digitalised advisory platform combined with competent, personal advice, the customer experience improved further, even in this exceptional year.

#### The development of the NPS at the Service Center contact point

	2020	2019	2018	2017
Switzerland Individual life	+39	+37	+33	+23
France	-12	-13	-13	-17
Germany Individual life	+23	+16	+10	+4
Germany Swiss Life Select	+18	+9	+11	+10

At the Service Center contact point, the NPS increased significantly, especially in Germany. Process optimisations and the introduction of independent quality assurance by employees produced this clear improvement. Customer feedback is regularly analysed and used to enhance processes. In France, where the NPS is still negative, a project to optimise customer experience over the telephone was initiated in 2020.

### **Promoting and consolidating a customer-oriented work culture**

In addition, Swiss Life surveys the internal perception of customer orientation. The internal perception of customer centricity has been measured as part of a Group-wide survey on employee engagement since 2019. The survey is held biannually and conducted in cooperation with an independent consulting agency.

The 2019 survey showed that 86% of all employees see Swiss Life as a customer-oriented company. The results were 4 percentage points above those for the most successful companies worldwide and 10 percentage points above the global average for companies in the financial sector.

### **Further measures to promote customer satisfaction**

In 2020, priority was given to digital support for customer relationships and data management. Among other things, online portals are now available for customers in several divisions. They thus have the opportunity, for example, to manage contact data themselves or to gain faster access to important financial information. In addition, key documents can also be signed digitally, which shortens the processing time.

### **Exchanges with other stakeholders**

In addition to customer centricity, Swiss Life also engages in dialogue with its interest groups on an equal footing in other areas. This includes dialogue with employees (see section on “Sustainability as an Employer”) and regarding its role in society (section on “Sustainability in Society”).



## *Products, Services and Advice*

*A customer relationship at Swiss Life often spans several decades. Thanks to its individual pension and financial advice for private and corporate customers and proven investment expertise for institutional investors, Swiss Life enables people to lead a self-determined life.*

Swiss Life's consulting and product strategy combines optimal customer value with profitability for the company. Swiss Life offers private and corporate clients comprehensive and individual advice plus a broad range of proprietary and partner products through its financial advisors, agents and distribution partners. Swiss Life Select, the subsidiary specialising in financial planning for private households and brokering financial products, as well as the advisors at tecis, Horbach, Proventus, Chase de Vere and Fincentrum, use the Best Select approach to let their customers choose the product that suits them best. In this way, customers are given access to an extensive range of products from many suppliers. Swiss Life Asset Managers also offers comprehensive investment solutions and develops tailor-made investment strategies for its own insurance companies and for third-party clients, such as pension funds, investment foundations, asset managers and private clients.

### **Transparent product information and promotion of financial literacy**

In addition to a customer-focused consulting approach, Swiss Life pays great attention to extensive and understandable documentation. In addition to product documents on various insurance and provisions topics on the local websites or customer portals, supporting video sequences are available along with publications for download.

Swiss Life would like to help people develop their financial literacy so they can make better decisions. That is why, among other things, it has supported the Swiss financial literacy platform fintool.ch for years now. In Germany, through the Swiss Life Stiftung für Chancenreichtum und Zukunft (Foundation for Opportunities and the Future), Swiss Life specifically assists projects that promote the education of socially disadvantaged children and young people and support them in difficult life situations.

### **Customer centricity and Group-wide value proposition standards**

Long-term benefit commitments and obligations arising from pension and financial products demand a precise analysis of the legal and regulatory environment and of the associated risk. This also provides the basis for customer-oriented consulting and is a major factor in the avoidance of mistakes or violations in advising, and their possible consequences.

Swiss Life makes sure that it can deliver its value proposition through mandatory Group-wide regulations that are implemented through corresponding local directives:

- The specific structure of products and services is based on Group-wide standards and stringent compliance with local regulatory requirements and local laws. The ability of the local Compliance teams to make adjustments, even to existing products and services, is guaranteed. Group-wide standards for the development of products and services are also adapted to framework conditions as required.
- Product management is regulated through a number of directives at Group level. Swiss Life has established a uniform, auditable product development process to that end. This process defines the minimum requirements of local product development as well as the approval and escalation process for initiatives at Group level. The observance of laws and provisions, practical customer value and the quality of customer documentation are naturally essential criteria in the assessment process.

### **Sustainability in the insurance business**

In the reporting year, Swiss Life further developed its Group-wide approach for the integration of sustainability criteria in the insurance area. Swiss Life's underwriting process ensures on an ongoing basis that the insured portfolio complies with the company's fundamental standards and values. Risk underwriting is in keeping with the regulatory requirements and with Swiss Life's commitment to holistic and value-oriented risk management. At the same time, Swiss Life consistently takes ESG (environmental, social and good governance) factors into account.

Life insurance and risk products make a significant contribution to a self-determined life for insured persons. Moreover, these products play a significant role in occupational pensions in many developed markets. Prior to signing a contract, Swiss Life evaluates ESG factors as part of the risk assessment in addition to the medical and financial aspects. Recognising its social responsibility, Swiss Life seeks to provide insurance cover for all legitimate companies and individuals. It is thus selective in the way it decides on any rejections or exclusions on the grounds of sustainability. Swiss Life insures people and does not wish to exclude them from any relevant insurance cover because their employer falls short in terms of sustainability. If Swiss Life identifies any ESG-related deficiencies during its risk assessment, it seeks to sensitise its customers to the topic through dialogue along with information. If indications of a lack of respect for human rights are identified during the risk assessment, this may lead to the insurance application being rejected following clarification with the applicant.

Swiss Life has products with integrated sustainability aspects in various markets. For example, Swiss Life in France has developed a sustainable investment solution with a focus on responsible management as well as ESG criteria. As part of its continuous product development processes, Swiss Life works on other sustainable insurance, pension and financial products.

### **Sustainable products in asset management**

Customers in the investment business can also benefit from Swiss Life's ESG competencies and experience. In asset management, Swiss Life has a range of sustainable investment products. These include the securities fund in France or ESG solutions in the area of emerging markets, which have been awarded the SRI sustainability label. SRI is a sustainability label for financial products recognised by the French government. Development of "impact products" has been continued in the real estate area. These products, which focus on investments that have a positive impact on sustainable development, will supplement the existing ESG offering in other asset classes in the future. In addition, Swiss Life develops new investment solutions and strategies in various asset classes that focus on specific ESG topics or on companies that meet strict sustainability criteria.

## *Digitalisation*

*Swiss Life is pursuing digitalisation along the entire value chain. The focus is on initiatives that create sustainable added value for customers and employees.*

As a pensions and financial services company, Swiss Life puts people at the centre of its business. The same applies to digitalisation. The roughly 15 800 advisors who conduct Swiss Life's dialogue with customers have access at all times to digital solutions that support them in the advisory process. Personal contact remains a decisive factor in this regard. This purposeful combination of personal advice and digital support is at the root of Swiss Life's "phygital approach".

In this way, Swiss Life is meeting an area of customer demand – as clearly highlighted by a representative survey conducted by the company in 2019 in Switzerland, France and Germany. People want digital aids that help advisors to identify the best solution and thus give them more time to provide personal advice.

### **Staying close to customers during the pandemic thanks to video consulting**

The number of consultations increased sharply in 2020 due to the predominantly digital customer contact. The fact that more customers were at home and reachable due to the measures taken to contain the Covid-19 pandemic also contributed to this increase. Thanks to early investments in digital initiatives and tools, Swiss Life had already created the technological framework it needs to remain available to its customers during the Covid-19 pandemic. As client visits were temporarily no longer possible, digital communication tools such as video consulting were increasingly used. In Germany alone, for example, the number of video consultations per month has increased roughly sixfold. The much more frequent use of virtual advisory services led to a reduction in CO<sub>2</sub> emissions in the year under review due to advisors' restricted travel activities. This has a positive impact on Swiss Life's carbon footprint (see the chapter on "Sustainability in the Environment").

### **Digital customer portals and new forms of collaboration**

In addition to its personal advice, Swiss Life offers its customers access to, among other things, online portals, where they can view their documents anytime and anywhere, make appointments, request offers and make changes quickly and unbureaucratically. Online tools are also provided so that customers can simulate scenarios on their own. They can decide how they want to interact with Swiss Life and choose their own mode of access. Swiss Life applies industry standards and uses digital solutions to avoid discontinuities in the use of media and guarantee high quality.

It also makes increasing use of digital platforms within the company. Group-wide collaboration software makes it possible to hold internal and external meetings in virtual rooms and to jointly edit or share files. Thanks to early investments in the digital workplace and mobile working, Swiss Life was able to continue operating across organisational and divisional lines during the Covid-19 pandemic. This enabled Swiss Life to safeguard business processes at all times and to remain available for its customers and partners.

## Responsible Investing

*Swiss Life has for several years been systematically integrating ecological and social factors, as well as aspects of good corporate governance, into the investment process and risk management for nearly 90% of the assets it manages. In the year under review this approach was developed further to include a special focus on climate scenario analyses and the integration of climate indicators into the investment process.*

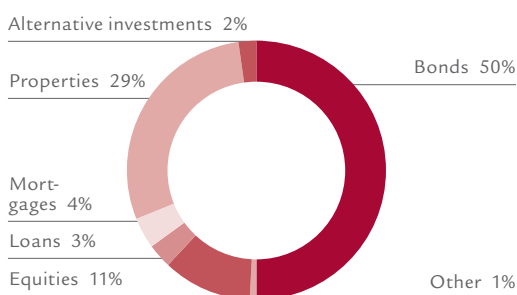
Swiss Life is an asset manager for its proprietary insurance companies and for third-party clients, such as pension funds, other insurers and private investors. The long-term protection of customer funds and the optimal allocation of risk capital are the main objectives. Invested assets must be secure, profitable and liquid in their entirety. Due to the long-term nature of its liabilities, Swiss Life invests predominantly in fixed-income securities such as government and corporate bonds as well as in real estate, equities and infrastructure. Its investment decisions have always been informed by a long-term assessment of risks and returns.

To further strengthen its commitment to responsible investing, Swiss Life has formalised its approach to integrating ESG criteria into investment and risk management processes. The resulting Responsible Investment Framework is aligned to the Principles for Responsible Investment (PRI). Swiss Life as asset owner and Swiss Life Asset Managers as investment manager, as well as all the subsidiaries, are fully committed to the PRI and disclose their responsible investing activities accordingly. In the year under review the PRI rewarded this achievement with (among other things) an A+ rating in the Strategy and Governance module.

As a major investor, Swiss Life is committed to ensuring that direct investments in its portfolio are in line with Swiss Life's fundamental standards and values. As a signatory to the UN Global Compact, Swiss Life is committed among other things to the fundamental principles for respecting human rights and protecting the environment.

### Assets under management<sup>1</sup> – breakdown by asset class

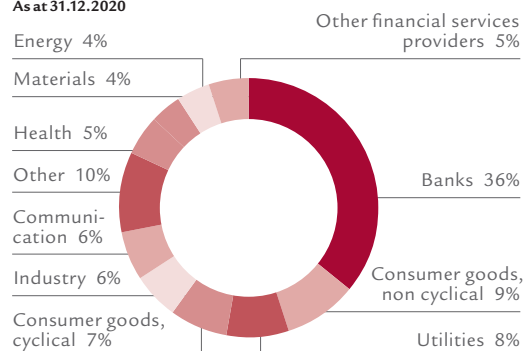
As at 31.12.2020



<sup>1</sup> total assets under management for insurance business and third-party-clients

### Corporate bond portfolio<sup>1</sup> – breakdown by industry sector

As at 31.12.2020



<sup>1</sup> Managed corporate bonds for the insurance business (CHF 45.4 billion)

### **Systematic integration of ESG criteria**

Swiss Life systematically integrates ecological and social factors, including aspects of good corporate governance, into the investment process and risk management for all asset classes. This results in a broader information base and more balanced risk cover.

ESG factors are taken into account in nearly 90% of the total assets managed by Swiss Life. The remaining 10% are investment products such as share index-tracking strategies or mortgages, where this sustainability approach currently still cannot be used because of their product structure. The sustainability approach is applied not only to proprietary assets, but also to third-party assets.

### **Sustainability in securities investment**

In the investment process for securities – for example, shares and corporate and government bonds – Swiss Life uses, among other things, analyses by an independent international ESG research and valuation service provider. ESG information on over 14 000 share and bond issuers worldwide helps Swiss Life to swiftly identify and anticipate the risks relating to environmental and social issues as well as governance aspects. This ensures early recognition of risks arising from ESG problems such as infringements of labour law, shortcomings in corporate governance and indications of corruption or environmental risks relating to climate change. Swiss Life sets ESG thresholds based on external ratings to steer clear of issuers with a poor ESG performance. Specifically, issuers that have a low ESG rating or are involved in serious ESG controversies are avoided. In its credit analyses for fixed-income investment issuers, Swiss Life takes into account climate indicators such as carbon footprints in addition to ESG ratings and controversy assessments. On this basis, detailed credit reports are formulated and analysed by the risk committees. Unlike fixed-income investments, for which Swiss Life pursues an active investment approach, a passive approach is taken for equity investments. As a result, there is limited flexibility to exclude investments from the investment universe. In most of the equity investment strategies, however, ESG ratings or controversies are used as a factor to optimise the portfolio. In addition, a great deal of importance is attached to the exercise of shareholder voting rights in equity investments. The exposure to portfolio companies will also be gradually expanded over the next few years.

### **Climate risks and exit from coal for power stations**

Swiss Life supports the goals of the Paris Agreement. For example, it has defined a strategy for its insurance business investments to exit the carbon-intensive coal sector. Swiss Life refrains from investing in bonds issued by companies which derive more than 10% of their revenue from the mining, extraction and sale of coal for power stations. In the year under review, all securities of these coal companies were sold. A corresponding threshold also applies to infrastructure investments: Swiss Life does not invest in projects or companies in which more than 10% of the company or project valuation is attributable to contributions from transactions involving coal for power stations.

Swiss Life endeavours to persuade third-party customers to apply a similar exit strategy to their assets.

Climate change and the associated risks are also central to the “active ownership” approach. Recently, Swiss Life joined “Climate Action 100+” in order to support this collective undertaking. Swiss Life has also launched a green investment programme. Here the carbon footprint of companies and countries is used to control the portfolios’ carbon intensity. In this context, Swiss Life has also set itself the goal of investing CHF 2 billion in green bonds by 2023.

### Further selective exclusions

For all its assets, Swiss Life has defined specific limits for investment in the defence industry. Swiss Life recognises that sovereign states have a right to self-defence, but refrains from investing in companies that are significantly involved in the production of internationally banned armaments such as land mines, cluster ammunition, and chemical, biological and nuclear weapons. For this, Swiss Life uses data from an independent ESG research and rating service provider plus the generally known exclusion lists for controversial weapons published by PAX, an international non-profit and NGO-type peace organisation, and from SVVK-ASIR, the Swiss association for responsible investments.

### Exercise of voting rights

Swiss Life also represents its interests by exercising voting rights and actively fosters responsible investing through “active ownership”. In this way, it strives to increase the company’s long-term value. ESG factors are used to make a balanced assessment of the purpose of motions and the overall benefits for the respective company’s shareholders. In the past financial year, for instance, Swiss Life voted for corporate transparency in social and environmental aspects and for better governance. When exercising voting rights, Swiss Life uses analyses and services provided by the external proxy advisory firm Institutional Shareholder Services (ISS) and other sources. In 2020, Swiss Life voted 5750 times at 310 annual general meetings. In 0.3% of cases it deviated from the recommendations made by ISS and in 9% of cases it voted against the Board of Directors.

### Scenario analyses

Swiss Life seeks to minimise the transitory and physical risks associated with climate change in the management of its investment portfolio by focusing on sustainable long-term investment. Thus forward-looking indicators from scenario analyses (e.g. “climate value-at-risk”) are integrated into the investment and risk management processes in addition to carbon intensity. In order to better assess its understanding of climate risks, Swiss Life has participated in the Paris Agreement Capital Transition Assessment (PACTA) since 2017. This was organised by the Swiss Federal Office for the Environment (FOEN) and the “2°Investing Initiative”. The integration of climate scenario metrics and the further application of different transition scenarios will be continued step by step.

### Responsible real estate management

Swiss Life is one of Europe's leading real estate investors and has the biggest private real estate portfolio in Switzerland. Preserving and increasing value in the long term and ensuring sustainable earnings are of central significance to Swiss Life. All decisions are thus oriented to a long-term property life cycle.

To ensure that sustainability criteria can be integrated systematically into the value creation process in real estate investment, Swiss Life has developed its own Responsible Property Investment Framework. Applying to all real estate management activities, this optimises the environmental and social aspects of the real estate portfolio.

- In the transaction process, a due diligence checklist is used to identify sustainability opportunities and thus highlight potential to increase value. At the same time, this checklist allows early identification of potential risks so that value can be preserved in the long term.
- Sustainability aspects play a central role in real estate development, from the feasibility study to the construction decision, and are integrated into the planning process. For example, Swiss Life defines minimum energy standards, examines ecological risk profiles, analyses the socio-economic effects of real estate development projects and decides on the certification of buildings according to sustainability labels such as Minergie, DGNB, SGNI, LEED, BREEAM and HQE. These labels provide external confirmation of the sustainable quality of buildings.
- Implementing sustainability measures in property management – for example extensive renovation, specific optimisation measures, efficient in-house utilities and maintenance work – helps reduce energy consumption in the portfolio. In turn, the associated increase in the energy efficiency of the properties leads to a reduction in CO<sub>2</sub> emissions. Energy-related maintenance activities (e.g. replacement of heating generators or refurbishment of the building shell) can thus produce energy and CO<sub>2</sub> savings of up to 50% at the properties concerned. In this way, dependence on fossil fuels is reduced further, with a shift to renewable energy sources (e.g. photovoltaics, geothermal energy, use of river and sea water or pellets).
- Swiss Life brings about improvements through energy-saving settings for technical installations and smaller-scale refurbishment measures with a shorter payback period (e.g. lighting systems or insulation of water pipes). Energy and CO<sub>2</sub> savings of around 10% can be achieved through these optimisation measures.

### Global Real Estate Sustainability Benchmark

Since 2018, Swiss Life has participated in the annual Global Real Estate Sustainability Benchmark (GRESB). This sustainability benchmarking analysis enables Swiss Life to systematically measure sustainability aspects of the real estate portfolios evaluated and integrate them into its facility management. In 2020, almost 65% of the total real estate assets under management and around 85% of the proprietary insurance asset management portfolio of Swiss Life Asset Managers were submitted to the GRESB. Nine out of twelve audited portfolios were awarded the label "Green Star".



### **Sustainability in infrastructure investments and clean energy investments**

Swiss Life incorporates ESG considerations, including a systematic ESG analysis, in the due diligence process of infrastructure investments. Each investment recommendation includes an ESG section that indicates the rating for 12 ESG themes and an aggregated ESG score. The rating is based on a systematic ESG questionnaire developed in-house to assess indicators in various areas and covers all ESG topics. Swiss Life also monitors ESG criteria and relevant developments on a quarterly basis as part of the regular monitoring processes of its underlying assets.

The infrastructure funds managed by Swiss Life Asset Managers and the Fontavis subsidiary hold several infrastructure properties in the field of renewable energies as direct investments. Swiss Life Asset Managers and Fontavis have some CHF 1.1 billion invested in wind farms, hydro, solar and biomass power plants, primarily in the USA and Europe. In total, around 2.4 GWh of renewable energy is produced in these plants, which corresponds to the energy supply for around 310 000 Swiss households. Thus Swiss Life's infrastructure investments contribute to achieving the goals of the Paris Agreement.

### **Responsible Investment Report**

In the year under review, Swiss Life Asset Managers published its first cross-asset-class Responsible Investment Report. The report can be downloaded under the following link:  
[www.swisslife-am.com/rireport](http://www.swisslife-am.com/rireport).

## Compliance at Swiss Life

*Swiss Life sets great store by compliance with all applicable legal provisions and regulatory stipulations. Correct and honest employee behaviour is an indispensable prerequisite for this.*

### Code of Conduct

The Code of Conduct contains Swiss Life's Group-wide values and principles and its rules of conduct, which are binding for all employees.

Integrity and trustworthiness	Avoidance of conflicts of interest; mandates and secondary commercial activities; pecuniary advantages and invitations; insider information
External representation of Swiss Life	Authorisations; corporate communication; corporate identity
Confidentiality and data protection	General information on data handling, special protection of personal data and commercial secrets, need-to-know principle, data security and use of IT resources
Prevention of money laundering, combating terrorism financing, sanctions and embargos	Customer identification and monitoring of business relationships for money-laundering, the financing of terrorism, sanctions and embargos
Conduct towards customers	Due diligence in advising and how to deal with complaints
Cooperating with business partners	Due diligence in the selection of business partners including the incorporation of ethical considerations and environmental factors in the selection process
Products	Review of products
Contracts and agreements	Contracts, anti-competitive behaviour and copyright
Personal conduct and security at the workplace	Non-discrimination, dealing with private activities, collegiality and handling access rights
Reporting of material misconduct and implementing the Code of Conduct	Identifying and reporting misconduct; reporting investigations or legal proceedings, implementation of the Code of Conduct

The Code of Conduct applies Group-wide and is reviewed at regular intervals and adjusted as necessary. Acceptance and observance of the Code of Conduct is confirmed by all employees when they join the company. The Code of Conduct can be viewed at [www.swisslife.com/en/coc](http://www.swisslife.com/en/coc).

Swiss Life has local internal reporting offices that promptly investigate any suspected violations of the Code of Conduct. In this context, anonymous reports are also accepted.

### **Business conduct compliant with the law and conducive to integrity**

Established processes ensure adequate identification, management and monitoring of compliance and data protection risks at Swiss Life.

Compliance monitors and assesses the legal and regulatory environment, taking account of local legislation. The aim is to comply with legal and regulatory requirements and to prevent all forms of corruption and bribery. Swiss Life also considers it very important to observe and comply with sanctions and embargoes, as well as the provisions relating to the prevention of money laundering.

Regular risk assessments as well as ongoing and comprehensive compliance reporting to the Audit Committee of the Board of Directors and the Risk Committee of the Corporate Executive Board are carried out to safeguard their respective responsibilities. These support the implementation of all requisite measures at Group level and within the business units.

The compliance framework is subject to periodic review and is reworked and adapted to new prerequisites as necessary. The duties, responsibilities and competencies of Compliance are set out and documented within the governance framework of Swiss Life.

Swiss Life incurred no significant monetary penalties or fines during the year under review, nor did the company make any settlements in connection with corruption charges or anticompetitive conduct.

### **Directives system**

Swiss Life maintains a complete set of directives to ensure that the Code of Conduct is put into practice in daily activities. The directives contain binding Group-wide minimum standards which are included in the local regulations of all business units. The directives are periodically reviewed in terms of relevance and accuracy and, if necessary, adjusted to new regulatory and business requirements.

### **Training**

Regular training ensures that the employees are kept informed about the relevant compliance themes and directives. Within six months of joining, all new employees throughout the Group receive training on the Code of Conduct and essential rules of behaviour as well as on the data protection and data security requirements. Also within this period, all new employees are given training – to the extent relevant for their area of work – in preventing money-laundering, in com-

bating the financing of terrorism and in sanctions and embargoes. All employees also undergo refresher training on these issues every two years. During these training sessions, employees are required to confirm their adherence to the Code of Conduct. Participation in such training courses is mandatory and subject to monitoring, and the aim is a 100% participation and success rate. Divisions for which the regulator has prescribed more frequent training must undergo refreshers more often. As of 2020, moreover, some external advisors and other contractors are being trained in compliance issues or required to give a contractual assurance that they will comply with the Code of Conduct.

### **Data protection**

Data protection has priority at Swiss Life. All legal, regulatory and internal requirements are implemented throughout the Group. Group-wide standards for data protection have been defined. These cover all areas of business and are specified and implemented through divisional data protection directives and data protection consent forms. These govern the processing, storage, deletion, archiving and transfer of data and documents. In addition, Swiss Life has binding standards and regulations for uniform data classification, the handling of personal and highly sensitive data and for trade secrets, as well as for the rights of data subjects, such as the right to access, rectification and deletion. When processing personal data, Swiss Life consistently complies with the applicable regulations for Switzerland and the EU, and with other local laws. Swiss Life provides personal data to third parties only if the latter are to process it on behalf of Swiss Life.

Infringements of data protection must be reported immediately to Compliance, and information security incidents are handled consistently throughout the Group as part of operational risk management. The compliance framework contains defined processes for dealing with infringements of data protection. These include, for example, informing the data subjects and supervisory authorities.

There were no significant data protection infringements within the Swiss Life Group during the reporting year.

The individual divisions have their own data protection officers and ensure that their employees are all given regular mandatory training in the material. The line implements these requirements and assesses their observance in collaboration with the relevant divisional Compliance teams, as well as at Group level. Compliance regularly assesses the implementation and observance of the applicable provisions. The Board of Directors' Audit Committee and the Corporate Executive Board's Risk Committee are kept informed on an ongoing basis about data protection topics within the framework of compliance reporting, thus assuming their responsibility in the area of data protection. Corporate Internal Audit regularly reviews data protection as part of its auditing activities and addresses any weak spots with the appropriate measures.

Data are secured and protected with the appropriate organisational and technical protection measures and are a part of risk management. More information on risk management can be found in the Annual Report in the "Risk Management" section from page 79.

## Sustainable Procurement

*Swiss Life also requires its external service providers and suppliers to comply with these high sustainability standards and to thereby accept their responsibility towards their employees, society and the environment.*

### Group-wide principles for sustainable procurement

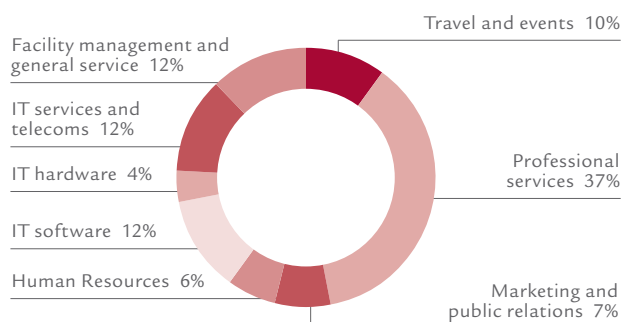
<p>Our standards as a consumer</p>	<ul style="list-style-type: none"> <li>✓ We treat our suppliers and service providers fairly</li> <li>✓ We communicate clearly and understandably</li> <li>✓ We buy locally and sustainably</li> </ul>
<p>Our expectations of our suppliers and service providers</p>	<ul style="list-style-type: none"> <li>✓ Compliance with Swiss Life principles</li> <li>✓ Compliance with legal regulations must be assured at all times</li> <li>✓ We expect our suppliers to honor the same social, human rights and environmental standards as we do</li> </ul>
<p>Our expectations for products and services</p>	<ul style="list-style-type: none"> <li>✓ Satisfaction of Swiss Life's general expectations regarding the person, society and the environment</li> <li>✓ Environment-friendly distribution, transport and production appropriate to the product</li> </ul>

Swiss Life mainly accesses products and services from the following categories for its insurance business:

- Professional services (advisory services for example)
- Marketing and public relations
- Human resources
- IT services and telecoms
- IT software and IT hardware
- Facility management services (e.g. security personnel, building maintenance, cleaning) and general services (refreshments, electricity, gas, etc.)
- Travel and events

### Percentage split of purchasing volume by category

As at 31.12.2020



Most of the suppliers and service providers in Switzerland are domestically based. About 20% are from the EU.

Swiss Life also works mainly with national suppliers in its other core markets of France and Germany. Foreign suppliers account for under 5% in both countries.

When working with major international companies in the IT area, Swiss Life works wherever possible with their national companies at all locations.

Moreover, Swiss Life is one of Europe's leading real estate investors and has the biggest private real estate portfolio in Switzerland. In this context, Swiss Life mainly uses external services for architecture and expert planning services plus general construction services.

### Guidelines for suppliers and service providers

In all divisions, companies that wish to work with Swiss Life must be able to ensure compliance with the relevant statutory provisions. Evaluation of key suppliers and service providers is integrated in the Swiss Life Group's risk management framework.

If any of the agreed standards are violated, Swiss Life demands that corrective measures be implemented. In the event of serious or repeated violations, the cooperation will be terminated. The right to carry out possible audits of suppliers and service providers is contractually agreed. This may include requesting confirmation of ISO certification, checking the validity of such certification and analysing the underlying reports.

When concluding contracts with suppliers and service providers in the core markets of Switzerland, France and Germany, Swiss Life expects them to guarantee the following standards as a rule:

- Compliance with applicable environmental and climate protection standards
- Compliance with legal regulations on working hours and ensuring working conditions that do not endanger employee health or security.
- Fulfilment of legal regulations relating to salaries, compensating of overtime and payouts.
- Ensuring that their employees can work in an environment free of discrimination on the basis of race, gender, religion, origin, disability, age, sexual orientation, handicap or other attributes.
- Respect for employees' rights of association and collective bargaining.
- Renunciation of child and forced labour
- Compliance with the Universal Declaration of Human Rights (UDHR)

In its core markets of Switzerland, France and Germany, Swiss Life gives preference to products and services from companies that can be shown to have a certified environmental management system (ISO 14001 or EMAS) and general quality certification (e.g. ISO 9001 or ISAE 3402).

In France, Swiss Life commits to monitoring its strategic suppliers' environmental, social and ethical risks based on the EcoVadis methodology, which is derived from a framework of 21 corporate social responsibility criteria. The methodology is oriented towards leading and recognised standards, such as the GRI Sustainability Reporting Standards, the "UN Global Compact" and ISO 26000, and is supervised by an international scientific committee. When issuing tenders, moreover, Swiss Life France routinely asks for any available corporate responsibility rating results and ISO certification, and decides on a case-by-case basis whether certification is required as a basis for cooperation.

Swiss Life aims to enhance the monitoring of the environmental, social and ethical risks of its strategic suppliers through appropriate monitoring platforms in all its core markets. At the start of 2020, moreover, Swiss Life launched a Group-wide initiative for the continuous development of sustainable procurement principles. As part of this initiative, Swiss Life has harmonised the procurement of office IT equipment across the Group and exclusively procures sustainability-sealed devices under global contracts. Swiss Life switched to certified paper for its new procurement of brochures for customer advisors.

## *Sustainability in Society*

*As a provider of life and pensions and financial solutions, Swiss Life assumes social and economic responsibility. In addition, Swiss Life supports projects and institutions in the fields of culture, science, education and research that promote self-determination and confidence.*

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## *Economic Responsibility*

*Swiss Life makes a major contribution to the national economy, both as a provider of products and services and as an employer, taxpayer and investor. Swiss Life enables people to lead a self-determined life, and thus makes a positive contribution to society.*

In Switzerland, the insurance sector as a whole generates gross value-added of approximately CHF 30 billion and makes a significant contribution of nearly 5% to the country's economic output.

However, Swiss Life's economic contribution is much more than that.

- Insurance companies use statistical tools to transform hazards and uncertainties into risks that can be assessed and managed. Over the past centuries they have thus fundamentally shaped society's view of risk: instead of being viewed as a potential loss, risks are now seen rather as an opportunity to break new ground.
- Swiss Life covers risks and, with its products and services, offers people the chance to focus on their skills. That allows them to look to the future with self-determination and confidence. Swiss Life's services help people to accumulate capital, and ensure they achieve financial security.
- Through their expertise and work, Swiss Life advisors make a key contribution to improving financial literacy in society and giving people a better understanding of their financial and pension situation.
- As a long-term investor, Swiss Life also contributes to the stability of the financial centre and provides vital risk capital to companies and institutions.
- Swiss Life is one of Europe's leading institutional real estate investors and has the biggest private real estate portfolio in Switzerland. It invests several hundred million francs a year in the renovation of its properties; in doing so it helps to shape the urban landscape and create living and working space, while also being a major client for the construction industry.
- As a taxpayer, Swiss Life makes a contribution to the economy and to society, as well as offering jobs and training opportunities to many people in its role as an employer.

Swiss Life's business makes an important contribution to society. The consequences of demographic change are widely underestimated and entail new challenges. As people live ever longer and state pension systems reach their limits, every single individual is having to take on greater personal responsibility for their own future provisions and financial situation. At the same time, self-determination is a basic human need, and informs the company's purpose: Swiss Life enables people to lead a self-determined life.

## *Political Commitment*

*Political and regulatory conditions have a major influence on Swiss Life's operating environment. For example, they directly affect product design and processes as well as the way in which information is reported to shareholders, supervisory authorities and the public. Swiss Life therefore cultivates an active dialogue with politicians and contributes its viewpoints.*

Swiss Life is committed to promoting a competitive business location and appropriate regulation in all its markets. In this, it focuses on the most significant issues for its business areas, for example pensions and insurance, investment and asset management, real estate management, customer advice, and insurance solvency and consumer protection requirements.

A Political Communication Steering Committee defines the strategic focus. Its members are the Group CEO and the Group CFO, the CEOs of the divisions headquartered in Switzerland, the General Counsel, the Chief Risk Officer, the head of Group Communications and Strategic Marketing, and the Head of Group Human Resources. The steering committee meets four times a year and defines its political communication priorities. The Swiss Life Group's Public Affairs team is responsible for implementing the measures at operational level.

### **Stakeholder management and work on industry associations**

Swiss Life fosters contacts with representatives of the political, administrative and business communities as well as with supervisory authorities. In its direct exchanges with political groups, Swiss Life aims to better understand their opinions, expectations and perceptions while at the same time gauging how the enactment or amendment of legal principles could affect its business. In Switzerland, parties of the political centre-right and individual politicians receive financial support, mainly for their election campaigns. The total amount of support provided during the year under review was around CHF 500 000. No support was provided to political parties in the markets outside Switzerland. In this area, the company is guided by the rules in the Swiss Life Group Code of Conduct, as specified in the internal directive "Code of Conduct". These rules stipulate, for example, that donations to political parties in the home market of Switzerland must be free of any obligation.

Political advocacy work and communication in Switzerland, France and Germany are closely coordinated with trade associations. Moreover, a number of company executives are members of various national trade associations. The Chairman of Swiss Life's Board of Directors, Rolf Dörig, is Chairman of the Swiss Insurance Association (SIA). In addition, members of the Corporate Executive Board and Swiss Life employees work on various SIA committees.

Swiss Life France is a member of the French Insurance Federation (Fédération française de l'assurance, FFA), France's largest trade association in the insurance sector. The company is represented through a number of employees who actively participate in the committees for different insurance-related themes.

With its Public Affairs unit, Swiss Life Germany adopts positions on the most relevant regulatory issues. These are then projected to decision-makers in politics and society as well as through the committees of key industry associations. Swiss Life Germany is a member of the German Insurance Association (GDV) and of various associations representing intermediaries. Swiss Life Germany also maintains regular exchanges with the AfW Bundesverband Finanzdienstleistung e.V. (German federal association of financial service providers) and the Verband unabhängiger Finanzdienstleistungs-Unternehmen in Europa e.V. (VOTUM).

In Switzerland, Swiss Life Asset Managers is a member of the Board of the Swiss Real Estate Association (VIS) and of the Asset Management Association Switzerland, and is also a member of the Conference of Investment Foundation Managers (KGAST) through the Swiss Life Investment Foundation. The managing director of subsidiary Livit Ltd chairs the Swiss Real Estate Association (SVIT Schweiz).

### **Committed to the militia system**

Swiss Life is committed to Switzerland's militia system (part-time public service). This promotes better understanding between the worlds of politics, society and business and enables valuable knowledge transfer. Swiss Life therefore supports employees who take on a political or public office. Full-time employees can use up to 20% of their working hours for such work. In addition, Swiss Life organises regular events in Switzerland for employees who hold public or political mandates. During the reporting period, Swiss Life organised the fifth "Transfer" event in conjunction with Avenir Suisse, Swiss Re, Zurich Insurance Group, Helvetia, Baloise Group and Axa. At this event, over 95 mandate holders from different companies discussed current political issues.

## Corporate Citizenship

*Swiss Life supports projects and institutions in the fields of culture, science, education and research, and operates seven of its own foundations. The focus is on encouraging commitment, self-determination and confidence.*

### Switzerland

- In 2005, Swiss Life founded the “**Perspectives**” Foundation, which supports charitable initiatives in the fields of health, science, education, culture and sport and spends CHF 1.3 to 1.5 million every year on social charity projects in Switzerland. In 2020, support totalling around CHF 1.3 million was provided for 126 projects. All funds are made available in their entirety by the founder, Swiss Life.
- A second foundation Swiss Life runs in its home market of Switzerland is the “**Anniversary Foundation for Public Health and Medical Research**”, founded in 1957 on the occasion of the company’s centenary. This foundation supports medical research projects and specific charitable organisations for people with physical and mental disabilities. Swiss Life has made annual donations of around CHF 400 000 to this foundation in recent years.
- The Swiss Life Select distribution company operates the “**Confidence for Children**” foundation in Switzerland. This seeks to improve the life and development opportunities of disadvantaged children and give them a better chance of leading a self-determined and independent life. Among its key undertakings are two projects in Kyrgyzstan providing medical care to children with cleft lips and palates. The foundation receives key support from Swiss Life Select’s financial advisors and employees, who donated around CHF 143 000 to the foundation in 2020. Swiss Life Select Switzerland pays all the foundation’s administrative costs.
- In addition to these commitments to foundations, Swiss Life promotes Swiss film-making and helps artists go their own creative way. Due to the global pandemic, 2020 was a challenging year full of uncertainty for cultural production. Swiss Life stood by its commitments even during this challenging period and provided all the support that had been pledged. For example, Swiss Life supported both the Solothurn and Locarno film festivals in 2020. Moreover, Swiss Life has supported classical music in Switzerland for years through its financial commitment to Tonhalle-Orchester Zurich, the Zurich Opera House, the Lucerne Festival and the Davos Festival.
- Swiss Life Asset Managers has sponsored the “**Swiss Life Thesis Award**” for the past seven years. The Award, presented in cooperation with the Institute for Financial Services Zug (IFZ), part of Lucerne University of Applied Sciences and Arts, and the business journal Finanz und Wirtschaft, provides a platform for innovative and practice-oriented research work at Swiss universities. The best theses in the fields of investment, financial markets, financial services companies, financial instruments and corporate finance are singled out for awards each year. The “Swiss Life Thesis Award” comes to CHF 20 000 in total.

## France

- Since its inception in 2008, the **“Fondation Swiss Life”** has been supporting long-term projects with its partners in the fields of health, art and social engagement. The initiatives sponsored include the “Curie” institute, the “Association France Alzheimer”, the “Prix Swiss Life à 4 mains” art prize and the “Aider à Aider” social project. Due to the Covid-19 pandemic, the “Fondation Swiss Life” made an additional budget available to support local solidarity initiatives. In addition, a partnership was established with the “Entourage” association for a project called “Les Bonnes Ondes”. The solidarity teams, which included Swiss Life employees, provide telephone support for people who have been suffering from loneliness during the crisis. Fondation Swiss Life donated a total of EUR 291 000 to all the various initiatives during 2020.

## Germany

- Through the **“Swiss Life Stiftung für Chancenreichtum und Zukunft”** (Foundation for opportunities and the future), Swiss Life Germany does its part for educational equity and equal opportunity in Germany. It works towards having as many people as possible – regardless of their social background – remain curious, acquire knowledge and, as a result, lead a self-determined life. The foundation is mainly financed with donations from employees and financial advisors. Swiss Life Germany covers its personnel and administrative costs, thus allowing 100% of donation revenues to go towards project work. This organisation is a pure support foundation: it supported more than 40 initiatives with over EUR 800 000 in 2020.
- In 2019, the “Swiss Life Stiftung für Chancenreichtum und Zukunft” initiated a multi-year strategic cooperative project with **“KinderHelden”**, a mentoring initiative that offers improved educational opportunities to primary school children with a difficult background and helps them integrate into society. The “KinderHelden” location in Hanover was opened that same year, followed by a further location in Munich in 2020. Employees and financial advisors from the distribution operations now serve as mentors on a voluntary basis, and are even more important to children during the coronavirus period than in “normal” times.
- Corpus Sireo, a German company belonging to Swiss Life Asset Managers, supports the charitable **“Cornelius Stiftung für Kinder suchtkranker Eltern”**, a foundation for children of parents suffering from addictions. This foundation focuses on the advancement of children from underprivileged homes afflicted by addiction, and thus offers them better perspectives for the future. Its average yearly donation volume is EUR 100 000.

## Other locations

- Swiss Life Select in Austria runs a foundation called **“Zuversicht für Kinder”** (Giving children confidence). During the reporting year, it supported 26 local and international aid projects as well as medical aid in specific cases. Donations of about EUR 70 000 were collected, mainly from Swiss Life Select financial advisors. With their help and the support of customers and private individuals, numerous children were given a new perspective in life. In addition, for the past four years Swiss Life Select in Austria has been the main sponsor of the “Junge Philharmonie Wien” (Vienna young people’s philharmonic orchestra).

## *Sustainability as an Employer*

*The success of Swiss Life is based on the skills and engagement of its staff. Swiss Life promotes the continuous development of its employees and offers them a working environment where they can act with personal responsibility.*

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## *Leadership and Employee Communication*

As a basis for successful leadership and communication, Swiss Life has established behavioural principles applicable throughout the Group. These serve as a formal framework for strengthening an open feedback culture. The focus is on encouraging employees to take personal responsibility. By delegating competencies and responsibility to employees, managers do not simply encourage their innovative capability and ability to act independently, they also express respect and appreciation, which leads to greater engagement from everyone. Through their leadership and communication, managers establish credibility and trust in their daily work, provide guidance and perspective, and put shared goals into practice.

Swiss Life's behavioural principles:

- I think consistently from the customer's point of view.
- I collaborate effectively in the best interests of the company.
- I act in an efficient and goal-oriented way.
- I work in a committed and agile manner.
- I build trust by listening and communicating openly.
- I pursue continual self-development.

The behavioural principles for managers:

- I think and act in an exemplary manner and in the best interests of the company.
- I create meaning and understanding within the context of our purpose.
- I trust my employees.
- I encourage appreciative collaboration.
- I promote the development of my employees.
- I set and achieve ambitious goals.

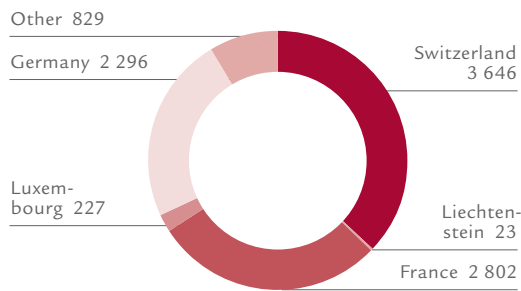
**Transparent human resources management through standardised processes**

The following Group-wide standard HR management processes are used to provide optimal support to managers and employees.

- Regular discussions with all employees
- Regular performance appraisals and feedback processes (setting of objectives and assessment/ Management by Objective) with all employees (100%)
- Discussions regarding career development and measures
- Decisions on salaries and promotions
- Strategy and value-oriented behaviour – as set out in the Group-wide behavioural principles for employees and management
- Assessment and management of employee risks

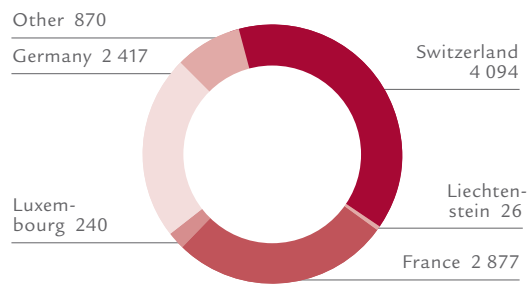
**Full-time equivalents by country**

Total 9 823 as at 31.12.2020



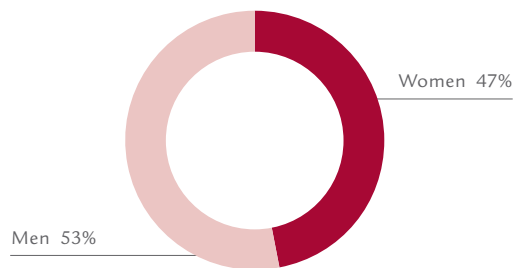
**Employees by country**

Total 10 524 as at 31.12.2020



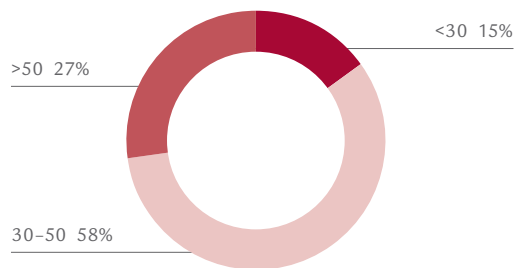
**Employees by gender**

Total 10 524 as at 31.12.2020



**Employees by age group**

Total 10 524 as at 31.12.2020





### Newly hired employees by gender per segment

Total 2 303 as at 31.12.2020

	Men	in %	Women	in %
Switzerland	250	60.5	163	39.5
France	251	42.0	347	58.0
Germany	178	45.2	216	54.8
International	80	46.2	93	53.8
Asset Managers	338	47.7	371	52.3
Other	8	50.0	8	50.0
<b>TOTAL</b>	<b>1 105</b>	<b>48.0</b>	<b>1 198</b>	<b>52.0</b>

### Departures of employees by gender per segment

Total 1 475 as at 31.12.2020

	Men	in %	Women	in %
Switzerland	145	60.4	95	39.6
France	181	40.8	263	59.2
Germany	96	45.5	115	54.5
International	55	40.2	82	59.8
Asset Managers	209	48.5	222	51.5
Other	7	58.3	5	41.7
<b>TOTAL</b>	<b>693</b>	<b>47.0</b>	<b>782</b>	<b>53.0</b>

Swiss Life performs a Group-wide employee survey on engagement every two years in cooperation with an independent research institute<sup>1</sup> to monitor employee satisfaction. The participation rate in the last survey (2019) was 89% (+2 percentage points compared with the 2017 survey). The engagement score for the Swiss Life Group shows the great extent to which employees are prepared to go the extra mile for Swiss Life: the figure of 73% is above average; it is six percentage points higher than the score for the peer group comprising the “global financial industry” and only one percentage point below the external benchmark comprising “the most successful companies worldwide”. The results help Swiss Life to develop together with its employees and, as an attractive employer, keep up to date with the times:

- The Switzerland division derived sector-specific measures from the results, which are presented to the management on a half-yearly basis. These include specific measures in connection with the behavioural principles and with personnel and leadership development.
- In the context of the “Swiss Life 2021” strategy and the survey results, Swiss Life France has deepened the topic of “development” and coordinated it with other HR activities: Initiatives include an integrated process for ascertaining individual development needs, a learning platform with innovative content (games, videos, podcasts etc.), soft skills training for managers, training courses in insurance and regulation, and 19 professionalisation courses with modules on the subjects of “knowledge/tools/customer relationships” adapted to the various professions. Employees are kept continuously informed via various communication channels, such as HR information days, workshops, the intranet and a newsletter.

<sup>1</sup> Korn Ferry, 2019

- Three main areas for action have been identified within Swiss Life International: firstly, to further improve internal communication by adapting content and tonality to the internal target audience (e.g. the use of videos); secondly, to enhance customer centricity and service quality through improved IT infrastructure; and thirdly, to adapt the organisation to the new generations while ensuring disciplined execution. The focus is on the digital experience at the workplace and on the facilities and internal processes that enable new and modern forms of collaboration. Furthermore, Swiss Life Select in Austria is implementing targeted measures to establish the topic of sustainability throughout the organisation.
- The Asset Managers division focused, among other things, on implementing the following projects: Launch of a modern digital workplace and a uniform HR system. In addition, a harmonised talent management system with a uniform performance management process and a uniform job architecture with a modern ranking system and a variable compensation concept with long-term incentives will be rolled out by 2022. All initiatives are accompanied by a comprehensive transformation and change programme.

## Awards

Swiss Life's commitment is also recognised by external organisations:

Division	2020	2019	2018
Switzerland	<ul style="list-style-type: none"> <li>- Top 100 Most Attractive Employers by "Universum"<sup>1</sup></li> <li>- Most attractive employer for students by "Universum"<sup>1</sup></li> <li>- Top Employer Certification (Swiss Life Select)</li> <li>- Best Recruiter – silver award</li> <li>- Top apprenticeship company for young sports talents Swiss Olympic</li> </ul>	<ul style="list-style-type: none"> <li>- Top 100 Most Attractive Employers by "Universum"<sup>1</sup></li> <li>- Top Employer Certification (Swiss Life Select)</li> <li>- Best Recruiter – silver award</li> <li>- Top apprenticeship company for young talents Swiss Olympic</li> </ul>	<ul style="list-style-type: none"> <li>- Top 100 Most Attractive Employers by "Universum"<sup>1</sup></li> <li>- Top Employer Certification (Swiss Life Select)</li> <li>- Best Recruiter – silver award</li> </ul>
France	<ul style="list-style-type: none"> <li>- Top Employer Certification</li> </ul>		
Germany	<ul style="list-style-type: none"> <li>- Top Employer Certification</li> </ul>	<ul style="list-style-type: none"> <li>- Top Employer Certification</li> </ul>	<ul style="list-style-type: none"> <li>- Top Employer Certification</li> </ul>
International		<ul style="list-style-type: none"> <li>- Swiss Life Liechtenstein family-friendly company</li> <li>- Great Place to Work Switzerland</li> </ul>	
Asset Managers	<ul style="list-style-type: none"> <li>- Fair Trainee Programme by Tendence (Corpus Sireo)</li> <li>- Top employer in the property industry by Immobilienzeitschrift (BEOS)</li> <li>- Real Estate Manager Award in the Human Resources category (BEOS)</li> <li>- Best Recruiter – silver award (AM Switzerland)</li> </ul>	<ul style="list-style-type: none"> <li>- Top employer in the property industry by Immobilienzeitschrift (Corpus Sireo)</li> <li>- TOP Job (BEOS)</li> <li>- Best Recruiter – silver award (AM Switzerland)</li> </ul>	<ul style="list-style-type: none"> <li>- Top 100 Most Attractive Employers by "Universum"<sup>1</sup> in Switzerland</li> </ul>

<sup>1</sup> Employer Branding Research Company, Stockholm

## *Employee Retention*

Swiss Life provides an extensive range of offers and opportunities for its employees to help them shape their working lives themselves through all phases of their career. With its Group-wide “Actively shaping your career” programme, Swiss Life aims to ensure the strengthening of employees’ individual resources. This takes into account and balances different operational requirements and personal needs in various phases of their working and private life.

### **Attractive benefits for employees**

Employees of the Swiss Life Group benefit from a wide range of operational benefits:

- With its “Actively shaping your career” initiative, which is based on the three success factors “Employability – remaining competitive through constant development”, “Diversity – diversity as a success factor” and “Work Ability – staying fit for work thanks to balance, motivation and health”, Swiss Life Switzerland offers support for managers and employees to optimally exploit the opportunities and challenges of their professional lives.
- Swiss Life France provides seniors with part-time employment at the end of their careers, plus health insurance, retirement provisions, opportunities to work from home and medical support.
- At Swiss Life Germany, employees can choose from an anniversary payment, special leave, conversion of money into holiday and a special bonus for recruiting new employees. Swiss Life Germany also entered into cooperation agreements with health insurers that guarantee employees better conditions on conclusion of contracts.
- At its Luxembourg location, the International division offers an Employee Assistance Programme which aims to offer support to employees in solving professional, personal or practical problems; employees also benefit from health insurance.
- Employees in the Asset Managers division have access to special leave, allowances for births and weddings, support with caring for family members and social counselling offers.

### **Work-family balance**

To ensure an optimal work-life balance, Swiss Life benefits are structured in line with local market conditions:

- Swiss Life Switzerland offers paid maternity leave in excess of legally required minimum, three weeks’ paternity leave (also in excess of the statutory minimum) and social counselling services. Furthermore, parents – like all other employees – can benefit from agreements on working from home.
- Swiss Life France offers paid maternity/paternity leave over and above the legally required minimum, and also provides childcare facilities.

- At Swiss Life Germany, depending on the location, there is either a company-owned childcare centre or a third-party-owned childcare centre, or else parents are supported by an external partner in their search for childcare opportunities. In order to relieve the burden on parents, there is paid work exemption in special cases, for example when children (up to 12 years of age) are sick. There is also an agreement on working from home.
- In the International division in Luxembourg, fathers benefit from eight days of paternity leave in excess of the legally required minimum. Furthermore, fathers and mothers can choose from several forms of parental leave lasting between four and 24 months. To achieve a better work-family balance, moreover, parents benefit from working arrangements that are not bound by time or location.
- To reconcile work and family commitments, Swiss Life Asset Managers offers maternity/paternity leave in Switzerland and Luxembourg exceeding the legally required minimum, plus part-time employment and job-sharing opportunities.

#### Number of employees taking maternity/paternity leave

Total 368 as at 31.12.2020

	Men	in %	Women	in %
Switzerland	2	6.7	28	93.3
France	35	32.4	73	67.6
Germany	34	49.3	35	50.7
International	7	11.9	52	88.1
Asset Managers	41	40.6	60	59.4
Other	–	0.0	1	100.0
<b>TOTAL</b>	<b>119</b>	<b>32.3</b>	<b>249</b>	<b>67.7</b>

#### Number of employees who returned to work following completion of maternity/paternity leave

Total 277 as at 31.12.2020

	Men	in %	Women	in %
Switzerland	2	100.0	28	100.0
France	35	100.0	40	54.8
Germany	31	91.2	29	82.9
International	7	100.0	25	48.1
Asset Managers	34	82.9	45	75.0
Other	–	0.0	1	100.0
<b>TOTAL</b>	<b>109</b>	<b>91.6</b>	<b>168</b>	<b>67.5</b>

## *Training and Development*

Swiss Life anticipates the rapid change in the world of work by offering varied and targeted training and development opportunities to update the professional and methodological skills of its employees. The training is open to all employees, regardless of age or hierarchical level.

Leadership training and skills development include courses both for employees who already hold a management position and for those who are new to such roles:

- Leadership programmes and a broad leadership development offering are available to both aspiring and experienced managers. At the same time, the Switzerland division is involved in the “Leaders in Exchange” programme offered by the Association of School Directors of the Canton of Zurich (VSLZH) in cooperation with *economiesuisse* (the umbrella association of Swiss business). The aim is to enable school and business leaders to exchange information on management issues.
- In France, Swiss Life offers various management training courses in cooperation with “Grande Ecole de Commerce KEDGE Business School”, leading to a recognised certificate.
- Due to the Covid-19 pandemic, the International division has introduced four training modules: first, a specific online training programme to improve team leadership in a pandemic; second, a module on “diversity and inclusion”; third, a module on “Energy for team performance” with the aim of improving the quality of life for team leaders and employees; and fourth, a module on “Leadership after the Crisis: the Role of Leadership during the Recovery”.
- Swiss Life Asset Managers has launched a programme to harmonise the learning and development offering with the aim of rolling out uniform guidelines for leadership and training standards by 2022. Furthermore, the “AM Leaders” programme enables managers at all levels to reflect on their own leadership conduct through supervision in four half-day modules and then to apply what they have learned in practice. The Livit Real Estate Management area has developed a leadership programme that aims to identify approaches, models and methods. The focus is on practical relevance, transfer into everyday work and exchanges with other managers.

To help them develop and retain skills, employees are offered training content that combines conventional training formats with a digital platform so that managers and employees can undertake advanced training anytime and anywhere under their own responsibility.

Thanks to partnerships with educational institutions such as universities, employees are offered a range of attractive training programmes:

- In cooperation with the Kalaidos University of Applied Sciences Switzerland, Swiss Life Switzerland has developed an internal course for employees leading to a Certificate of Advanced Studies. In cooperation with Fernfachhochschule Schweiz, the “Practice-oriented Bachelor’s degree in Computer Science” offers an innovative study model for Matura students who want to enter the world of work directly without having to forego a university degree. The foundation year is completed in cooperation with the “Bbc Vocational Training Centre”.

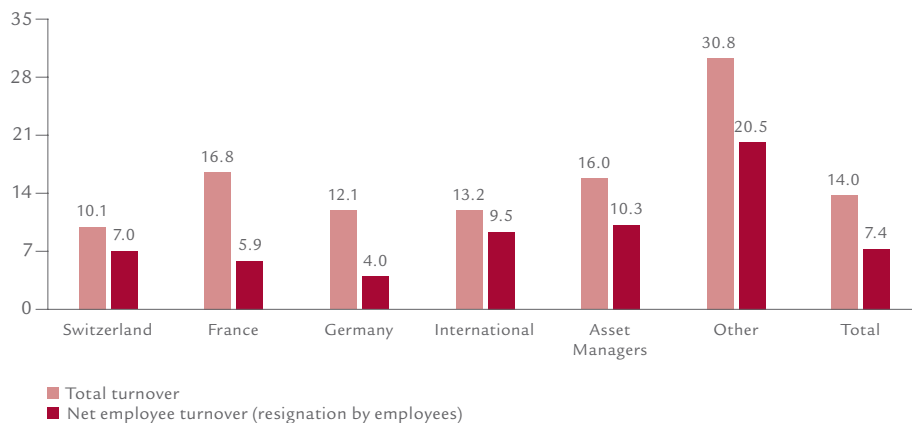
- For the training and certification of sales and asset management staff, Swiss Life France has entered into a partnership with KEDGE Business School, EM Normandie Business School and Université Dauphine, Paris.
- As part of initial training or during the course of study, Swiss Life in Munich collaborates with the relevant vocational schools, the Berufsbildungswerk der Deutschen Versicherungswirtschaft (BWV Munich) and the University of Applied Management (HAM).
- Swiss Life Asset Managers in Switzerland collaborates with UNIVERSA, the sole business network at the University of St. Gallen offering activities exclusively for female students.

The Swiss Life Group offers junior staff a wide range of vocational training courses, apprenticeships, internships, graduate and trainee programmes and combined university degrees:

- In cooperation with the VBV (Insurance Industry Vocational Training Association) and the Kaderschule Zürich management school, Swiss Life in Switzerland offers school-leavers a traineeship that combines post-Matura economics training with the VBV entry-level insurance programme. Swiss Life also collaborates with the VBV on commercial apprenticeships in the private insurance sector. Some 95% of trainees, interns and graduates on graduate training programmes are offered employment on completion of their training.
- Swiss Life France has established partnerships with educational institutions in the fields of insurance, actuarial services, finance and engineering. The budding professionals receive support in the development of their abilities, for example through a network of managers and tutors.
- At Swiss Life Germany, talented youngsters are offered a choice of training courses. In addition, there is a partnership with Hannover Center of Finance e.V., an initiative of Leibniz University in Hanover and various companies. There are also cooperations with the University of Applied Management and for the internships with the vocational training centres of Bavarian industry (bfz).

**Turnover by segment**

In 2020 (%)



## *Talent Development*

Swiss Life offers comprehensive succession planning and development programmes at various levels to give targeted support to young talent. Thus employees with a good performance track record and strong potential are nominated for a talent programme. These initiatives and programmes support efforts to open up career paths within the company – whether in people leadership, project management or specialist functions. This paves the way for key positions to be filled with qualified young managers from within the company.

The individual divisional talent pools help to prepare future first and second-level managers (team leaders and department heads) as well as project managers and specialists for their future roles through training modules and project work.

The Key Persons Programme (KPP) is intended for Swiss Life Group management, specialists and project managers who are already in a key function or show potential for such a function. The aim of the Group-wide programme is to prepare people who show the desire and ability to help shape the company's future in their own areas for a key position so they can live up to their role as decision maker. The programme also plays a role in employee and succession planning. Within a 12-month period, the participants acquire a detailed insight into the most important business areas within the Swiss Life Group, give and receive new impulses and apply what they have learnt to their daily work. The KPP's focus themes are:

- People leadership and communication
- Finance
- Innovation
- Corporate Strategy
- Future trends and organisational development

As a result of the Covid-19 pandemic, a substantial part of the programme's resources were invested in organisational development: participants in the two current classes, KPP 2019 and 2020, have spent seven months developing ideas on how Swiss Life can emerge stronger from the Covid-19 pandemic. Several groups looked at the impact of the pandemic on Swiss Life's business from three angles: from the customer's perspective, from the employee's perspective and from the perspective of external parties such as competitors or other industries. Experts supported the KPP teams with models and instruments from futurology and design thinking. 31 trends and 24 scenarios emerged from the analysis, seven of which were selected in consultation with the Corporate Executive Board. The KPP teams will now work out concrete measures for the next steps in consultation with the respective sponsor from the Corporate Executive Board. These will then be discussed in the Corporate Executive Board and implemented in the divisions.

Alumni of the Key Persons Programme meet the participants every year at the "Shaping the Future Day". This conference looks in further detail at strategically relevant issues in the context of implementing the current corporate programme; this involves discussing them with the Group Executive Board and other key people.

**Average length of service per employee**

In 2020

Switzerland	11
France	11
Germany	10
International	6
Asset Managers	5
Other	10
TOTAL	9

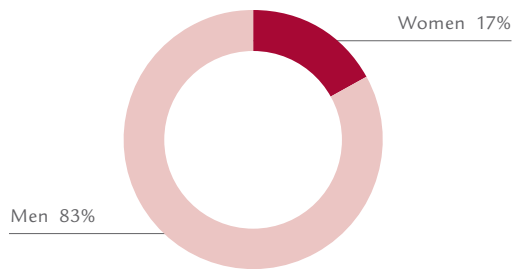


## Collaboration and Diversity

Mutual respect is the precondition for a work environment based on trust, in which employees are comfortable. Promoting diversity within the company is an important factor for corporate success. It enhances Swiss Life's ability to adapt to changing market conditions and helps it compete for qualified professionals.

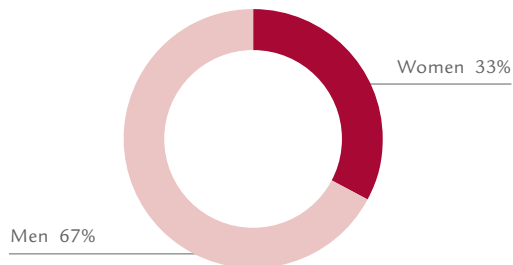
### Board of Directors by gender

Total 12 as at 31.12.2020



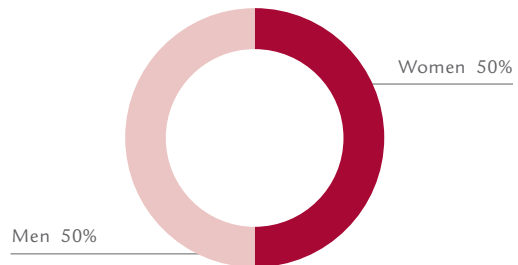
### Employees with management functions by gender<sup>1</sup>

Total 1 520 as at 31.12.2020



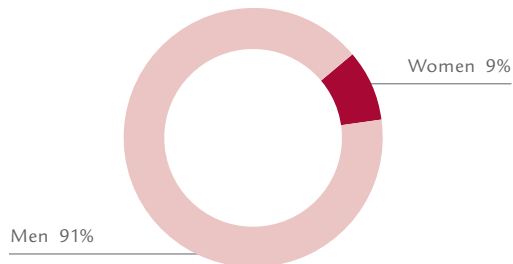
### Employees without management functions by gender

Total 9 004 as at 31.12.2020



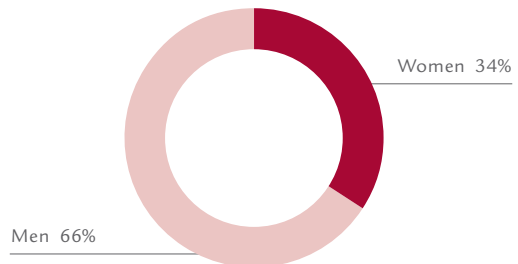
### Employees at senior and executive management levels by gender<sup>1,2</sup>

Total 56 as at 31.12.2020



### Employees at middle and lower management levels by gender<sup>1,3</sup>

Total 1 464 as at 31.12.2020



<sup>1</sup> Positions with leadership responsibility

<sup>2</sup> Members of the Group, division and business area management

<sup>3</sup> Department and team heads

### **Diversity and respect as the basis for collaboration based on trust**

The Group-wide Guideline on combating discrimination and promoting diversity and inclusion (according to the ILO Convention) forms the basis for the divisions' specific initiatives and programmes. These enable Swiss Life to pursue the goal of increasing diversity in its workforce as a whole.

- Swiss Life offers flexible working models for all career phases up to and beyond normal retirement age. These enable employees to continue working until the age of 70. More than 30% of employees over the age of 58 make use of these flexible working models. Through offers like these, Swiss Life ensures that specialist knowledge is passed on to the next generation. Swiss Life Switzerland also participates in a special project for young women which gives girls the opportunity to see female role models before and during their career choice. In addition, the participants learn to deal openly with their own development. Swiss Life is also involved in the expert group on the “MOZART” (“models for the future labour market 45+”) project. This forms part of the national “AGE-NT” innovation network which is financed by the State Secretariat for Education, Research and Innovation (SERI).
- Swiss Life France has launched a three-year plan for employees with disabilities that comprises job offers, workplace adaptation and the like, and has entered into a partnership with the national association “LADAPT” (L'association pour l'insertion professionnelle et sociale des personnes handicapées). In addition, attention is paid to engaging people of different nationalities when recruiting. Experienced employees receive support in planning their retirement: they are given 80% part-time employment for one year so that they can continue to receive 100% of the basic contribution payable by the employer.
- Employees of Swiss Life in Germany benefit from flexible working time models. At the same time, a working group is responsible for defining further development opportunities for employees aged 50 and over.
- Swiss Life International offers early retirement schemes at its Luxembourg location to enable working hours and workload to be gradually reduced over the last three working years. In addition, managers have been receiving targeted training on the subject of “diversity and inclusion” for the past two years.
- Swiss Life Asset Managers offers a range of measures aimed at actively promoting employee diversity. Measures include reverse mentoring and flexible working hours. Diversity and inclusion are proactively addressed and managed as part of succession planning and recruiting processes (e.g. through cooperation with UNIVERSA, University of St. Gallen).

Swiss Life uses targeted guidelines, regulations and processes to ensure that no bullying or discrimination on the basis of gender, ethnicity, language, religion, confession, national origin, age, sexual orientation, physical or mental handicap, marital status, political views, company rank, working model or level of employment, education or other (visible or invisible) personal characteristics is tolerated. Moreover, Swiss Life has established management processes and informal and confidential channels (e.g. an ombuds office managed by a third party) for reporting cases of discrimination or for submitting and handling complaints.

### Fair employment procedures free of discrimination

In accordance with valid national and international law and the conventions of the International Labour Organisation (ILO), the Swiss Life Group adopts fair and non-discriminatory employment procedures with the aim of ensuring equal opportunity. Recruitment and promotion are based exclusively on ability, skills and potential, in line with the requirements of the position in question. Fair and equal compensation for all employees is ensured by the Group Compensation Policy, which is applicable throughout the Group. In all its national companies and for some years now, Swiss Life has been using processes and instruments to close the gender-specific pay gap:

- in Switzerland, for example, Logib software from the Federal Office for Gender Equality is used to review equal treatment. Regular and systematic consideration of equal pay issues ensures that there is no gender discrimination in the pay structure. The next review is planned for 2021 as part of the revision of the Federal Act on Gender Equality.
- With regard to gender equality, Swiss Life France has continued its action plan to ensure equality of remuneration, launched in 2019, and earmarked corresponding resources for this purpose. The occupational equality index, as defined in the “Avenir professionnel” law, shows a result of 88 out of 100 points for 2019/2020. Analysis of the results makes it possible to define new measures, such as salary increases following maternity leave and the representation of women in senior management positions.
- Swiss Life in Germany has launched an initiative to promote female employees and female managers.
- Swiss Life International publishes a gender pay report every year at its UK location. The report contains the following four key figures: average and median figures on salary and bonus differentials, figures on the proportion of employees receiving a bonus, and percentiles by gender.
- At Swiss Life Asset Managers, equal pay for women and men is actively promoted, e.g. by way of the “Logib” software from the Federal Office for Gender Equality at the Swiss location. The index to measure equal opportunities governed by the “Avenir professionnel” law at the French location is also relevant for Swiss Life Asset Managers France: for 2019/2020, the index for job equality of women and men is 80 points out of 100. Negotiations with social partners are now planned.

### Employees by contract type

Total 10 524 as at 31.12.2020

	Men	in %	Women	in %	Total in %
Employees full-time	5 126	59	3 500	41	82
Employees part-time	434	23	1 464	77	18
Permanent employment contracts	5 440	53	4 779	47	97
Temporary employment contracts	120	39	185	61	3

## *Health and Safety*

Good working conditions influence employee health. Swiss Life attaches great importance to ensuring a holistic work structure with a variety of tasks. Furthermore, it promotes social interaction and autonomy, and offers professional scope as well as learning and development opportunities. The aim is always to ensure that employees' work is meaningful and to show them appreciation. Swiss Life aims to offer its employees a safe and healthy working environment.

### **Occupational safety and health management**

The nature of employment at a service provider means that general health and safety risks are relatively low. The framework conditions for health and safety at the workplace, which are provided by European and local laws and regulations, apply to all Swiss Life companies and form the basis of all health management standards and guidelines.

To ensure employees' safety and health, the divisions employ staff at their locations who are specialised in these areas. Moreover, managers are responsible for helping employees to comply with occupational safety measures and for protecting their health. Together, experts and managers review the impact of the measures taken on an ongoing basis and initiate improvements where necessary.

Hazard identification, risk assessment and investigation of work-related incidents are integrated into the management system and guaranteed by the relevant regulations and processes, which in turn are based on the aforementioned legal principles.

- At Swiss Life France, a committee for the management of health, safety and working conditions meets quarterly in the presence of an employee representative (employee participation). Accidents at work are analysed and subject to a risk assessment and, if necessary, result in the adaptation of safety measures. An annual review and a risk prevention programme are established and are the subject of reports submitted to the elected staff representative. Health services and local representatives support employees in matters relating to health and working conditions. In addition, three specially trained mediators are responsible for preventing harassment and victimisation.
- At the Luxembourg location of the International division, a staff delegate oversees health and safety aspects in accordance with the legal requirements and in cooperation with the designated employee representative.

### Promoting employee health

All divisions have a wide range of preventive measures for employees to help them stay healthy:

- Employees in Switzerland benefit from flu vaccinations, help with giving up smoking and non-smoker protection measures.
- In cooperation with a “family service”, Swiss Life Germany offers free and confidential anonymous advice for employees on psychosocial support/crisis management, conflicts at the workplace, addiction or partnership problems and support with organising and financing long-term care services. In addition, a wide range of health promotion and prevention options are available, such as specialist lectures on health topics, services provided by the occupational physician, workshops for managers and/or employees (e.g. identifying employees suffering from mental strain) and workplace inspections/advice (e.g. on ergonomics).
- Swiss Life International has launched the “Manage your Energy for Performance” programme to help employees manage challenging situations in the workplace so that everyone can actively help to improve the quality of life in the office.
- All employees of Swiss Life Asset Managers have access to prevention-related services, such as free flu vaccination, occupational physicians and counselling for social problems.

Employee participation in the area of occupational safety and health protection is coordinated with the social partners on the basis of collective agreements. These offerings are accessible to employees via various communication channels, including the intranet; managers also inform employees on a regular basis via management channels.

All employees of the Swiss Life Group have access at all times to online training options consisting of text content, short videos, checklists and learning programmes on the topic of “Health and well-being” which they can use anytime and anywhere they like.

Thus employee health and prevention programmes are a central focus of the Swiss Life Group’s corporate activities. The emphasis is on preventive care. In cooperation with their social partners, all divisions offer facilities for exercise and sport, massage and therapy plus relaxation rooms and a full range of advice, including in the areas of nutrition and social counselling. Safety at the workplace (with regard to equipment, work tools and instruction) is continuously monitored and adapted to changing requirements.

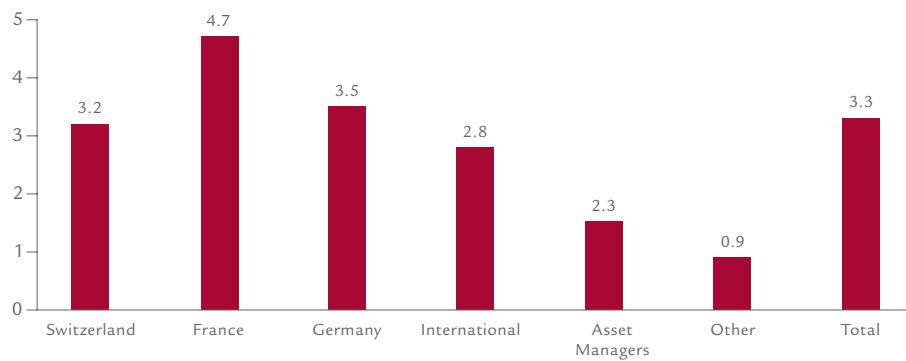
In the context of the Covid-19 pandemic, comprehensive measures to protect employees have been launched at all locations. Some of these are listed below.

- The following measures have been implemented at the Swiss location: a coronavirus information centre, implementation of the home-working recommendations of the Federal Office of Public Health (FOPH), directives for meetings, client visits and professional events, online “collaboration hacks” on the topic of virtual cooperation, and training modules for management development such as managing remotely, onboarding of employees and managing virtual teams.

- In France, an information meeting has been held with representatives of the social partners responsible for health and safety. To supplement the services provided by the medical service as part of the “Health Check Management Service Covid-19” action plan, psychological care and stress management facilities have been made available. In addition, regular reports are submitted to the responsible internal units and the authorities (DUER/RPS Covid).

### Absences by segment

In 2020 (%)



## Social Partnership

The employee-employer relationship is characterised by close contact between the staff and the Corporate Executive Board. Since 1996, Swiss Life has had a European Works Council (pursuant to EU Directives 94/45/EC and 2009/38/EC).

The ten-person “Europa Forum”, a committee comprising delegates from four countries, meets regularly with representatives of the Corporate Executive Board at ordinary and extraordinary meetings. It deals with transnational information and consultation on topics which affect all Swiss Life employees. The focal points for 2020 were the Covid-19 pandemic, the “Swiss Life 2021” Group-wide strategy, sustainability, diversity and inclusion, and the “Swiss Life Way of Working” initiative.

Freedom of association and the right to collective bargaining are guaranteed by local legislation (EU Charter Art. 12, Swiss Federal Constitution Art. 23); they form the basis for internal policies and guidelines. Collective bargaining agreements exist in the following countries and units (GRI 102-41):

### Switzerland

#### Swiss Life in Switzerland

##### Agreements signed

The members, chairwoman and vice-chairwoman of the staff committee elected at the most recent election assumed their duties for the 2020-2023 term of office as of 1 January 2020.

- The agreement concerning simplified recording of working hours, which entered into force on 1 April 2016, was formally confirmed at the annual review and will be continued.
- In 2020, the staff committee participated in pilot workshops on “Diversity & Inclusion”. Overall, the staff committee was involved in all the topics set forth in the regulations. An intensive dialogue took place between employee and employer representatives, particularly with regard to the current Covid-19 pandemic.
- As part of the 2021 salary review, the staff committee will make a formal application to the Executive Board for a salary increase.
- At the inaugural meeting in spring 2020, the committee (one person per country) and the representatives – through the countries in the European Works Council – were newly defined.
- In 2020, the staff committee answered around 280 enquiries from employees.

##### Number of works council members, dispensation for committee work and area of responsibility

- Nine members; the chairwoman enjoys up to 20% work dispensation for work on the staff committee, the vice chairwoman up to 15% and the members up to 10%.

## France

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### Swiss Life France

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#### Agreements signed

Elections to the staff council were held electronically in January 2019. A new business and social committee was established. It has four sub-committees: "Occupational health and safety", "Business and strategy", "Social affairs" and "Workplace learning". Elections are held every four years.

A specific training programme is available to enable the employee representatives to develop their competencies.

- Three annual wage negotiations took place in 2019 with wage agreements
- An extension of the working from home agreement
- An agreement on the mandate of administrative employees
- A one-year extension of participation and interest agreements relating to health
- An agreement on teleworking

No further agreements were concluded in 2020.

#### Number of works council members, dispensation for committee work and area of responsibility

- 22 regular members of the Economic and Social Committee, each with 30 hours per month, including a secretary with 25 hours per month and an assistant secretary with 15 hours per month
- A treasurer with 15 hours per month and an assistant treasurer with five hours per month
- 14 trade union delegates, each with 24 hours per month
- Four central delegates, each with 26 hours per month
- Three mediators responsible for dealing with harassment/victimisation

#### Collective bargaining agreements

98% of employees are covered by a collective bargaining agreement.

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### Swiss Life Asset Managers France

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#### Agreements signed

The Adaptation Agreement (works agreement), which was signed unanimously following the merger, contains:

- Amendment of working time regulations
- Implementation of the working from home arrangements
- Harmonisation of bonus, fringe benefit, profit sharing and employee savings plans, etc.
- Employee referendum for the implementation of the agreement
- Expansion of the Works Council

The following agreements have also been signed:

- Adaptation agreement following the merger of 21 June 2019, followed by the employee referendum for implementation of the agreement
- Agreement on additional Works Council elections on 3 July 2019
- Pre-electoral agreement for the organisation of Works Council elections on 29 July 2019
- Supplement to the profit sharing agreement of 28 June 2019
- Supplement to the company savings plan in addition to the employer's contribution of 16 April 2019

No new agreement has been concluded since 2019. Swiss Life Asset Managers France is about to conclude two new agreements by the end of the year:

- On annual wage negotiations
- On new savings plans (long-term, "plan d'épargne pour la retraite collectif PERCO")

#### Number of works council members, dispensation for committee work and area of responsibility

Prior to the merger of 1 April 2019 between SWISS LIFE REIM (France) and Swiss Life Asset Management (France), there were three representative union organisations (CFDT, CFE-CGC and CFTC) with a total of 14 Works Council members, nine for SWISS LIFE REIM (France) and five for Swiss Life Asset Management (France).

Following the merger on 1 April 2019, a union organisation (CFDT) was established with eleven members of the Works Council in accordance with the agreement on the additional Works Council elections in July 2019. No employee representative carries out his/her activity full-time.

#### Collective bargaining agreements

100% of employees are covered by a collective bargaining agreement.



## Germany

### Swiss Life Germany

#### Agreements signed

The Works Council performs its duties in accordance with the local Works Constitution Act. To meet local requirements, various constructive works agreements have been concluded with management.

- A works agreement on mobile working was concluded shortly before the Covid-19 pandemic, which proved to be a solid basis for the challenges of the first lockdown phase in spring 2020.
- An agreement setting out comprehensive measures to support employees during the corona restrictions was concluded in good time. Among other things, this covered an extension of the working time corridors and a flexible handling of home schooling requirements). To this end, the Works Council launched a holiday fundraising campaign and successfully distributed more than 50 days of donated leave to colleagues in support of childcare or home care.
- In cooperation with the HR department, in occupational health management, the focus has returned to resilience and mental stress at the workplace.
- An agreement on an increase in base salaries in 2020 and 2021 for non-pay-scale employees was reached with the Executive Board in the spring.

#### Number of works council members, dispensation for committee work and area of responsibility

- The Central Works Council as the overarching body of all operations consists of five persons (two representatives of Works Council Internal Services, two representatives of Works Council Sales Force, one representative of the severely handicapped). The Central Works Council chair is also chair of the Works Council Internal Services, a member of the Business Committee and spokesperson for the European Works Council of Swiss Life Ltd.
- The Works Council Internal Services (responsible for the German branch in Garching as well as Swiss Life Partner Service- und Finanzvermittlung GmbH and SLPM Schweizer Leben PensionsManagement GmbH) is composed as follows: Eleven members, of whom the Works Council chair with 100% work dispensation for Works Council activities.
- The Works Council Sales Force is responsible for intermediary distribution at the branch office and comprises three people, none of whom has dispensation.

#### Collective bargaining agreements

47% of employees are covered by a collective bargaining agreement.

### Swiss Life Asset Managers Germany and Swiss Life Investment Management Deutschland Holding GmbH

#### Agreements signed

- Interim agreement during the project phase for the introduction of the "Workday" personnel management system; Group works agreement on occupational pension provision.

#### Number of works council members, dispensation for committee work and area of responsibility

The members of the Works Council representing CORPUS SIREO Real Estate GmbH and Swiss Life Invest GmbH established a Group Works Council (KBR) on 29 October 2019. It consists of four members of the Works Council (one part-time, three full-time); the chairwoman, who has a part-time role, is exempted from regular work. In connection with the establishment of Swiss Life Investment Management Deutschland Holding GmbH, the objective of the KBR is to define cross-company topics.

The Group Works Council has four members, who are appointed by the above Works Councils. One member of the Works Council at Corpus Sireo with 100% dispensation, is also a member of the European Works Council. All other members work without dispensation. The Group works agreements are relevant for all employees of Swiss Life Asset Managers in Germany in accordance with the particular agreement's scope of application.

### Swiss Life Asset Management GmbH and Swiss Life Invest GmbH

#### Agreements signed

- Calculation of variable compensation (bonus) for 2019
- Basic salary adjustment process for non-management, non-pay-scale employees as at 1 April 2019
- Supplement to Annex 1 to the IT Framework Agreement

#### Number of works council members, dispensation for committee work and area of responsibility

The Works Council of Swiss Life Asset Management GmbH and Swiss Life Invest GmbH consists of three members, all of whom work full-time (38 hours/week). All members work without dispensation. The Works Agreements apply to around 81% of all employees of these companies.

#### Collective bargaining agreements/Works agreements

26% of employees are covered by a collective bargaining agreement. Works agreements apply to 81% of the employees.

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**Corpus Sireo**


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**Agreements signed**

- Regulation concerning working hours at Corpus Sireo
- Arrangements concerning working time regulations from old contracts prior to 1 July 2017
- Mobile working
- Agreement on supplementary framework conditions for employment relationships at Corpus Sireo
- Voluntary social security benefits – Spendit Card
- Project time recording
- Deployment and use of the “Competence Booster” training platform at Corpus Sireo
- A company framework agreement on IT

**Number of Works Council members, dispensation for committee work and area of responsibility**

The committee currently consists of five members (one part-time, four full-time). Of these, the part-time employee enjoys full work dispensation for Works Council activities and two of the other members are each entitled to 50% dispensation.

**Works Agreements**

98% of employees are subject to a Works Agreement.

## Luxembourg

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**Swiss Life Luxembourg**


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**Agreements signed**

Following the elections of March 2019, the newly elected staff committee took up its duties in April 2020.

- The new staff committee is continuing to concentrate on its key role of facilitating the flow of information between staff and management in order to avoid potential conflicts.
- Ensuring appropriate investment in the retraining of insurance workers and adapting skills to future workplace demands
- In addition, one employee representative assumes responsibility for reviewing “equal opportunities” (including gender aspects) and one other person is responsible for the topic of “safety and wellbeing”.

**Number of Works Council members, dispensation for committee work and area of responsibility**

Number of Works Council members broken down by full-time and part-time The number of employee representatives and the time required for their work are directly proportional to the number of employees. In the Global Solutions area in Luxembourg, employee representation consists of five ordinary representatives and five deputies. The employee representatives are entitled to devote 16 hours a week to exercising their mandate.

The Swiss Life Products (Luxembourg) S.A. team has reached the threshold of 15 employees and thus elected its own employee representation in 2019.

Swiss Life (Luxembourg) S.A. and Swiss Life Products (Luxembourg) S.A. are subject to a new collective bargaining agreement for the insurance sector. The new contract, which was concluded between the social partners and the insurance sector (“Association des Compagnies d’Assurance”), entered into force on 1 January 2021 and is identical to the previous one.

**Collective bargaining agreements**

63% of employees are covered by a collective bargaining agreement.

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**Swiss Life Asset Managers in Luxembourg**


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**Agreements signed**

The staff committee of Swiss Life Asset Managers Luxembourg was newly elected in March 2019. Quarterly meetings are held with the Executive Board. No formal agreements were reached between the staff committee and the Executive Board in 2020.

**Number of Works Council members, dispensation for committee work and area of responsibility**

The staff committee of Swiss Life Asset Managers Luxembourg consists of two active delegates, two deputy delegates and one security delegate. All delegates work without dispensation.

## *Sustainability in the Environment*

*Swiss Life supports the Paris Agreement and aims to make an active contribution to climate protection through its own measures. In operational ecology, it pursues the aim of continuously reducing its carbon footprint per full-time equivalent and strives for climate neutrality.*

### *Extract from the Swiss Life Climate Strategy*

In its business, Swiss Life contributes directly to society. With its advice, services and products, it enables people to lead a self-determined life. As a comprehensive life, pensions and financial solutions provider founded over 160 years ago and as a major institutional investor, Swiss Life is aware of its responsibility and the need to think long term. It aims to carry out its activities in a way that helps to shape the future without compromising the ability of future generations to meet their own needs.

Swiss Life recognises that climate change, if left unmitigated, will have negative effects on society and the global economy. Swiss Life is committed to playing an active role in contributing to the transition towards a low-carbon economy and to the goals of the Paris Agreement. Further, Swiss Life expects increased transparency requests from stakeholders (e.g. customers, regulators, investors and employees) regarding products and services and increasing demand for sustainable products. Furthermore, Swiss Life's investments in securities, real estate and infrastructure might be affected by the physical impacts of climate change and the transition to a low-carbon economy. Swiss Life has integrated sustainability and climate aspects into its existing risk management frameworks for the management of its business and assesses present and future climate-related risks and opportunities on a regular basis.

→ Swiss Life now publishes a yearly report based on the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), which can be downloaded at [swisslife.com/reports](https://www.swisslife.com/reports). Full details regarding the climate strategy can be found in the Swiss Life climate report.

## Operational Ecology

Swiss Life has set targets for operational ecology which are set out in a Group-wide directive. At the same time, Swiss Life is helping to make its employees more conscious of environmental and climate protection and organises awareness-raising activities at the various locations.

### Operational ecology goals of the Swiss Life Group

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#### Greenhouse gas<sup>1</sup>

Swiss Life wants to reduce its greenhouse gas emissions by 10% by 2021.

#### Electricity

Swiss Life wants to increase the share of electricity it uses in its buildings from renewable energy sources with a target of reaching 100% by 2021.

#### Fossil fuels

Swiss Life wants to continuously reduce its use of fossil fuels in its business premises within its investment cycles.

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<sup>1</sup> The reference base for this goal per FTE is 2016 and it covers Scope 1, 2 and 3 emissions.

### Operational ecology indicators

Key environmental data on operational ecology are gathered annually in accordance with the globally recognised standard of the Association for Environmental Management and Sustainability at Financial Institutions (VfU). By gathering data on an annual basis, Swiss Life is able to determine where progress has been made, where risks lie and where steps must be taken. The VfU's key figures conform to the international Greenhouse Gas Protocol standards (Scope 1, 2 and 3). The data are gathered, evaluated and analysed across the Group. All the major Swiss Life locations have environmental officers who collect the data for the individual divisions. The data are consolidated and analysed at Group level. Following the extensive professionalisation of operational ecology, Swiss Life has set itself the goal of continuously improving data quality. Thus, in 2020, additional locations were included in the data collection and the share of extrapolations and estimates could be further limited.

**Absolute environmental indicators<sup>1</sup>**

	2020	2019	2018	2017
TOTAL ENERGY CONSUMPTION (IN MWH)	40 755	51 694	49 500	47 819
Electricity (in MWh)	22 645	32 570	32 011	31 557
Heating (in MWh)	12 666	13 937	15 933	14 759
District heating/cooling (in MWh)	5 444	5 187	1 556	1 503
RENEWABLE ELECTRICITY (IN MWH)	20 167	23 080	15 890	17 868
Proportion of renewable electricity (in %)	89	71	50	57
BUSINESS TRAVEL (IN MILLION KM)	26.8	61.9	68.8	63.1
PAPER CONSUMPTION (IN T)	1 052	1 228	934	1 031
Proportion of paper with FSC label (in %)	87	68	66	63
WATER CONSUMPTION (IN M <sup>3</sup> )	71 870	104 380	100 940	84 361
WASTE (IN T)	627	1 118	1 009	1 132
WASTE RECYCLING (IN T)	314	507	542	655
Waste recycling (in %)	50	45	54	58
TOTAL GREENHOUSE GAS EMISSIONS (IN T)	13 611	23 657	24 436	22 788
Greenhouse gas emissions Scope 1 (CO <sub>2</sub> equivalents in t)	5 423	6 596	9 341	8 667
Greenhouse gas emissions Scope 2 (CO <sub>2</sub> equivalents in t)	1 271	4 808	3 439	2 935
Greenhouse gas emissions Scope 1 and 2 (CO <sub>2</sub> equivalents in t)	6 695	11 404	12 780	11 601
Greenhouse gas emissions Scope 3 (CO <sub>2</sub> equivalents in t)	6 916	12 254	11 656	11 186

**Relative environmental indicators per full-time equivalent position (FTE)<sup>1</sup>**

	2020	2019	2018	2017
TOTAL ENERGY CONSUMPTION (IN KWH/FTE)	4 149	5 540	5 614	5 823
Electricity (in KWh/FTE)	2 306	3 491	3 631	3 843
Heating (in KWh/FTE)	1 290	1 494	1 807	1 797
District heating/cooling (in KWh/FTE)	554	556	176	183
RENEWABLE ELECTRICITY (IN KWH/FTE)	2 053	2 474	1 802	2 176
BUSINESS TRAVEL (IN KM/FTE)	2 729	6 634	7 804	7 686
PAPER CONSUMPTION (IN KG/FTE)	107	132	106	126
WATER CONSUMPTION (IN M <sup>3</sup> /FTE)	7	11	11	10
WASTE (IN KG/FTE)	64	120	114	138
WASTE RECYCLING (IN KG/FTE)	32	54	61	80
TOTAL GREENHOUSE GAS EMISSIONS (IN KG/FTE)	1 386	2 536	2 771	2 775
Greenhouse gas emissions Scope 1 (CO <sub>2</sub> equivalents in kg/FTE)	552	707	1 059	1 055
Greenhouse gas emissions Scope 2 (CO <sub>2</sub> equivalents in kg/FTE)	129	515	390	357
Greenhouse gas emissions Scope 1 and 2 (CO <sub>2</sub> equivalents in kg/FTE)	682	1 222	1 449	1 413
Greenhouse gas emissions Scope 3 (CO <sub>2</sub> equivalents in kg/FTE)	704	1 313	1 322	1 362

<sup>1</sup> Further companies were included in the data collection process in 2020. The key figures for financial years 2019 and 2020 refer to Vfu 2018 while those for the other years refer to Vfu 2013.

### Evolution of environmental indicators per FTE

In 2020, the effects of the Covid-19 pandemic led to some significant changes in key environmental indicators. Total greenhouse gas emissions per FTE fell significantly (-45%) compared to the previous year. This was mainly due to the sharp reduction in business travel (-59%). Meanwhile, the share of electricity from renewable energy sources has been increased further and now stands at 89%. Both paper and water consumption and the amount of waste generated in office buildings were significantly reduced in 2020 due to the above-average proportion of work done at home. Swiss Life is well on track to achieve the Group-wide targets set for the end of 2021 and will prepare new successor targets for the further reduction of greenhouse gas emissions in its own operations in 2021.

### Measures taken within the Swiss Life Group

#### Swiss Life Group

- The sharp decline in travel due to the widespread travel restrictions and the increase in virtual collaboration due to the Covid-19 pandemic led to a significant reduction of greenhouse gas emissions in 2020. In the year under review, Swiss Life initiated a project to anchor the positive experiences of using digital aids in its processes and corporate culture over the long term, and thus sustainably reduce greenhouse gas emissions from business travel.

#### Switzerland

- In Switzerland, Swiss Life is a member of the Zurich Energy Model and has been obtaining all its electricity from renewable energy sources for over ten years. Founded in 1987, the Energy Model Zurich is an association of companies that set themselves voluntary targets for energy efficiency. In setting its new targets for 2020, Swiss Life renewed its pledge to increase energy efficiency at its Zurich location by 1.5% annually until 2030.
- Swiss Life's head office in Zurich is virtually carbon-neutral. Since the early 1990s, the building has been cooled and heated with water from Lake Zurich. Rainwater is used for sanitary installations at the Zurich business premises. 30% of the energy used for heating Swiss Life's Binz Center property is biogas sourced from Switzerland.
- With its operational ecology programme, Swiss Life wants to make an active contribution to climate protection. This is why it set up the Swiss Climate Foundation in 2008 in cooperation with other Swiss companies. The foundation supports SMEs in becoming more energy efficient and reducing their CO<sub>2</sub> emissions.

#### France

- In 2020, Swiss Life France introduced targeted measures to further raise employee awareness of environmental protection and sustainability. Employees received further training in environmental and climate issues through a company-wide digital training programme. 93% of staff participated in the scheme. In addition, the local sustainability team held a digital event on the topic of waste reduction.

### Germany

- In Germany, the two main Swiss Life branch offices – in Garching near Munich and in Hanover – have repeatedly been awarded the ECOPROFIT seal for their outstanding commitment to corporate environmental protection. The seal rewards efforts to reduce CO<sub>2</sub> emissions and save resources. At both locations, Swiss Life obtains its electricity from renewable sources.
- Swiss Life Germany has also been represented in the Klima-Allianz der Stadt Hannover (Climate Alliance of the City of Hanover) network for over ten years and, in cooperation with other companies, undertakes to reduce CO<sub>2</sub> emissions and increase energy efficiency in this urban area.
- In 2020, moreover, an energy audit was carried out for Swiss Life Germany in accordance with the Energy Services Act (EDL-G). In addition to sensitising employees to the separation of waste for recycling, the outdoor lighting at the Hanover location was converted to state-of-the-art LED technology.

### Swiss Life International

- The offices in Liechtenstein, Luxembourg, the UK, Austria, the Czech Republic, Singapore and Slovakia are housed in modern, energy-efficient premises. Environmental impact is steadily being reduced in all areas through progressive digitalisation and optimised use of workplaces. The most important measures include reducing paper consumption and waste and encouraging the use of public transport.



#### Carbon Disclosure Project (CDP)

Since 2011, the Swiss Life Group has taken part in the CDP (Carbon Disclosure Project) survey. The CDP is an independent charitable organisation which holds the world's most comprehensive collection of corporate information on climate change. In 2020, Swiss Life improved its rating to B. In the previous year it had been given a B- rating.

## Swiss Life's Contribution to the Sustainable Development Goals (SDG)



*The United Nations' 17 Sustainable Development Goals (SDGs) are at the heart of the Agenda 2030 for Sustainable Development. Swiss Life is transparent about which of these goals it is already contributing to.*

In this report, Swiss Life focuses on those sustainable development goals where the company is currently having the biggest impact through its business activities, investments and social commitment. Swiss Life is thus restricting itself to nine of the 17 SDGs. Compared to the previous year, three additional sustainability goals are listed.

SDG (target)	Our contribution
 <p data-bbox="292 1122 544 1205">We guarantee all people of all ages a healthy life and promote their well-being</p>	<p data-bbox="699 904 1305 1133">The social and economic consequences of increased life expectancy are insufficiently accounted for in almost all areas of life. Swiss Life is committed to raising society's awareness of this topic and actively addressing the attendant challenges. Swiss Life supports its customers in making all the necessary preparations early so that they can lead a self-determined life. Swiss Life supports its employees, for example, by offering them flexible working models and a wide range of health and prevention services.</p> <p data-bbox="699 1153 1305 1205">See also "Strategy &amp; Brand" (pages 8-14) and "Sustainability as an Employer", subsection "Health and Safety" (pages 132-134).</p>
 <p data-bbox="292 1464 620 1574">Guaranteeing inclusive, high-quality education respectful of equality and advocating lifelong learning for all</p>	<p data-bbox="699 1247 1305 1391">Swiss Life supports its employees in maintaining their employability and promotes their ongoing development. This includes continuous internal and external education for employees of all ages, training for apprentices and trainees and entry-level opportunities for university graduates.</p> <p data-bbox="699 1411 1305 1491">In addition, Swiss Life uses its own foundations to support institutions that help people from a wide range of backgrounds educate and better themselves.</p> <p data-bbox="699 1512 1305 1592">See also "Products, Services and Advice" (pages 97-99), "Corporate Citizenship" (pages 116-117) and "Sustainability as an Employer", subsection "Training and development" (pages 125-126).</p>



SDG (target)	Our contribution
<div data-bbox="293 461 485 647"> </div> <p data-bbox="293 667 571 745">Achieve gender equality and empower all women and girls to achieve self-determination</p>	<p data-bbox="700 450 1302 645">In keeping with current national and international law, as well as the conventions of the International Labour Organisation (ILO), Swiss Life applies fair employment procedures that are free of discrimination with the aim of guaranteeing and promoting equal opportunities. Recruitment and promotion are based exclusively on ability, skills and potential, in line with the requirements of the position in question.</p> <p data-bbox="700 667 1302 808">Fair and equal compensation for all employees is ensured by the Group Compensation Policy, which is applicable throughout the Group. For a number of years, Swiss Life has had processes and instruments for removing the gender-specific salary gap at all its national companies.</p> <p data-bbox="700 831 1302 882">See also “Sustainability as an Employer”, subsection “Collaboration and diversity” (pages 129-131).</p>
<div data-bbox="293 931 485 1117"> </div> <p data-bbox="293 1137 600 1216">Ensuring access to affordable, dependable, sustainable, modern energy for all</p>	<p data-bbox="700 920 1302 1061">Swiss Life specifically uses some of its investments to support climate-friendly technologies, projects and initiatives. By doing so it also makes a direct contribution to the global climate targets. In this context, Swiss Life has set itself the goal of investing CHF 2 billion in green bonds by 2023.</p> <p data-bbox="700 1084 1302 1193">As it owns Fontavis, the Swiss Life Group also includes a leading investment manager for clean energy and infrastructure funds in Switzerland. The Fontavis portfolios are focused on thermal, water, solar and wind power.</p> <p data-bbox="700 1216 1142 1240">See also “Responsible Investing” (pages 101-105).</p>
<div data-bbox="293 1290 485 1476"> </div> <p data-bbox="293 1496 683 1574">Develop resilient infrastructure, promote broad-based and sustainable industrialisation and support innovation</p>	<p data-bbox="700 1279 1302 1536">Swiss Life invests through its own funds in the renewal of urban infrastructure, such as the Thames Tideway Tunnel in London. In addition, Swiss Life supports Technopark Zurich, which brings together representatives of science, technology and business, and the NEST research and innovation platform, which tests and develops new materials, technologies, products, energy concepts and usage concepts for the construction sector. Furthermore, Swiss Life is Member of the Foundation Board and of the Business Council of Swiss Innovation Park.</p> <p data-bbox="700 1559 1302 1610">See also “Corporate Citizenship” (pages 116-117) and “Responsible Investing” (pages 101-105).</p>

SDG (target)	Our contribution
 <p data-bbox="293 663 651 719">Making cities and developments inclusive, safe, resilient and sustainable</p>	<p data-bbox="703 450 1307 622">Swiss Life is one of Europe's leading real estate investors and has the biggest private real estate portfolio in Switzerland. The majority of its properties are in urban areas. As a builder, property owner and asset manager, Swiss Life aims to use ecological and economic resources with maximum efficiency and to make an active contribution to sustainable urban development.</p> <p data-bbox="703 640 1238 667">See also "Responsible Real Estate Management" (page 104).</p>
 <p data-bbox="293 969 608 1025">Ensuring sustainable consumption and production patterns</p>	<p data-bbox="703 757 1307 929">As a builder and in its own operations, Swiss Life supports the sparing use of resources. Swiss Life publishes annual figures on waste and paper consumption as well as the other key indicators for operational ecology. Furthermore, Swiss Life uses Group-wide targets to ensure that the company can make further progress in the realm of operational ecology.</p> <p data-bbox="703 947 1307 1059">When selecting suppliers and service providers, Swiss Life works with local contractors whenever possible and gives preference to products and services from companies that have implemented a certified environmental protection system.</p> <p data-bbox="703 1077 1307 1160">See also "Responsible Real Estate Management" (page 104), "Sustainable Procurement" (pages 109-111) and "Sustainability in the Environment" (pages 139-143).</p>
 <p data-bbox="293 1408 619 1464">Immediate measures for combating climate change and its effects</p>	<p data-bbox="703 1196 1307 1339">Swiss Life makes an active contribution to climate protection by reducing CO<sub>2</sub> emissions and has set itself Group-wide targets for this purpose. In addition to reducing greenhouse gas emissions in its own operations, Swiss Life systematically integrates environmental aspects into asset management and real estate management.</p> <p data-bbox="703 1357 1307 1469">Following the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD), Swiss Life publishes a climate report which, among other things, shows the opportunities and risks associated with climate change.</p> <p data-bbox="703 1487 1307 1547">See also "Responsible Investing" (pages 101-105) and "Sustainability in the Environment" (pages 139-143).</p>
 <p data-bbox="293 1789 671 1872">Strengthen the means for implementing the goals and re-invigorating the Global Partnership for Sustainable Development</p>	<p data-bbox="703 1576 1307 1720">Swiss Life is a member of a wide variety of organisations and networks in the area of sustainability, as well as being a co-signatory of various initiatives. For example, Swiss Life is involved in working groups and networks, ensures the transfer of know-how and is in dialogue with key stakeholder groups to help shape sustainable development.</p> <p data-bbox="703 1738 1018 1765">See also "Memberships" (page 151).</p>

# UN Global Compact Progress Report

*As a signatory of the UN Global Compact, Swiss Life supports its ten principles of sustainability and contributes to making globalisation socially and ecologically compatible.*

## Declaration of support

In 2018 Swiss Life signed the principles of the UN Global Compact. We acknowledge the ten principles, because we want to accept our responsibility as a company in the key areas of human rights, labour, the environment and anti-corruption and publicly affirm these global values. The focal areas of the UN Global Compact are reflected in both our Code of Conduct and our materiality matrix. The way in which we contribute to meeting these principles within our area of responsibility is shown in our annual progress report.

**WE SUPPORT**



Patrick Frost  
CEO

## Human rights

### Principles 1 and 2:

- Businesses should support and respect the protection of internationally proclaimed human rights and
- make sure they are not complicit in human rights abuses.

- “Sustainability at Swiss Life” (pages 86–87)
- “Responsible Investing” (pages 101–105)
- “Compliance at Swiss Life” (pages 106–108)
- “Sustainable Procurement” (pages 109–111)

**Labour****Principles 3, 4, 5 and 6:**

- Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining
- the elimination of all forms of forced and compulsory labour;
- the effective abolition of child labour; and
- the elimination of discrimination in respect of employment and occupation.

→ “Sustainable Procurement” (pages 109–111)

→ “Sustainability as an Employer” (pages 118–138)

**Environment****Principles 7, 8 and 9:**

- Businesses should support a precautionary approach to environmental challenges;
- undertake initiatives to promote greater environmental responsibility; and
- accelerate the development and diffusion of environmentally friendly technologies.

→ “Responsible Investing” (pages 101–105)

→ “Responsible Real Estate Management” (page 104)

→ “Sustainable Procurement” (pages 109–111)

→ “Sustainability in the Environment” (pages 139–143)

**Anti-Corruption****Principle 10:**

- Businesses should work against corruption in all its forms, including extortion and bribery.

→ “Compliance at Swiss Life” (pages 106–108)

→ “Sustainable Procurement” (pages 109–111)

## *Information on Sustainability Reporting*

### **Consistent reporting to stakeholder groups**

The annual reporting on sustainability aims to create transparency and strengthen communication with the stakeholder groups. Swiss Life's stakeholder groups include all stakeholders who are directly or indirectly affected by the company's operations or who have a significant influence on Swiss Life's business activities. These include employees, customers, investors and representatives of the media, politics and associations. Swiss Life is in regular dialogue with all relevant stakeholder groups. Thus Swiss Life is aware of their requirements and expectations and is able to react to challenges or changes (GRI 102-40, 102-42, 102-43, 102-44). Further information on our dialogue with stakeholder groups is available on the Swiss Life website at [www.swisslife.com/stakeholdercommunication](http://www.swisslife.com/stakeholdercommunication).

### **Reporting according to the European Non-Financial Reporting Directive (NFRD)**

The Swiss Life Group's Sustainability Report is in conformity with the EU's NFRD Directive. In this sustainability report Swiss Life reports on environmental issues (pages 85, 86–91, 101–105, 109–111, 139–143), employee issues (pages 85, 86–91, 101–105, 118–138), social issues (pages 85, 86–91, 101–105, 118–138) as well as on respect for human rights (pages 91, 101, 106–111, 147) and the fight against corruption and bribery (pages 91, 102, 106–111, 148). The pages cited also provide information on the concepts and associated results, as well as on due diligence processes and risk management. With their two dimensions: "relevance for Swiss Life" and "impact on sustainable development", the principal topics reflect the NFRD Directive's requirements regarding the purpose of the non-financial content of the report.

### **Reporting in accordance with the standards of the Global Reporting Initiative (GRI)**

The Swiss Life Sustainability Report meets the requirements of the GRI Standards, a framework for transparent sustainability reporting. The 2020 report covers the Switzerland, France, Germany, International and Asset Managers segments. This report has been prepared in accordance with the GRI Standards: Core option. The aim of the GRI is, on the one hand, to support companies, governments and non-governmental organisations (NGOs) in focusing their reporting on topics that are material from the perspective of their stakeholders and their influence on sustainable development. On the other hand, the standardised format of the reports, based on key figures, also contributes to the comparability and transparency of sustainability reporting.

**Reporting according to the Sustainability Accounting Standards Board (SASB)**

Swiss Life's sustainability report for the 2020 financial year is based for the first time on the provisions of the SASB standard for the insurance industry. SASB is a US-based non-profit organisation that provides industry-specific reporting standards to strengthen communication between companies and financial market participants on the financial impact of sustainability issues. The corresponding content references can be found in the combined GRI and SASB content index on pages 152–156.

## Memberships

The Swiss Life Group is a member of all sorts of organisations and networks in the area of sustainability, as well as co-signatory of initiatives. These include the following:

- **Principles for Responsible Investment (PRI):** unpri.org
- **Principles for Sustainable Insurance (PSI):** unepfi.org/psi
- **UN Global Compact (UNGC):** unglobalcompact.org
- **Global Real Estate Sustainability Benchmark (GRESB):** gresb.com
- **Carbon Disclosure Project (CDP):** cdp.net
- **Task Force on Climate-Related Financial Disclosure (TCFD):** fsb-tcfid.org
- **Institutional Investors Group on Climate Change (IIGCC):** iigcc.org
- **Forum Nachhaltige Geldanlagen (Sustainable Investment Forum):** forum-ng.org
- **Climate Action 100+ (CA100+):** climateaction100.org
- **International Corporate Governance Network (ICGN):** icgn.org

In addition to its involvement in local industry associations, Swiss Life is active at its local locations in the following organisations:

- **Swiss Sustainable Finance (SSF):** sustainablefinance.ch
- **Swiss Climate Foundation:** klimastiftung.ch
- **Energy Model Zurich:** energiemodell-zuerich.ch
- **Observatoire de l'immobilier durable (Green Building Observatory):**  
o-immobilierdurable.fr
- **Plan Bâtiment Durable (Sustainable Building Plan):** planbatimentdurable.fr
- **Netzwerk der Klima-Allianz der Stadt Hannover (Network of the Climate Alliance of the City of Hanover):** klimaallianz-hannover.de
- **UK Sustainable Investment and Finance Association (UKSIF):** uksif.org

Do you have any questions or suggestions about sustainability at Swiss Life? Write to us at [sustainability@swisslife.ch](mailto:sustainability@swisslife.ch).

## GRI and SASB Content Index



For the Materiality Disclosures Service, the GRI Services Team checked that the GRI Content Index is clearly set out and that the references for items 102-40 to 102-49 match the corresponding contents in the Report. The Materiality Disclosures Service was performed on the German version of the report.

GRI Standards and Disclosures	SASB Disclosures	GENERAL STANDARD DISCLOSURES	Reference/Information
GRI 101: 2016		FOUNDATION	
GRI 102: 2016		GENERAL DISCLOSURES	
		ORGANISATIONAL PROFILE	
GRI 102-1		Name of the organisation	Swiss Life Holding Ltd
GRI 102-2		Activities, brands, products and services	p. 8-14, 97-99
GRI 102-3		Location of headquarters	Zurich
GRI 102-4		Location of operations	p. 5
GRI 102-5		Ownership and legal form	p. 30-34
GRI 102-6		Markets served	p. 5
GRI 102-7		Scale of the organisation	p. 4-5
GRI 102-8		Information on employees and other workers	p. 120, 131
GRI 102-9		Supply chain	p. 109-111
GRI 102-10		Significant changes to the organisation and its supply chain	No significant changes
GRI 102-11		Precautionary principle or approach	p. 88
GRI 102-12		External initiatives	p. 114-115, 151
GRI 102-13		Membership of associations	p. 114-115, 151
		STRATEGY	
GRI 102-14		Statement from senior decision-maker	p. 85
		ETHICS AND INTEGRITY	
GRI 102-16		Values, principles, standards and norms of behaviour	S. 106-108, 119
		GOVERNANCE	
GRI 102-18		Governance structure	p. 50
		STAKEHOLDER ENGAGEMENT	
GRI 102-40		List of stakeholder groups	p. 149
GRI 102-41		Collective bargaining agreements	p. 135
GRI 102-42		Identifying and selecting stakeholders	p. 149
GRI 102-43		Approach to stakeholder engagement	p. 149
GRI 102-44		Key topics and concerns raised	p. 149
		REPORTING PRACTICE	
GRI 102-45		Entities included in the consolidated financial statements	p. 312
GRI 102-46		Defining report content and topic boundaries	p. 88
GRI 102-47		List of material topics	p. 88
GRI 102-48		Restatements of information	No significant changes
GRI 102-49		Changes in reporting	p. 88
GRI 102-50		Reporting period	01.01.2020-31.12.2020
GRI 102-51		Date of most recent report	Sustainability Report 2019, published in March 2020
GRI 102-52		Reporting cycle	Annual
GRI 102-53		Contact point for questions regarding the report	Media Relations, p. 348
GRI 102-54		Claims of reporting in accordance with the GRI standards	p. 149
GRI 102-55		GRI content index	p. 152-156
GRI 102-56		External assurance	None



GRI Standards and Disclosures	SASB Disclosures	TOPIC-SPECIFIC STANDARDS AND DISCLOSURES	Reference/Information	Omission
GRI 200		ECONOMIC		
GRI 201: 2016		ECONOMIC PERFORMANCE		
GRI 103: 2016 103-1/103-2/103-3		Management approach	p. 93	
GRI 201-1		Direct economic value generated and distributed	p. 164–170	
GRI 201-2		Financial implications and other risks and opportunities due to climate change	p. 80, 101–102, 104	
GRI 203: 2016		INDIRECT ECONOMIC IMPACTS		
GRI 103: 2016 103-1/103-2/103-3		Management approach		
GRI 203-1		Infrastructure investments and services supported	p. 104–105	
GRI 203-2		Significant indirect economic impacts	p. 80	
		SELF-DETERMINED LIFE IN TIMES OF DEMOGRAPHIC CHANGE / PRODUCTS, SERVICES AND ADVICE		
GRI 103: 2016 103-1/103-2/103-3		Management approach	p. 97–99	
	FN-IN-000.A	Number of current policies by segment	Not relevant	
	FN-IN-410b.1	Net premiums written for energy efficiency and low-carbon technologies	Not relevant	
	FN-IN-410b.2	Description of products or product characteristics, promotion of health, safety and/or environment-friendly behaviour	Swiss Life has been offering premium rates in Switzerland for several years, distinguishing between smokers and non-smokers. Thus the risk premium in death benefit insurance for a non-smoker is lower than for a smoker. Although mostly actuarially based, Swiss Life thus creates an incentive to lead a lifestyle that is conducive to longer life expectancy.	
		RESPONSIBLE INVESTMENT		
GRI 103: 2016 103-1/103-2/103-3		Management approach	p. 101	
	FN-IN-410a.1	Total number of investments by industry and asset class	p. 101	
	FN-IN-410a.2	Description of the approach to incorporating ESG factors into investment management processes and strategies	p. 102–105	
		RESPONSIBLE REAL ESTATE MANAGEMENT		
GRI 103: 2016 103-1/103-2/103-3		Management approach	p. 104–105	
		DIGITALISATION		
GRI 103: 2016 103-1/103-2/103-3		Management approach	p. 100	
GRI 205: 2016		ANTI-CORRUPTION		
GRI 103: 2016 103-1/103-2/103-3		Management approach	p. 106–108	
GRI 205-3		Confirmed incidents of corruption and actions taken	None	
GRI 206: 2016		ANTI-COMPETITIVE BEHAVIOUR		
GRI 103: 2016 103-1/103-2/103-3		Management approach	p. 106–108	
GRI 206-1		Legal actions for anti-competitive behaviour, anti-trust and monopoly practices	None	

GRI Standards and Disclosures	SASB Disclosures	TOPIC-SPECIFIC STANDARDS AND DISCLOSURES	Reference/Information	Omission
<b>RISK MANAGEMENT</b>				
GRI 103: 2016 103-1/103-2/103-3		Management approach	p. 79–82	
	FN-IN-450a.1	Probable maximum loss (PML) of insured products as a result of weather-related natural disasters	Not relevant	
	FN-IN-450a.2	Financial losses from insurance payments for modelled and non-modelled natural disasters by type of event and geographic region	Not relevant	
	FN-IN-450a.3	Description of the approach to incorporating environmental risks into insurance business processes for individual contracts and the management of company-wide risks	p. 80, 98	
	FN-IN-550a.1	Exposure with respect to derivative instruments, by category	p. 242–246	
	FN-IN-550a.2	Total fair value of securities transactions in relation to collateral assets	p. 242–246	
	FN-IN-550a.3	Description of the approach to managing capital- and liquidity-related risks in relation to systemic non-insurance activities	p. 207	
GRI 300		<b>ENVIRONMENTAL</b>		
GRI 301: 2016		<b>MATERIALS</b>		
GRI 103: 2016 103-1/103-2/103-3		Management approach	p. 139–143	
GRI 301-1		Materials used by weight or volume	p. 141	
GRI 301-2		Recycled input materials used	p. 141	
GRI 302: 2016		<b>ENERGY</b>		
GRI 103: 2016 103-1/103-2/103-3		Management approach	p. 139–143	
GRI 302-1		Energy consumption within the organisation	p. 141	
GRI 302-2		Energy consumption outside of the organisation	p. 141	
GRI 302-3		Energy intensity	p. 141	
GRI 302-4		Reduction of energy consumption	p. 141	
GRI 305: 2016		<b>EMISSIONS</b>		
GRI 103: 2016 103-1/103-2/103-3		Management approach	p. 139–143	
GRI 305-1		Direct (Scope 1) GHG emissions	p. 141	
GRI 305-2		Energy indirect (Scope 2) GHG emissions	p. 141	
GRI 305-3		Other indirect (Scope 3) GHG emissions	p. 141	
GRI 305-4		GHG emissions intensity	p. 141	
GRI 305-5		Reduction of GHG emissions	p. 141	
GRI 308: 2016		<b>SUPPLIER ENVIRONMENTAL ASSESSMENT</b>		
GRI 103: 2016 103-1/103-2/103-3		Management approach	p. 109–111	
GRI 308-1		New suppliers that were screened using environmental criteria	p. 109–111	

GRI Standards and Disclosures	SASB Disclosures	TOPIC-SPECIFIC STANDARDS AND DISCLOSURES	Reference/Information	Omission
GRI 400		SOCIAL		
		PEOPLE CENTRICITY		
GRI 103: 2016 103-1/103-2/103-3		Management approach	p. 94	
		Net promoter score (NPS)	p. 95	
	FN-IN-270a.3	Customer retention rate		Swiss Life is currently not publishing any complaints figures. Information on customer satisfaction can be found on pages 94-95.
	FN-IN-270a.4	Product information for customers	p. 97-98	
GRI 401: 2016		EMPLOYMENT		
GRI 103: 2016 103-1/103-2/103-3		Management approach	p. 119-122	
GRI 401-1		New employee hires and employee turnover	p. 121, 126	
GRI 401-3		Parental leave	p. 123-124	
GRI 402: 2016		LABOUR/MANAGEMENT RELATIONS		
GRI 103: 2016 103-1/103-2/103-3		Management approach	p. 118-138	
GRI 402-1		Minimum notice periods regarding operational changes	p. 78	
GRI 403: 2018		OCCUPATIONAL HEALTH AND SAFETY		
GRI 103: 2016 103-1/103-2/103-3		Management approach	p. 132-134	
GRI 403-1		Occupational health and safety management system	p. 132	
GRI 403-2		Hazard identification, risk assessment and incident investigation	p. 132-134	
GRI 403-3		Occupational health services	p. 132-134	
GRI 403-4		Worker participation, consultation and communication on occupational health and safety	p. 132-135	
GRI 403-5		Worker training on occupational health and safety	p. 133	
GRI 403-6		Promotion of worker health	p. 133	
GRI 403-7		Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	p. 109-111	
GRI 403-9		Work-related injuries	p. 134	
GRI 403-10		Work-related ill health	p. 134	
GRI 404: 2016		TRAINING AND EDUCATION		
GRI 103: 2016 103-1/103-2/103-3		Management approach	p. 125-126	
GRI 404-2		Programs for upgrading employee skills and transition assistance programs	p. 125-126	
GRI 404-3		Percentage of employees receiving regular performance and career development reviews	p. 120	
GRI 405: 2016		DIVERSITY AND EQUAL OPPORTUNITY		
GRI 103: 2016 103-1/103-2/103-3		Management approach	p. 129-131	
GRI 405-1		Diversity of governance bodies and employees	p. 129	
GRI 405-2		Ratio of basic salary and remuneration of women to men	p. 130-131	

GRI Standards and Disclosures	SASB Disclosures	TOPIC-SPECIFIC STANDARDS AND DISCLOSURES	Reference/Information	Omission
GRI 406: 2016		NON-DISCRIMINATION		
GRI 103: 2016 103-1/103-2/103-3		Management approach	p. 129-131	
GRI 406-1		Incidents of discrimination and corrective actions taken	None	
GRI 412: 2016		HUMAN RIGHTS ASSESSMENT		
GRI 103: 2016 103-1/103-2/103-3		Management approach	p. 101-111	
GRI 412-3		Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	S. 101-111	
GRI 414: 2016		SUPPLIER SOCIAL ASSESSMENT		
GRI 103: 2016 103-1/103-2/103-3		Management approach	p. 109-111	
GRI 414-1		New suppliers that were screened using social criteria	p. 109-111	
GRI 415: 2016		PUBLIC POLICY		
GRI 103: 2016 103-1/103-2/103-3		Management approach	p. 114-115	
GRI 415-1		Political contributions	p. 114-115	
GRI 417: 2016		MARKETING AND LABELING		
GRI 103: 2016 103-1/103-2/103-3		Management approach	p. 97-99	
GRI 417-1		Requirements for product and service information and labeling	p. 97-99	
GRI 417-2	FN-IN-270a.1	Incidents of non-compliance concerning product and service information and labeling	None	
	FN-IN-270a.2	Ratio of appeals to claims made	Swiss Life is currently not publishing any complaints figures. Information on customer satisfaction can be found on pages 99-101.	
GRI 418: 2016		CUSTOMER PRIVACY		
GRI 103: 2016 103-1/103-2/103-3		Management approach	p. 106-108	
GRI 418-1		Substantiated complaints concerning breaches of customer privacy and losses of customer data	p. 108	
GRI 419: 2016		SOCIO ECONOMIC COMPLIANCE		
GRI 103: 2016 103-1/103-2/103-3		Management approach	p. 106-108	
GRI 419-1		Non-compliance with laws and regulations in the social and economic area	p. 107	

# Sustainability Indicators

Topic	Metric	2020	2019	2018	2017	Reference
<b>SUSTAINABILITY ORGANISATION</b>						
NUMBER OF FULL-TIME EQUIVALENTS IN THE SUSTAINABILITY ORGANISATION						
	Total full-time equivalents	31	n/a	n/a	n/a	AR, p. 87
<b>ENVIRONMENT</b>						
GHG EMISSIONS <sup>1</sup>						
	Total greenhouse gas emissions (in kg CO <sub>2</sub> -equivalents/FTE)	1 386	2 536	2 771	2 775	AR, p. 141
	Scope 1 emissions (in kg CO <sub>2</sub> equivalents/FTE)	552	707	1 059	1 055	AR, p. 141
	Scope 2 emissions (in kg CO <sub>2</sub> equivalents/FTE)	129	515	390	357	AR, p. 141
	Scope 3 emissions (in kg CO <sub>2</sub> equivalents/FTE)	704	1 313	1 322	1 362	AR, p. 141
	Targets to reduce GHG emissions	yes	yes	yes	yes	AR, p. 140
ENERGY <sup>1</sup>						
	Total energy consumption (in KWh/FTE)	4 149	5 540	5 614	5 823	AR, p. 141
	Electricity consumption (in KWh/FTE)	2 306	3 491	3 631	3 843	AR, p. 141
	Consumption of renewable energy (in KWh/FTE)	2 053	2 474	1 802	2 176	AR, p. 141
	Targets to reduce energy consumption	yes	yes	yes	yes	AR, p. 140
BUSINESS TRAVEL <sup>1</sup>						
	Business travel (in km/FTE)	2 729	6 634	7 804	7 686	AR, p. 141
WATER <sup>1</sup>						
	Total water consumption (in m <sup>3</sup> /FTE)	7	11	11	10	AR, p. 141
WASTE <sup>1</sup>						
	Total waste (in kg/FTE)	64	120	114	138	AR, p. 141
	Proportion of waste recycling	50%	45%	54%	58%	AR, p. 141
	Paper consumption (in 1000 t)	1.05	1.23	0.93	1.03	AR, p. 141
	Share of paper with FSC label	87%	68%	66%	63%	AR, p. 141
CORPORATE ENVIRONMENTAL PROTECTION GUIDELINES AND INITIATIVES						
	Energy efficiency policy	yes	yes	yes	yes	AR, S. 104, 140–143
	Emissions reduction initiatives	yes	yes	yes	yes	AR, p. 140-143
	Waste reduction policy	yes	yes	yes	yes	AR, S. 104, 140–143
	Environmental information verified	no	no	no	no	
	Participation CDP (Carbon Disclosure Project)	yes	yes	yes	yes	AR, p. 143, 151
<b>SOCIAL</b>						
HEALTH & SAFETY						
	Health and safety policy	yes	yes	yes	yes	AR, p. 132–134
	Health and safety policy is group-wide	yes	yes	yes	yes	AR, p. 132–134
	Workforce absences employees, total	3.3%	3.7%	3.2%	3.1%	AR, p. 134
	Workforce absences per segment	yes	yes	yes	yes	AR, p. 134
EMPLOYMENT AND EMPLOYEE RETENTION						
	Total number of employees	10 524	10 219	9 298	8 457	AR, p. 120
	Total number of part-time employees	1 901	1 953	1 528	1 380	AR, p. 131
	Employee turnover	7.4%	8.4%	8.3%	8.1%	AR, p. 121, 126
	Fluctuation target	no	no	no	no	
	Company monitors employee satisfaction on a regular basis	yes	yes	yes	yes	AR, p. 121
	Major layoffs in the last three years (affecting 10% of staff or over 1000 employees)	no	no	no	no	
	Major merger or acquisition in the last three years (affecting large proportion of staff)	no	no	no	no	

<sup>1</sup> Further companies were included in the data collection process in 2020. The key figures for financial years 2019 and 2020 refer to VfU 2018 while those for the other years refer to VfU 2013.

AR = Annual report

Topic	Metric	2020	2019	2018	2017	Reference
<b>TRAINING &amp; HUMAN CAPITAL DEVELOPMENT</b>						
	Formal talent pipeline development strategy (forecasts hiring needs, actively develops new pools of talent)	yes	yes	yes	yes	AR, p. 127
	Graduate/trainee apprenticeship program	yes	yes	yes	yes	AR, p. 125-126
	Job-specific development training programs	yes	yes	yes	yes	AR, p. 125-126
	Leadership training and skills development	yes	yes	yes	yes	AR, p. 125-126
	Partnerships with educational institutions	yes	yes	yes	yes	AR, p. 125-126
	Share of employees with professional development interviews/annual performance reviews	100%	100%	100%	100%	AR, p. 120
<b>LABOUR &amp; HUMAN RIGHTS</b>						
	UN Global Compact Signatory	yes	yes	yes	no	AR, p. 101, 147-148, 151
	Human rights policy	yes	yes	yes	yes	AR, p. 91, 101-104, 106-111, 147-148, 151
	Collective employment contracts	yes	yes	yes	yes	AR, p. 135
<b>SUPPLY CHAIN</b>						
	Guidelines for social assessment of suppliers	yes	yes	yes	yes	AR, p. 91, 109-111
	Guidelines for environmental assessment of suppliers	yes	yes	yes	yes	AR, p. 91, 109-111
	Inclusion of ESG criteria in supplier contracts	yes	yes	yes	yes	AR, p. 109-111
<b>PHILANTHROPY</b>						
	Company has foundations	yes	yes	yes	yes	AR, p. 86, 116-117
	Total Group-wide foundation expenditures (in CHF million)	3.2	3.0	2.6	2.5 <sup>1</sup>	AR, p. 116-117
<b>ETHICS AND COMPLIANCE</b>						
	Business ethics guidelines incl. conflicts of interest	yes	yes	yes	yes	Code of Conduct
	Anti-bribery guidelines	yes	yes	yes	yes	Anti-bribery policy: Code of Conduct
	Guidelines on the prevention of money-laundering and on sanctions and embargoes	yes	yes	yes	yes	AR, p. 106 and Swiss Life Holding Ltd, Articles of Association, Article 11
	Employee protection/Whistle blowing policy	yes	yes	yes	yes	AR, p. 107
	Employee training on ethics and compliance	yes	yes	yes	yes	AR, p. 108
	Monitoring by the Board of Directors	yes	yes	yes	yes	Code of Conduct
<b>DIVERSITY &amp; INCLUSION</b>						
	Women in workforce	47%	47%	47%	45%	AR, p. 129
	Proportion of women with management functions <sup>2</sup>	33%	32%	27%	25%	AR, p. 129
	Proportion of women at senior and executive management levels <sup>2,3</sup>	9%	n/a	n/a	n/a	AR, p. 129
	Proportion of women at middle and lower management levels <sup>2,4</sup>	34%	n/a	n/a	n/a	AR, p. 129
	Gender equality policy and diversity activities	yes	yes	yes	yes	AR, p. 130-131
	Equal pay guidelines	yes	yes	yes	yes	AR, p. 130-131

<sup>1</sup> A detailed survey now includes the expenditures of a total of seven foundations. As a result, the 2017 figure had to be corrected upwards.

<sup>2</sup> Positions with leadership responsibility

<sup>3</sup> Members of the Group, division and business area management

<sup>4</sup> Department and team heads

AR = Annual report

Topic	Metric	2020	2019	2018	2017	Reference
<b>RESPONSIBLE INVESTING</b>						
	Exclusion criteria exist	yes	yes	yes	yes	AR, p. 101-105
	Responsible Investment Policy	yes	yes	yes	yes	AR, p. 101-105
	ESG integration in asset management	yes	yes	yes	no	AR, p. 101-105
	Scope of ESG integration strategy (% of assets under management)	90%	90%	n/a	n/a	AR, p. 101-105, swisslife-am.com/rireport, p. 8
	Active ownership guidelines	yes	under development	no	no	AR, p. 101-105
	Total number of Annual General Meetings at which Swiss Life Asset Managers voted	310	361	n/a	n/a	AR, p. 103
	Total number of agenda items where Swiss Life Asset Managers voted	5 750	4 749	n/a	n/a	AR, p. 103
	Proportion of votes against the management recommendation at the Annual General Meetings	9%	9%	n/a	n/a	AR, p. 103
	ESG products	yes	under development	no	no	AR, p. 99, 101-104
	Participation in impact investments (in CHF million)	25	7	n/a	n/a	AR, p. 101-104
	Participation in green bonds (in CHF million)	541	150	n/a	n/a	AR, p. 103-104
	Sustainable real estate strategy	yes	yes	yes	yes	AR, p. 104
	Member of Principles for Responsible Investment (PRI)	yes	yes	yes	no	AR, p. 104, 151
	Number of ESG specialists (in FTE)	12	5	n/a	n/a	swisslife-am.com/rireport, p. 24
<b>UNDERWRITING RISK MANAGEMENT</b>						
	Obesity and emerging health issues listed as a business risk factor	yes	yes	yes	yes	AR, Notes of the Consolidated Financial Statements, Note 5 "Risk management policies and procedures" and Note 5.5 "Insurance risk management objectives and policies"
	Aging population and demographic change listed as a business risk factor	yes	yes	yes	yes	AR, Notes of the Consolidated Financial Statements, Note 5 "Risk management policies and procedures" and Note 5.5 "Insurance risk management objectives and policies"
	Principles for Sustainable Insurance	yes	no	no	no	AR, p. 151
<b>DATA PROTECTION &amp; SECURITY</b>						
	Data privacy policy	yes	yes	yes	yes	AR, p. 106-108
	Guidelines on the protection of customer data and other personal data	yes	yes	yes	yes	AR, p. 106-108 Code of Conduct plus additional directives
	Granting of data subjects' rights (right to information, correction, blocking, forwarding of personal data)	yes	yes	yes	yes	Applicable law and internal guidelines
	Prohibition of access to personal data by unauthorised persons	yes	yes	yes	yes	AR, p. 106-108
	Regular internal audits of the IT systems	yes	yes	yes	yes	AR, p. 80-81, 108
<b>CUSTOMER RETENTION AND PROTECTION</b>						
	Guidelines on due diligence in advisory services and how to deal with complaints	yes	yes	yes	yes	AR, p. 97-99
	Auditable product development process	yes	yes	yes	yes	AR, p. 97-99

AR = Annual report

Topic	Metric	2020	2019	2018	2017	Reference
<b>GOVERNANCE</b>						
<b>BOARD OF DIRECTORS</b>						
	Total directors	12	12	11	11	AR, p. 36, 129
	Independence	92%	92%	100%	100%	AR, p. 35
	Average term of office (years)	9	8	7	7	AR, p. 36
	CEO duality	no	no	no	no	AR, p. 35
	Independent chairperson	yes	yes	yes	yes	AR, p. 35
	Former CEO or equivalent on Board	yes	yes	yes	yes	AR, p. 35
	Voting rights of largest shareholder	>5%	>5%	>5%	>5%	AR, p. 30-31
<b>BOARD DIVERSITY</b>						
	Number of women on the Board	2	2	2	2	AR, p. 36, 129
	Proportion of women on the Board	17%	17%	18%	18%	AR, p. 129
	Average age of Board member	60	59	58	59	AR, p. 37-44
	Commitment to Board diversity	yes	yes	yes	yes	AR, p. 37-44
<b>CSR-GOVERNANCE</b>						
	CSR/sustainability committee at Corporate Executive Board level	yes	yes	yes	yes	AR, p. 87
	Sustainability strategy	yes	under development	no	no	AR, p. 86
<b>COMPENSATION</b>						
	CEO total summary compensation (in CHF million)	3.9	4.3	4.3	3.4	AR, p. 65-68
	Clawback policy	yes	yes	yes	yes	AR, p. 60-64, 278-280
	Equal remuneration policy	yes	yes	yes	yes	AR, p. 57
<b>OWNERSHIP &amp; CONTROL</b>						
	Controlling shareholder	no	no	no	no	AR, p. 30-31
	Deviation from one share one vote	yes	yes	yes	yes	AR, p. 32, 74
<b>RISK MANAGEMENT</b>						
	Company has a risk management framework	yes	yes	yes	yes	AR, p. 79-82
	Climate change listed as a business risk factor	yes	yes	yes	yes	AR, p. 80, 101-104, 139
	Climate reporting according to the recommendations of the Task Force on Climate-related Financial Disclosures	yes	under development	n/a	n/a	swisslife.com/reports
	Risk management system covers reputational risks	yes	yes	yes	yes	AR, p. 79-82
	Risk management system covers market conduct risks	yes	yes	yes	yes	AR, p. 79-82
	Risk management covers systemic risks	yes	yes	yes	yes	AR, p. 79-82
	Risk management covers human rights risks	under development	n/a	n/a	n/a	AR, p. 79-82
	Risk management covers climate risks	yes	yes	yes	n/a	AR, p. 79-82
	Board oversight of risk management	yes	yes	yes	yes	AR, p. 207

AR = Annual report



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# Consolidated Statement of Income

## Consolidated statement of income for the years ended 31 December

In CHF million

	Notes	2020	2019
<b>INCOME</b>			
Premiums earned on insurance contracts		14 621	16 323
Premiums earned on investment contracts with discretionary participation		851	890
Premiums ceded to reinsurers		-169	-179
Net earned premiums	7	15 304	17 034
Policy fees earned on insurance contracts		27	26
Policy fees earned on investment and unit-linked contracts		342	342
Net earned policy fees	7	370	368
Commission income	8	1 588	1 452
Investment income	5, 8	4 021	4 387
Net gains/losses on financial assets	5, 8	-796	1 678
Net gains/losses on financial instruments at fair value through profit or loss	5, 8	191	-1 620
Net gains/losses on investment property	5, 14	847	776
Share of profit or loss of associates	5, 15	9	6
Other income	8	195	239
<b>TOTAL INCOME</b>		<b>21 728</b>	<b>24 320</b>
<b>EXPENSES</b>			
Benefits and claims under insurance contracts		-14 891	-17 037
Benefits and claims under investment contracts with discretionary participation		-846	-898
Benefits and claims recovered from reinsurers		109	98
Net insurance benefits and claims	8	-15 629	-17 838
Policyholder participation		-910	-1 124
Interest expense	8	-127	-165
Commission expense	8	-1 293	-1 285
Employee benefits expense	8	-1 070	-1 094
Depreciation and amortisation expense	8	-450	-516
Impairment of property and equipment and intangible assets	16, 17	-21	-3
Other expenses	8	-756	-643
<b>TOTAL EXPENSES</b>		<b>-20 256</b>	<b>-22 669</b>
<b>PROFIT FROM OPERATIONS</b>		<b>1 472</b>	<b>1 651</b>
Borrowing costs		-121	-123
<b>PROFIT BEFORE INCOME TAX</b>		<b>1 351</b>	<b>1 528</b>
Income tax expense	24	-300	-324
<b>NET PROFIT</b>		<b>1 051</b>	<b>1 205</b>
Net profit attributable to			
equity holders of Swiss Life Holding		1 046	1 199
non-controlling interests		5	6
<b>NET PROFIT</b>		<b>1 051</b>	<b>1 205</b>
Earnings per share attributable to equity holders of Swiss Life Holding			
Basic earnings per share (in CHF)	6	32.87	36.59
Diluted earnings per share (in CHF)	6	32.78	36.48

# Consolidated Statement of Comprehensive Income

## Consolidated statement of comprehensive income for the years ended 31 December

In CHF million

	2020	2019
<b>NET PROFIT</b>	<b>1 051</b>	<b>1 205</b>
<b>OTHER COMPREHENSIVE INCOME</b>		
<b>ITEMS THAT MAY BE RECLASSIFIED TO THE INCOME STATEMENT</b>		
Exchange differences on translating foreign operations	-347	-237
Net investment hedges	321	95
Financial assets available for sale	2 880	6 265
Cash flow hedges	259	340
Debt securities reclassified to loans and receivables	9	6
Adjustments relating to items that may be reclassified:		
Policyholder participation	-2 478	-4 274
Shadow accounting	-43	-69
Income tax	-145	-374
<b>TOTAL</b>	<b>456</b>	<b>1 754</b>
<b>ITEMS THAT WILL NOT BE RECLASSIFIED TO THE INCOME STATEMENT</b>		
Revaluation surplus on investment property	0	-4
Remeasurements on defined benefit pension liability	0	-289
Adjustments relating to items that will not be reclassified:		
Policyholder participation	-4	181
Shadow accounting	0	0
Income tax	1	15
<b>TOTAL</b>	<b>-3</b>	<b>-97</b>
<b>NET OTHER COMPREHENSIVE INCOME</b>	<b>453</b>	<b>1 655</b>
<b>TOTAL NET COMPREHENSIVE INCOME</b>	<b>1 505</b>	<b>2 859</b>
Total net comprehensive income attributable to		
equity holders of Swiss Life Holding	1 499	2 855
non-controlling interests	5	4
<b>TOTAL NET COMPREHENSIVE INCOME</b>	<b>1 505</b>	<b>2 859</b>

## Consolidated Balance Sheet

### Consolidated balance sheet

In CHF million

	Notes	31.12.2020	31.12.2019
<b>ASSETS</b>			
Cash and cash equivalents		7 865	8 247
Derivatives	9, 31	3 008	2 090
Assets held for sale		1	-
Financial assets at fair value through profit or loss	10	47 336	43 692
Financial assets available for sale	11	108 441	108 386
Loans and receivables	12, 30	23 357	22 955
Financial assets pledged as collateral	13, 31, 33	4 064	2 438
Investment property <sup>1</sup>	14, 30	38 120	34 866
Investments in associates	15	172	266
Reinsurance assets		556	527
Property and equipment <sup>1</sup>	16	515	532
Intangible assets including intangible insurance assets	17	3 058	3 074
Current income tax assets		24	10
Deferred income tax assets	24	79	72
Other assets	18	942	940
<b>TOTAL ASSETS</b>		<b>237 538</b>	<b>228 094</b>

<sup>1</sup> Including IFRS 16 right-of-use assets

## Consolidated balance sheet

In CHF million

	Notes	31.12.2020	31.12.2019
<b>LIABILITIES AND EQUITY</b>			
<b>LIABILITIES</b>			
Derivatives	9, 31	1 387	1 311
Investment and unit-linked contracts	19	42 024	42 303
Borrowings	20, 30	3 949	3 951
Other financial liabilities <sup>1</sup>	21, 30	19 882	17 741
Insurance liabilities	22	128 776	124 985
Policyholder participation liabilities		18 824	16 052
Employee benefit liabilities	23	1 993	2 160
Current income tax liabilities		310	323
Deferred income tax liabilities	24	2 636	2 432
Provisions	25	121	66
Other liabilities	18	371	336
<b>TOTAL LIABILITIES</b>		<b>220 275</b>	<b>211 659</b>
<b>EQUITY</b>			
Share capital	1, 26	3	171
Share premium		14	7
Treasury shares		-77	-787
Accumulated other comprehensive income	26	3 995	3 542
Retained earnings		12 810	12 988
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<b>16 745</b>	<b>15 920</b>
Hybrid equity		425	425
Non-controlling interests		93	89
<b>TOTAL EQUITY</b>		<b>17 263</b>	<b>16 435</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>237 538</b>	<b>228 094</b>

<sup>1</sup> Including IFRS 16 lease liabilities

# Consolidated Statement of Cash Flows

## Consolidated statement of cash flows for the years ended 31 December

In CHF million

	2020	2019
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Premiums, policy fees and deposits received, net of reinsurance	18 317	18 702
Benefits and claims paid, net of reinsurance	-15 028	-14 283
Interest received	2 805	3 014
Dividends received	647	742
Commissions received	1 534	1 476
Rentals received	1 253	1 303
Interest paid on borrowings and other liabilities	-171	-165
Commissions, employee benefit and other payments	-3 304	-3 890
Net cash flows from		
derivatives	783	-1 102
financial instruments at fair value through profit or loss	-4 450	-219
financial assets available for sale	-628	1 064
loans	-1 156	-1 277
investment property	-3 189	-3 015
financial liabilities	3 244	71
other operating assets and liabilities	103	-173
Income taxes paid	-295	-211
<b>TOTAL NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>464</b>	<b>2 038</b>



### Consolidated statement of cash flows for the years ended 31 December

In CHF million

	Notes	2020	2019
<b>TOTAL NET CASH FLOWS FROM OPERATING ACTIVITIES</b>		<b>464</b>	2 038
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchases of investments in associates		-5	-90
Sales of investments in associates		3	10
Dividends received from associates		10	4
Purchases of property and equipment		-28	-30
Sales of property and equipment		1	5
Purchases of computer software and other intangible assets		-15	-21
Acquisitions of subsidiaries, net of cash and cash equivalents		-6	-886
Disposals of subsidiaries, net of cash and cash equivalents		10	-118
<b>TOTAL NET CASH FLOWS FROM INVESTING ACTIVITIES</b>		<b>-31</b>	-1 125
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Issuance of debt instruments	20	-	850
Redemption of debt instruments	20	-	-225
Lease principal payments		-39	-40
Distribution out of capital contribution reserve		-	-83
Par value reduction		-159	-
Purchases of treasury shares		-43	-913
Interest paid on hybrid equity		-9	-9
Dividends paid to equity holders of Swiss Life Holding		-477	-464
Dividends paid to non-controlling interests		-1	-2
<b>TOTAL NET CASH FLOWS FROM FINANCING ACTIVITIES</b>		<b>-728</b>	-885
<b>TOTAL CHANGE IN CASH AND CASH EQUIVALENTS</b>		<b>-295</b>	29
Cash and cash equivalents as at 1 January		8 247	8 410
Foreign currency differences		-87	-192
Total change in cash and cash equivalents		-295	29
<b>TOTAL CASH AND CASH EQUIVALENTS AS AT END OF PERIOD</b>		<b>7 865</b>	8 247
<b>COMPONENTS OF CASH AND CASH EQUIVALENTS</b>			
Cash on hand and demand deposits		5 179	5 298
Cash equivalents		19	5
Cash and cash equivalents for the account and risk of the Swiss Life Group's customers		2 667	2 944
<b>TOTAL CASH AND CASH EQUIVALENTS AS AT END OF PERIOD</b>		<b>7 865</b>	8 247

## Consolidated Statement of Changes in Equity

### Consolidated statement of changes in equity for the year ended 31 December 2020

In CHF million										
	Notes	Share capital	Share premium	Treasury shares	Accumulated other comprehensive income	Retained earnings	Total shareholders' equity	Hybrid equity	Non-controlling interests	Total equity
Balance as at 1 January		171	7	-787	3 542	12 988	15 920	425	89	16 435
Total net comprehensive income		-	-	-	453	1 046	1 499	-	5	1 505
Reduction in par value	1, 26	-168	9	-	-	-	-159	-	-	-159
Equity-settled share-based payments		-	15	-	-	-	15	-	-	15
Purchases of treasury shares		-	-	-14	-	-	-14	-	-	-14
Share buyback		-	-	-29	-	-	-29	-	-	-29
Cancellation of treasury shares		0	-	740	-	-740	-	-	-	-
Allocation of treasury shares under equity compensation plans		-	-13	13	-	-	-	-	-	-
Disposals of subsidiaries		-	-	-	-	-	-	-	-1	-1
Dividends	1, 26	-	-	-	-	-477	-477	-	-1	-478
Interest on hybrid equity	26	-	-	-	-	-9	-9	-	-	-9
Income tax effects		-	-4	-	-	2	-2	-	-	-2
<b>BALANCE AS AT END OF PERIOD</b>		<b>3</b>	<b>14</b>	<b>-77</b>	<b>3 995</b>	<b>12 810</b>	<b>16 745</b>	<b>425</b>	<b>93</b>	<b>17 263</b>

### Consolidated statement of changes in equity for the year ended 31 December 2019

In CHF million										
	Notes	Share capital	Share premium	Treasury shares	Accumulated other comprehensive income	Retained earnings	Total shareholders' equity	Hybrid equity	Non-controlling interests	Total equity
Balance as at 1 January		175	341	-140	1 885	12 261	14 522	425	86	15 034
Total net comprehensive income		-	-	-	1 656	1 199	2 855	-	4	2 859
Distribution out of capital contribution reserve	26	-	-83	-	-	-	-83	-	-	-83
Equity-settled share-based payments		-	15	-	-	-	15	-	-	15
Share buyback		-	-	-913	-	-	-913	-	-	-913
Cancellation of treasury shares		-3	-249	252	-	-	-	-	-	-
Allocation of treasury shares under equity compensation plans		-	-14	14	-	-	-	-	-	-
Dividends		-	-	-	-	-464	-464	-	-2	-465
Interest on hybrid equity	26	-	-	-	-	-9	-9	-	-	-9
Income tax effects		-	-3	-	-	2	-1	-	-	-1
<b>BALANCE AS AT END OF PERIOD</b>		<b>171</b>	<b>7</b>	<b>-787</b>	<b>3 542</b>	<b>12 988</b>	<b>15 920</b>	<b>425</b>	<b>89</b>	<b>16 435</b>

# *Notes to the Consolidated Financial Statements*

## *1 General Information*

The Swiss Life Group is one of Europe's leading comprehensive life and pensions and financial solutions providers. In its core markets of Switzerland, France and Germany, Swiss Life offers individuals and corporations comprehensive and individual advice plus a broad range of own and partner products through its sales force and distribution partners such as brokers and banks.

Swiss Life Select, Tecis, Horbach, Proventus, Chase de Vere and Fincentrum advisors choose suitable products for customers from the market according to the Best Select approach. Swiss Life Asset Managers offers institutional and private investors access to investment and asset management solutions. Swiss Life provides multinational corporations with employee benefits solutions and high net worth individuals with structured life and pensions products.

### **Dividend and repayment of par value**

For the 2019 financial year, Swiss Life paid to the shareholders of Swiss Life Holding Ltd (hereafter referred to as "Swiss Life Holding") a dividend of CHF 15.00 per registered share in the first half of 2020 and a reduction of par value of CHF 5.00 per registered share in the second half of 2020. Both payments amounted to CHF 636 million in total.

### **Share buyback programmes**

In February 2020, the Group announced a CHF 400 million share buyback programme that commenced on 2 March 2020 and was intended to be completed in May 2021. The programme was temporarily suspended from 25 March 2020 onwards. By 24 March 2020, 79 324 shares had been purchased for CHF 29 million under this programme at an average price of CHF 363.13. On 4 November 2020, the Group communicated its intention to resume the programme from 4 January 2021.

In November 2018, the Group announced a CHF 1 billion share buyback programme, which commenced in December 2018 and ended in December 2019. Under this programme, 2 208 715 Swiss Life Holding shares were repurchased at an average price of CHF 452.75. Repurchased shares were cancelled in July 2019 (628 500 shares) and July 2020 (1 580 215 shares).

### **Approval of financial statements**

On 15 March 2021, the Board of Directors approved the annual financial statements and the financial report and authorised them for issue. The financial report, therefore, only reflects events up to that date.

## 2 Summary of Significant Accounting Policies

The principal accounting policies are set out below. These policies have been applied consistently to all the periods presented unless otherwise stated.

### 2.1 Basis of preparation

The consolidated financial statements of Swiss Life have been prepared in accordance and compliance with International Financial Reporting Standards (IFRS). The consolidated financial statements have been prepared on a historical cost basis, except for the following assets and liabilities, which are stated at their fair value: derivatives, financial assets and liabilities at fair value through profit or loss, financial assets classified as available for sale and investment property.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in note 3.

Figures may not add up exactly due to rounding.

### 2.2 Changes in accounting policies

In September 2016, the IASB amended IFRS 4 (applying IFRS 9 financial instruments with IFRS 4 insurance contracts) by introducing an optional temporary exemption from applying IFRS 9 for companies whose activities are predominantly connected with insurance. The use of this deferral approach to IFRS 9 has been aligned with the amended effective date of IFRS 17, so that qualifying insurance entities would only be required to apply IFRS 9 for annual periods beginning on or after 1 January 2023.

The Swiss Life Group made an assessment of whether it is eligible for the temporary exemption and decided to adopt the option of deferring the application of IFRS 9.

The Swiss Life Group determined its eligibility by comparing the carrying amount of its liabilities arising from contracts within the scope of IFRS 4 and liabilities relating to the insurance business such as investment contracts at FVPL (unit-linked), hybrid debt, post-employment liabilities, insurance payables and policyholder deposits with the total carrying amount of its liabilities. The insurance-related liabilities represent 93 per cent of the total carrying amount of its liabilities based on 31 December 2015.

Effective from 1 January 2020, the Swiss Life Group implemented the amendments to the definition of a business in IFRS 3 Business Combinations, issued by the IASB in October 2018. The amendments include the following changes: a business exists if inputs and substantive processes together have the 'ability to contribute to the creation of outputs' rather than the 'ability to create outputs'; the assessment of whether market participants are capable of replacing any missing elements has been removed; the definitions of 'substantive processes' and 'outputs' have been narrowed; an optional fair value concentration test has been introduced to identify transactions that are not a business combination, that is, if substantially all of the gross assets'

fair value is concentrated in a single identifiable asset or group of similar identifiable assets. The amendments have been applied prospectively and have not had an impact on the consolidated financial statements yet.

In response to the IBOR reform, the International Accounting Standards Board amended the IFRS Standards IFRS 9 Financial Instruments, IAS 39 Financial Instruments: Recognition and Measurement and IFRS 7 Financial Instruments: Disclosures in September 2019. The amendments modify some specific hedge accounting requirements to provide relief from the potential effects of the uncertainty caused by the IBOR reform. In addition, the amendments require companies to provide additional information to investors about their hedging relationships which are directly affected by these uncertainties, if applicable. The amendments were implemented on 1 January 2020. Since the effectiveness of the Swiss Life Group's hedging relationships is not impaired by the IBOR reform, the amendments have no material impact on the financial statements.

Swiss Life Group decided to early adopt the amendment to IFRS 16, which was published in response to the COVID-19 pandemic in May 2020. This IFRS 16 amendment has had no effect on the consolidated financial statements.

Swiss Life Group decided to present all interest and borrowing cost paid as a component of cash flows from operating activities. Previously, interest paid was presented as cash flows from operating activities and borrowing cost paid as cash flows from financing activities. The comparative period of the consolidated statement of cash flows was restated accordingly.

Other new or amended standards and interpretations did not have an impact on the consolidated financial statements.

### **2.3 Consolidation principles**

The Group's consolidated financial statements include the assets, liabilities, income and expenses of Swiss Life Holding and its subsidiaries. A subsidiary is an entity over which Swiss Life Holding has control. Control is achieved if Swiss Life Holding has the power over the subsidiary, is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to use its power to affect its returns. Subsidiaries are consolidated from the date on which effective control is obtained. All intercompany balances, transactions and unrealised gains on such transactions have been eliminated. Unrealised losses have been eliminated unless the transaction provides evidence of an impairment of the asset transferred. A listing of the Group's significant subsidiaries is set out in note 35. The financial effect of acquisitions and disposals of subsidiaries is shown in note 28. Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions.

The Swiss Life Group acts as a fund manager for various investment funds. In order to determine if the Group controls an investment fund, aggregate economic interest (including performance fees, if any) is taken into account. Third-party rights to remove the fund manager without cause (kick-out rights) are also taken into account.

Associates for which the Group has significant influence are accounted for using the equity method. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those decisions. The investment is initially recognised at cost and subsequently adjusted to recognise the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. The Group's share of net income is included from the date on which significant influence begins until the date on which significant influence ceases. Unrealised gains arising from transactions with associates are eliminated to the extent of the Group's interest. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. The carrying amount includes goodwill on the acquisition.

The Group has elected to measure the performance of certain associates that are held by the insurance business at fair value through profit or loss instead of applying the equity method. Changes in the fair value of such investments are included in net gains/losses on financial instruments at fair value through profit or loss.

A listing of the Group's principal associates is shown in note 15.

Non-controlling interest is the part of profit or loss and net assets of a subsidiary attributable to equity interest that is not controlled, directly or indirectly, through subsidiaries by the parent. The amount of non-controlling interest comprises the proportion of the net fair value of the identifiable assets, liabilities and contingent liabilities not attributable, directly or indirectly, to the parent at the date of the original acquisition, goodwill attributable to non-controlling interest, if any, and the proportion of changes in equity not attributable, directly or indirectly, to the parent since the date of acquisition. Summarised financial information of subsidiaries with material non-controlling interests is set out in note 26.

## 2.4 Foreign currency translation and transactions

### Functional and presentation currency

Items included in the financial statements of the Group are measured using the currency of the primary economic environment in which the Group's entities operate (the "functional currency"). The consolidated financial statements are presented in millions of Swiss francs (CHF), which is the Group's presentation currency.

### Foreign currency exchange rates

	For the balance sheet		For the income statement	
	31.12.2020	31.12.2019	Average 2020	Average 2019
1 British pound (GBP)	1.2083	1.2817	1.2051	1.2688
1 Czech koruna (CZK)	0.0412	0.0427	0.0404	0.0433
1 Euro (EUR)	1.0821	1.0852	1.0717	1.1125
1 Singapore dollar (SGD)	0.6699	0.7187	0.6806	0.7285
1 US dollar (USD)	0.8852	0.9664	0.9387	0.9938

**Foreign currency translation**

On consolidation, assets and liabilities of Group entities denominated in foreign currencies are translated into Swiss francs at year-end exchange rates. Income and expense items are translated into Swiss francs at the annual average exchange rate. Goodwill reported before 1 January 2005 is translated at historical exchange rates. Goodwill for which the acquisition date is on or after 1 January 2005 is carried in the foreign operation's functional currency and is translated into Swiss francs at year-end exchange rates. The resulting translation differences are recorded in other comprehensive income as cumulative translation adjustments. On disposal of foreign entities (loss of control), such translation differences are recognised in profit or loss as part of the gain or loss related to the sale.

**Foreign currency transactions**

For individual Group entities, foreign currency transactions are accounted for using the exchange rate at the date of the transaction. Outstanding balances in foreign currencies at year-end arising from foreign currency transactions are translated at year-end exchange rates for monetary items, while historical rates are used for non-monetary items. Those non-monetary items in foreign currencies recorded at fair values are translated at the exchange rate on the revaluation date.

**2.5 Cash and cash equivalents**

Cash amounts represent cash on hand and demand deposits. Cash equivalents are primarily short-term highly liquid investments with an original maturity of 90 days or less. Cash and cash equivalents include cash and cash equivalents for the account and risk of the Swiss Life Group's customers.

**2.6 Derivatives**

The Group enters into forward contracts, futures, forward rate agreements, currency and interest rate swaps, options and other derivative financial instruments for hedging risk exposures or for trading purposes. The notional amounts or contract volumes of derivatives, which are used to express the volume of instruments outstanding and to provide a basis for comparison with other financial instruments, do not, except for certain foreign exchange contracts, represent the amounts that are effectively exchanged by the parties and, therefore, do not measure the Group's exposure to credit risk. The amounts exchanged are calculated on the basis of the notional amounts or contract volumes and other terms of the derivatives that relate to interest or exchange rates, securities prices and the volatility of these rates and prices.

All derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at their fair value as assets when favourable to the Group and as liabilities when unfavourable. Gains and losses arising on remeasurement to fair value are recognised immediately in profit or loss, except for derivatives that are used for cash flow hedging or for net investment hedges.

Derivatives embedded in other financial instruments or in insurance contracts which are not closely related to the host contract are separated and measured at fair value, unless they represent surrender options with a fixed strike price embedded in host insurance contracts and host investment contracts with discretionary participation features. Changes in the fair value are included in profit or loss. Derivatives embedded in insurance contracts which are closely related or which are insurance contracts themselves, such as guaranteed annuity options or guaranteed interest rates, are reflected in the measurement of the insurance liabilities. Options, guarantees and other derivatives embedded in an insurance contract that do not carry any insurance risk are recognised as derivatives.

Derivatives and other financial instruments are also used to hedge or modify exposures to interest rate, foreign currency and other risks if certain criteria are met. Such financial instruments are designated to offset changes in the fair value of an asset or liability and unrecognised firm commitments (fair value hedge), or changes in future cash flows of an asset, liability or a highly probable forecast transaction (cash flow hedge) or hedges of net investments in foreign operations. In a qualifying fair value hedge, the change in fair value of a hedging derivative is recognised in profit or loss. The change in fair value of the hedged item attributable to the hedged risk adjusts the carrying value of the hedged item and is also recognised in profit or loss.

In a qualifying cash flow hedge, the effective portion of the gain or loss on the hedging derivative is recognised in other comprehensive income. Any ineffective portion of the gain or loss is recognised immediately in profit or loss. For a hedged forecast transaction that results in the recognition of a financial asset or liability, the associated gain or loss recognised in other comprehensive income is reclassified into profit or loss in the same period or periods during which the asset acquired or liability assumed affects profit or loss. When a hedging instrument expires or is sold, or a hedge no longer meets the criteria for hedge accounting, any cumulative hedging gain or loss at that time remains in other comprehensive income and is recognised when the forecast transaction is ultimately recognised in profit or loss. However, when a forecast transaction is no longer expected to occur, the cumulative hedging gain or loss is immediately transferred from other comprehensive income to profit or loss.

Hedges of net investments in foreign operations (net investment hedges) are accounted for similarly to cash flow hedges, i.e. the effective portion of the gain or loss on the hedging instrument is recognised in other comprehensive income and any ineffective portion is recognised immediately in profit or loss. On the disposal of the foreign operation, the gains or losses included in other comprehensive income are reclassified to profit or loss.

When a hedge relationship is no longer effective, expires or is terminated, hedge accounting is discontinued from that point on.



## 2.7 Financial assets

“Regular way” purchases and sales of financial assets are recorded on the trade date. The amortisation of premiums and discounts is computed using the effective interest method and is recognised in profit or loss as an adjustment of yield. Dividends are recorded as investment income on the ex-dividend date. Interest income is recognised on an accrual basis.

A financial asset is derecognised when the contractual rights to the cash flows from the financial asset have expired or substantially all risks and rewards of ownership have been transferred or the risks and rewards have neither been transferred nor retained, but control of the asset has been transferred.

### **Financial assets at fair value through profit or loss (FVPL)**

Financial assets at fair value through profit or loss comprise financial assets designated as at fair value through profit or loss. Financial assets are irrevocably designated as such on initial recognition in the following instances:

- Financial assets backing insurance liabilities and liabilities arising from investment contracts for the account and risk of the Swiss Life Group’s customers (contracts with unit-linked features, separate accounts, private placement life insurance) in order to avoid measurement inconsistencies with the corresponding liabilities.
- Certain equity instruments with a quoted price in an active market which are managed on a fair value basis.
- Certain financial assets with embedded derivatives which otherwise would have to be separated.
- Certain financial assets and financial liabilities where a measurement or recognition inconsistency can be avoided (“accounting mismatch”) that would otherwise arise from measuring those assets or liabilities or recognising the gains and losses on them on different bases.

Interest, dividend income and realised and unrealised gains and losses are included in net gains/losses on financial instruments at fair value through profit or loss.

**Financial assets available for sale (AFS)**

Financial assets classified as available for sale are carried at fair value. Financial assets are classified as available for sale if they do not qualify as held to maturity, loans and receivables or if they are not designated as at fair value through profit or loss. Gains and losses arising from fair value changes, being the difference between fair value and cost/amortised cost, are reported in other comprehensive income. On disposal of an AFS investment, the cumulative gain or loss is transferred from other comprehensive income to profit or loss for the period. Gains and losses on disposal are determined using the average cost method.

**Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments. Loans include loans originated by the Group and investments in debt instruments which are not quoted in an active market and for which no intention of sale exists in the near term. Loans are initially recognised at fair value, net of transaction costs, or direct origination costs. Subsequent measurement is at amortised cost using the effective interest method.

Debt securities reclassified from financial assets available for sale to loans and receivables due to the disappearance of an active market are not reclassified back to available for sale if the market becomes active again.

**Financial assets pledged as collateral**

Transfers of securities under repurchase agreements or under lending agreements continue to be recognised if substantially all the risks and rewards of ownership are retained. They are accounted for as collateralised borrowings, i.e. the cash received is recognised with a corresponding obligation to return it, which is included in other financial liabilities.

Financial assets that have been sold under a repurchase agreement or lent under an agreement to return them, and where the transferee has the right to sell or repledge the securities given as collateral, are reclassified to financial assets pledged as collateral.

Measurement rules are consistent with the ones for corresponding unrestricted financial assets.

**2.8 Impairment of financial assets**

The Group reviews the carrying value of financial assets regularly for indications of impairment.

**Financial assets at amortised cost**

The Group assesses at each balance sheet date if there is objective evidence that a financial asset or a group of financial assets is impaired. It is assessed whether there is objective evidence of impairment individually for financial assets that are individually significant, and collectively for financial assets that are not individually significant.

A financial asset or a group of financial assets is impaired and impairment losses are incurred if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a “loss event”) and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. Loans and receivables are assessed for impairment when a

significant decrease in market value related to credit risk arises, namely after a downgrade of a debtor's rating below single B- after initial recognition (i.e. CCC or lower according to Standard and Poor's or equivalent) or when payments of principal and/or interest are overdue by more than 90 days. If there is objective evidence that an impairment loss on loans and receivables has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in profit or loss. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For the purposes of a collective evaluation of impairment, financial assets are grouped on the basis of similar credit risk characteristics. Those characteristics are relevant to the estimation of future cash flows from groups of such assets by being indicative of the debtors' ability to pay all amounts due according to the contractual terms of the assets being evaluated.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the previously recognised impairment loss is reversed by the amount that represents the difference between the carrying amount and the new amortised cost value by adjusting the allowance account. The amount of the reversal is recognised in profit or loss.

#### **Financial assets carried at fair value (available for sale)**

At each balance sheet date, an assessment is made whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of an equity instrument classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is considered objective evidence of impairment. In this respect, a decline of 30% or more is regarded as significant, and a period of 12 months or longer is considered to be prolonged. In such a situation, the impairment loss – measured as the difference between the acquisition cost and the current fair value – is removed from other comprehensive income and recognised in profit or loss. After recognition of an impairment loss, any further declines in fair value are recognised in profit or loss, and subsequent increases in fair value are recognised in other comprehensive income.

Available-for-sale debt instruments are assessed for impairment when a significant decrease in market value related to credit risk arises, namely after a downgrade of a debtor's rating below single B- after initial recognition (i.e. CCC or lower according to Standard and Poor's or equivalent) or when payments of principal and/or interest are overdue by more than 90 days. If, in a subsequent period, the fair value of a debt instrument classified as available for sale increases and the increase can be objectively related to an event after the impairment loss was recognised, the impairment loss is reversed through profit or loss.

Impairment losses are presented in the income statement as part of net gains and losses on financial assets.

## 2.9 Investment property

Investment property is property (land or a building or both) held by the Group to earn rentals or for capital appreciation or both, rather than for administrative purposes.

Investment property includes completed investment property and investment property under construction. Completed investment property consists of investments in residential, commercial and mixed-use properties primarily located within Switzerland.

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for administrative purposes. If these portions could be sold separately, they are accounted for separately. If these portions could not be sold separately, the portion is investment property only if an insignificant portion is held for administrative purposes.

Investment property is carried at fair value and changes in fair values are recognised in profit or loss. Fair values are determined either on the basis of periodic independent valuations or by using discounted cash flow projections. The valuation of each investment property is reviewed by an independent recognised valuer at least once every three years. Rental income is recognised on a straight-line basis over the lease term. The fair value of an investment property is measured based on its highest and best use. The highest and best use of an investment property takes into account the use of the asset that is physically possible, legally permissible and financially feasible.

Investment property under construction is also measured at fair value with changes in fair value being recognised in profit or loss. However, where the fair value is not reliably determinable, the property is measured at cost until either its fair value becomes reliably measurable or construction is completed.

Investment property being redeveloped for continuing use as investment property, or for which the market has become less active, continues to be measured at fair value.

If an item of property and equipment becomes an investment property because its use has changed, the positive difference resulting between the carrying amount and the fair value of this item at the date of transfer is recognised in other comprehensive income as a revaluation surplus. However, to the extent a fair value gain reverses a previous impairment loss, the gain is recognised in profit or loss. Any resulting decrease in the carrying amount of the property is recognised in net profit or loss for the period. Upon the disposal of such investment property, any revaluation surplus included in other comprehensive income is transferred to retained earnings; the transfer is not made through profit or loss.

If an investment property becomes owner-occupied, it is reclassified as property and equipment, and its fair value at the date of reclassification becomes its cost for subsequent measurement purposes.

## 2.10 Insurance operations

### Definition of insurance contracts

Insurance contracts are contracts under which one party accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event adversely affects the policyholder. Significant insurance risk exists if an insured event could cause an insurer to pay significant additional benefits in any scenario, excluding scenarios that lack commercial substance (i.e. have no discernible effect on the economics of the transaction). The classification of contracts identifies both the insurance contracts that the Group issues and reinsurance contracts that the Group holds. By Group policy, Swiss Life considers those contracts to be insurance contracts that require the payment of additional benefits in excess of 10% of the benefits that would be payable if the insured event had not occurred, excluding scenarios that lack commercial substance.

The Group has assessed the significance of insurance risk on a contract-by-contract basis. Contracts that do not transfer insurance risk at inception but at a later date are classified as insurance from inception unless the Group remains free to price the insurance premium at a later date. In this case, the contract is classified as insurance when the insurance premiums are specified. A contract that qualifies as an insurance contract remains an insurance contract until all rights and obligations are extinguished or expire.

Contracts under which the transfer of insurance risk to the Group from the policyholder is not significant are classified as investment contracts.

### Investment contracts with and without discretionary participation features

For investment contracts that contain discretionary participation features (see below), the same recognition and measurement principles as for insurance contracts apply. For investment contracts without discretionary participation features, the recognition and measurement rules for financial instruments apply.

### Recognition and measurement principles

Subject to certain limitations, the Group uses its existing accounting policies for the recognition and measurement of insurance contracts and investment contracts with discretionary participation features that it issues (including related deferred acquisition costs and related intangible assets) and reinsurance contracts that it holds. The existing accounting policies for recognition and measurement have primarily been based on the requirements of the Generally Accepted Accounting Principles in the United States (status of US GAAP as of the first application of IFRS 4).

The accounting policies for insurance contracts and investment contracts with discretionary participation features have been modified as appropriate to be consistent with the IFRS requirements. Guidance in dealing with similar and related issues, definitions, recognition and measurement criteria for assets, liabilities, income and expenses as set out in the IASB Framework for the Preparation and Presentation of Financial Statements has been considered.

**Discretionary participation features (DPF)**

Discretionary participation features are defined in IFRS 4 Insurance Contracts as contractual rights to receive, as a supplement to guaranteed benefits, additional benefits which are likely to be a significant portion of the total contractual benefits and whose amount or timing is contractually at the discretion of the issuer. These DPF are contractually based on the performance of a specified pool of contracts or a specified type of contract or on the realised and unrealised investment returns on a specified pool of assets held by the issuer or on the profit or loss of the company. The unrealised investment returns comprise gains/losses recognised in other comprehensive income.

The bonuses which are allocated to the policyholders in the participating insurance business (insurance and investment contracts) in Switzerland, France, Germany, Luxembourg and Liechtenstein follow the definition of DPF as set out in IFRS 4 Insurance Contracts.

IFRS 4 Insurance Contracts is silent on the measurement of the amounts identified as DPF. This topic will be addressed in IFRS 17 Insurance Contracts. Cash flows to policyholders that vary depending on returns on underlying items are included in the measurement of insurance liabilities. If these cash flows are substantial, a modification of the general measurement model in IFRS 17 Insurance Contracts applies (“variable fee approach” for direct participating contracts).

The accounting for the amounts identified as DPF has been done as follows:

In jurisdictions where no statutory minimum distribution ratio (“legal quote”) exists, the contractual right to receive, as a supplement to guaranteed benefits, additional benefits which are likely to be a significant portion of the total contractual benefits arise when management ratifies the allocation of policyholder bonuses. When ratified by management, a corresponding liability is set up. To the extent discretion with regard to amount and/or timing is involved, these amounts are included within policyholder participation liabilities. In that respect the policyholder bonus reserve set up in the statutory accounts for these contracts is regarded as discretionary. For these contracts the entire DPF is classified as a liability.

In other jurisdictions, a statutory minimum distribution ratio (“legal quote”) exists for certain types of business. Geographical areas in which the Swiss Life Group is present and in which such a statutory minimum distribution ratio (“legal quote”) exists are as follows: Switzerland (only group business subject to “legal quote”), France (life insurance business) and Germany. For these contracts the Swiss Life Group defines DPF as the policyholder bonus reserve set up in the statutory accounts and the amount of temporary valuation differences between the IFRS basis and statutory basis on the assets and liabilities relating to the respective insurance portfolio measured using the statutory minimum distribution ratio (“legal quote”). The policy of the Swiss Life Group is to classify as a liability the entire DPF as defined.

When such temporary valuation differences disappear (e.g. management decides to realise certain unrealised gains and losses on assets), additional benefits which arise from the application of the statutory minimum distribution ratio (“legal quote”) are allocated to the policyholders and become part of their guaranteed benefits. These amounts are always accounted for as liabilities.

Because there is a direct effect on the measurement of DPF liabilities when asset gains or losses are realised, changes in these liabilities are recognised in other comprehensive income when, and

only when, the valuation differences on the assets arise from gains or losses recognised in other comprehensive income (“shadow accounting”).

As the liabilities to policyholders arising from the insurance business are fully recognised, no further liabilities relating to the rights arising from DPF have been set up.

The statutory minimum distribution ratios (“legal quote”) relating to the Swiss Life Group’s operations are as follows:

#### Switzerland

Group business subject to “legal quote”: at least 90% of the calculated income on the savings, risk and cost components minus the expenses thereof must be allocated to the policyholders. All other business: no “legal quote”.

#### France

In life insurance business, 85% of the net investment returns and 90% of any other results are allocated to the policyholders as a minimum.

#### Germany

A minimum of 90% of the net investment returns, a minimum of 90% of the risk result and a minimum of 50% of the positive other result including expenses/costs are allocated to the policyholder. A negative investment result can be offset with positive other profit sources.

#### Luxembourg/Liechtenstein

No statutory minimum distribution ratios are in place.

#### Non-discretionary participation features

Certain policyholder participation systems do not satisfy the criteria for discretionary participation features. These policyholder bonuses might be guaranteed elements. Some policyholder bonuses are based on benchmark interest rates which are credited to the policyholders. For certain products, policyholder bonuses are based on the development of biometric parameters such as mortality and morbidity. These policyholder bonuses are allocated based on the risk result of the contracts involved. The amount and timing of these bonuses are not subject to management discretion and are accrued to the policyholders’ liabilities based on the relevant contractual terms and conditions.

For investment-type products, bonuses are only accrued on deposits under policyholder accounts if the policyholders were entitled to receive those bonuses upon surrender at the balance sheet date.

#### Income and related expenses from insurance contracts and investment contracts with discretionary participation features

Premiums from traditional life insurance contracts are recognised when due from the policyholder. Insurance liabilities are established in order to recognise future benefits and expenses. Benefits are recognised as an expense when due.

Amounts collected as premiums from investment-type contracts such as universal life and unit-linked contracts are reported as deposits. Only those parts of the premiums used to cover the insured risks and associated costs are treated as premium income. These include fees for the

cost of insurance, administrative charges and surrender charges. Benefits recognised under expenses include claims for benefits incurred in the period under review that exceed the related deposits under policyholder contracts and interest that is credited to the appropriate insurance policy accounts.

For contracts with a short duration (e.g. most non-life contracts), premiums are recorded as written upon inception of the contract and are earned primarily on a pro-rata basis over the term of the related policy coverage. The unearned premium reserve represents the portion of the premiums written relating to the unexpired terms of coverage.

### **Insurance liabilities and liabilities from investment contracts**

#### **Future life policyholder benefit liabilities**

These liabilities are determined by using the net-level-premium method. Depending on the type of profit participation, the calculations are based on various actuarial assumptions as to mortality, interest rates, investment returns, expenses and persistency, including a margin for adverse deviation. The assumptions are initially set at contract issue and are locked in except for deficiency.

#### **Policyholder deposits**

For investment-type contracts, savings premiums collected are reported as deposits (deposit accounting). The liabilities relating to these contracts comprise the accumulation of deposits received plus interest credited less expenses, insurance charges and withdrawals.

#### **Liability adequacy test**

If the actual results show that the carrying amount of the insurance liabilities together with anticipated future revenues (less related deferred acquisition costs [DAC] and related intangible assets) are not adequate to meet the future obligations and to recover the unamortised DAC or intangible assets, the entire deficiency is recognised in profit or loss, either by reducing the unamortised DAC or intangible assets or by increasing the insurance liabilities. The liability adequacy test is performed at portfolio level at each reporting date in accordance with a loss recognition test considering current estimates of future cash flows including those resulting from embedded options and guarantees.

#### **Liabilities for claims and claim settlement costs**

Liabilities for unpaid claims and claim settlement costs are for future payment obligations under insurance claims for which normally either the amount of benefits to be paid or the date when payments must be made is not yet fixed. They include claims reported at the balance sheet date, claims incurred but not yet reported, and claim settlement expenses. Liabilities for unpaid claims and claim settlement costs are calculated at the estimated amount considered necessary to settle future claims in full, using actuarial methods. These methods are continually reviewed and updated. Claim reserves are not discounted except for claims with determinable and fixed payment terms.

#### **Embedded options and guarantees in insurance contracts**

Insurance contracts often contain embedded derivatives. Embedded derivatives which are not closely related to their host insurance contracts are separated and measured separately at fair value. Exposure to embedded options and guarantees in insurance contracts which are closely related or which are insurance contracts themselves, such as guaranteed annuity options or guaranteed interest rates, is reflected in the measurement of the insurance liabilities.



**Reinsurance**

The Group assumes and/or cedes insurance in the normal course of business. Reinsurance assets principally include receivables due from both insurance and reinsurance companies for ceded insurance liabilities. Amounts recoverable or due under reinsurance contracts are recognised in a manner consistent with the reinsured risks and in accordance with the terms of the reinsurance contract. Reinsurance is presented in the consolidated balance sheet and income statement on a gross basis unless a right and the intention to offset exist.

Reinsurance contracts that do not transfer insurance risk are accounted for as financial reinsurance and are included in financial assets or liabilities. A deposit asset or liability is recognised based on the consideration paid or received, less any explicitly identified premiums or fees retained by the reinsured. These contracts are primarily measured at amortised cost using the effective interest method with future cash flows being estimated to calculate the effective interest rate.

If a reinsurance asset is impaired, the impairment loss is recognised in profit or loss and the carrying amount is reduced accordingly.

**Separate account/unit-linked contracts/private placement life insurance**

Separate account contracts represent life insurance contracts with a separated part that is invested in assets managed for the account and risk of the Swiss Life Group's customers according to their specific investment objectives. Separate account liabilities are included in insurance liabilities. Separate account liabilities include the right of the policyholder to participate in the performance of the underlying assets.

Unit-linked contracts are insurance or investment contracts where the insurance benefits are linked to the unit values of investment funds. Certain unit-linked contracts contain guaranteed minimum insurance benefits. The deposit components of unit-linked liabilities are measured at fair value through profit and loss and are included in investment and unit-linked contracts ("unbundling of deposit components"). The components of the unit-linked liabilities that cover insurance risk, if any, are carried under insurance liabilities.

Liabilities relating to private placement life insurance are measured at fair value through profit and loss and are included in investment and unit-linked contracts.

Assets associated with separate account/unit-linked contracts and private placement life insurance are included in financial assets designated as at fair value through profit or loss, derivatives and cash and cash equivalents. The related income and gains or losses are included in the income statement under the respective line items. The Group has allocated on a rational basis the proportion of acquisition costs related to the insurance and deposit components. The accounting policy for deferred acquisition costs applies to the portion of acquisition costs associated with the insurance component, and the policy for deferred origination costs applies to the other portion (see 2.16 Intangible assets).

Administrative and surrender charges are included in policy fee income.

## 2.11 Property and equipment

Property and equipment are carried at cost less accumulated depreciation. Land is carried at cost and not depreciated. Depreciation is principally calculated using the straight-line method to allocate the cost of assets to their residual values over the assets' estimated useful life as follows: buildings 25 to 50 years; furniture and fixtures five to ten years; computer hardware three to five years.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

Subsequent costs are included in the asset's carrying amount or are recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repair and maintenance costs are charged to the income statement during the financial period in which they are incurred. Borrowing costs directly attributable to the construction or acquisition of a qualifying asset are capitalised as part of the cost of that asset. Realised gains and losses on disposals are determined by comparing proceeds with the carrying amount and are included in profit or loss.

Property and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and value in use.

## 2.12 Inventory property

Inventory property comprises land and buildings that are intended for sale in the ordinary course of business or in the process of construction or development for such a sale, primarily property acquired with a view to subsequent disposal in the near future or for development and resale. Such property is included in other assets.

Inventory property is measured at the lower of cost and net realisable value. Acquisition costs comprise the purchase price and other costs directly attributable to the acquisition of the property (notary fees etc.). Construction costs include costs directly related to the process of construction of a property. Construction and other related costs are included in inventory property until disposal.

The estimated net realisable value is the proceeds expected to be realised from the sale in the ordinary course of business, less estimated costs to be incurred for renovation, refurbishment and disposal.

Revenue from sales is recognised when construction is complete and legal title to the property has been transferred to the buyer.

### 2.13 Leases

Future lease payments that are fixed or variable based on an index or rate are discounted and recorded on the balance sheet as lease liability. The lease liability is amortised by the payments made to the lessor, less the interest expense.

At inception of the lease contract, the leased asset is capitalised (right-of-use asset), measured at the initial amount of the lease liability plus any additional initial payments made before the initial capitalisation and any payments for restoring the leased asset at the end of the lease term. The right-of-use asset is depreciated on a straight-line basis over the useful life of the underlying asset, if the ownership of the underlying asset will be transferred to the lessee by the end of the lease term or a purchase option is reasonably certain to be exercised. Otherwise, the right-of-use asset is depreciated over the useful life of the underlying asset, or the lease term, whichever is shorter. The right-of-use assets are included in property and equipment.

Purchase options, penalties, and changes to the lease term are considered in the measurement of the lease liability if reasonably certain. As an exemption, variable payments, payments for short-term leases with an initial lease term of less than twelve months and low-value leases with an initial value of less than CHF 5000 are expensed as they occur.

### 2.14 Investment management

Revenue consists principally of investment management fees, commission revenue from distribution and sales of investment fund units. Such revenue is recognised when earned, i.e. when the services are rendered.

Incremental costs that are directly attributable to securing an investment management contract are recognised as an asset if they can be identified separately and measured reliably and if it is probable that they will be recovered. Such deferred origination costs are included in intangible assets. Deferred investment management fees are included in other liabilities.

### 2.15 Commission income and expense

Revenue consists principally of brokerage fees, recurring fees for existing business and other fees. Such revenue is recognised when earned, i.e. when the services are rendered. Cancellations are recorded as a deduction of fee income.

Costs primarily comprise commissions paid to independent financial advisors, fees for asset management and other (advisory) services.

## 2.16 Intangible assets

### **Present value of future profits (PVP) arising from acquired insurance contracts and investment contracts with discretionary participation features**

On acquisition of a portfolio of insurance contracts or a portfolio of investment contracts with discretionary participation features (DPF), either directly from another insurer or through the acquisition of a subsidiary undertaking, the Group recognises an intangible asset representing the present value of future profits (PVP) embedded in the contracts acquired. The PVP represents the difference between the fair value of the contractual rights acquired and insurance obligations assumed and a liability measured in accordance with the accounting policies for insurance contracts and investment contracts with DPF. The PVP is determined by estimating the net present value of future cash flows from the contracts in force at the date of acquisition. For acquired insurance and investment contracts with DPF, future positive cash flows generally include net valuation premiums while future negative cash flows include policyholders' benefits and certain maintenance expenses.

PVP is amortised in proportion to gross profits or gross margins over the effective life of the acquired contracts, which generally ranges from 20 to 30 years. Realised gains/losses are thereby taken into account as well as gains/losses recognised in other comprehensive income (unrealised gains/losses). If these unrealised gains/losses were to be realised, the gross profits or gross margins used to amortise PVP would be affected. Therefore, an adjustment relating to these unrealised gains/losses is recognised in other comprehensive income and is also reflected in the amount of PVP in the balance sheet ("shadow accounting").

PVP is subject to impairment tests. The effect of changes in estimated gross profits or margins on unamortised PVP is reflected as an expense in the period in which such estimates of expected future profits or margins are revised.

### **Deferred acquisition costs (DAC)**

Costs that vary with and are directly related to the acquisition of new and renewed insurance contracts and investment contracts with discretionary participation features, including commissions, underwriting costs, agency and policy issue expenses, are deferred. Deferred acquisition costs are periodically reviewed to ensure that they are recoverable from future revenues.

For participating life insurance contracts, where the contribution principle applies to the allocation of the policyholder bonus, the deferred acquisition costs are amortised over the life of the contract based on the present value of the estimated gross margin amounts expected to be realised. Expected gross margins include expected premiums and investment results less expected benefit claims and administrative expenses, anticipated changes to future life policyholder benefit liabilities and expected annual policyholder bonuses.

Deferred acquisition costs for other traditional life insurance contracts and annuities with life contingencies are amortised in proportion to the expected premiums.

Deferred acquisition costs for investment-type contracts such as universal life contracts are amortised over the life of the contract based on the present value of the estimated gross profits or gross margins expected to be realised. The estimated gross profits are made up of margins available from mortality charges and contract-administration costs, investment earnings spreads, surrender charges and other expected assessments and credits.

When DAC are amortised in proportion to gross profits or gross margins on the acquired contracts, realised gains/losses are taken into account as well as gains/losses recognised in other comprehensive income (unrealised gains/losses). If these gains/losses were to be realised, the gross profits or gross margins used to amortise DAC would be affected. Therefore, an adjustment relating to these unrealised gains/losses is recognised in other comprehensive income and is also reflected in the amount of DAC in the balance sheet (“shadow accounting”).

Assumptions used to estimate the future value of expected gross margins and profits are evaluated regularly and adjusted if estimates change. Deviations of actual results from estimated experience are reflected in profit or loss.

For short-duration contracts acquisition costs are amortised over the period in which the related premiums written are earned, in proportion to premium revenue.

#### **Deferred origination costs (DOC)**

Incremental costs of obtaining investment management services for investment contracts without DPF are recognised as an intangible asset if they are expected to be recovered. The asset represents the contractual right to benefit from providing investment management services and is amortised on a straight-line basis consistent with the transfer to the customer of the investment management services. The asset is reviewed for impairment regularly. Costs to obtain a contract that would have been incurred regardless of whether the contract was obtained are recognised as an expense when incurred.

Deferred origination costs are generally amortised on a straight-line basis over the life of the contracts.

#### **Goodwill**

The Group’s acquisitions of other companies are accounted for under the acquisition method.

Goodwill represents the excess of the fair value of the consideration transferred and the amount of any non-controlling interest recognised, if applicable, over the fair value of the assets and liabilities recognised at the date of acquisition. The Group has the option for each business combination in which control is achieved without buying all of the equity of the acquiree to recognise 100% of the goodwill in business combinations, not just the acquirer’s portion of the goodwill (“full goodwill method”). Goodwill on acquisitions of subsidiaries is included in intangible assets. Acquisition-related costs are expensed. Goodwill on associates is included in the carrying amount of the investment.

For the purpose of impairment testing, goodwill is allocated to cash-generating units. Goodwill is tested for impairment annually and whenever there is an indication that the unit may be impaired. Goodwill is carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed in subsequent periods.

Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Negative goodwill is immediately recognised in profit and loss.

**Customer relationships**

Customer relationships consist of established relationships with customers through contracts that have been acquired in a business combination or non-contractual customer relationships that meet the requirement for separate recognition. They have a definite useful life of generally 5 to 20 years. Amortisation is calculated using the straight-line method over their useful lives.

**Computer software**

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised on a straight-line basis for the expected useful life up to three years. Costs associated with developing or maintaining computer software programs are recognised as an expense as incurred. Development costs that are directly associated with identifiable software products controlled by the Group and that will probably generate future economic benefits are capitalised. Direct costs include the software development team's employee costs. Computer software development costs recognised as assets are amortised using the straight-line method over their useful lives, not exceeding a period of three years.

**Brands and other**

Brands and other intangible assets with a definite useful life of generally 5 to 20 years are amortised using the straight-line method over their useful lives.

**2.17 Impairment of non-financial assets**

For non-financial assets the recoverable amount is measured as the higher of the fair value less costs of disposal and its value in use. Fair value less costs of disposal is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date, less the costs of disposal. Value in use is the present value of the future cash flows expected to be derived from an asset or cash-generating unit from its continuing use.

Impairment losses and reversals on non-financial assets are recognised in profit or loss.

### 2.18 Income taxes

Current and deferred income taxes are recognised in profit or loss except when they relate to items recognised directly in equity. Income taxes are calculated using the tax rates enacted or substantively enacted as of the balance sheet date.

Deferred income taxes are recognised for all temporary differences between the carrying amounts of assets and liabilities in the consolidated balance sheet and the tax bases of these assets and liabilities using the balance sheet liability method. Current income taxes and deferred income taxes are charged or credited directly to equity if the income taxes relate to items that are credited or charged in the same or a different period, directly to equity.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which they can be used. For unused tax losses a deferred income tax asset is recognised to the extent that it is probable that these losses can be offset against future taxable profits. Deferred income tax liabilities represent income taxes payable in the future in respect of taxable temporary differences.

A deferred income tax liability is recognised for taxable temporary differences relating to investments in subsidiaries, branches and associates, except where the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Where the entity has a legally enforceable right to set off current tax assets against current tax liabilities and the deferred income tax assets and deferred income tax liabilities relate to income taxes levied by the same tax authority, the corresponding assets and liabilities are presented on a net basis.

### 2.19 Assets held for sale and associated liabilities

A disposal group consists of a group of assets to be disposed of, by sale or otherwise, together as a group in a single transaction, and liabilities directly associated with these assets. Non-current assets classified as held for sale and disposal groups are measured at the lower of the carrying amount and the fair value less costs to sell. The carrying amount will be recovered through a highly probable sale transaction rather than through continuing use. Assets held for sale and the associated liabilities are presented separately in the balance sheet.

### 2.20 Financial liabilities

Financial liabilities are recognised in the balance sheet when the Swiss Life Group becomes a party to the contractual provisions of the instrument. A financial liability is derecognised when the obligation specified in the contract is discharged or cancelled or expires.

**Borrowings**

Borrowings are recognised initially at the proceeds received, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost using the effective interest method. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings.

Based on the terms and conditions, such as repayment provisions and contractual interest payments, certain hybrid instruments are considered financial liabilities.

Debt instruments with embedded conversion options to a fixed number of shares of the Group are separated into a debt and an equity component. The difference between the proceeds and fair value of the debt component at issuance is recorded in equity. The fair value of the debt component at issuance is determined using a market interest rate for similar instruments with no conversion rights. The Group does not recognise any change in the value of these options in subsequent reporting periods.

Borrowing costs presented in the consolidated statement of income relate to the interest expense on the financial liabilities classified as borrowings, whilst interest expense presented in the consolidated statement of income relates to interest expense on insurance and investment contract deposits and other financial liabilities.

**Other financial liabilities**

For deposits with fixed and guaranteed terms the amortised cost basis is used. Initial recognition is at the proceeds received, net of transaction costs incurred. Subsequently, they are stated at amortised cost using the effective interest method. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the deposits. For repurchase agreements, initial recognition is at the amount of cash received, net of transaction costs incurred. Subsequently, the difference between the amount of cash initially received and the amount of cash exchanged upon maturity is amortised over the life of the agreement using the effective interest method.

Financial liabilities arising from third-party interest in consolidated investment funds are irrevocably designated as at fair value through profit or loss, as the related assets are managed and their performance is evaluated on a fair value basis.



## 2.21 Employee benefits

### Post-employment benefits

The Swiss Life Group provides post-employment benefits under two types of arrangement: defined benefit plans and defined contribution plans.

The assets of these plans are generally held separately from the Group's general assets in trustee-administered funds. Defined benefit plan contributions are based upon regulatory requirements and/or plan terms. The Group's defined benefit obligations and the related defined benefit costs are determined at each balance sheet date by a qualified actuary using the Projected Unit Credit Method.

The amount recognised in the consolidated balance sheet represents the present value of the defined benefit obligations reduced by the fair value of plan assets. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

Remeasurements, comprising actuarial gains and losses, the effect of the changes of the asset ceiling and the return on plan assets (excluding interest), are reflected immediately in the consolidated balance sheet and in other comprehensive income in the period in which they occur. Such remeasurements recognised in other comprehensive income will subsequently not be reclassified to profit or loss. Past service cost is recognised in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit asset or liability. Defined benefit costs comprise service costs and net interest expense, which are presented in the income statement under employee benefits expense.

Insurance contracts issued to a defined benefit pension plan covering own employees have generally been eliminated. However, certain assets relating to these plans qualify as plan assets and are therefore not eliminated.

The Group recognises the contribution payable to a defined contribution plan in exchange for the services of the employees rendered during the period as an expense.

### Healthcare benefits

Some Group companies provide healthcare benefits to their retirees. The entitlement to these benefits is usually based on the employee remaining in service up to the retirement age and the completion of a minimum service period. The expected costs of these benefits are accounted for in the same manner as for defined benefit plans.

### Share-based payments

The Group operates equity-settled, share-based compensation plans. The fair value of the employee services received in exchange for the grant of the shares is recognised in profit or loss with a corresponding increase in equity. As the fair value of the services received cannot reliably be measured, the value is measured by reference to the fair value of the equity instruments granted and the price the employees are required to pay.

## 2.22 Provisions and contingent liabilities

Provisions are liabilities with uncertainties as to the amount or timing of payments. Provisions are recognised if there is a present obligation that probably requires an outflow of resources and a reliable estimate can be made at the balance sheet date and be measured on a best estimate basis. Contingent liabilities are disclosed in the Notes if there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources or the amount of the obligation cannot be measured with sufficient reliability.

## 2.23 Treasury shares

Treasury shares are presented in the consolidated balance sheet as a deduction from equity and are recorded at cost. The difference between the purchase price and the sales proceeds is included in share premium.

## 2.24 Offsetting

Financial assets and liabilities are offset and the net amount is reported in the balance sheet when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

## 2.25 Forthcoming changes in accounting policies

In response to the IBOR reform, the International Accounting Standards Board amended the IFRS Standards IFRS 9 Financial Instruments, IAS 39 Financial Instruments: Recognition and Measurement, IFRS 7 Financial Instruments: Disclosures and IFRS 16 Leases in August 2020. The amendments introduce a practical expedient if a change to a financial contract results directly from the IBOR reform and occurs on an “economically equivalent” basis. In these cases, changes will be accounted for by updating the effective interest rate. A similar practical expedient applies under IFRS 16 Leases for lessees when accounting for lease modifications which are a result of the IBOR reform. The amendments also modify some specific hedge accounting requirements. For example, hedging relationships will not have to be discontinued because of changes to hedge documentation required solely by the IBOR reform. The amendments will be effective on 1 January 2021.

In January 2020 an amendment to IAS 1 Presentation of Financial Statements was published clarifying that liabilities are classified as either current or non-current, depending on the rights regarding the settlement of the liability that exist at the end of the reporting period, and not depending on expectations or management intentions. The effective date of the amendment will be 1 January 2023.

In May 2017, IFRS 17 Insurance Contracts was published and replaces IFRS 4 insurance contracts, which currently permits a wide variety of practices. IFRS 17 will fundamentally change the accounting by entities that issue insurance contracts, reinsurance contracts and investment contracts with discretionary participation features. IFRS 17 requires a current

measurement model, where estimates are remeasured in each reporting period. The measurement is based on the building blocks of discounted, probability-weighted cash flows, a risk adjustment and a contractual service margin (“CSM”) representing the unearned profits of the contract. The CSM is released to profit or loss based on the transfer of services in each period. An entity groups contracts of similar risks which are managed together, and separates the contracts that are onerous at initial recognition from contracts that are not onerous at initial recognition. On a group of onerous contracts a loss is recognised in profit or loss at initial recognition. A loss is also immediately recognised in profit or loss if a group of contracts becomes onerous on subsequent measurement. The standard provides a simplified accounting approach for certain short-duration contracts, as well as an accounting policy choice to recognise the impact of changes in discount rates and other assumptions that relate to financial risks either in profit or loss, or in other comprehensive income. The variable fee approach is required for insurance contracts that specify a link between payments to the policyholder and the returns on underlying items. Requirements in IFRS 17 align the presentation of revenue with other industries. Revenue is allocated to periods in proportion to the value of expected coverage and other services that the insurer provides in the period, and claims are presented when incurred. The disclosure requirements are more detailed than currently required under IFRS 4. On transition to IFRS 17, an entity applies the standard fully retrospectively to groups of insurance contracts, unless it is impracticable, in which case there is a choice between a modified retrospective approach and the fair value approach. IFRS 17 will be effective for reporting periods beginning on or after 1 January 2023. The Swiss Life Group is currently assessing the impact on its financial statements, which will be significant.

In July 2014 the International Accounting Standards Board completed IFRS 9 Financial Instruments. The new standard replaces IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 covers classification and measurement of financial instruments, impairment of financial assets and hedge accounting. Classification determines how financial assets and financial liabilities are accounted for in financial statements and how they are measured on an ongoing basis. Financial assets are classified on the basis of the business model within which they are held and their contractual cash flow characteristics. An expected-loss impairment model is introduced. Under the new model, it is no longer necessary for a credit event to have occurred before an impairment loss is recognised. The new model for hedge accounting aligns accounting treatment more closely with risk management activities. IFRS 9 was effective for annual periods beginning on or after 1 January 2018. However, as set out above, the Swiss Life Group will defer the application of IFRS 9 until 1 January 2023 and therefore continues to apply IAS 39 Financial Instruments: Recognition and Measurement, as its activities were predominantly connected with insurance on 31 December 2015.

### *3 Critical Accounting Estimates and Judgements in Applying Accounting Policies*

Certain reported amounts of assets and liabilities are subject to estimates and judgements. Estimates and judgements by management are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The sensitivity analysis with regard to insurance risk and market risk is set out in note 5.

Estimates and judgements in applying fair value measurement to financial instruments and investment property are described in note 30.

#### **Impairment of available-for-sale debt instruments and loans and receivables**

As a Group policy, available-for-sale debt securities and loans and receivables are assessed for impairment when a significant decrease in market value related to credit risk arises, namely after a downgrade of a debtor's rating below single B- after initial recognition (i.e. CCC or lower according to Standard and Poor's or equivalent) or when payments of principal and/or interest are overdue by more than 90 days.

The carrying amounts of available-for-sale debt securities and loans and receivables are set out in notes 11, 12 and 13.

#### **Impairment of available-for-sale equity instruments**

At each balance sheet date, an assessment is made whether there is objective evidence that an available-for-sale equity instrument is impaired. A significant or prolonged decline in the fair value of the security below its cost is considered objective evidence of impairment. In this respect, a decline of 30% or more is regarded as significant, and a period of 12 months or longer is considered to be prolonged.

The carrying amount of available-for-sale equity instruments is set out in note 11.

#### **Insurance liabilities**

Past experience, adjusted for the effect of current developments and probable trends, is assumed to be an appropriate basis for predicting future events. Actuarial estimates for incurred but not reported losses are continually reviewed and updated and adjustments resulting from this review are reflected in income.

For insurance contracts and investment contracts with discretionary participation features with fixed and guaranteed terms, the definition of estimates occurs in two stages. At inception of the contract, estimates of future deaths, surrender, exercise of policyholder options, investment returns and administrative expenses are made and form the assumptions used for calculating the liabilities during the life of the contract. A margin for risk and uncertainty (adverse deviation) is added to these assumptions. These assumptions are "locked-in" for the duration of the contract. Subsequently, new estimates are made at each reporting date in order to determine whether the values of the liabilities so established

are adequate in the light of these latest estimates (liability adequacy test). If the valuation of the liabilities is deemed adequate, the assumptions are not altered. However, if the valuation of the liabilities is deemed inadequate, the assumptions underlying the valuation of the liabilities are altered (“unlocked”) to reflect the latest estimates; no margin is added to the assumptions in this event.

For insurance contracts and investment contracts with discretionary participation features without fixed and guaranteed terms, future premiums can be increased in line with experience. The assumptions used to determine the liabilities do not contain margins and are not locked-in but are updated at each reporting date to reflect the latest estimates.

### **Mortality and longevity**

Pricing and valuation assumptions for mortality and longevity are generally based on the statistics provided by national insurance associations and complemented with internal claims experience reflecting own company records.

In Switzerland, mortality tables are usually reviewed every five years when new statistics from the Swiss Insurance Association become available. The tables are updated for significant changes.

In France, life annuities in payment are reserved using the regulatory tables TGH05/TGF05 and non-life annuities in payment are reserved with the regulatory table TD 88/90.

In Germany, mortality tables provided by the German Actuarial Association are in use. They are verified periodically by the Association and updated, if necessary. Best estimate assumptions are deduced from these generally accepted tables.

In Luxembourg, mortality tables are updated when significant changes arise.

### **Morbidity and disability**

For the individual and group life business in Switzerland internal tables are in place. In the individual life business, the internal disability rates are based on Swiss Insurance Association statistics and reflect the average situation of the past in the Swiss market. In the individual life business, only reactivation is considered, whereas increased mortality is also taken into account in group life business. In the individual life business, disability tables are usually reviewed every five years when new statistics from the Swiss Insurance Association become available.

In the group life business, tariffs can be adjusted due to loss experience with regard to disability each year. In the group life business, the tables are based on own company records reflecting loss experience. Especially in the group life business, changes in the labour market may have a significant influence on disability. The tables are updated for significant changes.

In France, individual and group disability annuities are reserved using tables certified by an independent actuary.

In Germany, disability insurance products for the group life business are based on tables of the German Actuarial Association, which are reviewed periodically. New disability insurance products for the individual life business are developed in close collaboration with reinsurance companies, which evaluate pricing and valuation assumptions for disability and morbidity on statistics provided by the database of reinsurance pool results. Furthermore, own company

records and occupation classes are considered. Similar to the disability insurance products for the individual life business, assumptions for pricing and valuation of nursing care insurance products are acquired in cooperation with reinsurance companies. In particular, best estimate assumptions are considered with respect to claims experience.

In Luxembourg, pricing reflects industry tables and own company records.

### **Policyholder options**

Policyholders are typically offered products which include options such as the right to terminate the contract early or to convert the accumulated funds into a life annuity at maturity. In case of early termination the policyholder receives a specified surrender value or a value which varies in response to the change in financial variables, such as an equity price or an index. In the case of the conversion option, the policyholder has the right to convert an assured sum into a fixed life annuity. The option values typically depend on both biometric assumptions and market variables such as interest rates or the value of the assets backing the liabilities. In certain countries and markets, policyholder behavioural assumptions are based on own company records. The assumptions vary by product type and policy duration.

### **Expenses and inflation**

In Switzerland, expenses are taken into account in the pricing of the contracts using internal statistics. Such calculated amounts are allocated to the different lines of business. Inflation is reflected in these calculations.

In France, expense allocation is based on an activity-based cost methodology. Recurrent costs are subdivided into the following main cost categories: acquisition costs, administration costs and asset management costs.

In Germany, expenses are divided into the following cost categories based on German regulation: acquisition costs, administration costs, regulatory costs and asset management expenses. They are subdivided into recurring and non-recurring costs. All recurring costs except asset management expenses are allocated to the different lines of business and transformed into cost parameters. An assumption on future inflation is applied to all cost parameters in euro.

In Luxembourg, expense allocation is based on an activity-based cost methodology. Recurring costs are subdivided into the following main cost categories: acquisition costs, administration costs and asset management costs, which are allocated by lines of business.

### **Investment returns**

Assumptions relating to investment returns are based on the strategic asset allocation. From this gross investment return, projected asset management fees are deducted to obtain a net investment return.

The interest rates used in actuarial formulae to determine the present value of future benefits and contributions caused by an insurance contract are called technical interest rates. The technical interest rates have to be approved by the regulator. In certain countries, the insurance liabilities are based on the technical interest rates.

The carrying amount of insurance liabilities is set out in note 22.

### **Impairment of goodwill**

Goodwill is tested for impairment annually (in autumn), or more frequently if events or changes in circumstances indicate that goodwill might be impaired. The recoverable amounts of the business relating to the goodwill have been determined based on value-in-use calculations. These calculations require the use of estimates which are set out in note 17.

The carrying amount of goodwill is set out in note 17.

### **Defined benefit liabilities**

The Swiss Life Group uses certain assumptions relating to the calculation of the defined benefit liabilities. These assumptions comprise future salary increases and future pension increases, which have been derived from estimates based on past experience. Assumptions are also made for mortality, employee turnover and discount rates. In determining the discount rate, the Swiss Life Group takes into account published rates of well-known external providers. The discount rates reflect the expected timing of benefit payments under the plans and are based on a yield curve approach.

The carrying amounts of defined benefit liabilities and the assumptions are set out in note 23.

### **Income taxes**

Deferred income tax assets are recognised for unused tax-loss carryforwards and unused tax credits to the extent that realisation of the related tax benefit is probable. The assessment of the probability with regard to the realisation of the tax benefit involves assumptions based on the history of the entity and budgeted data for the future.

The carrying amounts of deferred income tax assets and liabilities are set out in note 24.

### **Provisions**

The recognition of provisions involves assumptions about the probability, amount and timing of an outflow of resources embodying economic benefits. A provision is recognised to the extent that an outflow of resources embodying economic benefits is probable and a reliable estimate can be made.

The carrying amount of provisions is set out in note 25.

## 4 Segment Information

Operating segments are components of an entity about which separate financial information is available that is evaluated regularly by management (Corporate Executive Board) in deciding how to allocate resources and in assessing performance.

The accounting policies for the segments are the same as those described in the Summary of Significant Accounting Policies section. Intersegmental services and transfers of assets and liabilities are treated as if the transactions were with third parties, i.e. at market prices applicable at the time of the transaction.

Corporate costs were not allocated to the individual segments as they consist of general administrative expenses and head office expenses that relate to the Swiss Life Group as a whole.

The reportable segments have been identified based on information about the components of the entity that management uses to make decisions about operating matters. The business is managed based on IFRS results.

The information provided to management focuses on product lines and services. The organisational and management structure within the insurance business is geographical. The reportable segments have therefore been identified as follows:

- Switzerland
- France
- Germany
- International
- Asset Managers
- Other

The segments “Switzerland”, “France”, “Germany” and “International” primarily consist of life insurance operations and distribution units. The life insurance operations offer a broad range of life, pension, health, annuity and investment-type policies to both groups and individuals, including disability coverage. The Group’s strategy focuses primarily on life and pensions in Switzerland, France and Germany and on cross-border business from Liechtenstein, Luxembourg and Singapore. These segments also include a number of companies which hold investments mainly pertaining to life insurance.



“International” comprises the cross-border insurance operations in Liechtenstein, Luxembourg and Singapore, the Fincentrum and Swiss Life Select units operating in Austria, Czech Republic and Slovakia, and Chase de Vere operating in the United Kingdom.

Non-life operations involve operations in the segment “France” and mainly include property and casualty, liability and motor insurance, accident and health insurance and payment protection insurance.

“Asset Managers” refers to the management of assets for institutional clients and the Group’s insurance business, as well as the provision of expert advice for such clients.

“Other” principally refers to various finance and service companies, as well as payment protection insurance.

The statement of income and the balance sheet for the segments are provided on the following pages.

## Statement of income for the year ended 31 December 2020

In CHF million									
	Switzer-land	France	Germany	Inter-national	Asset Managers	Other	Total before elimi-nations	Elimi-nations	Total
<b>INCOME</b>									
Premiums earned on insurance contracts	9 854	3 625	1 090	75	-	-	14 644	-22	14 621
Premiums earned on investment contracts with discretionary participation	851	-	-	-	-	-	851	-	851
Premiums ceded to reinsurers	-9	-122	-43	-17	-	-	-191	22	-169
Net earned premiums	10 695	3 503	1 047	58	-	-	15 304	0	15 304
Policy fees earned on insurance contracts	5	4	18	0	-	-	27	-	27
Policy fees earned on investment and unit-linked contracts	47	203	13	80	-	-	342	-	342
Net earned policy fees	52	207	31	80	-	-	370	-	370
Commission income	246	131	521	199	886	1	1 984	-397	1 588
Investment income	2 754	722	492	31	2	24	4 024	-2	4 021
Net gains/losses on financial assets	-708	-95	58	-9	-7	-35	-796	-	-796
Net gains/losses on financial instruments at fair value through profit or loss	-42	81	121	1	6	25	191	-	191
Net gains/losses on investment property	668	63	99	-	16	-	847	-	847
Share of profit or loss of associates	6	3	0	-	0	-	9	-	9
Other income	38	3	-16	14	158	0	197	-2	195
<b>TOTAL INCOME</b>	<b>13 708</b>	<b>4 618</b>	<b>2 353</b>	<b>373</b>	<b>1 061</b>	<b>15</b>	<b>22 129</b>	<b>-401</b>	<b>21 728</b>
of which intersegment	2	19	6	-5	376	3	401	-401	
<b>EXPENSES</b>									
Benefits and claims under insurance contracts	-10 762	-2 919	-1 179	-36	-	-	-14 896	4	-14 891
Benefits and claims under investment contracts with discretionary participation	-846	-	-	-	-	-	-846	-	-846
Benefits and claims recovered from reinsurers	7	78	23	6	-	-	113	-4	109
Net insurance benefits and claims	-11 602	-2 841	-1 157	-30	-	-	-15 629	0	-15 629
Policyholder participation	-268	-409	-227	-6	-	-	-910	0	-910
Interest expense	-27	-76	-11	-14	-5	1	-132	5	-127
Commission expense	-530	-481	-469	-137	-72	0	-1 690	397	-1 293
Employee benefits expense	-218	-214	-160	-60	-346	-4	-1 002	-3	-1 005
Depreciation and amortisation expense	-121	-206	-77	-17	-30	0	-450	-	-450
Impairment of property and equipment and intangible assets	-	-	0	0	-21	-	-21	-	-21
Other expenses	-113	-174	-73	-31	-242	-83	-716	1	-715
<b>TOTAL EXPENSES</b>	<b>-12 878</b>	<b>-4 401</b>	<b>-2 174</b>	<b>-295</b>	<b>-716</b>	<b>-87</b>	<b>-20 551</b>	<b>401</b>	<b>-20 150</b>
of which intersegment	-276	-27	-55	1	-38	-6	-401	401	
<b>SEGMENT RESULT</b>	<b>830</b>	<b>217</b>	<b>180</b>	<b>78</b>	<b>345</b>	<b>-72</b>	<b>1 578</b>	<b>-</b>	<b>1 578</b>
Unallocated corporate costs									-106
<b>PROFIT FROM OPERATIONS</b>									<b>1 472</b>
Borrowing costs									-121
Income tax expense									-300
<b>NET PROFIT</b>									<b>1 051</b>
Additions to non-current assets	3 191	413	198	27	95	-	3 923	-	3 923

## Statement of income for the year ended 31 December 2019

In CHF million									
	Switzer-land	France	Germany	Inter-national	Asset Managers	Other	Total before elimi-nations	Elimi-nations	Total
<b>INCOME</b>									
Premiums earned on insurance contracts	12 186	2 960	1 135	60	-	-	16 341	-18	16 323
Premiums earned on investment contracts with discretionary participation	890	-	-	-	-	-	890	-	890
Premiums ceded to reinsurers	-8	-132	-43	-14	-	-	-197	18	-179
Net earned premiums	13 067	2 828	1 092	47	-	-	17 034	0	17 034
Policy fees earned on insurance contracts	5	5	16	0	-	-	26	-	26
Policy fees earned on investment and unit-linked contracts	46	200	8	88	-	-	342	0	342
Net earned policy fees	51	205	25	88	-	-	368	0	368
Commission income	214	121	474	226	833	3	1 871	-419	1 452
Investment income	2 992	767	562	34	1	39	4 396	-9	4 387
Net gains/losses on financial assets	1 500	57	132	-1	-2	-8	1 678	-	1 678
Net gains/losses on financial instruments at fair value through profit or loss	-1 774	-11	162	4	1	-1	-1 620	0	-1 620
Net gains/losses on investment property	579	119	77	0	-	-	776	-	776
Share of profit or loss of associates	4	2	0	-	0	-	6	-	6
Other income	159	5	2	0	72	1	240	-2	239
<b>TOTAL INCOME</b>	<b>16 793</b>	<b>4 093</b>	<b>2 526</b>	<b>398</b>	<b>905</b>	<b>34</b>	<b>24 749</b>	<b>-429</b>	<b>24 320</b>
of which intersegment	27	-1	-6	-4	400	13	429	-429	
<b>EXPENSES</b>									
Benefits and claims under insurance contracts	-13 316	-2 487	-1 219	-21	-	-	-17 044	7	-17 037
Benefits and claims under investment contracts with discretionary participation	-898	-	-	-	-	-	-898	-	-898
Benefits and claims recovered from reinsurers	3	77	20	4	-	-	104	-6	98
Net insurance benefits and claims	-14 211	-2 410	-1 199	-18	-	-	-17 838	0	-17 838
Policyholder participation	-468	-252	-390	-14	-	-	-1 123	-1	-1 124
Interest expense	-42	-84	-37	-15	-5	2	-180	15	-165
Commission expense	-616	-470	-395	-154	-64	0	-1 700	414	-1 285
Employee benefits expense	-258	-212	-154	-64	-325	-5	-1 017	-3	-1 021
Depreciation and amortisation expense	-154	-227	-88	-16	-30	0	-516	-	-516
Impairment of property and equipment and intangible assets	-	-	0	-	-3	-	-3	-	-3
Other expenses	-151	-163	-77	-36	-170	-16	-614	4	-609
<b>TOTAL EXPENSES</b>	<b>-15 900</b>	<b>-3 818</b>	<b>-2 340</b>	<b>-317</b>	<b>-597</b>	<b>-20</b>	<b>-22 991</b>	<b>429</b>	<b>-22 561</b>
of which intersegment	-298	-31	-64	3	-32	-7	-429	429	
<b>SEGMENT RESULT</b>	<b>892</b>	<b>275</b>	<b>186</b>	<b>81</b>	<b>309</b>	<b>15</b>	<b>1 758</b>	<b>-</b>	<b>1 758</b>
Unallocated corporate costs									-107
<b>PROFIT FROM OPERATIONS</b>									<b>1 651</b>
Borrowing costs									-123
Income tax expense									-324
<b>NET PROFIT</b>									<b>1 205</b>
Additions to non-current assets	5 166	250	222	39	91	-	5 769	-	5 769

## Balance sheet as at 31 December 2020

In CHF million									
	Switzer-land	France	Germany	Inter-national	Asset Managers	Other	Total before elimi-nations	Elimi-nations	Total
<b>ASSETS</b>									
Cash and cash equivalents	2 700	1 782	432	2 671	247	32	7 865	–	7 865
Derivatives	2 647	323	92	–	–	11	3 073	–65	3 008
Assets held for sale	1	–	–	–	–	–	1	–	1
Financial assets at fair value through profit or loss	8 022	17 128	4 295	17 890	0	–	47 336	–	47 336
Financial assets available for sale	74 214	21 825	9 849	1 683	1	869	108 441	–	108 441
Loans and receivables	15 101	3 139	5 990	171	419	2 843	27 663	–4 307	23 357
Financial assets pledged as collateral	2 506	1 453	–	61	–	45	4 064	–	4 064
Investment property <sup>1</sup>	31 645	3 270	3 085	–	119	–	38 120	–	38 120
Investments in associates	31	91	48	–	3	–	172	–	172
Reinsurance assets	31	290	132	106	–	–	559	–4	556
Property and equipment <sup>1</sup>	233	67	134	25	57	0	515	–	515
Intangible assets including intangible insurance assets	687	366	1 300	340	365	–	3 058	–	3 058
Other assets	609	54	22	8	447	7	1 146	–205	942
<b>SEGMENT ASSETS</b>	<b>138 429</b>	<b>49 788</b>	<b>25 378</b>	<b>22 955</b>	<b>1 658</b>	<b>3 806</b>	<b>242 015</b>	<b>–4 580</b>	<b>237 435</b>
Income tax assets									103
<b>TOTAL ASSETS</b>									<b>237 538</b>
<b>LIABILITIES AND EQUITY</b>									
<b>LIABILITIES</b>									
Derivatives	1 384	17	3	–	–	49	1 452	–65	1 387
Investment and unit-linked contracts	6 931	12 454	1 206	21 433	–	–	42 024	–	42 024
Other financial liabilities <sup>2</sup>	12 039	6 048	1 808	431	549	324	21 199	–1 318	19 882
Insurance liabilities	89 689	22 504	16 468	197	–	–	128 858	–82	128 776
Policyholder participation liabilities	9 852	5 220	3 729	22	–	–	18 824	0	18 824
Employee benefit liabilities	1 464	106	209	14	197	2	1 993	–	1 993
Provisions	14	11	9	4	7	76	121	–	121
Other liabilities	155	115	56	15	24	7	372	–1	371
<b>SEGMENT LIABILITIES</b>	<b>121 529</b>	<b>46 475</b>	<b>23 488</b>	<b>22 117</b>	<b>776</b>	<b>458</b>	<b>214 844</b>	<b>–1 466</b>	<b>213 379</b>
Borrowings									3 949
Income tax liabilities									2 946
<b>EQUITY</b>									<b>17 263</b>
<b>TOTAL LIABILITIES AND EQUITY</b>									<b>237 538</b>

<sup>1</sup> Including IFRS 16 right-of-use assets<sup>2</sup> Including IFRS 16 lease liabilities

## Balance sheet as at 31 December 2019

In CHF million

	Switzer-land	France	Germany	Inter-national	Asset Managers	Other	Total before elimi-nations	Elimi-nations	Total
<b>ASSETS</b>									
Cash and cash equivalents	2 327	2 375	249	3 011	216	68	8 247	-	8 247
Derivatives	1 897	205	15	-	-	14	2 131	-41	2 090
Financial assets at fair value through profit or loss	7 931	14 284	2 943	18 521	14	-	43 692	-	43 692
Financial assets available for sale	75 105	21 125	9 739	1 623	0	794	108 386	-	108 386
Loans and receivables	14 357	3 141	6 300	153	407	2 737	27 094	-4 140	22 955
Financial assets pledged as collateral	841	1 330	-	78	-	189	2 438	-	2 438
Investment property	28 984	3 270	2 590	5	17	-	34 866	-	34 866
Investments in associates	58	107	98	-	3	-	266	-	266
Reinsurance assets	32	279	120	101	-	-	532	-5	527
Property and equipment <sup>1</sup>	239	73	126	28	66	0	532	-	532
Intangible assets including intangible insurance assets	651	363	1 320	337	404	-	3 074	-	3 074
Other assets	554	60	13	7	460	2	1 095	-155	940
SEGMENT ASSETS	132 974	46 611	23 513	23 863	1 587	3 804	232 352	-4 340	228 012
Income tax assets									82
<b>TOTAL ASSETS</b>									<b>228 094</b>
<b>LIABILITIES AND EQUITY</b>									
<b>LIABILITIES</b>									
Derivatives	1 275	18	17	-	-	42	1 352	-41	1 311
Investment and unit-linked contracts	6 582	12 211	1 030	22 480	-	-	42 304	-1	42 303
Other financial liabilities <sup>2</sup>	10 089	6 353	1 091	356	539	418	18 847	-1 106	17 741
Insurance liabilities	88 017	20 597	16 260	187	-	-	125 060	-76	124 985
Policyholder participation liabilities	8 746	4 127	3 153	26	-	-	16 052	0	16 052
Employee benefit liabilities	1 624	87	255	17	177	-	2 160	-	2 160
Provisions	15	21	6	4	7	13	66	-	66
Other liabilities	124	115	48	21	28	1	337	-2	336
SEGMENT LIABILITIES	116 471	43 530	21 860	23 092	751	475	206 179	-1 226	204 953
Borrowings									3 951
Income tax liabilities									2 755
EQUITY									16 435
<b>TOTAL LIABILITIES AND EQUITY</b>									<b>228 094</b>

<sup>1</sup> Including IFRS 16 right-of-use assets<sup>2</sup> Including IFRS 16 lease liabilities

**Premiums and policy fees from external customers**

In CHF million	Net earned premiums		Net earned policy fees	
	2020	2019	2020	2019
<b>LIFE</b>				
Individual life	4 062	3 461	352	352
Group life	10 851	13 187	18	16
<b>TOTAL LIFE</b>	<b>14 913</b>	<b>16 647</b>	<b>370</b>	<b>368</b>
<b>NON-LIFE</b>				
Accident and health	11	12	-	-
Property, casualty and other	379	375	-	-
<b>TOTAL NON-LIFE</b>	<b>390</b>	<b>386</b>	<b>-</b>	<b>-</b>
<b>TOTAL</b>	<b>15 304</b>	<b>17 034</b>	<b>370</b>	<b>368</b>

The Swiss Life Group operates in selected countries. The Group's income and non-current assets by geographical location are detailed below.

In CHF million	Total income		Non-current assets	
	2020	2019	31.12.2020	31.12.2019
Switzerland	13 771	16 427	29 826	26 604
France	4 627	4 267	4 907	5 045
Germany	2 598	2 710	3 077	3 172
Liechtenstein	18	24	151	152
Luxembourg	504	608	1 536	1 227
Austria	43	41	43	44
United Kingdom	101	104	200	202
Other countries	66	138	585	659
<b>TOTAL</b>	<b>21 728</b>	<b>24 320</b>	<b>40 324</b>	<b>37 105</b>

Non-current assets for this purpose consist of investment property, property and equipment and intangible assets (except for intangible assets arising from insurance contracts).

**Information about major customers**

No revenue from transactions with a single external customer amounted to more than 10% of the Group's revenue.

## *5 Risk Management Policies and Procedures*

The Group's core business is life insurance and pensions. A life insurance and pensions contract represents a long-term promise to the policyholder. To fulfil its future payment obligations to the policyholders, the insurance entities of the Group must be financially sound over an extended period of time. The ability to remain financially sound and strong depends on a number of risk factors. The Group's risk map can be broadly divided into financial, insurance, strategic and operational risks. All of these risk categories may affect the financial stability of the Group.

Risks must be identified, assessed, managed and monitored locally and aggregated at Group level. During the year, regular reports covering interest rate risk, equity and real estate price risk, currency risk, credit risk, liquidity risk and insurance risk are prepared by the local insurance units and consolidated at Swiss Life Ltd and at Group level. Strategic and operational risks are assessed and reported on an annual basis.

The risk appetite is defined and set by the Board of Directors using limit frameworks based on solvency ratios and economic capitalisation. Furthermore, it is allocated by the Group Risk Committee of the Corporate Executive Board to the relevant units in the insurance business. This risk budget at unit level is used as a framework for the asset and liability management process, the objective of which is to define a strategic asset allocation. From this strategic asset allocation a scenario-based expected return is calculated, which forms the basis for the Group's mid-term planning.

Risk management functions are performed at several levels by corresponding bodies within the Swiss Life Group, such as the Investment and Risk Committee at the level of the Board of Directors of the Swiss Life Group and the Group Risk Committee at the level of the Corporate Executive Board of the Swiss Life Group. The risk management functions at the level of the individual operations of the Swiss Life Group are organised accordingly.

Group risk management is responsible for the definition of the Group-wide methodology for the measurement of the risks and produces a consolidated risk report which aggregates the main quantitative elements of the risk management of the Swiss Life Group's operations. Furthermore, Group risk management also produces consolidated views on the strategic and operational risks of the Swiss Life Group.

Since the Group's core business is insurance, its risk management is in line with the two main regulatory solvency frameworks in Switzerland (SST) and throughout Europe (Solvency II), as well as economic considerations. In addition to general governance aspects and extensive reporting requirements, this includes an annual Own Risk and Solvency Assessment (ORSA) at Group level covering a comprehensive risk assessment as well as the integration of risk and solvency aspects in the overall management of the Swiss Life Group.

The information below focuses first on the risk budgeting and asset and liability management process and then on the principal risk categories faced by the Swiss Life Group.

### 5.1 Risk budgeting and limit setting

Based on the risk appetite determined by the Board of Directors and using the same frameworks, the Group Risk Committee of the Corporate Executive Board sets risk budgets for the relevant units in the insurance business under consideration of local regulatory constraints. This process ensures a consistent and efficient use of the risk capacity of Swiss Life.

To control and steer exposure to risks, capital and exposure limits are defined in addition. They include capital limits for market and credit risk and, more specifically, capital limits for interest rate and credit spread risk as well as exposure limits for net equity and foreign currency.

### 5.2 Asset and liability management (ALM)

The main objective of the ALM process is to ensure that the Swiss Life Group's insurance operations can meet their commitments to policyholders at all times while also adequately compensating shareholders for making risk capital available. Based on the economic principles of risk management and on the risk appetite definition applied in the risk budgeting process, ALM comprises the following main activity: the determination of the strategic asset allocation and of the risk capital and exposure sublimits.

The ALM process is centrally coordinated and steered at Group level by means of local asset and liability management committees with representatives from local senior management and representatives from the Group. The local units are in charge of implementing the decisions. The process requires the involvement of investment management, finance, actuarial and risk functions.

#### Consideration of constraints

Aspects other than the economic view, such as regulatory requirements including solvency, statutory minimum distribution ratios ("legal quote"), funding ratios, local accounting rules and International Financial Reporting Standards, liquidity requirements and rating targets, are also to be considered in the ALM process.

Depending on the regulatory framework in which the Swiss Life Group's insurance operations evolve, the asset portfolios might need to be split to reflect the various categories of insurance products. The asset portfolios of the insurance operations in Switzerland have been separated to distinguish between individual life and group life. As a consequence, such separation is also reflected in the ALM process. Insurance companies are generally obliged to hold tied assets in view of claims arising from insurance contracts. Special rules apply to investments in tied assets. They specify the eligible asset classes as well as requirements to be met in terms of investment organisation and processes.



**Strategic asset allocation**

Defining the strategic asset allocation is the first major task of the ALM process and aims at achieving an efficient risk capital allocation, i.e. optimising the returns on the asset portfolio for the available risk capital defined within the risk budgeting process, taking into account all known constraints.

The liabilities are largely predefined in terms of amount and timing of the payments and the associated assumptions are regularly reviewed. The corresponding asset portfolios mainly comprise fixed-income instruments. This way, the impact of interest rate fluctuations and the risk capital consumption are strategically optimised under a risk/return point of view, thus ensuring that the policyholders receive the benefits consistent with their products. Policyholders may benefit from the ensuing investment returns in the form of discretionary participation, while shareholders may benefit from an increase in the value of their investment in the Swiss Life Group.

The strategic asset allocation is therefore determined on the basis of the insurance liabilities and the risk capacity of the Swiss Life Group's insurance operations. The strategic asset allocation is reviewed at least once a year and adjusted if necessary.

**Distribution policy**

The distribution policy seeks to align the interests of the different groups of stakeholders. Holders of traditional life insurance policies favour a guaranteed minimum interest rate coupled with regular and appropriate discretionary participation, whereas shareholders place greater emphasis on returns commensurate with the level of risk they are exposed to. The focus of the Swiss Life Group lies on the sustainability of the business model and should balance the policyholders' and shareholders' expectations.

External constraints must be considered in the definition of the distribution policy. Important elements influencing such policy are minimum guaranteed interest rates and the statutory minimum distribution ratio ("legal quote"), which depend on the regulatory environments of the Swiss Life Group's insurance operations.

**Product design**

The targets of risk management are supported by product management principles. Product design defines among other things which guarantees and benefits are built into a specific product to respond to the demand from and expectations of customers. The actuarial bases used for this purpose support each individual product generating a sufficient contribution margin. To ensure that the Group's principles are observed, guidelines and directives on product management and underwriting are in place. Since the Group's insurance entities operate in a number of different countries, the local regulatory constraints may have an impact on the business units' product range. These constraints must always be observed.

### 5.3 Contracts for the account and risk of the Swiss Life Group's customers

The assets relating to certain life insurance and investment contracts are managed for the account and risk of the Swiss Life Group's customers (separate account/unit-linked contracts, private placement life insurance). They are segregated and managed to meet specific investment objectives of the policyholders. The assets back the insurance liabilities and the financial liabilities arising from these contracts. The fair values of the liabilities reflect the fair values of the assets. Certain contracts with unit-linked features contain financial and insurance guarantees. The liabilities relating to these guarantees are included in the financial and the insurance liabilities, respectively.

The assets and liabilities from separate account/unit-linked contracts and private placement life insurance are generally excluded from the Swiss Life Group's financial risk management considerations to the extent that the risks are borne by the customers.

#### Assets for the account and risk of the Swiss Life Group's customers

In CHF million		
	31.12.2020	31.12.2019
Cash and cash equivalents	2 667	2 944
Derivatives	0	0
Financial assets at fair value through profit or loss		
Debt securities	7 683	6 934
Equity securities	5 759	5 611
Investment funds	23 337	22 692
Other	15	13
Investment property	307	-
<b>TOTAL ASSETS FOR THE ACCOUNT AND RISK OF THE SWISS LIFE GROUP'S CUSTOMERS</b>	<b>39 768</b>	<b>38 193</b>

#### Liabilities linked to assets for the account and risk of the Swiss Life Group's customers

In CHF million			
	Notes	31.12.2020	31.12.2019
Unit-linked contracts	19	25 693	26 308
Investment contracts	19	5 315	4 901
Insurance liabilities	22	8 399	7 109
<b>TOTAL LIABILITIES LINKED TO ASSETS FOR THE ACCOUNT AND RISK OF THE SWISS LIFE GROUP'S CUSTOMERS</b>		<b>39 407</b>	<b>38 318</b>

The financial result for the years ended 31 December for the account and risk of the Swiss Life Group and the Swiss Life Group's customers was as follows.

In CHF million	Notes	Assets and liabilities for the account and risk of the Swiss Life Group		Assets and liabilities for the account and risk of the Swiss Life Group's customers		Total	
		2020	2019	2020	2019	2020	2019
Investment income	8	4 012	4 387	9	–	4 021	4 387
Net gains/losses on financial assets	8	–795	1 680	–1	–2	–796	1 678
Net gains/losses on financial instruments at fair value through profit or loss	8	191	–1 636	–1	16	191	–1 620
Net gains/losses on investment property		847	776	0	–	847	776
Share of profit or loss of associates		9	6	–	–	9	6
<b>FINANCIAL RESULT</b>		<b>4 265</b>	<b>5 213</b>	<b>8</b>	<b>14</b>	<b>4 273</b>	<b>5 227</b>

#### 5.4 Financial risk management objectives and policies

The Group is exposed to financial risk through its financial assets, financial liabilities (primarily investment contracts and borrowings), reinsurance assets and insurance liabilities. In particular, the key financial risk is that the proceeds from the financial assets are not sufficient to fund the obligations arising from the insurance and investment contracts, as well as from borrowings and other liabilities. The most important components of the financial risk are interest rate risk, equity and real estate price risk, credit risk, currency risk and liquidity risk.

The risk budgeting and limit setting described above ensures that the corresponding risks remain under control. The market risk capital, interest rate risk capital, credit spread risk capital and credit risk capital limits, as well as exposure limits for currencies and net equity for each large insurance operation, are defined based on the risk appetite per operation.

##### Interest rate risk relating to financial instruments and insurance contracts

The Group's primary interest rate exposure is to contracts with guaranteed benefits and the risk that the interest rates of the financial assets purchased with the consideration received from the policyholders are insufficient to fund the guaranteed benefits and expected discretionary participation payable to them.

**Interest-sensitive insurance liabilities**

In CHF million

	CHF	EUR	Other	Total
<b>CARRYING AMOUNTS AS AT 31 DECEMBER 2020</b>				
Minimum guaranteed interest rate 0 - < 1%	27 795	7 233	9	35 037
Minimum guaranteed interest rate 1 - < 2%	27 574	1 494	17	29 085
Minimum guaranteed interest rate 2 - < 3%	8 059	6 355	16	14 430
Minimum guaranteed interest rate 3 - < 4%	15 871	4 960	14	20 845
Minimum guaranteed interest rate 4 - < 5%	56	5 252	17	5 325
Minimum guaranteed interest rate 5 - < 6%	-	-	1	1
<b>TOTAL INTEREST-SENSITIVE INSURANCE LIABILITIES</b>	<b>79 354</b>	<b>25 294</b>	<b>75</b>	<b>104 724</b>
Insurance liabilities with no minimum guaranteed interest rate				15 654
Insurance liabilities linked to assets for the account and risk of the Swiss Life Group's customers				8 399
<b>TOTAL INSURANCE LIABILITIES</b>				<b>128 776</b>

**CARRYING AMOUNT AS AT 31 DECEMBER 2019**

Minimum guaranteed interest rate 0 - < 1%	25 214	6 439	3	31 656
Minimum guaranteed interest rate 1 - < 2%	27 067	1 374	6	28 447
Minimum guaranteed interest rate 2 - < 3%	8 146	6 243	18	14 407
Minimum guaranteed interest rate 3 - < 4%	17 178	5 224	16	22 418
Minimum guaranteed interest rate 4 - < 5%	62	5 440	20	5 523
Minimum guaranteed interest rate 5 - < 6%	-	-	1	1
<b>TOTAL INTEREST-SENSITIVE INSURANCE LIABILITIES</b>	<b>77 667</b>	<b>24 721</b>	<b>65</b>	<b>102 452</b>
Insurance liabilities with no minimum guaranteed interest rate				15 424
Insurance liabilities linked to assets for the account and risk of the Swiss Life Group's customers				7 109
<b>TOTAL INSURANCE LIABILITIES</b>				<b>124 985</b>

Some life insurance products with a savings component and investment contracts are subject to minimum guaranteed interest rates. The guaranteed rate differs according to the type of contract. In Switzerland for instance the minimum guaranteed interest rate for the occupational pensions segment (mandatory BVG savings account) stood at 1.00% in 2020 (2019: 1.00%).

In addition to these fixed and guaranteed payments, which are exposed to interest rate risk, contractual rights exist for certain contracts to receive additional benefits whose amount and/or timing is contractually at the discretion of the issuer.

The Group manages interest rate and interest rate volatility risk by managing the interest rate sensitivity of its investment portfolio against the corresponding sensitivity of liabilities issued. The interest rate and volatility exposure of the liabilities is determined by projecting the expected cash flows from the contracts using best estimates of mortality, longevity, disability, expenses, surrender and exercise of policyholder options in combination with interest rate and volatility scenarios. The ALM process defines the strategic asset allocation optimising the net interest rate sensitivity of the investment and liability portfolios. Where this is not practicable, swap contracts and other instruments are used to hedge interest rate risk. In certain markets payer swaptions are used to hedge the risk of fair value changes of interest-sensitive financial assets. A minimum interest rate risk is accepted, since a perfect interest rate hedge can either not be achieved or may not be targeted.

In certain businesses, a large part of the impact of interest rate changes is taken by the policyholders based on the specific profit-sharing systems.

**Credit spread risk**

Spread risk arises from bond investments when the counterparties are not considered risk free. The market value of these bonds corresponds to the discounting of the agreed payment flows with an interest rate curve composed of the base interest rate curve and a spread curve. The spread curve is defined by the counterparty's credit quality and the risk aversion of the capital market actors. Spreads increase markedly during capital market crises, leading to a significant decrease in the bond portfolio's market value. On the other hand, typically historic spread volatility increases during such crisis, which leads to a higher spread risk capital, even if the pre-crisis spread level has been restored.

**Equity price risk**

A decline in the equity market may lead to a reduction of the Swiss Life Group's realised and unrealised gains/losses, which also negatively affects the Swiss Life Group's results of operations and financial condition.

Hedges in place with respect to the Swiss Life Group's equity investments are designed to reduce the exposure to declines in equity values but would not prevent an impairment loss in the event that the impairment criteria were met.

A portion of Swiss Life's investment portfolio comprises investments in funds which hold securities issued by non-public companies (e. g. private equity and infrastructure funds). These investments may be illiquid or may only be disposed of over time or at a loss, and they may not produce adequate returns or capital gains.

**Real estate price risk**

Due to the long-term nature of its liabilities, Swiss Life invests in direct residential, commercial and mixed-use property investments. In addition to direct investments, Swiss Life invests in real estate funds and real estate companies.

In building and maintaining its real estate portfolio, Swiss Life ensures adequate diversification in terms of use, location and geography.

**Credit risk**

The Group is exposed to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Key areas where the Group is exposed to credit risk are:

- Counterparty risk with respect to bonds purchased
- Counterparty risk with respect to loans and mortgages granted
- Counterparty risk with respect to money market and cash positions
- Counterparty risk with respect to derivative transactions
- Reinsurance share of insurance liabilities
- Amounts due from reinsurers in respect of claims already paid
- Amounts due from insurance contract holders
- Amounts due from insurance intermediaries

To reduce the credit exposure relating to derivatives a collateral management process is in place. Clearly defined processes ensure that exposure concentrations and limit utilisations are appropriately monitored and managed. Counterparties for derivative transactions, over-the-counter and exchange-traded, have to be approved by both the Group Chief Risk Officer and the Group Chief Investment Officer. Furthermore, the counterparties must fulfil stringent minimum rating requirements for the Swiss Life Group's insurance operations. During periods of market turmoil reliance on ratings is of limited value; therefore an additional qualitative and quantitative counterparty monitoring process has been established to allow for immediate proactive measures.

Counterparty risk is primarily managed by counterparty exposure limits and diversification in a broad debtor universe. The default risk is managed through the holding of credit default swaps or credit default swap indices and options on credit default swap indices. A credit default swap provides insurance to the debt holder against a default of the debt issuer. It is traded over-the-counter and itself underlies the collateral management process described above. The credit default swap index is a hedge on credit risk of a basket of counterparties and is an over-the-counter derivative. A put option on a credit default swap index provides protection against adverse credit spread movements in the underlying basket of counterparties, and is traded over-the-counter.

The Group is also exposed to credit risk associated with reinsurance recoverables. As a consequence, the financial strength of reinsurers is monitored. The creditworthiness of reinsurers is considered on an annual basis by reviewing their financial strength and also prior to any contract being signed. The general policy of the Swiss Life Group is to reinsure its insurance risks only with counterparties rated A- or above (Standard & Poor's or equivalent). In exceptional cases, reinsurers with a lower rating may be considered. Additionally, the Group holds substantial collateral under related reinsurance agreements in the form of deposited funds and securities.

No single reinsurer is a material reinsurer to the Group, nor is the Group's business substantially dependent upon one single reinsurer.

For fixed-income assets the total exposure per counterparty is aggregated and reported to the Group Risk Committee. Ratings and single positions above a certain level with regard to fixed-income assets are reported to management on a regular basis. The exposure to individual counterparties is also managed by other mechanisms, such as the right to offset where counterparties are both debtors and creditors of the Group. In addition, limits regarding single counterparty exposure are in place which depend on the rating and amount of exposure in relation to total investments. Information reported to management includes assessment of bad debts. Where there exists a certain exposure to individual policyholders due to size of the contract, or homogenous groups of policyholders, a financial analysis equivalent to that conducted for reinsurers is carried out.

The non-rated loans primarily comprise mortgages and policy loans. For the bulk of the mortgages a risk class system is in place which allows the company to identify, measure, monitor and manage the risks at the level of portfolios, borrowers and loans at all times. The risk class system also enables a risk-adequate pricing of the loans. Implementation, parametrisation and control of the system are set out in an internal directive which has been approved by the Group Chief Investment Officer.

In certain countries, specific additional guidelines and rules have been defined locally to monitor credit risk. Such guidelines cover investments in fixed-income securities which are mostly based on the average rating of the issuers (calculated by weighting default probabilities). Minimum and maximum thresholds apply with regard to permitted investments in non-government bonds. For investments in government bonds with a rating lower than AA- (according to Standard & Poor's or equivalent), additional exposure limits are in place. For certain businesses, credit risk is monitored and controlled with a risk limit framework whereby maximum limits are reviewed and approved at least annually. The majority of the bond portfolio is invested in government bonds (including supranational and sovereigns) and bonds issued by the financial sector covered by collateral or government guarantees.

### Maximum exposure to credit risk

In CHF million	For the account and risk of the Swiss Life Group		For the account and risk of the Swiss Life Group's customers		Total	
	31.12.2020	31.12.2019	31.12.2020	31.12.2019	31.12.2020	31.12.2019
<b>DEBT SECURITIES</b>						
Debt securities at fair value through profit or loss	674	622	7 683	6 934	8 358	7 556
Debt securities available for sale	89 425	87 766	–	–	89 425	87 766
Debt securities pledged as collateral	4 064	2 438	–	–	4 064	2 438
Debt securities classified as loans	873	1 127	–	–	873	1 127
<b>TOTAL DEBT SECURITIES</b>	<b>95 037</b>	<b>91 954</b>	<b>7 683</b>	<b>6 934</b>	<b>102 720</b>	<b>98 887</b>
<b>LOANS AND RECEIVABLES</b>						
Senior secured loans available for sale	3 908	3 144	–	–	3 908	3 144
Mortgages	11 534	9 783	–	–	11 534	9 783
Note loans	5 028	5 324	–	–	5 028	5 324
Corporate and other loans	1 791	1 845	–	–	1 791	1 845
Receivables	4 131	4 874	–	–	4 131	4 874
<b>TOTAL LOANS AND RECEIVABLES</b>	<b>26 391</b>	<b>24 971</b>	<b>–</b>	<b>–</b>	<b>26 391</b>	<b>24 971</b>
<b>OTHER ASSETS</b>						
Cash and cash equivalents	5 198	5 303	2 667	2 944	7 865	8 247
Derivatives	3 008	2 090	0	0	3 008	2 090
Reinsurance assets	556	527	–	–	556	527
<b>TOTAL OTHER ASSETS</b>	<b>8 761</b>	<b>7 920</b>	<b>2 667</b>	<b>2 944</b>	<b>11 428</b>	<b>10 864</b>
<b>UNRECOGNISED ITEMS</b>						
Financial guarantees	25	31	–	–	25	31
Loan commitments	539	787	–	–	539	787
<b>TOTAL UNRECOGNISED ITEMS</b>	<b>564</b>	<b>818</b>	<b>–</b>	<b>–</b>	<b>564</b>	<b>818</b>
<b>TOTAL EXPOSURE TO CREDIT RISK</b>	<b>130 753</b>	<b>125 663</b>	<b>10 351</b>	<b>9 877</b>	<b>141 104</b>	<b>135 540</b>



The following table shows the extent to which collateral and other credit enhancements mitigate credit risk in respect of the maximum exposure to credit risk.

#### Credit risk mitigation – collateral held and other credit enhancements as at 31 December 2020

In CHF million							
	Debt securities	Loans and receivables	Cash and cash equivalents	Derivatives (assets)	Reinsurance assets	Financial guarantees and loan commitments	Total
<b>SECURED BY</b>							
Cash collateral	–	2	–	2 245	171	–	2 418
Securities collateral	–	191	–	–	273	11	475
Mortgage collateral	8 516	13 303	–	–	–	495	22 314
Other collateral	–	4 714	–	–	–	48	4 762
Guarantees	760	108	525	–	–	–	1 393
Netting agreements	–	691	–	729	1	–	1 421
<b>TOTAL SECURED</b>	<b>9 276</b>	<b>19 008</b>	<b>525</b>	<b>2 974</b>	<b>445</b>	<b>554</b>	<b>32 783</b>
<b>UNSECURED</b>							
Governments and supranationals	57 098	3 367	68	–	–	–	60 533
Corporates	28 574	1 130	4 605	34	111	10	34 463
Other	88	2 886	–	–	–	–	2 974
<b>TOTAL UNSECURED</b>	<b>85 760</b>	<b>7 384</b>	<b>4 672</b>	<b>34</b>	<b>111</b>	<b>10</b>	<b>97 970</b>
<b>TOTAL</b>	<b>95 037</b>	<b>26 391</b>	<b>5 198</b>	<b>3 008</b>	<b>556</b>	<b>564</b>	<b>130 753</b>

#### Credit risk mitigation – collateral held and other credit enhancements as at 31 December 2019

In CHF million							
	Debt securities	Loans and receivables	Cash and cash equivalents	Derivatives (assets)	Reinsurance assets	Financial guarantees and loan commitments	Total
<b>SECURED BY</b>							
Cash collateral	–	29	–	1 332	162	–	1 524
Securities collateral	–	182	–	–	272	21	475
Mortgage collateral	9 157	11 622	–	–	–	654	21 433
Other collateral	–	3 890	–	–	–	45	3 935
Guarantees	639	56	329	–	–	–	1 025
Netting agreements	–	837	–	653	1	–	1 491
<b>TOTAL SECURED</b>	<b>9 796</b>	<b>16 616</b>	<b>329</b>	<b>1 986</b>	<b>434</b>	<b>720</b>	<b>29 882</b>
<b>UNSECURED</b>							
Governments and supranationals	52 472	3 582	49	–	–	–	56 103
Corporates	29 572	1 148	4 925	104	92	98	35 939
Other	114	3 625	–	–	–	–	3 739
<b>TOTAL UNSECURED</b>	<b>82 157</b>	<b>8 355</b>	<b>4 974</b>	<b>104</b>	<b>92</b>	<b>98</b>	<b>95 781</b>
<b>TOTAL</b>	<b>91 954</b>	<b>24 971</b>	<b>5 303</b>	<b>2 090</b>	<b>527</b>	<b>818</b>	<b>125 663</b>

To mitigate specific credit risk, the Group may purchase credit risk protection in the form of credit default swaps and credit default swap indices. As at 31 December 2020, there were no such derivative contracts on the balance sheet that provided any notional principal protection (2019: CHF 821 million).

#### Exposure to credit risk of debt instruments – credit rating by class as at 31 December 2020

In CHF million							
	AAA	AA	A	BBB	Below BBB	Individual impairment loss allowance	Total
<b>DEBT SECURITIES</b>							
Supranationals	3 222	351	48	24	–	–	3 645
Governments	24 313	24 060	2 893	2 138	48	–	53 453
Covered/guaranteed	8 422	545	95	198	15	–	9 276
Corporates	436	2 083	9 147	15 822	1 086	–	28 574
Other	7	–	32	37	12	–	88
<b>TOTAL DEBT SECURITIES</b>	<b>36 401</b>	<b>27 040</b>	<b>12 216</b>	<b>18 219</b>	<b>1 161</b>	<b>–</b>	<b>95 037</b>
<b>MORTGAGES</b>							
Commercial	–	–	2 721	–	–	–	2 721
Residential	–	–	8 808	–	6	–1	8 812
<b>TOTAL MORTGAGES</b>	<b>–</b>	<b>–</b>	<b>11 529</b>	<b>–</b>	<b>6</b>	<b>–1</b>	<b>11 534</b>
<b>OTHER LOANS AND RECEIVABLES</b>							
Governments and supranationals	1 463	1 673	189	42	–	–	3 367
Corporates	1 264	589	730	1 404	3 812	–	7 799
Other	1	15	56	3 590	60	–31	3 692
<b>TOTAL OTHER LOANS AND RECEIVABLES</b>	<b>2 728</b>	<b>2 278</b>	<b>975</b>	<b>5 035</b>	<b>3 872</b>	<b>–31</b>	<b>14 858</b>

#### Exposure to credit risk of debt instruments – credit rating by class as at 31 December 2019

In CHF million							
	AAA	AA	A	BBB	Below BBB	Individual impairment loss allowance	Total
<b>DEBT SECURITIES</b>							
Supranationals	2 703	880	20	21	–	–	3 624
Governments	24 566	19 692	2 359	2 166	65	–	48 848
Covered/guaranteed	8 970	539	23	259	6	–	9 796
Corporates	483	2 806	10 273	15 192	818	–	29 572
Other	19	–	32	37	26	–	114
<b>TOTAL DEBT SECURITIES</b>	<b>36 740</b>	<b>23 917</b>	<b>12 708</b>	<b>17 674</b>	<b>915</b>	<b>–</b>	<b>91 954</b>
<b>MORTGAGES</b>							
Commercial	–	–	2 422	–	–	–	2 422
Residential	–	–	7 347	0	14	0	7 361
<b>TOTAL MORTGAGES</b>	<b>–</b>	<b>–</b>	<b>9 769</b>	<b>0</b>	<b>14</b>	<b>0</b>	<b>9 783</b>
<b>OTHER LOANS AND RECEIVABLES</b>							
Governments and supranationals	1 687	1 682	171	42	–	–	3 582
Corporates	1 142	778	645	1 454	3 171	0	7 190
Other	15	12	231	4 153	25	–20	4 416
<b>TOTAL OTHER LOANS AND RECEIVABLES</b>	<b>2 844</b>	<b>2 472</b>	<b>1 047</b>	<b>5 650</b>	<b>3 196</b>	<b>–20</b>	<b>15 187</b>

Debt instruments that on a specific date give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding meet the SPPI criterion. The exposure to credit risk of such debt instruments is disclosed in the following table at gross carrying amounts.

#### Exposure to credit risk of debt instruments that meet the SPPI criterion as at 31 December 2020

in CHF million

	AAA	AA	A	BBB	Below BBB	Total
<b>DEBT SECURITIES</b>						
Governments and supranationals	27 072	24 237	2 932	2 161	47	56 449
Corporates	8 726	2 623	8 879	15 846	1 069	37 144
Other	-	-	-	1	-	1
<b>TOTAL DEBT SECURITIES</b>	<b>35 798</b>	<b>26 860</b>	<b>11 812</b>	<b>18 008</b>	<b>1 116</b>	<b>93 593</b>
<b>MORTGAGES</b>						
Commercial	-	-	2 721	-	-	2 721
Residential	-	-	8 808	-	6	8 813
<b>TOTAL MORTGAGES</b>	<b>-</b>	<b>-</b>	<b>11 529</b>	<b>-</b>	<b>6</b>	<b>11 534</b>
<b>OTHER LOANS AND RECEIVABLES</b>						
Governments and supranationals	1 463	1 630	189	42	-	3 324
Corporates	802	445	730	1 404	3 812	7 193
Other	1	15	56	3 589	60	3 722
<b>TOTAL OTHER LOANS</b>	<b>2 267</b>	<b>2 090</b>	<b>975</b>	<b>5 035</b>	<b>3 872</b>	<b>14 239</b>

#### Exposure to credit risk of debt instruments that meet the SPPI criterion as at 31 December 2019

in CHF million

	AAA	AA	A	BBB	Below BBB	Total
<b>DEBT SECURITIES</b>						
Governments and supranationals	26 848	20 437	2 371	2 185	63	51 905
Corporates	9 325	3 322	9 807	15 253	820	38 526
Other	-	-	-	1	-	1
<b>TOTAL DEBT SECURITIES</b>	<b>36 173</b>	<b>23 759</b>	<b>12 178</b>	<b>17 439</b>	<b>883</b>	<b>90 432</b>
<b>MORTGAGES</b>						
Commercial	-	-	2 422	-	-	2 422
Residential	-	-	7 347	0	14	7 361
<b>TOTAL MORTGAGES</b>	<b>-</b>	<b>-</b>	<b>9 769</b>	<b>0</b>	<b>14</b>	<b>9 783</b>
<b>OTHER LOANS AND RECEIVABLES</b>						
Governments and supranationals	1 687	1 639	171	42	-	3 539
Corporates	810	502	645	1 454	3 171	6 581
Other	15	12	231	4 153	25	4 436
<b>TOTAL OTHER LOANS</b>	<b>2 511</b>	<b>2 152</b>	<b>1 047</b>	<b>5 650</b>	<b>3 196</b>	<b>14 556</b>

**Financial assets past due (not impaired) – age analysis**

In CHF million	Up to 3 months		3–6 months		6–12 months		More than 1 year		Total	
	31.12.2020	31.12.2019	31.12.2020	31.12.2019	31.12.2020	31.12.2019	31.12.2020	31.12.2019	31.12.2020	31.12.2019
<b>MORTGAGES</b>										
Residential	0	0	0	2	1	1	13	20	15	23
<b>TOTAL</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2</b>	<b>1</b>	<b>1</b>	<b>13</b>	<b>20</b>	<b>15</b>	<b>23</b>
<b>OTHER LOANS AND RECEIVABLES</b>										
Governments and supranationals	0	0	–	0	0	0	–	–	0	0
Corporates	33	44	0	6	–	–	–	–	34	49
Other	87	87	11	9	13	9	6	5	117	109
<b>TOTAL</b>	<b>120</b>	<b>131</b>	<b>11</b>	<b>15</b>	<b>13</b>	<b>9</b>	<b>6</b>	<b>5</b>	<b>151</b>	<b>159</b>

**Financial assets individually determined as impaired**

In CHF million	Gross carrying amount		Impairment loss allowance		Net carrying amount	
	31.12.2020	31.12.2019	31.12.2020	31.12.2019	31.12.2020	31.12.2019
<b>MORTGAGES</b>						
Residential	1	2	–1	0	1	2
<b>TOTAL</b>	<b>1</b>	<b>2</b>	<b>–1</b>	<b>0</b>	<b>1</b>	<b>2</b>
<b>OTHER LOANS AND RECEIVABLES</b>						
Corporates	19	5	–15	0	4	5
Other	36	36	–31	–20	5	17
<b>TOTAL</b>	<b>55</b>	<b>42</b>	<b>–45</b>	<b>–20</b>	<b>9</b>	<b>22</b>

**Financial assets individually determined as impaired – impairment loss allowance for the year 2020**

In CHF million	Balance as at 1 January	Impairment losses/reversals	Write-offs and disposals	Foreign currency translation differences	Balance as at end of period
<b>MORTGAGES</b>					
Residential	0	0	0	–	1
<b>TOTAL</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>–</b>	<b>1</b>
<b>OTHER LOANS AND RECEIVABLES</b>					
Corporates	0	15	0	–1	15
Other	20	19	–8	0	31
<b>TOTAL</b>	<b>20</b>	<b>35</b>	<b>–8</b>	<b>–1</b>	<b>45</b>

**Financial assets individually determined as impaired – impairment loss allowance for the year 2019**

In CHF million

	Balance as at 1 January	Impairment losses/ reversals	Write-offs and disposals	Foreign currency translation differences	Balance as at end of period
<b>MORTGAGES</b>					
Residential	0	0	0	-	0
<b>TOTAL</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-</b>	<b>0</b>
<b>OTHER LOANS AND RECEIVABLES</b>					
Corporates	0	0	-	0	0
Other	20	5	-5	-1	20
<b>TOTAL</b>	<b>20</b>	<b>5</b>	<b>-5</b>	<b>-1</b>	<b>20</b>

The criteria used for the assessment of financial assets for impairment are described in note 2.8.

**Exposure to credit risk of other assets**

In CHF million

	AAA	AA	A	BBB	Below BBB	Total
CREDIT RATING AS AT 31 DECEMBER 2020						
Cash and cash equivalents	102	1 818	2 671	607	0	5 198
Derivatives	129	288	2 457	133	-	3 008
Reinsurance assets	-	445	76	35	-	556
<b>TOTAL</b>	<b>232</b>	<b>2 551</b>	<b>5 204</b>	<b>775</b>	<b>0</b>	<b>8 761</b>

CREDIT RATING AS AT 31 DECEMBER 2019

Cash and cash equivalents	116	2 080	2 346	761	1	5 303
Derivatives	177	570	1 189	150	4	2 090
Reinsurance assets	-	415	77	35	-	527
<b>TOTAL</b>	<b>293</b>	<b>3 065</b>	<b>3 612</b>	<b>945</b>	<b>4</b>	<b>7 920</b>

At 31 December 2020 and 2019, no reinsurance assets were past due or impaired.

**Exposure to credit risk of unrecognised items**

In CHF million

	AAA	AA	A	BBB	Below BBB	Total
CREDIT RATING AS AT 31 DECEMBER 2020						
Financial guarantees	-	-	10	15	-	25
Loan commitments	-	-	491	48	-	539
<b>TOTAL</b>	<b>-</b>	<b>-</b>	<b>501</b>	<b>63</b>	<b>-</b>	<b>564</b>

CREDIT RATING AS AT 31 DECEMBER 2019

Financial guarantees	-	-	4	27	-	31
Loan commitments	-	2	653	132	-	787
<b>TOTAL</b>	<b>-</b>	<b>2</b>	<b>657</b>	<b>159</b>	<b>-</b>	<b>818</b>

### Currency risk

The Swiss Life Group operates internationally and its exposures to currency risk primarily arise with respect to the euro, US dollar, British pound and Canadian dollar. Most of the investments and liabilities are denominated in Swiss francs, euros and US dollars, the values of which are subject to exchange rate fluctuations. The Group operates with various functional currencies (predominantly Swiss francs and euros). Its financial position and earnings could be significantly affected by a weakening of said foreign currencies against the Swiss franc.

The following table shows the Group's sensitivity of monetary items to foreign currency exchange rate fluctuations in profit or loss before policyholder participation.

#### 1% decrease in rate

In CHF million	Gain (+)/loss (-) <sup>1</sup>	
	2020	2019
EUR/CHF	4	3
USD/CHF	-2	-12
GBP/CHF	1	-1
CAD/CHF	-1	-1

<sup>1</sup> before policyholder and income tax effect

The Swiss Life Group's European insurance and investment operations (excluding Switzerland) generally invest in assets denominated in the same currency as their insurance and investment contract liabilities, which mitigates the currency risk for these operations. As a result, currency risk arises from recognised assets and liabilities denominated in other currencies and net investments in foreign operations. Although the Swiss Life Group actively engages in currency management to reduce the effect of exchange rate fluctuations on its assets and liabilities, particularly by hedging against the risk of such movements in relation to part of its investments denominated in euros and in US dollars, significant movements in exchange rates could adversely affect the Swiss Life Group's earnings and financial position, including the value of its investment portfolio. Foreign exchange exposure is hedged in line with the strategic asset allocation. The instruments which the Swiss Life Group uses to hedge exposure may not be perfectly correlated to the related assets, so the Group will still be exposed to losses if the value of the hedge and the value of the underlying asset or liability do not correspond appropriately.

Due to the limitations of the Swiss capital market with regards to liquidity and duration, investments in Switzerland are also made in currencies other than the Swiss franc. However, the balance sheet currency exposure is to a large extent hedged using foreign currency derivatives.

### Liquidity risk

Liquidity risk is the risk that not enough cash resources may be available to pay obligations when due (primarily obligations arising from the insurance business and debt) at a reasonable cost. The Swiss Life Group is exposed to liquidity risk which primarily arises on calls on its cash resources from claims, amounts payable at maturity and surrenders arising from insurance and investment contracts. The Swiss Life Group faces the risk of not being able to refinance its debt obligations due to unexpected long-term market disruptions.

At the operational level, rolling forecasts are in place to address situational liquidity risk, which primarily arises on unexpected calls on cash resources from claims, amounts payable at maturity and surrenders arising from insurance and investment contracts. To overcome unexpected liquidity shortfalls, when asset disposals are not desired, repurchase agreements and mitigating measures on the liability side are used to ensure short-term refinancing at minimal cost.

At the strategic level, the Swiss Life Group holds substantial liquidity and uses active debt maturity planning to ensure financial flexibility and efficient liquidity management.

The liquidity analysis of financial liabilities and commitments is based on undiscounted cash flows by remaining contractual maturities, whereas insurance and policyholder participation liabilities are analysed by estimated timing of net cash outflows. Cash outflows of derivative liabilities designated as cash flow hedging instruments are analysed on the basis of expected settlement dates for forward starting swaps, and on the basis of contractual maturity for forward starting bonds. The analysis is made for amounts for the account and risk of the Swiss Life Group.

#### Exposure to liquidity risk as at 31 December 2020

In CHF million	Cash flows						Total	Carrying amount
	Up to 1 month	1-3 months	3-12 months	1-5 years	5-10 years	More than 10 years		
<b>FINANCIAL LIABILITIES</b>								
Derivatives designated as cash flow hedges	–	–	140	1 156	–	–	1 296	10
Investment contracts with discretionary participation	22	40	226	2 877	1 734	5 910	10 809	10 809
Investment contracts without discretionary participation	0	0	0	0	0	207	207	207
Borrowings	–	–	767	2 531	1 205	–	4 503	3 949
Lease liabilities	3	6	28	107	23	105	272	220
Other financial liabilities	10 423	1 578	5 219	1 184	1 064	497	19 964	19 662
<b>TOTAL</b>	<b>10 448</b>	<b>1 623</b>	<b>6 379</b>	<b>7 855</b>	<b>4 026</b>	<b>6 718</b>	<b>37 051</b>	<b>34 856</b>
<b>INSURANCE AND POLICYHOLDER PARTICIPATION LIABILITIES</b>								
Insurance liabilities	376	360	3 561	9 319	16 477	90 283	120 378	120 377
Policyholder participation liabilities	163	279	4 700	10 115	132	3 434	18 824	18 824
<b>TOTAL</b>	<b>540</b>	<b>639</b>	<b>8 262</b>	<b>19 435</b>	<b>16 609</b>	<b>93 717</b>	<b>139 202</b>	<b>139 202</b>
<b>GUARANTEES AND COMMITMENTS</b>								
Financial guarantees	15	–	10	–	–	–	25	–
Loan commitments	79	141	286	28	3	2	539	–
Capital commitments	836	–	77	1 590	–	–	2 504	–
<b>TOTAL</b>	<b>930</b>	<b>141</b>	<b>373</b>	<b>1 618</b>	<b>3</b>	<b>2</b>	<b>3 068</b>	<b>–</b>



## Exposure to liquidity risk as at 31 December 2019

In CHF million	Cash flows						Total	Carrying amount
	Up to 1 month	1-3 months	3-12 months	1-5 years	5-10 years	More than 10 years		
<b>FINANCIAL LIABILITIES</b>								
Derivatives designated as cash flow hedges	-	-	245	476	-	11	733	16
Investment contracts with discretionary participation	24	42	227	2 893	1 822	5 881	10 888	10 888
Investment contracts without discretionary participation	0	0	0	0	0	205	206	206
Borrowings	-	-	118	2 150	2 347	-	4 614	3 951
Lease liabilities	2	5	25	117	16	-	165	152
Other financial liabilities	8 548	1 917	4 769	1 863	417	341	17 854	17 589
<b>TOTAL</b>	<b>8 574</b>	<b>1 963</b>	<b>5 384</b>	<b>7 499</b>	<b>4 601</b>	<b>6 438</b>	<b>34 459</b>	<b>32 801</b>
<b>INSURANCE AND POLICYHOLDER PARTICIPATION LIABILITIES</b>								
Insurance liabilities	330	344	3 453	9 028	16 369	88 352	117 876	117 876
Policyholder participation liabilities	138	222	3 940	8 762	133	2 857	16 052	16 052
<b>TOTAL</b>	<b>468</b>	<b>565</b>	<b>7 392</b>	<b>17 791</b>	<b>16 502</b>	<b>91 209</b>	<b>133 928</b>	<b>133 928</b>
<b>GUARANTEES AND COMMITMENTS</b>								
Financial guarantees	18	-	4	9	-	-	31	-
Loan commitments	81	272	363	65	6	1	787	-
Capital commitments	661	-	483	79	-	-	1 222	-
<b>TOTAL</b>	<b>759</b>	<b>272</b>	<b>850</b>	<b>153</b>	<b>6</b>	<b>1</b>	<b>2 040</b>	<b>-</b>

### Current and non-current assets and liabilities

The table below shows the expected realisation or settlement of assets and liabilities. Assets are classified as current if they are expected to be realised within twelve months after the balance sheet date. Liabilities are classified as current if they are expected to be settled within twelve months after the balance sheet date. All other assets and liabilities are classified as non-current.

In CHF million	Current		Non-current		For the account and risk of the Swiss Life Group's customers		Total	
	31.12.2020	31.12.2019	31.12.2020	31.12.2019	31.12.2020	31.12.2019	31.12.2020	31.12.2019
<b>ASSETS</b>								
Cash and cash equivalents	5 198	5 303	–	–	2 667	2 944	7 865	8 247
Derivatives	1 350	730	1 657	1 360	0	0	3 008	2 090
Assets held for sale	1	–	–	–	–	–	1	–
Financial assets at fair value through profit or loss	4 854	3 670	5 688	4 772	36 794	35 250	47 336	43 692
Financial assets available for sale	10 068	8 270	98 373	100 116	–	–	108 441	108 386
Loans and receivables	5 425	6 337	17 931	16 617	–	–	23 357	22 955
Financial assets pledged as collateral	20	13	4 045	2 425	–	–	4 064	2 438
Investment property	–	–	37 813	34 866	307	–	38 120	34 866
Investments in associates	–	–	172	266	–	–	172	266
Reinsurance assets	309	294	246	232	–	–	556	527
Property and equipment	–	–	515	532	–	–	515	532
Intangible assets including intangible insurance assets	–	–	3 058	3 074	–	–	3 058	3 074
Current income tax assets	24	10	–	–	–	–	24	10
Deferred income tax assets	–	–	79	72	–	–	79	72
Other assets	312	319	630	622	–	–	942	940
<b>TOTAL ASSETS</b>	<b>27 560</b>	<b>24 946</b>	<b>170 209</b>	<b>164 954</b>	<b>39 768</b>	<b>38 193</b>	<b>237 538</b>	<b>228 094</b>
<b>LIABILITIES</b>								
Derivatives	599	456	788	856	–	–	1 387	1 311
Investment and unit-linked contracts	288	293	10 727	10 801	31 008	31 209	42 024	42 303
Borrowings	650	–	3 299	3 951	–	–	3 949	3 951
Other financial liabilities	15 253	13 711	4 629	4 030	–	–	19 882	17 741
Insurance liabilities	4 298	4 127	116 080	113 749	8 399	7 109	128 776	124 985
Policyholder participation liabilities	5 142	4 299	13 682	11 752	–	–	18 824	16 052
Employee benefit liabilities	174	170	1 819	1 989	–	–	1 993	2 160
Current income tax liabilities	310	323	–	–	–	–	310	323
Deferred income tax liabilities	–	–	2 636	2 432	–	–	2 636	2 432
Provisions	100	38	21	29	–	–	121	66
Other liabilities	324	292	47	43	–	–	371	336
<b>TOTAL LIABILITIES</b>	<b>27 138</b>	<b>23 709</b>	<b>153 729</b>	<b>149 632</b>	<b>39 407</b>	<b>38 318</b>	<b>220 275</b>	<b>211 659</b>

**Hedging**

The Swiss Life Group uses derivatives within the strict limits set by the applicable insurance legislation and by internal guidelines. Derivatives are primarily used to manage the exposure to foreign exchange rates, interest rates, equity securities and counterparties. The main instruments include index futures and option structures in stock markets, bond futures and swaps in order to manage duration, currency forwards and options in order to manage currency risk and credit default swaps or credit default swap indices and options on credit default swap indices in order to manage counterparty risk. Within certain limits, derivatives are used to enhance returns on the existing portfolio. The types of derivatives generally permitted for usage within the Swiss Life Group, as well as the list of allowed over-the-counter trading partners, have been approved by the Group Risk Committee.

Hedging strategies involve hedge accounting in accordance with International Financial Reporting Standards as well as “economic hedging”. “Economic hedges” comprise derivatives in combination with financial assets and financial liabilities which have a common risk factor and give rise to opposite changes in fair value that tend to offset each other.

**5.5 Insurance risk management objectives and policies**

Insurance contracts are contracts under which one party (the insurer) agrees to compensate the other party (the policyholder) if a specified uncertain future event affects the policyholder. The Group’s insurance entities neither generally accept nor generally deny insurance coverage to applicants, but ensure that all the insurance risks are identified and thoroughly assessed, and that the insurance premiums accurately reflect the risk taken. The amount and type of risk taken must be in line with the Group’s risk policy and strategy, and must also meet the profitability targets.

**Nature of insurance risk**

When designing a new product or reviewing an existing one, care has to be taken that the product neither includes systemic risk nor provides incentives for adverse selection. The Swiss Life Group favours transparent and simple product designs with a reliable pricing basis with sufficient statistical data available. Insurance risk arises when biometric parameters deviate adversely from expectations. The uncertainty in the estimation of future benefit payments and premium receipts for long-term insurance contracts is due to the unpredictability of long-term changes in overall levels of mortality and disability, for instance. Furthermore, deviations from the expected outcome of a portfolio can also arise because of random fluctuations. The impact of random fluctuations depends on the extent of diversification within a portfolio of contracts.

The quantification of life insurance risk is based on a sensitivity analysis. Insurance risk is thus measured as the deviation of (the realisations of) the insurance risk factors from the corresponding best estimate values. Life insurance risk factors include mortality rates, disability/recovery rates and longevity.

The nature of insurance risk can be summarised as follows.

#### Mortality and longevity

Mortality and longevity risks reflect the financial consequences of insured people dying sooner or living longer than expected, respectively. For example, a life insurer with an annuity portfolio making payments to the policyholders until their death is financially exposed to those individuals who live longer than expected. Conversely, an insurer writing life insurance business that pays out amounts contingent on death of the policyholders is exposed to increases in mortality levels.

The Swiss occupational pensions (BVG) business of the group life insurance business in Switzerland is a significant part of the Group's overall life insurance business. The BVG business provides an example of a minimum return guarantee. The guarantee takes the form of the right to convert an assured sum into a life annuity at a guaranteed conversion rate: the prevalent annuity conversion rate for the mandatory part of the BVG business is set at 6.8% for men (retirement age 65) and 6.8% for women (retirement age 64).

With regard to mortality, morbidity and longevity risk, the most important annuities payable (annuities in payment phase) or insured (annuities in deferral phase) as well as sums insured are expected to be as follows.

#### Annuities payable per annum by type of annuity – individual life

In CHF million	31.12.2020	31.12.2019
Life annuities – in payment	559	565
Life annuities – deferred	392	412
Annuities certain – in payment	4	5
Annuities certain – deferred	32	33
Disability income and other annuities – in payment	251	231
Disability income and other annuities – deferred	7 488	7 438
<b>TOTAL INDIVIDUAL LIFE</b>	<b>8 726</b>	<b>8 684</b>

#### Annuities payable per annum by type of annuity – group life

In CHF million	31.12.2020	31.12.2019
Retirement annuities – in payment	1 083	1 045
Retirement annuities – deferred	446	438
Survivors' annuities – in payment	149	147
Survivors' annuities – deferred	3 016	2 896
Disability income and other annuities – in payment	383	370
Disability income and other annuities – deferred	18 751	17 921
<b>TOTAL GROUP LIFE</b>	<b>23 829</b>	<b>22 815</b>

**Life benefits insured by type of insurance – individual life**

In CHF million		
	31.12.2020	31.12.2019
Whole life and term life	36 101	31 823
Disability lump-sum payment	12	21
Other	373	295
<b>TOTAL INDIVIDUAL LIFE</b>	<b>36 486</b>	<b>32 138</b>

**Life benefits insured by type of insurance – group life**

In CHF million		
	31.12.2020	31.12.2019
Term life	62 843	58 449
Disability lump-sum payment	4 227	2 853
Other	1 320	1 399
<b>TOTAL GROUP LIFE</b>	<b>68 390</b>	<b>62 701</b>

**Disability and morbidity**

Disability risk reflects the financial consequences of groups of individuals getting disabled more often and/or recovering less quickly than expected. With regard to morbidity, the most significant risk factors are epidemics, widespread changes in lifestyle, such as eating, smoking and exercise habits, mental stress and economic effects.

**Embedded options**

The ability of a policyholder to pay reduced or no future premiums under a contract, to terminate the contract completely or to exercise a guaranteed annuity option means that the insurer's liability is also subject to policyholder behaviour to a certain extent. On the assumption that a certain group of policyholders will make decisions rationally, overall insurance risk can be aggravated by such behaviour. For example, it is conceivable that policyholders whose health has deteriorated significantly will be less inclined to terminate contracts insuring disability or death benefits than those policyholders remaining in good health, thus contributing to an increasing trend in the expected mortality of policyholders, as the portfolio of insurance contracts is reduced due to surrender.

**Underwriting strategy**

Underwriting is the process of selecting and classifying insurable risks. The underwriting strategy attempts to ensure that the risks underwritten are profitable and well diversified in terms of type of risk and level of insured benefits. Life insurance underwriting is performed to ensure that the premiums and the general conditions of the insurance policies are adequate for the risks to be insured. The first step in the underwriting process is to determine which individual risks can be accepted. The second step is to place the accepted risks into groups of similar levels of risk. Both processes must be conducted objectively and consistently. The Group sets limits for the acceptance of insurance coverage arising from new and renewal business. Medical selection is part of the Group's underwriting procedures, whereby premiums are charged to reflect the health condition and family medical history of the applicants. The limits relate to sums at risk, maximum insured losses or present value of premiums at the contract or insured person level. Depending on the type of business and the limit exceeded, the new or renewed contract must be approved by the corresponding risk committee or senior management. Contracts exceeding the set limits are tested individually for profitability according to predefined procedures and compliance assessments are performed before approval. Certain contracts which include specific risks relating to derivatives or insurance risk factors for which no reliable data is available must be submitted for approval irrespective of the amount of coverage offered. Insurance coverage exceeding set limits is subject to regular internal reporting requirements. Additionally, the underwriting practices must be in line with local laws.

For certain group life business, local law is relevant with regard to medical examinations required before any business is written. For certain individual life business, agreements exist with regard to medical examinations of applicants before business is written. If the risk is assessed as high, exclusion of specific risks, premium adjustments and reinsurance are considered or the application may be rejected.

In the accident and health business, as well as the credit life business in France, the underwriting strategy comprises biometric and financial data of the persons to be insured, type of contract and experience.

**Non-life**

The Swiss Life Group has non-life operations, mainly in France, covering risks associated with accident and health (disability), property and casualty as well as credit life business.

Claims arising from the accident and health business primarily cover refunds for medical treatment, daily allowances in the case of sick leave, annuities and long-term medical care. The factors that could increase the overall liabilities in health insurance are the increase in the claim frequency due to an increase in the average age of the insured persons and negative economic and social factors. The insurance liabilities arising from accident and health insurance contracts must consider outstanding claims and claims incurred but not reported (IBNR). A large part of the insurance liabilities arising from these contracts relates to IBNR, and experience shows that health insurance contracts are sensitive to late reporting of claims in both number of claims and amounts.

The Group manages the risks arising from these contracts by means of its underwriting strategy and reinsurance arrangements.

**Development of claims under non-life insurance contracts**

	Estimate of ultimate claim costs by year of loss occurrence										
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	Total
At end of year of loss occurrence	311	303	335	342	296	267	297	331	304	295	n/a
1 year later	362	330	361	346	322	331	317	352	369	-	n/a
2 years later	324	331	296	309	322	276	282	325	-	-	n/a
3 years later	336	285	281	324	291	259	269	-	-	-	n/a
4 years later	300	276	299	296	273	255	-	-	-	-	n/a
5 years later	293	297	280	279	266	-	-	-	-	-	n/a
6 years later	313	278	264	271	-	-	-	-	-	-	n/a
7 years later	294	260	258	-	-	-	-	-	-	-	n/a
8 years later	277	255	-	-	-	-	-	-	-	-	n/a
9 years later	271	-	-	-	-	-	-	-	-	-	n/a
CURRENT ESTIMATE OF CUMULATIVE CLAIMS	271	255	258	271	266	255	269	325	369	295	2 832
Cumulative payments to date	-243	-233	-235	-234	-219	-204	-207	-216	-212	-117	-2 120
LIABILITIES BEFORE DISCOUNTING	28	22	23	37	46	50	62	109	157	178	712
LIABILITIES FOR THE CURRENT AND 9 PREVIOUS YEARS	28	22	23	37	46	50	62	109	157	178	712
Liabilities for prior years											206
TOTAL GROSS CLAIMS UNDER NON-LIFE INSURANCE CONTRACTS											918

The development of claims under non-life insurance contracts comprises the non-life business in France. A minor part of the non-life business is very short-tailed. The claims incurred for this minor part are almost completely settled within one year. The amount of unpaid claims as at the balance sheet date is therefore not material and does not underlie any significant variation in its temporal development. The claims data regarding this type of business are not included in the figures above.

Acceptance rules for risks are consistent with both the Code des Assurances and the French regulations. Underwriting guidelines and tariffs are reviewed on an annual basis.

Monitoring of the risks taken is done on a monthly basis with regard to related premiums and claims. An automated claims supervision system is used for the adjustment of tariffs for risks with loss ratios above a certain level.

**Reinsurance**

Reinsurance is used to limit the Group's exposure to insurance risk. This does not, however, discharge the Group's liability as a primary insurer, and, if a reinsurer fails to pay a claim, the Group remains liable for the payments to the policyholder. A loss allowance would be recognised for any estimated unrecoverable reinsurance.

In addition, the Group holds substantial collateral under related reinsurance agreements in the form of deposited funds and securities. Amounts recoverable from reinsurers are estimated in a manner consistent with the assumptions used for the underlying policy benefits and are presented in the balance sheet as a component of the reinsurance assets.

Management reviews reinsurance programmes covering treaty, type, risks covered and retention on a regular basis. A process, competencies and limits are set up for the approval of reinsurance programmes and their modification. To ensure that the Group's principles are observed, guidelines on reinsurance are in place.

In accordance with its retention policy for mortality and disability benefits, the Group limits its exposure to CHF 5 million per life. Retention limits can be lower for other products (e.g. critical illness or long-term care) or for exposure in international markets. In addition, catastrophe reinsurance is in place to protect against accumulation of losses from a single event or a series of connected events.

The reinsurance team at Group level is responsible for implementing the retention policy by way of intra-group reinsurance. Intra-group reinsurance is transacted at arm's length.

As far as property and casualty insurance is concerned, the reinsurance arrangements mostly include non-proportional coverage on any single risk and/or event, and are adapted to the specific exposure. This includes excess of loss, stop-loss and catastrophe coverage, as well as facultative reinsurance for protection against specific risks.

Approximately 1.1% in terms of earned insurance premiums was ceded as at 31 December 2020 (2019: 1.0%).

## 5.6 Strategic risk management

Swiss Life uses a structured process to ensure that strategic risks are dealt with adequately in what continues to be a very challenging economic environment. In its strategic risk management process, Swiss Life incorporates all the information on risks and corresponding return characteristics in its strategic decisions. An understanding of the interplay of individual risks is essential in order to take into account the factors influencing risks during strategy development and address them accordingly.

## 5.7 Operational risk management and internal control system

Operational risk management at Swiss Life includes the methods and processes used for the identification, assessment, monitoring and steering of operational risks. Operational risk management defines operational risk as the adverse impacts from shortcomings or failures stemming from internal processes, people, systems or external events. Reliability of information and ensuring confidentiality, availability and integrity of data are integral parts of operational risk management. Swiss Life's internal control system consists of the entirety of procedures, methods and measures prescribed by the Board of Directors and the Corporate Executive Board to ensure the orderly conduct of business. The focus is on the reliability of financial reporting, the effectiveness of business processes and compliance with laws and regulations issued to protect the Swiss Life Group's assets.



## 5.8 Risk concentrations

Asset allocation shows a concentration of bonds. The remaining investments are mainly distributed among property, equities and mortgages.

In addition to asset allocation, the main exposures are at counterparty level.

## 5.9 Applied instruments for risk minimisation

### Reinsurance

The Group assumes and/or cedes reinsurance risks during the normal course of business. For reasons of diversification, some risks are ceded and others are assumed.

Risk transfer primarily takes the form of reinsurance. Alternative forms of risk transfer (such as securitisation) require the formal approval of the Group Risk Committee. No significant alternative form of risk transfer is used by the Group at present.

### Derivative financial market instruments

Derivatives held for risk management purposes primarily comprise derivatives sharing a risk with other financial instruments and lead to opposite changes in fair value, which normally cancel each other out (economic hedges), although the cancellation effect is not always simultaneous.

The Group defines risk categories for risk management in connection with derivatives transactions and monitors those risk positions. Price risks for derivatives and their underlying instruments are managed according to the risk limits defined by management for the purchase or sale of instruments or closing of positions. The risks arise through open positions in interest rates, currencies and equity capital instruments dependent on general and specific market movements.

## 5.10 Sensitivity analysis

The sensitivity analysis is based on how IFRS profit or loss and other comprehensive income would have been affected if changes in the relevant risk variables that were reasonably possible at the end of the reporting period had occurred.

The sensitivity analysis with regard to market risk is as follows.

At 31 December 2020, if interest rates had been 50 basis points higher, profit or loss would have been CHF 26 million lower (2019: CHF 20 million lower) and other comprehensive income would have been CHF 1651 million lower (2019: CHF 1540 million lower). If interest rates had been 50 basis points lower, profit or loss would have been CHF 13 million higher (2019: CHF 13 million higher) and other comprehensive income would have been CHF 1965 million higher (2019: CHF 1740 million higher). These impacts are net after policyholder participation and tax. The sensitivity includes financial assets as well as insurance liabilities. "Investment funds – debt" and investment funds with substantial investment in debt instruments are included in the analysis. This sensitivity measures the impact of a parallel shift of the bond interest rates at the closing date.

At 31 December 2020, if equity prices had been higher by 10%, profit or loss would have been CHF 155 million lower (2019: CHF 347 million lower) and other comprehensive income would have been CHF 694 million higher (2019: CHF 701 million higher). If equity prices had been lower by 10%, profit or loss would have been CHF 11 million higher (2019: CHF 246 million higher) and other comprehensive income would have been CHF 653 million lower (2019: CHF 690 million lower). These impacts are gross before policyholder participation and tax. This sensitivity measures the impact of an increase/decrease in the market value of equities (incl. hedge funds and private equity) at the closing date. Investment funds with substantial investment in equities are included in the analysis, as are hedging effects.

The sensitivity analysis with regard to insurance risk is as follows.

At 31 December 2020, if mortality rates for life assurance had been higher by 5%, profit or loss would have been CHF 1 million lower (2019: CHF 1 million lower). This sensitivity measures the impact of an increase in the mortality rates in life assurance, e.g. endowments and term life insurance products where the net amount at risk is positive. If mortality rates for the annuity business had been lower by 5%, profit or loss would have been CHF 4 million lower (2019: CHF 5 million lower). This sensitivity concerns annuities in payment and future annuities. Whether policies are affected already during the savings accumulation period might depend on technical implementation issues, e.g. whether the accumulation and annuity phases are driven by the same mortality table. These impacts are net after policyholder participation and tax.

At 31 December 2020, if morbidity rates had been higher by 5%, profit or loss would have been CHF 29 million lower (2019: CHF 27 million lower). If morbidity rates had been lower by 5%, profit or loss would have been CHF 29 million higher (2019: CHF 27 million higher). These impacts are net after policyholder participation and tax.

## 6 Earnings per Share

Basic earnings per share (EPS) are calculated on the weighted average number of shares outstanding during the reporting period, excluding the average number of shares purchased by the Group and held as treasury shares.

Diluted earnings per share include shares contingently issuable under equity compensation plans calculated on the basis of the expected fulfilment of predefined conditions. For further information on the equity compensation plans please refer to note 23 Employee Benefits.

In CHF million (if not noted otherwise)

	2020	2019
<b>BASIC EARNINGS PER SHARE</b>		
Net result attributable to equity holders of Swiss Life Holding	1 046	1 199
Weighted average number of shares outstanding	31 823 922	32 768 031
<b>BASIC EARNINGS PER SHARE FOR THE NET RESULT ATTRIBUTABLE TO EQUITY HOLDERS OF SWISS LIFE HOLDING (IN CHF)</b>	<b>32.87</b>	36.59
<b>DILUTED EARNINGS PER SHARE</b>		
Net result attributable to equity holders of Swiss Life Holding	1 046	1 199
<b>RESULT USED TO DETERMINE DILUTED EARNINGS PER SHARE</b>	<b>1 046</b>	1 199
Weighted average number of shares outstanding	31 823 922	32 768 031
Adjustments (number of shares)		
Equity compensation plans	89 290	93 803
<b>WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING FOR DILUTED EARNINGS PER SHARE</b>	<b>31 913 212</b>	32 861 834
<b>DILUTED EARNINGS PER SHARE FOR THE NET RESULT ATTRIBUTABLE TO EQUITY HOLDERS OF SWISS LIFE HOLDING (IN CHF)</b>	<b>32.78</b>	36.48

## 7 Premiums, Policy Fees and Deposits Received

### Written premiums

In CHF million		
	2020	2019
Direct	14 964	16 699
Assumed	512	520
GROSS WRITTEN PREMIUMS	15 477	17 219
Ceded	-169	-180
NET WRITTEN PREMIUMS	15 308	17 039

### Earned premiums

In CHF million		
	2020	2019
Direct	14 965	16 699
Assumed	508	513
GROSS EARNED PREMIUMS	15 472	17 213
Ceded	-169	-179
NET EARNED PREMIUMS	15 304	17 034

### Written policy fees

In CHF million		
	2020	2019
Direct	383	380
GROSS WRITTEN POLICY FEES	383	380
Ceded	0	0
NET WRITTEN POLICY FEES	383	381

**Earned policy fees**

In CHF million

	2020	2019
Direct	370	368
<b>GROSS EARNED POLICY FEES</b>	<b>370</b>	<b>368</b>
Ceded	0	0
<b>NET EARNED POLICY FEES</b>	<b>370</b>	<b>368</b>

Under the accounting principles adopted, deposits received under insurance and investment contracts for which deposit accounting is used are not recognised as income:

In CHF million

	2020	2019
Gross written premiums and policy fees	15 860	17 599
Deposits received under insurance and investment contracts	4 160	5 409
<b>GROSS WRITTEN PREMIUMS, POLICY FEES AND DEPOSITS RECEIVED</b>	<b>20 020</b>	<b>23 008</b>

## 8 Details of Certain Items in the Consolidated Statement of Income

### Commission income

In CHF million		
	2020	2019
Brokerage commissions	774	723
Asset management commissions	565	482
Other commissions and fees	248	247
<b>TOTAL COMMISSION INCOME</b>	<b>1 588</b>	<b>1 452</b>

### Investment income

In CHF million			
	Notes	2020	2019
Interest income on financial assets available for sale		2 160	2 356
Interest income on loans and receivables		440	465
Other interest income		-8	5
Dividend income on financial assets available for sale		477	549
Net income on investment property		952	1 012
<b>TOTAL INVESTMENT INCOME</b>	5	<b>4 021</b>	<b>4 387</b>

### Net gains/losses on financial assets

In CHF million			
	Notes	2020	2019
Sale of			
financial assets available for sale		825	2 272
loans and receivables		125	36
<b>Net gains/losses from sales</b>		<b>950</b>	<b>2 308</b>
Impairment losses on			
debt instruments available for sale		-16	0
equity instruments available for sale		-628	-32
loans and receivables		-18	-4
<b>Impairment losses on financial assets</b>		<b>-662</b>	<b>-36</b>
Hedging gains/losses reclassified from OCI		358	1
Foreign currency gains/losses		-1 442	-595
<b>TOTAL NET GAINS/LOSSES ON FINANCIAL ASSETS</b>	5	<b>-796</b>	<b>1 678</b>

An impairment loss for an equity instrument classified as available for sale is recognised if there is a significant decline of 30% or more, or a prolonged decline of 12 months or longer, in the fair value of the instrument below its cost. As at 31 December 2020, the Swiss Life Group recognised an impairment loss of CHF 628 million (2019: CHF 32 million) for equity instruments available for sale.

**Net gains/losses on financial instruments at fair value through profit or loss**

In CHF million			
	Notes	2020	2019
Currency derivatives		938	-335
Interest rate derivatives		-181	132
Equity derivatives		-612	-1 665
Other derivatives		3	-76
Financial assets designated as at fair value through profit or loss <sup>1</sup>		85	599
Investments in associates <sup>2</sup>		3	3
Investment contracts without discretionary participation		11	35
Third-party interests in consolidated investment funds		-60	-330
Other financial liabilities		6	1
Assets for the account and risk of the Swiss Life Group's customers		81	3 907
Liabilities linked to assets for the account and risk of the Swiss Life Group's customers		-82	-3 891
<b>TOTAL NET GAINS/LOSSES ON FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS</b>	5	<b>191</b>	<b>-1 620</b>

<sup>1</sup> Includes interest and dividend income of CHF 117 million (2019: CHF 142 million)

<sup>2</sup> Includes dividend income of CHF 0 million (2019: CHF 1 million)

**Other income**

In CHF million			
		2020	2019
Realised gains/losses on sales of subsidiaries and other assets		3	19
Revenue from sale of inventory property		153	99
Other foreign currency gains/losses		22	89
Other		18	32
<b>TOTAL OTHER INCOME</b>		<b>195</b>	<b>239</b>

**Net insurance benefits and claims**

In CHF million			
		2020	2019
<b>Benefits and claims under insurance contracts</b>			
Life benefits and claims paid, gross		11 734	10 929
Change in future life policyholder benefits and claims, gross		2 901	5 864
Non-life claims paid, gross		231	232
Change in non-life claims, gross		25	12
Benefits and claims recovered from reinsurers		-109	-98
<b>Net benefits and claims under insurance contracts</b>		<b>14 783</b>	<b>16 939</b>
<b>Benefits and claims under investment contracts with discretionary participation</b>			
Life benefits and claims paid, gross		672	1 355
Change in future life policyholder benefits and claims, gross		174	-457
<b>Net benefits and claims under investment contracts with discretionary participation</b>		<b>846</b>	<b>898</b>
<b>TOTAL NET INSURANCE BENEFITS AND CLAIMS</b>		<b>15 629</b>	<b>17 838</b>

### Interest expense

In CHF million

	Notes	2020	2019
Interest expense on deposits		18	13
Negative interest on repurchase agreements		-26	-29
Interest expense on due to banks		24	31
Interest expense on investment contracts		68	72
Interest expense on deposits under insurance contracts	22	27	49
Interest expense on lease liabilities		4	3
Other interest expense		12	27
<b>TOTAL INTEREST EXPENSE</b>		<b>127</b>	<b>165</b>

### Commission expense

In CHF million

	2020	2019
Insurance agent and broker commissions	1 070	962
Asset management commissions	90	187
Other commissions and fees	132	136
<b>TOTAL COMMISSION EXPENSE</b>	<b>1 293</b>	<b>1 285</b>

### Employee benefits expense

In CHF million

	Notes	2020	2019
Wages and salaries		811	783
Social security		157	149
Defined benefit plans	23	39	95
Defined contribution plans		4	2
Other employee benefits		60	65
<b>TOTAL EMPLOYEE BENEFITS EXPENSE</b>		<b>1 070</b>	<b>1 094</b>



## Depreciation and amortisation expense

In CHF million

	Notes	2020	2019
Depreciation of property and equipment <sup>1</sup>	16	67	67
Amortisation of present value of future profits (PVP)	17	1	1
Amortisation of deferred acquisition costs (DAC)	17	335	401
Amortisation of deferred origination costs (DOC)	17	17	12
Amortisation of other intangible assets	17	30	34
<b>TOTAL DEPRECIATION AND AMORTISATION EXPENSE</b>		<b>450</b>	<b>516</b>

<sup>1</sup> Including depreciation of IFRS 16 right-of-use assets

## Other expenses

In CHF million

	2020	2019
Marketing and advertising	50	57
Information technology and systems	120	113
Maintenance and repair	32	28
Short-term leases	3	7
Leases of low-value assets	1	3
Professional services	219	209
Cost of inventory property sold	127	80
Premium taxes and other non-income taxes	78	68
Other	126	80
<b>TOTAL OTHER EXPENSES</b>	<b>756</b>	<b>643</b>

## 9 Derivatives and Hedge Accounting

In CHF million	Notes	Fair value assets		Fair value liabilities		Notional amount/exposure	
		31.12.2020	31.12.2019	31.12.2020	31.12.2019	31.12.2020	31.12.2019
<b>CURRENCY DERIVATIVES</b>							
Forward contracts		1 002	531	230	275	46 200	48 739
Futures		0	0	0	0	46	40
Options (over-the-counter)		107	94	100	67	4 032	7 045
<b>TOTAL CURRENCY DERIVATIVES</b>		<b>1 109</b>	<b>625</b>	<b>330</b>	<b>343</b>	<b>50 277</b>	<b>55 824</b>
<b>INTEREST RATE DERIVATIVES</b>							
Forward contracts		202	126	10	5	1 296	722
Swaps		1 483	1 258	809	834	45 596	62 349
Futures		0	0	0	-	23	23
Options (over-the-counter)		12	4	-	-	0	0
Other		0	0	-	-	1	1
<b>TOTAL INTEREST RATE DERIVATIVES</b>		<b>1 698</b>	<b>1 389</b>	<b>819</b>	<b>838</b>	<b>46 916</b>	<b>63 095</b>
<b>EQUITY/INDEX DERIVATIVES</b>							
Futures		50	12	73	99	5 920	7 330
Options (over-the-counter)		0	-	-	-	9	-
Options (exchange-traded)		118	10	156	-	3 353	33
Other		33	54	9	9	1 549	1 469
<b>TOTAL EQUITY/INDEX DERIVATIVES</b>		<b>201</b>	<b>76</b>	<b>238</b>	<b>108</b>	<b>10 832</b>	<b>8 832</b>
<b>OTHER DERIVATIVES</b>							
Credit derivatives		0	-	0	22	-168	821
<b>TOTAL OTHER DERIVATIVES</b>		<b>0</b>	<b>-</b>	<b>0</b>	<b>22</b>	<b>-168</b>	<b>821</b>
<b>DERIVATIVES FOR THE ACCOUNT AND RISK OF THE SWISS LIFE GROUP'S CUSTOMERS</b>	5	<b>0</b>	<b>0</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0</b>
<b>TOTAL DERIVATIVES</b>		<b>3 008</b>	<b>2 090</b>	<b>1 387</b>	<b>1 311</b>	<b>107 858</b>	<b>128 571</b>
of which derivatives designated and accounted for as hedging instruments							
Derivatives designated as fair value hedges		9	106	18	12	8 294	12 354
Derivatives designated as cash flow hedges		651	420	10	16	2 832	3 489
Derivatives designated as net investment hedges		133	85	12	-	4 546	4 461

### Derivatives held for risk management

Derivatives held for risk management primarily comprise derivatives that share a risk with other financial instruments and give rise to opposite changes in fair value that tend to offset each other (“economic hedges”). The timing of the offset does not match in all cases.

To manage the risks associated with derivative activity, the Group establishes and monitors exposure and risk limits. Exposure to price risk on both derivatives and their underlyings is managed in accordance with risk limits set by risk committees for buying or selling instruments or closing out positions. The risks arise from open positions in interest rates, currencies and equity instruments, all of which are exposed to general and specific market movements.

### Derivatives designated and accounted for as hedging instruments

Derivatives designated and accounted for as hedging instruments comprise derivatives associated with fair value hedges, cash flow hedges and net investment hedges that qualify for hedge accounting.

#### Derivatives designated as fair value hedges as at 31 December 2020

In CHF million	Fair value		Contract/ notional amount	Hedging instruments		Hedged items	
	Assets	Liabilities		Gains	Losses	Gains	Losses
	Interest rate risk						
Interest rate swaps to hedge bond portfolios	3	6	1 454	4	-8	8	-4
Foreign currency risk							
Currency forwards to hedge non-monetary investments	6	12	6 840	800	-304	304	-800
<b>TOTAL DERIVATIVES DESIGNATED AS FAIR VALUE HEDGES</b>	<b>9</b>	<b>18</b>	<b>8 294</b>	<b>803</b>	<b>-312</b>	<b>312</b>	<b>-803</b>

#### Derivatives designated as fair value hedges as at 31 December 2019

In CHF million	Fair value		Contract/ notional amount	Hedging instruments		Hedged items	
	Assets	Liabilities		Gains	Losses	Gains	Losses
	Interest rate risk						
Interest rate swaps to hedge bond portfolios	18	9	3 545	11	-43	43	-11
Foreign currency risk							
Currency forwards to hedge non-monetary investments	88	3	8 809	649	-584	584	-649
<b>TOTAL DERIVATIVES DESIGNATED AS FAIR VALUE HEDGES</b>	<b>106</b>	<b>12</b>	<b>12 354</b>	<b>660</b>	<b>-627</b>	<b>627</b>	<b>-660</b>

The Swiss Life Group used interest rate swaps to hedge available-for-sale fixed-rate bonds and bonds classified as loans in Swiss francs, euro, British pounds and US dollars against changes in the fair value attributable to interest rate risk. The nominal amount of these bonds as at 31 December 2020 was CHF 1.3 billion (2019: CHF 3.3 billion).

Forward contracts are used as hedging instruments to protect non-monetary investments (equity securities, investment funds and hedge funds) against adverse movements in euro, British pound, US dollar and Japanese yen exchange rates. Such investments include equity securities, investment funds (equity funds and loan funds) and hedge funds.

#### Foreign currency debt designated as fair value hedge

In CHF million (if not noted otherwise)

	Fairvalue	Nominal amount	Hedging instruments		Hedged items	
			EUR	Gains	Losses	Gains
<b>AS AT 31 DECEMBER 2020</b>						
Foreign currency borrowing to hedge currency risk of non-monetary investments	87	80	0	0	0	0
<b>AS AT 31 DECEMBER 2019</b>						
Foreign currency borrowing to hedge currency risk of non-monetary investments	68	63	3	0	0	-3

In 2020, hybrid debt denominated in euro was used to protect non-monetary investments (hedge funds, equity securities and investment funds) against adverse movements in euro exchange rates.

**Derivatives designated as cash flow hedges as at 31 December 2020**

In CHF million (if not noted otherwise)

	Fair value		Contract/ notional amount	Fair value gains (+)/ losses (-)		Hedged cash flows	
	Assets	Liabilities		Effective portion recognised in other comprehen- sive income	Ineffective portion recognised in profit or loss	Years expected to occur	Years expected to affect profit or loss
<b>INTEREST RATE RISK</b>							
Forward starting swaps/bonds							
Swiss franc	384	-	1 082	469	-	2021-2026	2021-2051
Euro	267	10	1 750	195	-	2021-2025	2021-2063
Total interest rate risk	651	10	2 832	663	-	n/a	n/a
<b>TOTAL DERIVATIVES DESIGNATED AS CASH FLOW HEDGES</b>	<b>651</b>	<b>10</b>	<b>2 832</b>	<b>663</b>	<b>-</b>	<b>n/a</b>	<b>n/a</b>

**Derivatives designated as cash flow hedges as at 31 December 2019**

In CHF million (if not noted otherwise)

	Fair value		Contract/ notional amount	Fair value gains (+)/ losses (-)		Hedged cash flows	
	Assets	Liabilities		Effective portion recognised in other comprehen- sive income	Ineffective portion recognised in profit or loss	Years expected to occur	Years expected to affect profit or loss
<b>INTEREST RATE RISK</b>							
Forward starting swaps/bonds							
Swiss franc	231	-	2 170	231	-	2020-2028	2020-2058
Euro	190	16	1 318	178	-	2020-2024	2020-2045
Total interest rate risk	420	16	3 489	408	-	n/a	n/a
<b>TOTAL DERIVATIVES DESIGNATED AS CASH FLOW HEDGES</b>	<b>420</b>	<b>16</b>	<b>3 489</b>	<b>408</b>	<b>-</b>	<b>n/a</b>	<b>n/a</b>

In 2020, the Group used forward starting swaps and forward starting bonds to hedge the exposure to variability in interest cash flows arising on the highly probable purchase of bonds in order to achieve an adequate yield level for reinvestments.

Amounts recognised in OCI are reclassified into profit or loss as investment income over the life of the hedged financial assets and as gains/losses on financial assets when a hedged financial asset is derecognised. In 2020, a gain of CHF 404 million was reclassified from other comprehensive income to profit or loss (2019: CHF 49 million), of which CHF 46 million were included in investment income (2019: CHF 48 million), and CHF 358 million in net gains/losses on financial assets (2019: CHF 1 million).

**Derivatives designated as net investment hedges of foreign operations**

In CHF million					
	Fair value		Contract/ notional amount	Fair value gains (+)/losses (-)	
	Assets	Liabilities		Effective portion recognised in other comprehen- sive income	Ineffective portion recognised in profit or loss
AS AT 31 DECEMBER 2020					
Currency forwards	133	12	4 546	322	-
TOTAL DERIVATIVES DESIGNATED AS NET INVESTMENT HEDGES	133	12	4 546	322	-
AS AT 31 DECEMBER 2019					
Currency forwards	85	-	4 461	107	-
TOTAL DERIVATIVES DESIGNATED AS NET INVESTMENT HEDGES	85	-	4 461	107	-

In 2020, investments in fixed income funds of USD 3972 million (2019: USD 3282 million) and EUR 530 million (2019: EUR 125 million) and investments in real estate funds of EUR 395 million (2019: EUR 1281 million) were hedged.

**Foreign currency debt designated as net investment hedges of foreign operations**

In CHF million (if not noted otherwise)					
	Fair value	Nominal amount	Fair value gains (+)/losses (-)		
			Effective portion recognised in other comprehensive income	Ineffective portion recognised in profit or loss	
AS AT 31 DECEMBER 2020					
Foreign currency borrowing to hedge net investments in foreign entities	196	182	1	-	-
AS AT 31 DECEMBER 2019					
Foreign currency borrowing to hedge net investments in foreign entities	203	188	6	-	-

In 2020, investments in real estate funds of EUR 182 million were hedged (2019: EUR 188 million).

## 10 Financial Assets at Fair Value through Profit or Loss

In CHF million			
	Notes	31.12.2020	31.12.2019
Debt securities		674	622
Equity securities		137	239
Investment funds – debt		1 752	1 211
Investment funds – equity		1 498	1 470
Investment funds – balanced		228	259
Real estate funds		3 034	1 999
Infrastructure investments		3 204	2 620
Private equity and hedge funds		14	22
Financial assets for the account and risk of the Swiss Life Group's customers	5	36 794	35 250
<b>TOTAL FINANCIAL ASSETS DESIGNATED AS AT FAIR VALUE THROUGH PROFIT OR LOSS</b>		<b>47 336</b>	<b>43 692</b>

## 11 Financial Assets Available for Sale

In CHF million						
	Cost/amortised cost		Net unrealised gains/losses		Fair value (carrying amount)	
	31.12.2020	31.12.2019	31.12.2020	31.12.2019	31.12.2020	31.12.2019
Debt securities	73 441	74 294	15 984	13 472	89 425	87 766
Senior secured loans	3 921	3 143	-13	1	3 908	3 144
Equity securities	7 833	9 621	1 077	1 199	8 911	10 820
Investment funds – debt	2 095	2 886	160	147	2 256	3 032
Investment funds – equity	2 559	2 466	556	401	3 115	2 867
Investment funds – balanced	29	10	0	0	29	10
Real estate funds	590	522	50	34	640	556
Private equity	96	109	37	45	133	153
Hedge funds	19	25	7	12	26	36
<b>TOTAL FINANCIAL ASSETS AVAILABLE FOR SALE</b>	<b>90 584</b>	<b>93 076</b>	<b>17 857</b>	<b>15 310</b>	<b>108 441</b>	<b>108 386</b>

Financial assets available for sale that have been sold under a repurchase agreement or lent under an agreement to return them, and where the transferee has the right to sell or repledge the financial assets given as collateral, were reclassified to financial assets pledged as collateral.

## 12 Loans and Receivables

In CHF million		Gross carrying amount		Allowance for impairment losses		Carrying amount	
	Notes	31.12.2020	31.12.2019	31.12.2020	31.12.2019	31.12.2020	31.12.2019
Mortgages		11 555	9 801	-21	-18	11 534	9 783
Note loans		5 028	5 324	-	-	5 028	5 324
Corporate and other loans		1 793	1 849	-2	-4	1 791	1 845
Debt securities previously classified as available for sale		727	968	-	-	727	968
Other debt securities classified as loans		146	159	-	-	146	159
<b>TOTAL LOANS</b>	30	<b>19 248</b>	<b>18 102</b>	<b>-23</b>	<b>-22</b>	<b>19 226</b>	<b>18 081</b>
Insurance receivables		1 351	1 550	-29	-22	1 322	1 529
Reinsurance receivables		346	322	-	-	346	322
Accrued investment income		1 116	1 175	-	-	1 116	1 175
Settlement accounts		48	669	-	-	48	669
Other receivables		1 307	1 186	-8	-6	1 299	1 180
<b>TOTAL RECEIVABLES</b>	30	<b>4 168</b>	<b>4 902</b>	<b>-37</b>	<b>-28</b>	<b>4 131</b>	<b>4 874</b>
<b>TOTAL LOANS AND RECEIVABLES</b>		<b>23 416</b>	<b>23 004</b>	<b>-60</b>	<b>-50</b>	<b>23 357</b>	<b>22 955</b>

### Allowance for impairment losses

In CHF million		Individual evaluation of impairment		Collective evaluation of impairment		Total	
		2020	2019	2020	2019	2020	2019
<b>LOANS</b>							
Balance as at 1 January		4	4	17	16	22	20
Impairment losses/reversals		-2	1	3	2	1	2
Write-offs and disposals		0	-1	-	-	0	-1
Foreign currency translation differences		0	0	-	-	0	0
<b>BALANCE AS AT END OF PERIOD</b>		<b>2</b>	<b>4</b>	<b>20</b>	<b>17</b>	<b>23</b>	<b>22</b>
<b>RECEIVABLES</b>							
Balance as at 1 January		16	16	12	15	28	31
Impairment losses/reversals		21	4	-4	-3	17	2
Write-offs and disposals		-8	-4	0	0	-8	-4
Foreign currency translation differences		0	0	0	0	0	-1
<b>BALANCE AS AT END OF PERIOD</b>		<b>29</b>	<b>16</b>	<b>8</b>	<b>12</b>	<b>37</b>	<b>28</b>
<b>TOTAL ALLOWANCE FOR IMPAIRMENT LOSSES</b>		<b>31</b>	<b>20</b>	<b>29</b>	<b>30</b>	<b>60</b>	<b>50</b>



Interest income accrued on impaired loans was CHF 0.04 million as at 31 December 2020 (2019: CHF 0.1 million). The Group's loan portfolio is monitored closely through the review of information such as debt service, annual reports and assessments. This information is evaluated in light of current economic conditions and other factors, such as diversification of the property portfolio. This evaluation is part of the regular review to determine whether the allowance for potential loan losses is warranted. Management believes that the allowance for loan losses is sufficient. However, management cannot predict with assurance the impact of future economic circumstances or how the mortgage and real estate portfolios would be affected by various economic circumstances.

As at 1 July 2008, certain financial assets were reclassified from financial assets available for sale to loans and receivables due to the disappearance of an active market. The financial assets reclassified primarily consist of corporate debt instruments and debt instruments relating to emerging markets.

Details with regard to the financial assets reclassified are as follows.

#### Debt securities previously classified as available for sale

In CHF million

	2020	2019
Carrying amount as at 31 December	727	968
Fair value as at end of period	1 041	1 296
Gains (+)/losses (-) that would have been recognised in other comprehensive income if the assets had not been reclassified (before policyholder participation and income tax effect)	-5	122
Gains (+)/losses (-) recognised in profit or loss (including impairment)	46	2
Interest income	55	67

## 13 Financial Assets Pledged as Collateral

In CHF million	Carrying amount	
	31.12.2020	31.12.2019
Debt securities reclassified from		
financial assets available for sale	4 064	2 438
<b>TOTAL DEBT SECURITIES PLEDGED AS COLLATERAL</b>	<b>4 064</b>	<b>2 438</b>
<b>TOTAL FINANCIAL ASSETS PLEDGED AS COLLATERAL</b>	<b>4 064</b>	<b>2 438</b>

Financial assets that have been sold under a repurchase agreement or lent under an agreement to return them are not derecognised when all the risks and rewards of ownership are retained substantially by the Swiss Life Group. If the transferee has the right to sell or repledge the financial assets given as collateral, they are reclassified in the balance sheet as financial assets pledged at their respective carrying amounts.

## 14 Investment Property

In CHF million			
	Notes	2020	2019
Balance as at 1 January		34 866	31 381
Additions		3 580	4 263
Additions from business combinations	28	–	1 179
Capitalised subsequent expenditure		206	156
Disposals		–1 351	–2 580
Gains/losses from fair value adjustments		847	776
Foreign currency translation differences		–28	–309
<b>BALANCE AS AT END OF PERIOD</b>		<b>38 120</b>	<b>34 866</b>
of which pledged as security for mortgage loans		1 464	1 054
Investment property consists of			
completed investment property		36 771	33 874
investment property under construction		1 248	992
Right-of-use investment property		101	–
<b>TOTAL INVESTMENT PROPERTY</b>		<b>38 120</b>	<b>34 866</b>

Investment property held by the Group includes residential, commercial and mixed-use properties primarily located within Switzerland, and comprises both completed investment property and investment property under construction. Property held for investment purposes comprises land and buildings owned by the Group to earn rentals and/or for capital appreciation. Property that is used by the Group itself or leased to, and occupied by, another entity of the Group is classified as owner-occupied property under property and equipment. Property acquired with a view to its subsequent disposal in the near future is carried under assets held for sale.

Rental income from investment property was CHF 1242 million for the period ended 31 December 2020 (2019: CHF 1276 million). Operating expenses arising from investment property that generated rental income amounted to CHF 291 million for the period ended 31 December 2020 (2019: CHF 266 million).

The undiscounted lease payments to be received under operating leases were as follows.

In CHF million		
	31.12.2020	31.12.2019
Less than 1 year	705	706
1 to 2 years	653	596
2 to 3 years	577	512
3 to 4 years	532	441
4 to 5 years	517	389
More than 5 years	1 870	1 700
<b>TOTAL UNDISCOUNTED LEASE PAYMENTS</b>	<b>4 855</b>	<b>4 345</b>

## 15 Investments in Associates

### Summarised financial information for the year 2020

Amounts in CHF million	Ownership interest	Carrying amount	Dividends received	Share of profit or loss	Share of other comprehensive income	Share of total comprehensive income
<b>EQUITY METHOD ASSOCIATES</b>						
Crédit et Services Financiers (CRESERFI), Paris	33.4%	47	-	0	-	0
Other associates	n/a	58	10	9	-	9
<b>TOTAL</b>	<b>n/a</b>	<b>105</b>	<b>10</b>	<b>9</b>	<b>-</b>	<b>9</b>
<b>ASSOCIATES AT FAIR VALUE THROUGH PROFIT OR LOSS</b>						
Agrippa Quartier GmbH & Co. Geschlossene InvKG, Heusenstamm	36.6%	49	-	n/a	n/a	n/a
SCI Tour LM, Marseille	33.3%	18	0	n/a	n/a	n/a
Other associates	n/a	-	-	n/a	n/a	n/a
<b>TOTAL</b>	<b>n/a</b>	<b>67</b>	<b>0</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>

### Summarised financial information for the year 2019

Amounts in CHF million	Ownership interest	Carrying amount	Dividends received	Share of profit or loss	Share of other comprehensive income	Share of total comprehensive income
<b>EQUITY METHOD ASSOCIATES</b>						
Crédit et Services Financiers (CRESERFI), Paris	33.4%	47	-	0	-	0
Other associates	n/a	56	3	6	-	6
<b>TOTAL</b>	<b>n/a</b>	<b>102</b>	<b>3</b>	<b>6</b>	<b>-</b>	<b>6</b>
<b>ASSOCIATES AT FAIR VALUE THROUGH PROFIT OR LOSS</b>						
Agrippa Quartier GmbH & Co. Geschlossene InvKG, Heusenstamm	37.5%	49	1	n/a	n/a	n/a
Oskar Verwaltungs GmbH, Heusenstamm	25.0%	32	-	n/a	n/a	n/a
Oskar 20 GmbH, Heusenstamm	25.0%	46	-	n/a	n/a	n/a
SCI Tour LM, Marseille	33.3%	37	-	n/a	n/a	n/a
Other associates	n/a	-	0	n/a	n/a	n/a
<b>TOTAL</b>	<b>n/a</b>	<b>164</b>	<b>1</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>

Summarised financial information relating to material associates was as follows.

Amounts in CHF million	Crédit et Services Financiers (CRESERFI) Paris		Agrippa Quartier GmbH & Co. Geschlossene InvKG Heusenstamm		Oskar Verwaltungs GmbH Heusenstamm		Oskar 20 GmbH Heusenstamm		SCITOUR LM Marseille	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
<b>SUMMARISED FINANCIAL INFORMATION</b>										
Current assets	176	178	3	3	–	14	–	8	11	14
Non-current assets	16	13	136	134	–	291	–	437	234	207
Current liabilities	–15	–14	0	–1	–	–1	–	–52	–63	–64
Non-current liabilities	–35	–37	–40	–40	–	–177	–	–209	–128	–47
Revenue	36	35	–1	1	–	1	–	7	13	16
Profit or loss	1	3	0	2	–	1	–	12	8	7
Total comprehensive income	1	3	0	2	–	1	–	12	8	7
<b>RECONCILIATION</b>										
Net assets	142	140	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Ownership interest	33.4%	33.4%	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Share of net assets (carrying amount)	47	47	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a

## 16 Property and Equipment

In CHF million

	31.12.2020	31.12.2019
Property and equipment owned	384	385
Right-of-use property and equipment	131	147
<b>TOTAL PROPERTY AND EQUIPMENT</b>	<b>515</b>	<b>532</b>

### Property and equipment owned for the year 2020

In CHF million

	Land and buildings	Furniture and fixtures	Hardware	Other equipment	Total
Balance as at 1 January	326	19	16	24	385
Additions	11	7	5	5	28
Disposals	0	-1	0	0	-1
Depreciation	-12	-4	-6	-5	-27
Impairment losses	-	0	-	-	0
Foreign currency translation differences	0	0	0	0	-1
<b>BALANCE AS AT END OF PERIOD</b>	<b>325</b>	<b>21</b>	<b>15</b>	<b>24</b>	<b>384</b>
Cost	565	71	75	53	764
Accumulated depreciation and impairment	-241	-49	-61	-29	-380
<b>TOTAL PROPERTY AND EQUIPMENT AS AT END OF PERIOD</b>	<b>325</b>	<b>21</b>	<b>15</b>	<b>24</b>	<b>384</b>
of which buildings in the course of construction	9				

### Property and equipment owned for the year 2019

In CHF million

	Notes	Land and buildings	Furniture and fixtures	Hardware	Other equipment	Total
Balance as at 1 January		340	21	10	21	392
Additions		4	6	12	8	30
Additions from business combinations	28	-	0	0	-	0
Disposals		-1	-3	0	0	-5
Depreciation		-12	-4	-5	-4	-26
Foreign currency translation differences		-5	0	0	-1	-6
<b>BALANCE AS AT END OF PERIOD</b>		<b>326</b>	<b>19</b>	<b>16</b>	<b>24</b>	<b>385</b>
Cost		555	65	75	52	746
Accumulated depreciation and impairment		-229	-46	-59	-28	-361
<b>TOTAL PROPERTY AND EQUIPMENT AS AT END OF PERIOD</b>		<b>326</b>	<b>19</b>	<b>16</b>	<b>24</b>	<b>385</b>
of which buildings in the course of construction		4				

No borrowing costs were capitalised in property and equipment in 2020 and 2019.

**Right-of-use assets for the year 2020**

In CHF million					
	Premises	IT equipment	Vehicles	Other equipment	Total
Balance as at 1 January	136	3	5	3	147
Additions	30	1	2	0	33
Depreciation	-34	-2	-3	-1	-40
Other changes	-7	0	0	-	-8
Foreign currency translation differences	-1	0	0	0	-1
<b>BALANCE AS AT END OF PERIOD</b>	<b>124</b>	<b>1</b>	<b>4</b>	<b>2</b>	<b>131</b>

**Right-of-use assets for the year 2019**

In CHF million						
	Notes	Premises	IT equipment	Vehicles	Other equipment	Total
Balance as at 1 January		156	5	7	3	171
Additions		26	0	2	0	27
Additions from business combinations	28	1	-	-	-	1
Depreciation		-35	-2	-3	-1	-41
Other changes		-8	0	0	-	-8
Foreign currency translation differences		-3	0	0	0	-3
<b>BALANCE AS AT END OF PERIOD</b>		<b>136</b>	<b>3</b>	<b>5</b>	<b>3</b>	<b>147</b>

## 17 Intangible Assets including Intangible Insurance Assets

In CHF million	31.12.2020	31.12.2019
Intangible insurance assets	1 459	1 421
Other intangible assets	1 600	1 653
<b>TOTAL INTANGIBLE ASSETS</b>	<b>3 058</b>	<b>3 074</b>

### Intangible insurance assets

In CHF million	Present value of future profits from acquired insurance portfolios (PVP)		Deferred acquisition costs (DAC)		Deferred origination costs (DOC)		Total	
	2020	2019	2020	2019	2020	2019	2020	2019
Balance as at 1 January	7	8	1 360	1 454	54	32	1 421	1 494
Additions	–	–	379	403	54	35	432	437
Amortisation	–1	–1	–335	–401	–17	–12	–353	–414
Effect of shadow accounting	0	0	–37	–61	–	–	–37	–62
Foreign currency translation differences	0	0	–3	–34	–1	0	–4	–34
<b>BALANCE AS AT END OF PERIOD</b>	<b>6</b>	<b>7</b>	<b>1 363</b>	<b>1 360</b>	<b>89</b>	<b>54</b>	<b>1 459</b>	<b>1 421</b>

#### Present value of future profits (PVP)

The present value of future profits relates to portfolios of insurance contracts and investment contracts with discretionary participation acquired in a business combination or transfer of portfolios. It relates to contracts acquired in Germany and is amortised in proportion to gross profits or margins over the effective life of the acquired insurance and investment contracts.

#### Deferred acquisition costs (DAC)

Certain acquisition costs relating to new and renewed insurance contracts and investment contracts with discretionary participation are deferred.

#### Deferred origination costs (DOC)

These costs are recoverable and are directly attributable to securing the right to investment management services within investment contract policies. They relate to contracts in Switzerland, Luxembourg and Singapore.



### Other intangible assets for the year 2020

In CHF million					
	Goodwill	Customer relationships	Computer software	Brands and other	Total
<b>COST</b>					
Balance as at 1 January	1 461	105	41	46	1 653
Additions	-	-	14	1	15
Additions from business combinations	7	-	-	-	7
Disposals	-7	-1	-1	-5	-14
Amortisation	-	-15	-14	-1	-30
Impairment losses	-	-12	0	-9	-21
Foreign currency translation differences	-8	-1	0	0	-10
<b>BALANCE AS AT END OF PERIOD</b>	<b>1 452</b>	<b>76</b>	<b>40</b>	<b>32</b>	<b>1 600</b>
<b>Cost</b>					
Cost	1 935	234	224	45	2 438
Accumulated amortisation and impairment	-483	-159	-184	-13	-838
<b>TOTAL OTHER INTANGIBLE ASSETS AS AT END OF PERIOD</b>	<b>1 452</b>	<b>76</b>	<b>40</b>	<b>32</b>	<b>1 600</b>

### Other intangible assets for the year 2019

In CHF million						
	Notes	Goodwill	Customer relationships	Computer software	Brands and other	Total
<b>COST</b>						
Balance as at 1 January		1 457	111	39	34	1 641
Additions		-	-	18	3	21
Additions from business combinations	28	30	15	-	12	57
Disposals		0	-	-1	0	-1
Amortisation		-	-17	-15	-1	-34
Impairment losses		-3	-	-	-	-3
Foreign currency translation differences		-23	-3	-1	-1	-29
<b>BALANCE AS AT END OF PERIOD</b>		<b>1 461</b>	<b>105</b>	<b>41</b>	<b>46</b>	<b>1 653</b>
<b>Cost</b>						
Cost		1 968	238	220	49	2 476
Accumulated amortisation and impairment		-507	-133	-179	-3	-822
<b>TOTAL OTHER INTANGIBLE ASSETS AS AT END OF PERIOD</b>		<b>1 461</b>	<b>105</b>	<b>41</b>	<b>46</b>	<b>1 653</b>

### Goodwill

Goodwill represents the excess of the fair value of the consideration transferred and the amount of any non-controlling interest recognised, if applicable, over the fair value of the assets and liabilities recognised at the date of acquisition. Goodwill includes amounts relating to both the Swiss Life Group's interest and the non-controlling interest in the business acquired in the case where non-controlling interest is measured at fair value. Goodwill on acquisition of subsidiaries is included in intangible assets. Goodwill on associates is included in the carrying amount of the investment.

In October 2020, a goodwill of CHF 7 million was recognised in the segment "International" in relation to the acquisition of the London based Nestor Financial Group Limited.

In December 2020, the divestment of Financière du Capitole resulted in a derecognition of goodwill of CHF 7 million.

The acquisition of Fontavis AG, Baar, in October 2019 resulted in the recognition of goodwill of CHF 25 million. The goodwill has been allocated to the "Asset Managers" segment. The goodwill resulting from the acquisition of in total eight property entities in Geneva and Vaud was nil. A goodwill of CHF 5 million was recognised in the segment "International" in connection with the acquisition of Ferguson Oliver Limited in Angus, United Kingdom.

Goodwill relating to Lloyd Continental has been allocated to the "France" segment. Goodwill relating to CapitalLeben has been allocated to the "International" segment. Goodwill relating to Corpus Sireo and Beos has been allocated to the "Asset Managers" segment. Of the goodwill relating to other acquisitions, CHF 10 million (31.12.2019: CHF 18 million) have been allocated to the "France" segment, CHF 50 million (31.12.2019: CHF 51 million) to the "Asset Managers" segment and CHF 71 million (31.12.2019: CHF 67 million) to the "International" segment as at 31 December 2020.

The calculations relating to the recoverable amounts, which have been determined on a value-in-use basis, use cash flow projections based on financial budgets approved by management. The projection covers a three-year period for Lloyd Continental, Corpus Sireo and Beos. Due to the duration of the insurance and investment contracts a five-year period was used for CapitalLeben. The calculations for Lloyd Continental, Corpus Sireo and CapitalLeben are based on present values that traditionally use a single set of estimated cash flows and a single discount rate.

As a result of the COVID-19 pandemic, input factors for the assessment of recoverable amounts have become more volatile. At 31 December 2020, Swiss Life did not identify any indication for an impairment. Headrooms on all individual positions of goodwill were assessed as sufficient to absorb the aforementioned additional volatility.

In CHF million	Lloyd Continental		CapitalLeben		Corpus Sireo		Beos		Other	
	31.12.2020	31.12.2019	31.12.2020	31.12.2019	31.12.2020	31.12.2019	31.12.2020	31.12.2019	31.12.2020	31.12.2019
Net carrying amount of goodwill	287	287	149	149	94	94	131	132	131	136
Impairment losses	-	-	-	-	-	3	-	-	-	-
KEY ASSUMPTIONS USED FOR IMPAIRMENT TESTS										
Growth rate	1.5%	2.0%	1.4%	1.0%	2.0%	2.0%	2.0%	2.0%	1.5-2.0%	2.0%
Discount rate	8.6%	7.9%	6.8%	6.5%	8.2%	7.5%	8.2%	7.5%	7.6-8.6%	7.4-7.9%

The discount rates used for the value-in-use calculations are based on weighted average cost of capital (WACC) derived from the Capital Asset Pricing Model. Peer group comparisons and the beta of the Swiss Life Group are used for determining the beta used in the calculation. Capital structure reflected in the WACC calculation is in line with the actual and target capital structure of the Swiss Life Group.

The growth rates reflect the long-term inflation expectations of the International Monetary Fund for Switzerland and Liechtenstein and of the European Central Bank for the euro zone.

Goodwill relating to “Swiss Life Select” (acquisitions of AWD Holding AG and Deutsche Proventus AG) has been allocated to the “Switzerland”, “Germany” and “International” segments. The recoverable amounts have been determined on a value-in-use basis and use cash flow projections based on financial budgets approved by management. The projection covers a three-year period for Switzerland, Germany and International (AT/CEE, UK). The calculations are based on present values that traditionally use a single set of estimated cash flows and a single discount rate. The key assumptions used for the impairment testing on the carrying amount of goodwill are as follows.

**Goodwill relating to Swiss Life Select**

In CHF million	Switzerland		Germany		International		Total	
	31.12.2020	31.12.2019	31.12.2020	31.12.2019	31.12.2020	31.12.2019	31.12.2020	31.12.2019
Net carrying amount of goodwill	152	152	437	438	70	72	660	663
KEY ASSUMPTIONS USED FOR IMPAIRMENT TESTS								
Growth rate	1.0%	1.0%	2.0%	2.0%	2.0%	2.0%	n/a	n/a
Discount rate	7.3%	7.0%	8.2%	7.5%	8.4%	7.7%	n/a	n/a

**Customer relationships**

The acquisition of Fontavis AG, Baar, in September 2019 led to the recognition of customer relationships of CHF 15 million.

As at 31 December 2020, customer relationships comprise customer relationships relating to Swiss Life Select: CHF 1 million (31.12.2019: CHF 2 million), which were allocated to the “Switzerland” segment. The “France” segment comprises customer relationships of CHF 5 million (31.12.2019: CHF 8 million) and the “Asset Managers” segment comprises customer relationships of CHF 63 million (31.12.2019: CHF 87 million). An impairment loss of CHF 12 million was recognised related to customer relationships in the “Asset Managers” segment in the first half of 2020. The “International” segment comprises customer relationships of CHF 7 million (31.12.2019: CHF 8 million). Customer relationships were included in the impairment test of the respective cash-generating unit.

**Brands and other**

As at 31 December 2020, “Brands and other” comprises the brands Corpus Sireo, Mayfair, Beos, Fincentrum and Fontavis and a performance fee related to the acquisition of Fontavis, which is recognised as other intangible assets with a fair value of CHF 12 million at acquisition date. Following a reorganization of the use of the Corpus Sireo brand, an impairment loss of CHF 9 million was recognised in the second half of 2020. The brands of Beos, Fincentrum and Fontavis are amortised over their useful lives.

## 18 Other Assets and Liabilities

### Other assets

In CHF million	31.12.2020	31.12.2019
Deferred charges and prepaid expenses	111	77
Employee benefit assets	69	67
Inventory property <sup>1</sup>	560	559
VAT and other tax receivables	194	231
Sundry assets	8	6
<b>TOTAL OTHER ASSETS</b>	<b>942</b>	<b>940</b>

<sup>1</sup> of which CHF 230 million pledged as security for loans (2019: CHF 214 million)

### Other liabilities

In CHF million	31.12.2020	31.12.2019
Deferred income	189	152
VAT and other tax payables	168	167
Sundry liabilities	14	17
<b>TOTAL OTHER LIABILITIES</b>	<b>371</b>	<b>336</b>

## 19 Investment and Unit-Linked Contracts

In CHF million	Notes	Gross		Ceded		Net	
		31.12.2020	31.12.2019	31.12.2020	31.12.2019	31.12.2020	31.12.2019
Unit-linked contracts	30	25 693	26 308	–	–	25 693	26 308
Investment contracts with discretionary participation features (DPF)		15 717	15 395	119	114	15 598	15 281
Investment contracts without DPF at fair value through profit or loss	30	614	599	–	–	614	599
Investment contracts without DPF at amortised cost	30	0	1	–	–	0	1
<b>TOTAL INVESTMENT AND UNIT-LINKED CONTRACTS</b>		<b>42 024</b>	<b>42 303</b>	<b>119</b>	<b>114</b>	<b>41 905</b>	<b>42 188</b>
of which for the account and risk of the Swiss Life Group's customers							
unit-linked contracts	5	25 693	26 308	–	–	25 693	26 308
investment contracts	5	5 315	4 901	–	–	5 315	4 901

### Unit-linked contracts

In CHF million	2020	2019
Balance as at 1 January	26 308	24 122
Deposits received	1 718	2 573
Fair value changes	60	2 260
Policy fees and other charges	–125	–123
Deposits released	–2 077	–1 926
Other movements	53	0
Reclassifications	10	–17
Foreign currency translation differences	–254	–582
<b>BALANCE AS AT END OF PERIOD</b>	<b>25 693</b>	<b>26 308</b>

### Investment contracts with discretionary participation – gross

In CHF million	2020	2019
Balance as at 1 January	15 395	15 102
Premiums and deposits received	3 418	3 789
Interest and bonuses credited	295	243
Policy fees and other charges	–202	–201
Liabilities released for payments on death, surrender and other terminations	–2 159	–2 986
Effect of changes in actuarial assumptions and other movements	–47	1 415
Reclassifications	–941	–1 526
Foreign currency translation differences	–42	–440
<b>BALANCE AS AT END OF PERIOD</b>	<b>15 717</b>	<b>15 395</b>

**Investment contracts without discretionary participation – gross**

In CHF million

	2020	2019
Balance as at 1 January	600	514
Deposits received	99	149
Fair value changes	-7	-10
Interest and bonuses credited	0	0
Policy fees and other charges	-6	-4
Deposits released	-68	-30
Other movements	0	0
Reclassifications	-3	-6
Foreign currency translation differences	-1	-13
<b>BALANCE AS AT END OF PERIOD</b>	<b>614</b>	<b>600</b>

In the case of contracts that do not have significant insurance risk but contain discretionary participation features, the Swiss Life Group primarily bases its accounting policies on the requirements of the Generally Accepted Accounting Principles in the United States (status of US GAAP as of the first application of IFRS 4).

In the case of traditional contracts in the life insurance business, future life policy benefit liabilities are determined by using the net-level-premium method on the basis of actuarial assumptions as to mortality, persistency, expenses and investment return, including a margin for adverse deviation. For participating contracts where the contribution principle applies to the allocation of the policyholder bonus, future life policy benefit liabilities are determined by using the net-level-premium method on the basis of appropriate mortality and interest rate assumptions. These amounts relate to contracts issued in Switzerland.

Certain contracts that do not contain significant insurance risk and do not have discretionary participation features are carried at amortised cost or fair value.

## 20 Borrowings

In CHF million		Notes	31.12.2020	31.12.2019
Hybrid debt			2 900	2 902
Senior bonds			1 049	1 049
<b>TOTAL BORROWINGS</b>		30	<b>3 949</b>	3 951

### Reconciliation of liabilities arising from financing activities

In CHF million	Hybrid debt		Senior bonds		Lease liabilities <sup>1</sup>		Total	
	2020	2019	2020	2019	2020	2019	2020	2019
Balance as at 1 January	2 902	2 960	1 049	424	152	0	4 104	3 385
Initial application of IFRS 16	-	-	-	-	-	171	-	171
Cash flows								
Issuance	-	-	-	850	-	-	-	850
Redemption	-	-	-	-225	-39	-40	-39	-265
Other changes								
New leases	-	-	-	-	112	25	112	25
Premium/discount amortisation	3	3	0	0	4	3	7	7
Other movements	-	-	-	-	-8	-5	-8	-5
Acquisitions and disposals of subsidiaries	-	-	-	-	-1	0	-1	0
Foreign currency translation differences	-5	-62	-	-	0	-3	-5	-65
<b>BALANCE AS AT END OF PERIOD</b>	<b>2 900</b>	<b>2 902</b>	<b>1 049</b>	<b>1 049</b>	<b>220</b>	<b>152</b>	<b>4 169</b>	<b>4 104</b>

<sup>1</sup> Included in other financial liabilities



### Hybrid debt

On 22 March 2018, Swiss Life Ltd issued subordinated dated callable bonds in the amount of CHF 175 million. The bonds are guaranteed by Swiss Life Holding, have their maturity date on 25 September 2048 and are first callable on 25 September 2028 or at each interest payment date thereafter at the option of the issuer, upon notice and subject to the consent of the Swiss Financial Market Supervisory Authority. The interest has been fixed at 2.625% p.a. until 25 September 2028. If the bonds are not redeemed on 25 September 2028, the interest resets at a rate fixed for the subsequent five years, consisting of the aggregate of the then-prevailing five-year CHF swap rate and the initial margin of 2.113% p.a.

On 27 September 2016, ELM B.V., a Dutch repackaging vehicle, issued EUR 600 million in fixed to floating rate subordinated perpetual notes (at an issue price of 99.707%) secured by loan notes granted to Swiss Life Ltd, which are guaranteed by Swiss Life Holding. Swiss Life Ltd may repay the loan notes in full on 19 May 2027 or on any interest payment date thereafter, upon notice and subject to the consent of the Swiss Financial Market Supervisory Authority. The interest has been fixed at 4.50% p.a. until 19 May 2027. If the notes are not redeemed on 19 May 2027, the interest will be the aggregate of the three-month Euribor and a margin of 5.10% p.a.

On 24 March 2016, Swiss Life Ltd issued subordinated dated callable bonds in the amount of CHF 150 million. The bonds are guaranteed by Swiss Life Holding, have their maturity date on 24 September 2046 and are first callable on 24 September 2026 or at each interest payment date thereafter at the option of the issuer, upon notice and subject to the consent of the Swiss Financial Market Supervisory Authority. The interest has been fixed at 4.375% p.a. until 24 September 2026. If the bonds are not redeemed on 24 September 2026, the interest resets at a rate fixed for the subsequent five years, consisting of the aggregate of the then-prevailing five-year CHF swap rate and the initial margin of 4.538% p.a.

On 24 March 2016, Swiss Life Ltd issued subordinated perpetual callable bonds in the amount of CHF 450 million. The bonds are guaranteed by Swiss Life Holding and are first callable on 24 September 2021 or at each interest payment date thereafter at the option of the issuer, upon notice and subject to the consent of the Swiss Financial Market Supervisory Authority. The interest has been fixed at 3.75% p.a. until 24 September 2021. If the bonds are not redeemed on 24 September 2021, the interest resets at a rate fixed for the subsequent five years, consisting of the aggregate of the then-prevailing five-year CHF swap rate and the initial margin of 4.392% p.a.

On 16 June 2015, Demeter Investments B.V., a Dutch repackaging vehicle, issued EUR 750 million in fixed to floating rate subordinated perpetual notes (at an issue price of 99.105%) secured by loan notes granted to Swiss Life Ltd, which are guaranteed by Swiss Life Holding. Swiss Life Ltd may repay the loan notes in full on 16 June 2025 or on any interest payment date thereafter, upon notice and subject to the consent of the Swiss Financial Market Supervisory Authority. The interest has been fixed at 4.375% p.a. until 16 June 2025. If the notes are not redeemed on 16 June 2025, the interest will be the aggregate of three-month Euribor and a margin of 4.30% p.a.

In November 2012, Swiss Life Insurance Finance Ltd. offered to existing lenders under the subordinated perpetual step-up loan placed in 1999 by Swiss Life Ltd, to purchase their loan holdings against a consideration consisting of both a cash component and a credit component. Altogether, EUR 265 million and CHF 290 million were purchased from lenders. The cash component amounted to a total of CHF 139 million. The credit component consists of a tranche of a subordinated dated step-up loan newly issued by Swiss Life Ltd. The subordinated dated step-up loan placed in connection with the offer amounts to CHF 471 million, is guaranteed by Swiss Life Holding, has a tenor of thirty years and is first repayable on 30 November 2022 at the option of the issuer, upon notice and subject to the consent of the Swiss Financial Market Supervisory Authority. The interest rate is six-month Libor plus a margin of 4.20% p.a. until 30 November 2022. If the loan is not redeemed on 30 November 2022, the margin increases by 1%.

In March 1999, Swiss Life Ltd privately placed a subordinated perpetual step-up loan comprising three simultaneous advances of EUR 443 million (at a rate of interest of Euribor plus a margin of 1.05% p.a., increased by 100 basis points as from April 2009), CHF 290 million (at a rate of interest of Libor plus a margin of 1.05% p.a., increased by 100 basis points as from April 2009) and EUR 215 million (at a rate of interest of Euribor plus a margin of 1.05% p.a., increased by 100 basis points as from October 2009). In 2009, Swiss Life Ltd renounced the right to call the loan on its first call date. Following the purchase offer by Swiss Life Insurance Finance Ltd. in 2012, EUR 193 million remain outstanding. Swiss Life Ltd renounced the right to call the loan on the call dates falling in April 2014 and 2019, and can next call it in 2024, or at five-year intervals thereafter, at its discretion, upon notice and subject to the consent of the Swiss Financial Market Supervisory Authority.

Amounts in CHF million (if not noted otherwise)							
Borrower	Nominal value in year of issue	Nominal value at 31.12.2020	Interest rate	Year of issue	Optional redemption	Carrying amount 31.12.2020	Carrying amount 31.12.2019
Swiss Life AG	CHF 175	CHF 175	2.625%	2018	2028	174	174
Swiss Life AG	EUR 600	EUR 600	4.500%	2016	2027	645	646
Swiss Life AG	CHF 150	CHF 150	4.375%	2016	2026	149	149
Swiss Life AG	CHF 450	CHF 450	3.750%	2016	2021	449	449
Swiss Life AG	EUR 750	EUR 750	4.375%	2015	2025	805	806
			Libor				
Swiss Life AG	CHF 471	CHF 471	+4.200%	2012	2022	470	469
			Euribor				
Swiss Life AG	EUR 443	EUR 193	+2.050%	1999	2024	208	209
<b>TOTAL</b>						<b>2 900</b>	<b>2 902</b>

## Senior bonds

On 6 December 2019, Swiss Life Holding issued three tranches of senior green bonds totalling CHF 600 million: one CHF 200 million tranche with a tenor of 2 years and floating rate coupon (floored at 0.00% capped at 0.05%), one CHF 250 million tranche with a tenor of 5.5 years and 0% coupon, and one CHF 150 million tranche with a tenor of 9.25 years and coupon of 0.35% p.a.

On 13 March 2019, Swiss Life Holding issued a CHF 250 million senior bond with a tenor of 4.6 years and coupon of 0.25% p.a.

On 21 June 2013, Swiss Life Holding issued two tranches of senior bonds totalling CHF 425 million: one CHF 225 million tranche with a tenor of 6 years and coupon of 1.125% p.a. and one CHF 200 million tranche with a tenor of 10 years and coupon of 1.875% p.a. On 21 June 2019, the CHF 225 million tranche matured and was redeemed.

Amounts in CHF million (if not noted otherwise)						
Issuer	Nominal value	Interest rate	Year of issue	Redemption	Carrying amount 31.12.2020	Carrying amount 31.12.2019
Swiss Life Holding AG	CHF 200	1.875%	2013	2023	200	199
Swiss Life Holding AG	CHF 250	0.250%	2019	2023	250	250
Swiss Life Holding AG	CHF 150	0.350%	2019	2029	150	150
Swiss Life Holding AG	CHF 250	0.000%	2019	2025	249	249
Swiss Life Holding AG	CHF 200	3m CHF Libor <sup>1</sup>	2019	2021	200	201
<b>TOTAL</b>					<b>1 049</b>	<b>1 049</b>

<sup>1</sup> floored at 0.00% and capped at 0.05%

## 21 Other Financial Liabilities

In CHF million			
	Notes	31.12.2020	31.12.2019
Insurance payables		2 541	2 932
Policyholder deposits		924	1 054
Reinsurance deposits		172	163
Customer deposits		2 097	2 427
Repurchase agreements		4 114	2 495
Amounts due to banks		4 149	2 933
Lease liabilities		220	152
Third-party interests in consolidated investment funds	30	4 063	3 589
Accrued expenses		503	495
Settlement accounts		194	658
Other		906	843
<b>TOTAL OTHER FINANCIAL LIABILITIES</b>		<b>19 882</b>	<b>17 741</b>

## 22 Insurance Liabilities

In CHF million	Gross		Ceded		Net	
	31.12.2020	31.12.2019	31.12.2020	31.12.2019	31.12.2020	31.12.2019
Claims under non-life insurance contracts	918	896	184	173	734	722
Unearned premiums non-life	44	45	1	1	42	44
Claims under life insurance contracts	6 569	6 366	107	101	6 462	6 265
Future life policyholder benefits	109 554	106 923	142	134	109 412	106 789
Unearned premiums life	62	59	0	0	62	59
Deposits under insurance contracts	11 629	10 696	–	–	11 629	10 696
<b>TOTAL INSURANCE LIABILITIES</b>	<b>128 776</b>	<b>124 985</b>	<b>434</b>	<b>410</b>	<b>128 342</b>	<b>124 574</b>
of which for the account and risk of the Swiss Life Group's customers	8 399	7 109	1	–	8 398	7 109

### Unearned premiums

Unearned premiums represent the portion of the premiums written relating to the unexpired terms of coverage.

### Claims under life insurance contracts

Claims under life insurance contracts represent the liability for unpaid portions of claims incurred. The liability includes an estimate for claims incurred but not reported (IBNR). The measurement at reporting date is a best estimate of ultimate future claim payments.

### Claims under non-life insurance contracts – gross

In CHF million	2020	2019
Balance as at 1 January	896	917
Claims and claim settlement costs incurred		
Reporting period	295	311
Prior reporting periods	–25	–52
Claims and claim settlement costs paid		
Reporting period	–116	–127
Prior reporting periods	–130	–120
Foreign currency translation differences	–2	–33
<b>BALANCE AS AT END OF PERIOD</b>	<b>918</b>	<b>896</b>

Claims under non-life insurance contracts represent the liability needed to provide for the estimated ultimate cost of settling claims relating to insured events that have occurred on or before the financial reporting date. The estimated liability includes the amount that will be required for future payments on both claims that have been reported to the insurer and claims relating to insured events that have occurred but have not been reported to the insurer as at the date the liability is estimated. Loss development tables are generally used to make these estimates.

**Future life policyholder benefits and claims – gross**

In CHF million		
	2020	2019
Balance as at 1 January	113 289	108 413
Premiums received	11 077	12 762
Interest credited	1 684	1 765
Claims incurred, benefits paid and surrenders	-10 399	-9 552
Effect of changes in actuarial assumptions and other movements	613	856
Reclassifications	-61	15
Foreign currency translation differences	-79	-969
<b>BALANCE AS AT END OF PERIOD</b>	<b>116 123</b>	<b>113 289</b>

For participating contracts where the contribution principle applies to the allocation of the policyholder bonus, future life policy benefit liabilities are determined by using the net-level-premium method on the basis of appropriate mortality and interest rate assumptions.

The valuation of other long-duration contracts is also based on the net-level-premium method with actuarial assumptions as to mortality, persistency, expenses and investment returns including provisions for adverse deviation.

**Deposits under insurance contracts – gross**

In CHF million		
	2020	2019
Balance as at 1 January	10 696	9 341
Deposits received	212	207
Interest credited	27	49
Participating bonuses	6	6
Policy fees and insurance charges	-41	-38
Deposits released for payments on death, surrender and other terminations during the year	-261	-233
Other movements	15	184
Reclassifications	995	1 535
Foreign currency translation differences	-19	-353
<b>BALANCE AS AT END OF PERIOD</b>	<b>11 629</b>	<b>10 696</b>

For investment-type contracts with significant insurance risk, savings premiums collected are reported as deposits (deposit accounting).

**Insurance liabilities with and without discretionary participation**

In CHF million		
	31.12.2020	31.12.2019
Insurance liabilities with discretionary participation	104 998	103 245
Insurance liabilities without discretionary participation	15 379	14 631
Insurance liabilities linked to assets for the account and risk of the Swiss Life Group's customers	8 399	7 109
<b>TOTAL INSURANCE LIABILITIES</b>	<b>128 776</b>	<b>124 985</b>

## 23 Employee Benefits

### Employee benefit liabilities

In CHF million

	31.12.2020	31.12.2019
Employee benefit liabilities consist of		
gross defined benefit liabilities	1 803	1 976
other employee benefit liabilities	189	183
<b>TOTAL EMPLOYEE BENEFIT LIABILITIES</b>	<b>1 993</b>	<b>2 160</b>

### Defined benefit plans

Employees are covered under various funded and unfunded pension plans which operate under local regulations and practice. The major part of the defined benefit liability recognised arises from the plans covering employees in Switzerland. The impact on the consolidated financial statements arising from the plans covering employees in Germany and France is far less significant. Generally, the level of benefits is based on years of service and average compensation preceding retirement, and the main benefit is a pension after retirement or a lump-sum payment at the time of retirement. Most plans are funded and the funding is governed by local requirements and with respect to the liability (determined based on actuarial methods) based on the plans' benefit promises. For several plans, contributions are not only made by the employer, but also by the employee (generally as a part of gross salaries).

In Switzerland, France and Germany, insurance contracts have been issued to defined benefit plans covering own employees, which reinsure a part of the benefit promises made by the plans. Due to the requirements of IFRS 4 Insurance Contracts in combination with IAS 19 Employee Benefits, such insurance contracts are eliminated (self-insurance, non-eligibility as plan asset). To the extent the affected plans are funded by self-insurance, the defined benefit liabilities are backed by the investments relating to the eliminated insurance contracts. These investments are part of the investments presented in the consolidated balance sheet of the Swiss Life Group.

### Plan descriptions

#### Switzerland

Pension plans in Switzerland are governed by the Swiss Federal Law on Occupational Retirement, Survivors' and Disability Pension Plans (BVG). Pension plans must be managed by independent, legally autonomous entities and are under regulatory supervision. The plans covering the Group's employees in Switzerland are set up as foundations. The foundation board as the most senior governing body must be composed of equal numbers of employee and employer representatives. Main responsibilities of the foundation board are the definition of plan benefits, funding system and the setting of actuarial parameters and investment policies for the plan assets. The BVG defines minimum levels with regard to benefits (including conversion rate for old-age pensions), employer/employee contributions and the interest rate for the accrual of the employee's pension account. An annual actuarial report according to BVG requirements is prepared which shows the funding level of the respective plan. The measurement basis for the plan's assets and benefit obligations for this purpose is in accordance with BVG rules.

The primary benefit of Swiss Life's plans is an old-age pension after reaching retirement age. The level of the old-age pension is determined by the plan's conversion rate applied to the employee's individual pension account accumulated at retirement age. There are options for early retirement (with actuarially determined reduction of the conversion rate) and for choosing to receive a lump-sum payment instead of a pension. This old-age pension is funded by monthly contributions from the employer and the employee (deducted from salary) to an individual pension account, which in addition is increased by a yearly interest accrual. The contributions are based on age and on a percentage of the contributory salary. Further funding of an individual pension account comprises mandatory transfers of funds made by new employees from plans of their former employers and discretionary contributions from the employees (with restrictions to maximum amounts). As a consequence of plan amendments in the past, certain age groups are granted guarantees of a minimum level of old-age pensions in case of early retirement. The cost with respect to early retirement of members from these age groups is borne by the employer.

Other benefits comprise survivors'/orphans' pensions and/or lump-sum payments in case of death as well as disability pensions (if disabled before retirement age) and transfer of vested benefits in case of job changes. In these plans, which cover nearly all of the Group's employees in Switzerland, the cost of the benefits is funded by payment of insurance premiums to group insurance contracts issued by Swiss Life Ltd (self-insurance) and is borne by the employer. In addition, the administration expenses of the plans are also borne by the employer, since the personnel managing the plans are Swiss Life employees.

As a result of the effects of the continuing low interest rate environment, reduced investment return expectations on the plan assets and increasing life expectancy, the board of trustees of the Swiss pension plan took measures to support the long-term financial stability. As of 2021, the pension plan will operate with lower conversion rates. To partly mitigate the effects of such a plan change, individual pension assets will be increased for all employees who joined before 2019. The amount depends on years of service. In addition, employees born in 1962 or older will be granted a minimum guarantee of their pension (not smaller than the amount they would receive with an assumed retirement at the end of 2020). The respective contributions will be funded by specific reserves already built up by the foundation responsible for the pension plan, as well as an additional contribution from the plan assets of a patronal foundation of Swiss Life Ltd. Additionally, the pension plan will increase savings contributions as of 1 January 2021. The total effect of this plan amendment has been recognized as a negative past service cost, i.e. a reduction of the defined benefit obligation, in December 2020.

#### France

Pension plans in France are covered by various national agreements. Defined benefit plans in France cover retirement benefits for employees, including executive officers, based on the last salary, length of service, cause of termination and the respective national agreement. Furthermore, service anniversary bonuses are based on employee category and length of service.

### Germany

Pension plans in Germany are governed by the Law on Occupational Retirement (BetrAVG). The BetrAVG is part of the general labour legislation, which means that the BetrAVG establishes no rules on funding benefit obligations. It only describes the various possible ways of funding benefit obligations without further details on the practice of funding.

There are various defined benefit plans in place. They provide pension benefits after reaching retirement age.

For some plans, the level of the pension benefits is determined by the years of service and the last salary before retirement according to the benefit formula as defined in the pension plan. Other benefits comprise widows'/widowers' pensions in case of death as well as disability pensions (if disabled before retirement age). The levels of these benefits are determined similar to the old-age pensions assuming service up to normal retirement age. Widows'/widowers' pensions are 60% of the old age/disability pension benefits.

For some plans, the level of old-age pensions is determined by yearly amounts. Contributions are made in the form of premiums to an individual insurance contract with Swiss Life Germany. The premium is a fixed amount, determined by the rules of the pension plan, and depends on the employee's status. Every three years there is an adjustment of the contribution amount due to the general development of salaries in the German insurance industry. There is a risk that the employer has to make additional payments in case the benefits of the individual insurance contract do not cover the benefits promised by the plan. Other benefits comprise lump-sum payments in case of death as well as disability pensions (if disabled before retirement age). The levels of these benefits are determined as fixed amounts by the plan depending on the employee's status. This part of the plan is also covered by insurance contracts with Swiss Life Germany.

For some plans, a lump-sum benefit is provided when reaching retirement age. The capital benefit amount depends on the contributions and the performance of an underlying portfolio of assets. The benefit payable is the amount originally paid in plus interest.

### Risks covered

With respect to its defined benefit plans the Group faces the risks of adverse development of the prominent actuarial/financial assumptions, such as discount rates, mortality assumptions and future salary growth, inherent in the measurement of plan liabilities. If the high-quality corporate bond yields (which are the basis for assessing the discount rate) decrease, the present value of the defined benefit obligation would increase, which would lead to a higher defined benefit liability in the consolidated balance sheet. However, this effect would be partly offset by the increase in the value of bonds in the plan assets. A higher defined benefit obligation would also result if the average life expectancy (longevity) or the rate of future salary growth were higher than the corresponding values reflected in the financial/actuarial parameters.

With respect to funded plans, the Group faces investment risk. In general, the return of plan assets – together with contributions – must be sufficient to cover the plan's benefit promises. In particular, if the return is below the discount rate, an actuarial loss would be created with negative impact on the net benefit liability/asset and other comprehensive income. The mitigation of this risk depends on the nature of the benefit promises and the regulatory/legal framework of the plan, and is therefore country-specific.



### Switzerland

The responsibility for maintaining a sufficient funding status lies with the foundations. In the case of underfunding (as assessed according to BVG rules, not IFRS) the foundations are required to take appropriate measures to restore a sufficient funding status. Potential measures that could be taken are adjustments to the pension accounts' interest rate, benefit levels and regular employer/employee contributions. Furthermore, the foundations could require additional contributions from the employer and the employees. Because the funding status of the foundations in Switzerland is sufficient, it is not expected that any such additional contributions will be required in the near future.

The investment risk inherent in achieving an adequate return on the plan assets covering the pension accounts of active employees is borne by the foundations. In addition, the investment risk and actuarial risk relating to old-age pensions lie with the foundations. However, for the major plan, all pensions which were already in payout before 1 January 2011 are fully covered under a group insurance contract issued by Swiss Life Ltd. Furthermore, all insurance risk relating to death/survivors'/disability benefits is fully covered by several group contracts issued by Swiss Life Ltd.

The objective of the investment process is to ensure that the return on the plan assets – together with the contributions – will be sufficient to fulfil the benefit promises. The investment strategy must be in line with the related BVG rules and regulations (e.g. requirements regarding diversification). The foundations are responsible for defining the investment strategy taking into account the objectives, benefit obligations and risk capacity. The implementation of the investment policy is delegated to an investment committee.

### France

The investment risk inherent in achieving an adequate return on the plan assets in order to pay the promised benefits to employees, as well as the mortality risk, is borne by the company.

### Germany

According to the German BetrAVG there are no specific rules regarding funding of pension obligations. The defined benefit plans are funded by individual insurance contracts with Swiss Life Germany that cover the promised benefits. Because of tax limitations, the individual insurance contracts do not cover the whole level of the benefit promises. Therefore, Swiss Life Germany has established a contractual trust arrangement to cover the additional risks from the pension plan. Plan risks mainly arise from salary increases and from an increase in pension payments.

For the plans that provide lump-sum benefits based on separate asset portfolios, the most significant but low risk is from capital markets fluctuations. The asset portfolios are broadly diversified with corporate bonds, German government bonds, covered bonds and exchange-traded funds.

**Amounts recognised as defined benefit assets /liabilities**

In CHF million		
	31.12.2020	31.12.2019
Present value of defined benefit obligation	-4 041	-3 989
Fair value of plan assets	2 306	2 078
<b>NET DEFINED BENEFIT LIABILITY</b>	<b>-1 735</b>	<b>-1 911</b>
Insurance contracts not eligible as plan assets under IFRS	1 261	1 346
<b>NET DEFINED BENEFIT SURPLUS (+)/DEFICIT (-) (ECONOMIC VIEW)</b>	<b>-474</b>	<b>-566</b>
The net defined benefit liability consists of		
gross defined benefit liabilities	-1 803	-1 976
gross defined benefit assets	68	65

To assess the funding situation of the defined benefit plans in total, plan assets as well as insurance contracts not eligible as plan assets under IFRS must be set off against the present value of the defined benefit obligation. The total deficit taking into consideration insurance contracts not eligible as plan assets under IFRS amounted to a deficit of CHF 474 million as at 31 December 2020 (2019: deficit of CHF 566 million).

**Amounts recognised in profit or loss**

In CHF million		
	2020	2019
Current service cost	129	113
Past service cost	-61 <sup>1</sup>	0
Net interest cost	6	16
Gains/losses settlements	-	0
Employee contributions	-36	-34
<b>TOTAL DEFINED BENEFIT EXPENSE</b>	<b>39</b>	<b>95</b>

<sup>1</sup> Including a reduction in past service cost resulting from a plan amendment in 2020.

**Amounts recognised in other comprehensive income**

In CHF million		
	2020	2019
Actuarial gains and losses on the defined benefit obligation	-87	-371
Return on plan assets excluding interest income	87	77
<b>TOTAL REMEASUREMENTS OF THE NET DEFINED BENEFIT LIABILITY</b>	<b>0</b>	<b>-294</b>

**Defined benefit plans**

In CHF million

	2020	2019
<b>CHANGES IN THE PRESENT VALUE OF THE DEFINED BENEFIT OBLIGATION</b>		
Balance as at 1 January	-3 989	-3 554
Current service cost	-129	-113
Past service cost including curtailments	61	0
Interest cost	-12	-32
Contributions by plan participants	-85	-76
Actuarial gains (+)/losses (-) arising from		
experience adjustments	-96	-81
changes in demographic assumptions	7	1
changes in financial assumptions	2	-291
Benefit payments	199	192
Settlements	-	0
Effect of business combinations	-	-7
Effect of reclassifications and other disposals	0	-42
Foreign currency translation differences	1	13
<b>BALANCE AS AT END OF PERIOD</b>	<b>-4 041</b>	<b>-3 989</b>
of which amounts owing to		
active plan participants	-2 051	-2 112
retired plan participants	-1 990	-1 877
<b>CHANGES IN THE FAIR VALUE OF PLAN ASSETS</b>		
Balance as at 1 January	2 078	1 897
Interest income	6	16
Return on plan assets excluding interest income	87	77
Contributions by the employer	109	114
Contributions by plan participants	76	71
Benefit payments	-108	-95
Effect of business combinations	-	5
Effect of reclassifications and other disposals	57	-5
Foreign currency translation differences	1	-2
<b>BALANCE AS AT END OF PERIOD</b>	<b>2 306</b>	<b>2 078</b>

## Plan assets

In CHF million	Quoted market price		Other		Total	
	31.12.2020	31.12.2019	31.12.2020	31.12.2019	31.12.2020	31.12.2019
Cash and cash equivalents	–	–	32	48	32	48
Debt securities						
Governments	8	10	–	–	8	10
Equity securities						
Financials	1	1	–	–	1	1
Investment funds						
Debt	806	669	–	–	806	669
Equity	594	586	–	–	594	586
Balanced	64	73	–	–	64	73
Real estate	–	–	599	504	599	504
Other	–	–	46	100	46	100
Derivatives						
Currency	–	–	0	0	0	0
Property						
located in Switzerland	–	–	20	16	20	16
Qualifying insurance policies	–	–	137	71	137	71
<b>TOTAL PLAN ASSETS</b>	<b>1 472</b>	<b>1 340</b>	<b>833</b>	<b>738</b>	<b>2 306</b>	<b>2 078</b>
Plan assets include						
own equity instruments	1	1	–	–	1	1

## Principal actuarial assumptions

	Switzerland/Liechtenstein		Other countries	
	2020	2019	2020	2019
Discount rate	0.1-0.3%	0.2-0.3%	0.3-1.1%	0.5-1.8%
Future salary increases	1.0-1.5%	0.8-1.5%	1.0-3.0%	1.0-3.0%
Future pension increases	0.0%	0.0%	1.0-1.7%	1.0-1.8%
Ordinary retirement age (women)	64	64	63-65	63-65
Ordinary retirement age (men)	65	65	63-65	63-65
Average life expectation at ordinary retirement age (women)	25.5-25.8	25.6	25.5-31.4	25.7-31.4
Average life expectation at ordinary retirement age (men)	22.7-23.2	22.6-23.1	22.9-31.6	22.0-28.0

A sensitivity analysis was performed for each significant actuarial assumption showing the impact on the defined benefit obligation of changes in the respective actuarial assumptions that were reasonably possible at the balance sheet date. The calculation is done by leaving all other assumptions unchanged (i.e. at their value used in the calculation of the defined benefit obligation implicit in the net defined benefit asset/liability in the consolidated balance sheet as at end of period). In reality, it is unlikely that a change in assumption would happen in isolation. Some assumptions may well be correlated. In addition, the net effect in the consolidated balance sheet would also be driven by the change in the value of the plan assets.

At 31 December 2020, if the discount rate had been 50 basis points higher (lower), the defined benefit obligation would have decreased by CHF 288 million (increase CHF 329 million). At 31 December 2019, if the discount rate had been 50 basis points higher (lower), the defined benefit obligation would have decreased by CHF 298 million (increase CHF 340 million).

At 31 December 2020, if the future expected salary growth had increased (decreased) by 50 basis points, the defined benefit obligation would have increased by CHF 22 million (decrease CHF 22 million). At 31 December 2019, if the future expected salary growth had increased (decreased) by 50 basis points, the defined benefit obligation would have increased by CHF 24 million (decrease CHF 23 million).

At 31 December 2020, if the average life expectancy had increased by one year (for both men and women), the defined benefit obligation would have increased by CHF 131 million. At 31 December 2019, if the average life expectancy had increased by one year (for both men and women), the defined benefit obligation would have increased by CHF 133 million.

### Expected benefit payments

Amounts in CHF million (if not noted otherwise)

	2020	2019
Duration of the defined benefit obligation (weighted average no. of years)	15.5	16.2
Benefits expected to be paid (undiscounted amounts)		
within 12 months	177	168
between 1 and 2 years	169	159
between 3 and 5 years	485	438
between 6 and 10 years	766	733

The contributions expected to be paid for the year ending 31 December 2021 are CHF 78 million. These contributions include amounts payable under insurance contracts issued to defined benefit plans covering own employees.

### Defined contribution plans

Certain subsidiaries sponsor various defined contribution plans. Participation in the various plans is based either on completion of a specific period of continuous service or on the date of hire. The plans stipulate contributions by both employers and employees. The expenses under these plans amounted to CHF 4 million in 2020 (2019: CHF 2 million).

### Equity compensation plans

For 2020, 2019, 2018, 2017 and 2016 participants in the share-based payment programme are allocated restricted share units (RSUs). RSUs grant the holder future subscription rights, entitling him or her to receive Swiss Life Holding shares free of charge after a three-year period has elapsed and if certain conditions are fulfilled.

The 2019 and 2020 equity compensation plans are based on the new Group-wide programme "Swiss Life 2021", which was announced on 29 November 2018. The 2016, 2017 and 2018 equity compensation plans are based on the Group-wide programme "Swiss Life 2018". For the purpose of supporting the achievement of the respective corporate goals, performance criteria have been determined by the Board of Directors analogously to the previous year's objectives: IFRS profit (50% weighting), the risk and fee result (25% weighting) and cash to Swiss Life Holding for further strengthening of the financial substance and payout capacity (25% weighting).

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.

The RSU programmes also provide for adjustment and reclaiming mechanisms (clawback).

In 2016, the number of RSUs granted under this programme amounted to 51 270. The fair value at the measurement date amounted to CHF 215.66. The date of grant was 1 March 2016.

In 2017, the number of RSUs granted under this programme amounted to 45 135. The fair value at the measurement date amounted to CHF 281.80. The date of grant was 1 March 2017.

In 2018, the number of RSUs granted under this programme amounted to 43 649. The fair value at the measurement date amounted to CHF 300.66. The date of grant was 1 March 2018.

In 2019, the number of RSUs granted under this programme amounted to 40 840. The fair value at the measurement date amounted to CHF 380.66. The date of grant was 1 March 2019.

In 2020, the number of RSUs granted under this programme amounted to 42 553. The fair value at the measurement date amounted to CHF 377.24. The date of grant was 1 March 2020.

The fair value of the RSUs granted for each programme is determined at the grant date. The fair value was determined by an independent consulting company using the Black-Scholes formula taking into account input factors such as the dividend yield and the historical volatility of the Swiss Life Holding share. The associated expense during the vesting period is recognised under employee benefits expense with a corresponding increase in share premium.

The expense recognised for share-based payment amounted to CHF 16 million in 2020 (2019: CHF 14 million).

## Share-based payment programmes (restricted share units)

Number of restricted share of units	Balance as at 1 January	Issued	Employee departures	Vested	Balance as at end of period
<b>2020</b>					
Granted in 2017	43 952	-	-	-43 952	-
Granted in 2018	43 649	-	-499	-	43 150
Granted in 2019	40 840	-	-421	-	40 419
Granted in 2020	-	42 553	-757	-	41 796
<b>2019</b>					
Granted in 2016	48 425	-	-	-48 425	-
Granted in 2017	43 952	-	-	-	43 952
Granted in 2018	43 649	-	-	-	43 649
Granted in 2019	-	40 840	-	-	40 840
<b>2018</b>					
Granted in 2016	49 089	-	-664	-	48 425
Granted in 2017	44 460	-	-508	-	43 952
Granted in 2018	-	43 649	-	-	43 649
<b>2017</b>					
Granted in 2016	49 971	-	-882	-	49 089
Granted in 2017	-	45 135	-675	-	44 460
<b>2016</b>					
Granted in 2016	-	51 270	-1 299	-	49 971



## 24 Income Taxes

### Income tax expense

In CHF million		
	2020	2019
Current income tax expense	266	390
Deferred income tax expense	34	-67
<b>TOTAL INCOME TAX EXPENSE</b>	<b>300</b>	<b>324</b>

The expected weighted-average tax rate for the Group in 2020 was 20.4% (2019: 19.0%). This rate was derived by obtaining a weighted average of the expected income tax rates in the various jurisdictions in which the Group operates. The change of the weighted-average tax rate is due to the geographical allocation of the profits and the different tax rates in these jurisdictions. The actual income tax expense differs from the expected amount as follows.

### Reconciliation of income tax expense

In CHF million		
	2020	2019
<b>PROFIT BEFORE INCOME TAX</b>	<b>1 351</b>	<b>1 528</b>
Income tax calculated using the expected weighted-average tax rate	275	291
Increase/reduction in taxes resulting from		
lower taxed income	-60	-102
non-deductible expenses	52	45
other income taxes (incl. withholding taxes)	26	29
change in unrecognised tax losses	-6	-6
adjustments for current tax of prior periods	-27	71
changes in tax rates	5	-103
intercompany effects	13	91
other	22	8
<b>INCOME TAX EXPENSE</b>	<b>300</b>	<b>324</b>

The enactment of the federal law on tax reform and AHV (Swiss old-age and survivors' insurance) financing as of 1 January 2019, combined with cantonal tax law revisions led to a revaluation of the deferred income tax assets and liabilities in Switzerland. Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same tax authority.

### Deferred income tax assets and liabilities

In CHF million	Deferred income tax assets		Deferred income tax liabilities	
	31.12.2020	31.12.2019	31.12.2020	31.12.2019
Financial assets	326	314	1 684	1 566
Investment property	102	100	1 229	1 102
Intangible assets	40	37	183	178
Property and equipment	12	12	22	22
Financial liabilities	94	64	26	21
Insurance liabilities	23	18	168	158
Employee benefits	154	151	88	82
Deferred income	3	1	0	0
Other	73	75	37	45
Tax losses	52	43		
<b>DEFERRED INCOME TAX ASSETS/LIABILITIES</b>	<b>879</b>	<b>815</b>	<b>3 436</b>	<b>3 175</b>
Offset	-800	-743	-800	-743
<b>TOTAL DEFERRED INCOME TAX ASSETS/LIABILITIES</b>	<b>79</b>	<b>72</b>	<b>2 636</b>	<b>2 432</b>

The movements in net deferred income tax assets/liabilities during the period were as follows.

In CHF million	Balance as at 1 January	Profit or loss	Other comprehensive income	Acquisitions and disposals	Foreign currency translation differences	Balance as at end of period
<b>MOVEMENTS BY TYPE OF TEMPORARY DIFFERENCE DURING THE YEAR 2020</b>						
Financial assets	-1 252	42	-148	0	0	-1 358
Investment property	-1 002	-102	0	-22	0	-1 127
Intangible assets	-141	-5	1	1	0	-143
Property and equipment	-10	0	-	0	0	-10
Financial liabilities	43	23	2	0	0	68
Insurance liabilities	-140	-5	0	0	0	-145
Employee benefits	69	-3	1	0	0	66
Deferred income	1	1	-	1	0	3
Other	30	7	-	0	0	36
Tax losses	43	9	-	0	0	52
<b>NET DEFERRED INCOME TAX ASSETS/LIABILITIES</b>	<b>-2 360</b>	<b>-34</b>	<b>-144</b>	<b>-20</b>	<b>1</b>	<b>-2 557</b>

#### MOVEMENT BY TYPE OF TEMPORARY DIFFERENCE DURING THE YEAR 2019

Financial assets	-909	30	-382	0	9	-1 252
Investment property	-871	-10	1	-129	6	-1 002
Intangible assets	-154	15	-1	-3	2	-141
Property and equipment	12	-22	-	-1	0	-10
Financial liabilities	9	37	-4	1	-1	43
Insurance liabilities	-137	-7	1	-	3	-140
Employee benefits	49	6	14	-1	-2	69
Deferred income	1	0	-	0	0	1
Other	31	4	-	-3	-2	30
Tax losses	33	11	-	0	-1	43
<b>NET DEFERRED INCOME TAX ASSETS/LIABILITIES</b>	<b>-1 936</b>	<b>67</b>	<b>-371</b>	<b>-135</b>	<b>15</b>	<b>-2 360</b>

Deferred income tax liabilities have not been recognised on the aggregate amount of temporary differences with consolidated investments in subsidiaries to the extent the Group considers such undistributed earnings as being indefinitely reinvested. The amount of such temporary differences was approximately CHF 12.5 billion as at 31 December 2020 (2019: CHF 11.7 billion). If such amounts from entities controlled by the Group are ever distributed, no material tax liabilities would be incurred due to participation exemption rules, unrecognised tax loss carryforwards and applicable double taxation treaties.

Deferred income tax assets are recognised for tax-loss carryforwards only to the extent that realisation of the related tax benefit is probable. Swiss tax assets are calculated in accordance with cantonal and municipal tax legislation. The uncertainty of the utilisation of tax losses is taken into account in establishing the valuation allowance. For the following tax-loss carryforwards, which will expire as follows, no deferred income tax asset has been recognised.

#### Unrecognised tax losses

Amounts in CHF million	Tax losses		Tax rate	
	31.12.2020	31.12.2019	31.12.2020	31.12.2019
2021	1	1	21.2%	21.2%
2022	1	1	21.2%	21.2%
2023	3	3	21.2%	21.2%
Thereafter	173	278	21.0%	18.0%
<b>TOTAL</b>	<b>178</b>	<b>283</b>	<b>n/a</b>	<b>n/a</b>

## 25 Provisions

In CHF million	Restructuring		Litigation		Other		Total	
	2020	2019	2020	2019	2020	2019	2020	2019
Balance as at 1 January	11	17	23	22	33	48	66	87
Additions	2	1	10	9	74	7	86	17
Amounts used	-2	-7	-7	-2	-4	-1	-13	-10
Reversals	0	0	-6	-6	-2	-5	-8	-11
Unwinding of discount and effect of change in discount rate	-	-	0	0	-	-	0	0
Reclassifications and other disposals	-	-	3	-	-13	-16	-10	-16
Foreign currency translation differences	0	0	0	-1	0	-1	0	-2
<b>BALANCE AS AT END OF PERIOD</b>	<b>10</b>	<b>11</b>	<b>22</b>	<b>23</b>	<b>89</b>	<b>33</b>	<b>121</b>	<b>66</b>

### Restructuring

Provisions for restructuring were set up in 2020 in Germany (2019: Germany). The outflow of the amounts is expected within the following one to two years.

### Litigation

“Litigation” relates to several proceedings in several jurisdictions with uncertain outcome including customer claims relating to the distribution units in Germany. Litigation provisions have been set up to cover legal and administrative proceedings that arise in the ordinary course of business. These provisions concern numerous cases that are not of public knowledge or whose detailed disclosure could prejudice the interests of the Group.

### Other

“Other” comprises various liabilities of uncertain timing or amount (e.g. indemnification provision relating to property development and management), including a provision of CHF 70 million in relation to the expected resolution with the US Department of Justice (DOJ) inquiry concerning prior business with US clients. The discussions with the DOJ are not concluded and, as a result, the final number could be somewhat higher. Although the precise timing cannot be predicted, the current expectation of Swiss Life is that this matter will be resolved in the near term.

## 26 Equity

### Share capital

As at 31 December 2020, the share capital of Swiss Life Holding consisted of 32 014 391 fully-paid shares with a par value of CHF 0.10 each, following a repayment of par value of CHF 5.00 per registered share in 2020 (2019: 33 594 606 fully-paid shares with a par value of CHF 5.10 each). In exercising voting rights, no shareholder can collect more than 10% of the total share capital directly or indirectly in respect of own shares or shares they represent. Conditional share capital was CHF 385 794.80 as at 31 December 2020 (2019: CHF 19 675 534.80).

### Share premium

Share premium comprises additional paid-in capital in excess of the par value (net of transaction costs), gains/losses on own equity instruments and equity compensation benefits.

In 2019, a distribution to shareholders out of the capital contribution reserve of CHF 83 million (CHF 2.50 per registered share) was made.

### Share buyback programmes

In February 2020, the Group announced a CHF 400 million share buyback programme that commenced on 2 March 2020 and was intended to be completed in May 2021. The programme was temporarily suspended from 25 March 2020 onwards. By 24 March 2020, 79 324 shares had been purchased for CHF 29 million under this programme at an average price of CHF 363.13. On 4 November 2020, the Group communicated its intention to resume the programme from 4 January 2021.

In November 2018, the Group announced a CHF 1 billion share buyback programme, which commenced in December 2018 and ended in December 2019. Under this programme, 2 208 715 Swiss Life Holding shares were repurchased at an average price of CHF 452.75. Repurchased shares were cancelled in July 2019 (628 500 shares) and July 2020 (1 580 215 shares).

### Number of shares

The following table shows the development of Swiss Life Holding shares issued and treasury shares held by the Swiss Life Group during the period.

Number of shares	2020	2019
<b>SHARES ISSUED</b>		
Balance as at 1 January	33 594 606	34 223 106
Cancellation of treasury shares	-1 580 215	-628 500
<b>BALANCE AS AT END OF PERIOD</b>	<b>32 014 391</b>	<b>33 594 606</b>
<b>TREASURY SHARES</b>		
Balance as at 1 January	1 721 351	418 899
Purchases of treasury shares	45 000	-
Share buyback	79 324	1 981 015
Allocation under equity compensation plans	-46 328	-50 063
Cancellation of treasury shares	-1 580 215	-628 500
<b>BALANCE AS AT END OF PERIOD</b>	<b>219 132</b>	<b>1 721 351</b>

### Foreign currency translation differences

Foreign currency translation differences comprise the resulting differences arising on the translation of assets, liabilities, income and expenses of Group entities denominated in foreign currencies into Swiss francs.

### Accumulated other comprehensive income

Accumulated other comprehensive income comprises items of income and expense that are recognised directly in equity rather than in profit or loss, as required or permitted by certain IFRSs.

Items presented in other comprehensive income are grouped on the basis of whether they will be reclassified subsequently to profit or loss when specific conditions are met, and those that will not be reclassified.

The amounts are presented net of certain policyholder bonuses and other policyholder liabilities, deferred acquisition costs, deferred income taxes and non-controlling interests.

Items that may be reclassified to profit or loss comprise:

- Foreign currency translation differences arising on the translation of assets, liabilities, income and expenses of Group entities denominated in foreign currencies into Swiss francs.
- Gains and losses from fair value changes of financial assets available for sale.
- Effective portion of gains and losses on hedging instruments in qualifying cash flow hedges.
- Unrealised losses on financial assets reclassified from available for sale to loans and receivables in 2008 due to disappearance of an active market.

Items that will not be reclassified to profit or loss comprise:

- Revaluation surplus on the transfer of owner-occupied property to investment property following a change in use evidenced by the end of owner-occupation.
- Remeasurements of the net defined benefit liability relating to employee benefit plans.

The following table provides information relating to amounts recognised in accumulated other comprehensive income.

#### Accumulated other comprehensive income for the year 2020

In CHF million	Items that may be reclassified to the income statement					Items that will not be reclassified to the income statement			Total
	Foreign currency translation differences	Gains/ losses financial assets available for sale	Gains/ losses cash flow hedges	Debt securities reclassified to loans and receivables	Total	Revaluation surplus investment property	Remeasurements net defined benefit liability	Total	
Net balance as at 1 January	-1 150	4 574	451	-2	3 873	67	-397	-330	3 542
Net other comprehensive income	-28	545	-68	8	456	-3	0	-3	453
<b>NET BALANCE AS AT END OF PERIOD</b>	<b>-1 178</b>	<b>5 118</b>	<b>383</b>	<b>6</b>	<b>4 328</b>	<b>64</b>	<b>-397</b>	<b>-333</b>	<b>3 995</b>
NET OTHER COMPREHENSIVE INCOME IS COMPOSED OF THE FOLLOWING:									
Revaluation – gross	-347	3 069	663	–	3 385	–	0	0	3 385
Net investment hedges – gross	322	–	–	–	322	–	–	–	322
Reclassification to profit or loss – gross	-1	-181	-404	9	-578	–	–	–	-578
Effects of									
policyholder participation	–	-2 130	-347	1	-2 476	-3	-2	-4	-2 480
shadow accounting	-2	-46	5	0	-42	0	–	0	-42
income tax	–	-158	14	-1	-145	0	1	1	-144
foreign currency translation differences	–	-9	0	0	-9	0	0	0	-9
Net other comprehensive income before non-controlling interests	-28	545	-68	8	456	-3	0	-3	453
Non-controlling interests	0	0	0	0	0	0	0	0	0
<b>NET OTHER COMPREHENSIVE INCOME</b>	<b>-28</b>	<b>545</b>	<b>-68</b>	<b>8</b>	<b>456</b>	<b>-3</b>	<b>0</b>	<b>-3</b>	<b>453</b>

### Accumulated other comprehensive income for the year 2019

In CHF million	Items that may be reclassified to the income statement				Items that will not be reclassified to the income statement				Total
	Foreign currency translation differences	Gains/ losses financial assets available for sale	Gains/ losses cash flow hedges	Debt securities reclassified to loans and receivables	Total	Revaluation surplus investment property	Remeasurements net defined benefit liability	Total	
Net balance as at 1 January	-1 012	2 791	348	-10	2 117	68	-301	-232	1 885
Net other comprehensive income	-138	1 782	103	7	1 756	-1	-96	-97	1 656
NET BALANCE AS AT END OF PERIOD	-1 150	4 574	451	-2	3 873	67	-397	-330	3 542

#### NET OTHER COMPREHENSIVE INCOME IS COMPOSED OF THE FOLLOWING:

Revaluation – gross	-237	8 672	408	-	8 844	-	-294	-294	8 549
Net investment hedges – gross	107	-	-	-	107	-	-	-	107
Reclassification to profit or loss – gross	-12	-2 240	-49	6	-2 295	-	-	-	-2 295
Effects of									
policyholder participation	-	-4 165	-245	3	-4 407	-1	182	182	-4 225
shadow accounting	2	-79	4	0	-73	0	-	0	-73
income tax	0	-372	-13	-1	-386	1	14	15	-371
foreign currency translation differences	-	-34	-2	0	-36	-2	1	0	-37
Net other comprehensive income before non-controlling interests	-140	1 782	103	7	1 754	-1	-96	-97	1 655
Non-controlling interests	2	0	0	0	2	0	0	0	2
NET OTHER COMPREHENSIVE INCOME	-138	1 782	103	7	1 756	-1	-96	-97	1 656

### Retained earnings

Retained earnings comprise accumulated retained earnings of the Group entities which have not been distributed to the shareholders. The distribution of profit is subject to restrictions in the various jurisdictions where the Group entities are located.

The Group's insurance subsidiaries are subject to regulatory restrictions on the amount of dividends, cash loans and advances which can be remitted to the Group. Certain foreign jurisdictions have restrictions that allow the payment of dividends but may cause a delay in their remittance. Dividends payable are not accrued until they have been ratified at the General Meeting.

In 2020, a dividend payment of CHF 477 million (CHF 15.00 per registered share) was made (2019: CHF 464 million or CHF 14.00 per registered share).



## Hybrid equity

On 22 March 2018, Swiss Life Ltd issued subordinated perpetual callable bonds in the amount of CHF 425 million. The bonds are guaranteed by Swiss Life Holding, have no fixed maturity date and are first callable on 25 September 2024 or at each interest payment date thereafter at the option of the issuer, upon notice and subject to the consent of the Swiss Financial Market Supervisory Authority. The interest has been fixed at 2.00% p.a. until 25 September 2024. Interest payments become mandatory depending on other transactions, which are themselves at the discretion of the Swiss Life Group, such as dividend payments. There is no accrual of interest to be recorded for the annual financial statements. If the bonds are not redeemed on 25 September 2024, the interest resets at a rate fixed for the subsequent five years, consisting of the aggregate of the then-prevailing five-year CHF swap rate and the initial margin of 1.842% p.a. The bonds are classified as equity instruments, the interest net of tax of CHF 7 million (2019: CHF 7 million) is accounted for as a deduction from equity.

## Non-controlling interests

Summarised financial information for subsidiaries with material non-controlling interests is as follows.

In CHF million	SwissLife Banque Privée Paris		TECHNOPARK Real Estate LTD Zurich	
	2020	2019	2020	2019
Principal place of business	<b>France</b>	France	<b>Switzerland</b>	Switzerland
Ownership interests held by non-controlling interests	<b>40.0%</b>	40.0%	<b>33.3%</b>	33.3%
Voting rights held by non-controlling interests	<b>40.0%</b>	40.0%	<b>33.3%</b>	33.3%
<b>SUMMARISED FINANCIAL INFORMATION BEFORE INTRAGROUP ELIMINATIONS</b>				
Current assets	<b>2 075</b>	2 425	<b>7</b>	8
Non-current assets	<b>414</b>	380	<b>224</b>	217
Current liabilities	<b>-2 358</b>	-2 697	<b>-69</b>	-69
Non-current liabilities	<b>-21</b>	-6	<b>-24</b>	-23
<b>NET ASSETS</b>	<b>110</b>	102	<b>138</b>	133
Accumulated non-controlling interests	<b>44</b>	41	<b>46</b>	44
Revenue	<b>98</b>	94	<b>12</b>	13
Profit or loss	<b>8</b>	7	<b>7</b>	8
Total comprehensive income	<b>8</b>	3	<b>7</b>	8
Profit or loss allocated to non-controlling interests	<b>3</b>	3	<b>2</b>	3
Net cash flows from operating activities	<b>-417</b>	1 203	<b>1</b>	-1
Net cash flows from investing activities	<b>-1</b>	-1	<b>0</b>	-
Net cash flows from financing activities	<b>0</b>	-6	<b>0</b>	-3
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>-418</b>	1 197	<b>1</b>	-4
Dividends paid to non-controlling interests	<b>-</b>	-1	<b>-1</b>	-1

## 27 Capital Management

Swiss Life's objectives when managing capital are as follows: to comply with the legal and regulatory requirements, to manage economic capital, to fulfil the company's rating capital target and to optimise capital efficiency. The company also actively manages the composition and quality of the capital to continuously optimise its capital structure and interest coverage ratio.

### Swiss Solvency Test

The Swiss Solvency Test (SST) is the Swiss legislation which governs the capital requirements of insurance companies and groups. It is a principle-based framework whose main objective is the alignment of the required capital with the underlying risks. The SST capital requirement underpins a high level of confidence that insurers will meet their obligations towards policyholders even in adverse circumstances. Since 1 January 2019 Swiss Life has used the new SST standard model with some company-specific adjustments for the determination of the regulatory solvency.

Continuous monitoring of solvency under the SST is conducted on an ongoing basis and calibration is updated based on the full SST calculations as at the beginning of each calendar year.

### Regulatory requirements

Swiss Life reports to the Swiss Financial Market Supervisory Authority FINMA. The reporting covers risk management and solvency, liquidity, legal structure, management organisation and intra-group transactions. The reporting is submitted on an ad-hoc, quarterly, half-yearly or yearly basis depending on the topic and is reviewed on a yearly basis by the statutory auditor according to the legal requirements. As at 31 December 2020 and 2019, Swiss Life was compliant with the legal requirements.

In addition to the Group's solvency requirements, constraints at local level such as Solvency II are considered to address the specific situation of each country and business unit.

### Economic capital

The value of a life insurance company for its shareholders comprises the economic net worth and the present value of future profits. The optimal amount of economic capital an insurance company needs to hold in order to maximise the company value is based on a risk/reward trade-off. For risk and capital management decisions, Swiss Life uses an integrated approach. The economic risk capital is determined bottom-up for each large business unit and takes into account market risk, credit risk and insurance risk. These risks are calculated on the basis of loss distributions using a specified risk measure. The overall capital requirement is obtained by taking into consideration respective diversification effects.

Economic and statutory capital requirements and the profit target are the main elements determining the risk budgets. Based on the overall risk budget set by the Investment and Risk Committee of the Board of Directors, the Group Risk Committee of the Corporate Executive Board defines the risk limits for the particular business units. Adherence to these limits is checked on an ongoing basis.

### **Standard & Poor's rating capital**

In Standard & Poor's risk-based capital model, the total adjusted capital (TAC) is the measure used for available capital. TAC is set against the capital required given the company's target rating category (target capital). The calculation of target capital takes into account, in particular, insurance risks, asset value volatility and credit risks. Swiss Life has established a target capital level in line with its rating ambition. Within the capital analysis, in addition to assessing capital adequacy, Standard & Poor's also evaluates the quality of capital with respect to its structure. Capital adequacy is monitored on an ongoing basis according to Standard & Poor's capital model.

### **Managing the capital structure and flows**

The Group has defined a reference capital structure based on IFRS with the goal of optimising the return on equity and the interest coverage ratio, while taking into account restrictions such as regulatory and rating agency targets. The capital components include shareholders' equity, hybrid capital and senior debt. The Swiss Life Group seeks to maintain its capital structure close to the reference levels.

Swiss Life Holding is the ultimate parent of all of the Group's legal entities. Capital and cash held at Swiss Life Holding have the highest fungibility. Therefore, the Group aims to hold an appropriate capital buffer at the holding level. Under consideration of legal and regulatory restrictions, internal limits and local capital buffers, the legal entities of the Group transfer cash and capital to Swiss Life Holding, in the form of dividends, interest on loans and fees (cash remittance). Capital at Swiss Life Holding is used as a buffer to ensure financial flexibility of the Group, to purchase treasury shares, to pay dividends to shareholders and to finance growth.

### **Capital planning**

Capital planning is an integral part of the Group's yearly mid-term plan. Intercompany and external capital flows are planned based on the Group's objectives and according to the frameworks set out above. In this context, the Swiss Life Group also plans to fund transactions in accordance with its reference capital structure and its debt maturity profile.

## 28 Acquisitions and Disposals of Subsidiaries

### Assets and liabilities from acquisitions

In CHF million		Notes	2019
<b>CONSIDERATION</b>			
Cash consideration			890
Contingent consideration arrangement(s)			30
<b>TOTAL CONSIDERATION</b>			<b>920</b>
<b>TOTAL</b>			<b>920</b>
<b>ACQUISITION-RELATED COSTS</b>			
Other expenses			9
<b>TOTAL</b>			<b>9</b>
<b>IDENTIFIABLE ASSETS ACQUIRED AND LIABILITIES ASSUMED</b>			
Cash and cash equivalents			4
Loans and receivables			7
Investment property	14		1 179
Property and equipment	16		1
Intangible assets including intangible insurance assets	17		27
Other assets			0
Other financial liabilities			-192
Deferred income tax liabilities			-132
Other liabilities			-4
<b>TOTAL IDENTIFIABLE NET ASSETS</b>			<b>890</b>
Goodwill	17		30
<b>TOTAL</b>			<b>920</b>
<b>ACQUIRED LOANS AND RECEIVABLES</b>			
Fair value			7
Gross contractual amounts receivable			7
Estimated uncollectible cash flows			0

The Swiss Life Group acquired Fontavis AG, an independent funds and investment manager in Baar, Switzerland, in October 2019. The total consideration of this acquisition consists of a cash component and a contingent consideration in relation to the performance fee payable and earn-out liability.

In October 2019, the Swiss Life Group acquired Gneiss Properties SA, Sandstone Properties SA and Granite Properties SA and a group of five property entities in Geneva. The acquired entities hold and operate a large property portfolio in the Swiss cantons of Geneva and Vaud.

Also in October 2019, Ferguson Oliver Limited in Angus, United Kingdom, an independent financial advisor, was acquired.

There were no significant acquisitions of subsidiaries in 2020.

**Assets and liabilities from disposals**

In CHF million

	2019
<b>CONSIDERATION</b>	
Consideration received in cash	165
<b>TOTAL CONSIDERATION RECEIVED</b>	<b>165</b>
<b>ASSETS AND LIABILITIES DISPOSED</b>	
Cash and cash equivalents	283
Loans and receivables	14
Investment property	978
Other assets	33
Liabilities associated with assets held for sale	-
Other financial liabilities	-906
Other liabilities	-2
<b>NET ASSETS DISPOSED OF</b>	<b>401</b>
<b>GAIN/LOSS ON DISPOSALS</b>	
Consideration received	165
Net assets disposed of	-401
Fair value of retained equity interest(s)	242
Amounts recognised in other comprehensive income	10
<b>GAIN (+)/LOSS (-) ON DISPOSALS</b>	<b>17</b>

Due to loss of control in 2019, BEOS Corporate Real Estate Fund Germany IV and SL REF (DE) European Real Estate Living and Working both are accounted for as financial assets through profit and loss.

There were no significant disposals of subsidiaries in 2020.

## 29 Related Party Transactions

### Consolidated statement of income

In CHF million					
	Associates	Key management personnel	Other	Total	Total
				2020	2019
Net earned premiums	0	-	-	0	0
Asset management and other commission income	1	-	-	1	1
Investment income	0	-	-	0	0
Other income	2	-	-	2	1
Net insurance benefits and claims	0	-	-	0	0
Policyholder participation	0	-	-	0	0
Employee benefits expense	-	-20	-	-20	-20

### Consolidated balance sheet

In CHF million					
	Associates	Key management personnel	Other	Total	Total
				31.12.2020	31.12.2019
Loans and receivables	37	-	-	37	16
Other assets	-	-	-	-	-
Other financial liabilities	-1	-	-	-1	-1
Insurance liabilities	-	-	-	-	-2
Policyholder participation liabilities	-	-	-	-	0

For the years ended 31 December 2020 and 2019, no impairment allowance has been made for doubtful debts in respect of the amounts owed by related parties. This assessment is undertaken each financial year by examining the financial position of the related party and the market in which the related party operates.

### Guarantees and commitments

In CHF million					
	Associates	Key management personnel	Other	Total	Total
				31.12.2020	31.12.2019
Commitments	-	-	0	0	0

### Key management compensation

In CHF million		
	2020	2019
Short-term employee benefits	13	14
Post-employment benefits	2	2
Equity-settled share-based payments	5	4
<b>TOTAL</b>	<b>20</b>	<b>20</b>

Key management comprises the members of the Board of Directors of Swiss Life Holding and the members of the Corporate Executive Board of Swiss Life Holding. These individuals have the authority and responsibility for planning, directing and controlling the activities of the Swiss Life Group, directly or indirectly.

The short-term employee benefits also include compensation of CHF 200 000 to Thomas Buess for an extraordinary operational consulting and work activity as head of project management of the Swiss Life Corona Task Force for approximately seven months in 2020 due to the coronavirus situation in support of the group management, which he performed outside of his board of directors mandate.

The details regarding key management compensation in accordance with Article 663b<sup>bis</sup> of the Swiss Code of Obligations or the Ordinance against Excessive Compensation in Listed Stock Companies (Compensation Ordinance, VegüV), respectively, are set out in the Compensation Report, which forms part of the Corporate Governance section of the Annual Report 2020 of the Swiss Life Group. The information according to Article 663c of the Swiss Code of Obligations is shown in the Notes to the Swiss Life Holding Financial Statements.

## *30 Fair Value Measurements*

For reporting purposes, a fair value hierarchy is established that categorises the inputs to valuation techniques used to measure fair value into level 1, 2 or 3. The fair value hierarchy gives the highest priority to quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1 inputs) and the lowest priority to unobservable inputs (level 3 inputs).

The fair value of assets or liabilities included in level 1 is based on unadjusted quoted prices in active markets for identical assets or liabilities. The fair value of assets or liabilities which are not traded in an active market is determined using valuation techniques. If all significant inputs to these valuation techniques are observable (directly and indirectly) in the market, the assets or liabilities are included in level 2.

If one or more significant inputs to these valuation techniques are not observable in the market, the assets or liabilities are included in level 3. Such inputs may include information that is derived through extrapolation which is not substantiated by observable market data or that reflects own assumptions about what market participants would use in pricing the asset or liability.

### **30.1 Assets and liabilities measured at fair value on a recurring basis**

#### **Financial instruments**

As a general rule, fair values of financial instruments are based on quoted prices sourced from well-known independent price providers such as Bloomberg. Model-based level 2 and level 3 valuations of financial instruments are applied to a minority of the assets.



## Fair value hierarchy

In CHF million								
	Quoted prices (level 1)		Valuation technique - observable inputs (level 2)		Valuation technique - unobservable inputs (level 3)		Total	
	31.12.2020	31.12.2019	31.12.2020	31.12.2019	31.12.2020	31.12.2019	31.12.2020	31.12.2019
<b>FINANCIAL ASSETS</b>								
<b>Derivatives</b>								
Currency	0	0	1 109	625	-	-	1 109	625
Interest rate	0	0	1 698	1 389	-	-	1 698	1 389
Equity	168	22	33	54	-	-	201	76
Other	-	-	0	0	-	-	0	0
<b>Total derivatives</b>	<b>168</b>	<b>22</b>	<b>2 840</b>	<b>2 068</b>	<b>-</b>	<b>-</b>	<b>3 008</b>	<b>2 090</b>
<b>Debt instruments</b>								
Governments and supranationals	56 675	52 066	331	266	-	1	57 006	52 334
Corporates	40 470	40 923	351	399	156	201	40 977	41 523
Other	39	53	49	25	-	36	88	114
<b>Total debt instruments</b>	<b>97 184</b>	<b>93 042</b>	<b>731</b>	<b>690</b>	<b>156</b>	<b>238</b>	<b>98 071</b>	<b>93 970</b>
<b>Equity instruments</b>								
Equity securities	8 416	10 571	16	17	616	472	9 048	11 059
Investment funds	7 270	6 937	2 208	2 308	3 073	2 158	12 552	11 404
Alternative investments	0	-	218	24	3 159	2 807	3 377	2 831
<b>Total equity instruments</b>	<b>15 686</b>	<b>17 508</b>	<b>2 442</b>	<b>2 350</b>	<b>6 848</b>	<b>5 438</b>	<b>24 976</b>	<b>25 296</b>
Assets for the account and risk of the Swiss Life Group's customers	31 787	29 920	1 145	1 055	3 862	4 275	36 794	35 250
<b>TOTAL FINANCIAL ASSETS</b>	<b>144 825</b>	<b>140 492</b>	<b>7 158</b>	<b>6 162</b>	<b>10 866</b>	<b>9 951</b>	<b>162 849</b>	<b>156 605</b>
<b>INVESTMENTS IN ASSOCIATES</b>								
Associates at fair value through profit or loss	-	-	-	-	67	164	67	164
<b>FINANCIAL LIABILITIES</b>								
<b>Derivatives</b>								
Currency	0	0	330	343	-	-	330	343
Interest rate	0	-	819	838	-	-	819	838
Equity	230	99	9	9	-	-	238	108
Other	-	-	0	22	-	-	0	22
<b>Total derivatives</b>	<b>230</b>	<b>99</b>	<b>1 158</b>	<b>1 212</b>	<b>-</b>	<b>-</b>	<b>1 387</b>	<b>1 311</b>
Investment contracts without discretionary participation	-	-	614	599	-	-	614	599
Unit-linked contracts	-	-	25 567	26 171	126	136	25 693	26 308
Third-party interests in consolidated investment funds	-	-	1 002	1 007	3 062	2 582	4 063	3 589
<b>TOTAL FINANCIAL LIABILITIES</b>	<b>230</b>	<b>99</b>	<b>28 340</b>	<b>28 990</b>	<b>3 188</b>	<b>2 719</b>	<b>31 758</b>	<b>31 808</b>

The fair value hierarchy of assets for the account and risk of the Swiss Life Group's customers is consistent with the categorisation of assets for the account and risk of the Swiss Life Group.

The following sections outline the valuation techniques and significant inputs used in the fair value measurement of financial instruments categorised within level 2 and level 3 of the fair value hierarchy.

#### **Level 2: Valuation techniques and inputs**

Level 2 financial instruments carried at fair value include debt instruments, equity securities, investment funds, alternative investments, over-the-counter derivatives and investments in associates.

*Debt instruments:* Debt instruments categorised as level 2 of the fair value hierarchy comprise government, supranational and corporate bonds for which prices are only available on an irregular basis or with a significant time lag. The price for such assets is obtained from an independent, acknowledged market data provider, which refers to quotes of recent transactions with the same or similar actively traded bonds and systematically derives a comparable price for those less liquid securities. Alternatively, if such a derived price is missing, level 2 fair values of debt instruments are measured on a discounted cash flow basis using risk-adjusted discount factors. Main inputs to determine the discount factor are zero coupon yield curves and observable, rating-implied flat spreads to account for credit risk.

*Equity securities:* Equity securities categorised as level 2 of the fair value hierarchy comprise unlisted equities for which the prices are not available in the exchange market. The instruments are valued by counterparties or third-party independent agencies based on market consistent valuation parameters.

*Investment funds:* Some fair value measurements of fund units, including unlisted fixed income funds, are only available on an irregular basis and are therefore categorised as level 2. Prices are provided by independent external market data providers who measure the fair value using market-consistent parameters.

*Alternative investments:* Alternative investments classified as level 2 assets comprise hedge funds of funds and leveraged loan funds based on third-party quotes substantiated by observable market data, such as recent transactions or valuation techniques that reflect the market participant's assumptions. The level 2 classification is chosen because those funds maintain an irregular basis of price and are valued with some time lag.

*Over-the-counter derivatives:* Level 2 fair values of over-the-counter derivatives on currencies, interest rates and equities are based on theoretical valuations with observable market data from well-known data providers as inputs. The fair value measurement is based on acknowledged, well-established models.

Currency derivatives:

- Foreign currency options are valued on the basis of the Garman-Kohlhagen model with the spot foreign exchange rate, the interest rates of the underlying currencies and the foreign exchange rate volatility as main inputs.
- The fair value of foreign currency forwards is derived from the foreign exchange spot rate and actively traded foreign exchange ticks.

Interest rate derivatives:

- Interest rate swaps are valued on a discounted cash flow basis. Main inputs used to derive the discount factors and forward curves are the overnight index/deposit/swap rates.
- Swaptions are theoretically valued with a model based on normal distributed interest rates. Main inputs are the current par swap rate and the implied volatility that is derived from observable volatility curves.
- Forward starting bonds are valued on a cost-of-carry basis using the discounted cash flow method. Main inputs to calculate the current forward rate are the spot price of the underlying bond and the discount factors to coupon payment dates/maturity date.

Equity derivatives:

Over-the-counter equity-index options are valued using the Black-Scholes model. Main inputs are the current spot value and the dividend yield of the underlying index. The implied volatility is taken from similar exchange-traded equity index options.

Other derivatives:

Other derivatives mainly comprise credit default swap indices. CDS indices are valued using the discounted cash flow method for the fee and the contingent leg. Main inputs for the valuation are the swap curve and the CDS par spreads quoted in the market.

In the exceptional case that a theoretical valuation of an OTC derivative is not available in Swiss Life's asset management system, the fair value is provided by counterparties. The appropriateness of such quotes is validated by Swiss Life based on established models using observable market data as input.

**Level 3: Valuation techniques and inputs**

The exposure of level 3 financial instruments primarily consists of alternative investments (private equity, hedge funds) and real estate funds.

*Debt instruments:* Debt instruments categorised as level 3 of the fair value hierarchy mainly comprise instruments with embedded derivatives to guarantee the participation on a defined underlying (hedge fund of funds or equity basket). The valuation, which is provided by banks, is derived from valuation techniques that take into account the market value of the underlying assets, transaction prices and other information, such as market participants' assumptions.

*Equity securities:* The fair values of equity securities, which are not traded in an active market and are determined using unobservable inputs, classify as level 3 within the fair value hierarchy. These fair values are based on generally accepted valuation techniques. Valuation techniques aim at using a maximum of market inputs and include discounted cash flow analysis (e.g. profit situation, investment plans, investment property) and other valuation techniques commonly used by market participants.

*Investment funds:* Level 3 fair values of investment funds are primarily related to real estate funds. The valuation of the underlying property investments is done by independent appraisers using generally accepted valuation techniques (mainly discounted cash flow). The appraisers consider the general economic situation and the individual condition of the property investments. Main input factors applied in the discounted cash flow method are estimates on rental income and vacancies, projections of non-recoverable running costs (e.g. property taxes), maintenance costs and risk-adjusted discount rates, which are determined individually for each property.

*Alternative investments:* The fair values of private equity and infrastructure investments are based on generally accepted valuation techniques. Valuation techniques use a maximum of market inputs and include the use of comparable recent arm's length transactions, discounted cash flow analysis and other valuation techniques commonly used by market participants. Because of the inherent valuation uncertainty, those estimated fair values may differ significantly from the values that would be used if a ready market for the financial assets existed, and those differences could be material. The fair values are determined by the general partner in the partnership and reviewed by management. In determining the fair value of fund investments, the partnership considers the funds as transparent holding vehicles. The fair values of the underlying investments are determined using the general partner valuation. These fair value measurements are generally categorised as level 3 within the fair value hierarchy.

To measure the fair value of hedge funds for which no quoted market price is available, valuation techniques are used that take into account the market value of the underlying assets, transaction prices and other information.

*Investments in associates:* The valuation methods of investments in associates categorised as level 3 of the fair value hierarchy are identical to the methods outlined for level 3 real estate funds.

### Financial liabilities

*Investment contracts without discretionary participation:* The fair value of investment contracts, which are carried at fair value, is measured using market consistent, risk-neutral economic option price models, i.e. Monte Carlo simulations based on scenarios of capital market variables (share price and interest rate indices, interest rates and foreign currency rates). These inputs to fair value measurements are generally categorised as level 2 within the fair value hierarchy.

*Unit-linked contracts:* The fair value of liabilities arising from unit-linked insurance and investment contracts is measured by reference to the fair value of the underlying assets. Unit-linked contract liabilities are generally categorised as level 2, except for contracts that are backed predominantly by assets categorised within level 3 of the fair value hierarchy.

### Investment property

The following table shows the fair value hierarchy of investment property as at 31 December.

In CHF million	Quoted prices (level 1)		Valuation technique – observable inputs (level 2)		Valuation technique – unobservable inputs (level 3)		Total	
	31.12.2020	31.12.2019	31.12.2020	31.12.2019	31.12.2020	31.12.2019	31.12.2020	31.12.2019
Commercial	–	–	–	–	18 108	16 327	18 108	16 327
Residential	–	–	–	–	11 176	10 632	11 176	10 632
Mixed use	–	–	–	–	8 836	7 907	8 836	7 907
<b>TOTAL INVESTMENT PROPERTY</b>	–	–	–	–	<b>38 120</b>	34 866	<b>38 120</b>	34 866

### Level 3: Valuation techniques and inputs

Discounted cash flow models used for investment property consider the present value of net cash flows to be generated from the property, taking into account expected rent growth rate, vacancy rate, rent-free periods, other costs not paid by tenants, maintenance costs and investment plans. The expected net cash flows are discounted using risk-adjusted discount rates. Location- and property-related criteria are reflected in the discount rate for each property. The criteria reflect the micro- and macro-location characteristics as well as the relevant parameters of the current management situation.

Trends in fair value are determined by various fundamental parameters. A distinction has to be made between property-specific factors and exogenous factors that relate to the real estate and finance market environments. Changes in the property management situation on both the income and the cost side directly trigger an adjustment in the reported market value. Key determinants are new and expiring leases, change in the vacancy situation, as well as movements in running, maintenance and repair costs. Developments in the relevant local real estate market have an impact on the calculation of potential rental values. Changes in the capital or transaction markets have an influence on discount rates. Property ageing is another key factor.

### Significant unobservable inputs

	Switzerland		Other countries	
	2020	2019	2020	2019
Rent growth p.a.	0.1 – 3.9%	0.2 – 4.5%	-	-
Long-term vacancy rate	4.5 – 8.6%	3.9 – 8.7%	-	-
Discount rate	2.05 – 4.7%	2.2 – 4.7%	2.6 – 5.5%	2.7 – 8.9%
Market rental value p.a. (price/m <sup>2</sup> /year)	CHF 267 – 307	CHF 257 – 305	EUR 95 – 400	EUR 87 – 471

Significant increases or decreases in estimated rental value and rent growth per annum would result in a higher or lower fair value of investment property. Significant decreases or increases in the discount rate would result in a higher or lower fair value. The following sensitivity information show how the fair value of investment property would have been affected if changes in certain parameters that are used in the discounted cash flow model for the determination of fair value had occurred. At 31 December 2020, if rental income that can be earned in the long term had decreased by 5%, the fair value of investment property would have been CHF 2544 million lower (2019: CHF 2260 million). At 31 December 2020, if discount rates had been 10 basis points higher, the fair value of investment property would have been CHF 1255 million lower (2019: CHF 1139 million).

### Deferred application of IFRS 9

Financial assets that on a specific date give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding meet the SPPI criterion. The fair value of such assets and those that do not meet the SPPI criterion as well as the change in fair value are disclosed in the following table.

### Fair value of debt instruments

In CHF million	Change in the fair value			Fair value
	2020	2019	31.12.2020	31.12.2019
<b>DEBT INSTRUMENTS THAT MEET THE SPPI CRITERION</b>				
Governments and supranationals	2 948	4 108	61 678	56 983
Corporates	-349	2 309	48 071	48 496
Other	39	126	12 887	12 109
<b>TOTAL</b>	<b>2 638</b>	<b>6 543</b>	<b>122 635</b>	<b>117 588</b>
<b>DEBT INSTRUMENTS THAT DO NOT MEET THE SPPI CRITERION</b>				
Governments and supranationals	14	21	145	131
Corporates	-7	36	1 338	1 468
Other	0	4	87	112
<b>TOTAL</b>	<b>6</b>	<b>61</b>	<b>1 570</b>	<b>1 712</b>
<b>DEBT INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS</b>				
Debt instruments managed on a fair value basis	1	28	674	622
Debt instruments for the account and risk of the Swiss Life Group's customers	-139	773	7 683	6 934
<b>TOTAL</b>	<b>-138</b>	<b>800</b>	<b>8 358</b>	<b>7 556</b>

The fair value and gross carrying amount of debt instruments that meet the SPPI criterion and have a credit rating below investment grade are disclosed in the following table.

#### Debt instruments SPPI below investment grade

In CHF million	Gross carrying amount		Fairvalue	
	31.12.2020	31.12.2019	31.12.2020	31.12.2019
<b>DEBT SECURITIES</b>				
Governments and supranationals	47	63	47	63
Corporates	1 069	820	1 071	820
<b>TOTAL</b>	<b>1 116</b>	<b>883</b>	<b>1 117</b>	<b>883</b>
<b>MORTGAGES</b>				
Residential	6	14	5	14
<b>TOTAL</b>	<b>6</b>	<b>14</b>	<b>5</b>	<b>14</b>
<b>OTHER LOANS AND RECEIVABLES</b>				
Corporates	3 812	3 171	3 812	3 168
Other	60	25	31	22
<b>TOTAL</b>	<b>3 872</b>	<b>3 196</b>	<b>3 844</b>	<b>3 190</b>

### Reconciliation of fair value measurements categorised within level 3

The following tables show a reconciliation from the opening balances to the closing balances for fair value measurements categorised within level 3 of the fair value hierarchy.

#### Assets measured at fair value based on level 3 for the year 2020

In CHF million

	Derivatives	Debt instruments		Equity instruments		Financial assets for the account and risk of the Swiss Life Group's customers	Investment property	Total
		At fair value through profit or loss	Available for sale	At fair value through profit or loss <sup>1</sup>	Available for sale			
Balance as at 1 January	-	-	238	4 570	1 032	4 275	34 866	44 981
Total gains/losses recognised in profit or loss	-	-	-5	-29	-9	-71	847	733
Total gains/losses recognised in other comprehensive income	-	-	1	-	88	-	-	88
Additions	-	-	-	2 039	190	625	3 786	6 641
Disposals	-	-	-16	-906	-64	-815	-1 351	-3 152
Transfers out of level 3	-	-	-61	-	-	-66	-	-127
Foreign currency translation differences	-	-	-1	4	-1	-86	-28	-110
<b>BALANCE AS AT END OF PERIOD</b>	-	-	<b>156</b>	<b>5 677</b>	<b>1 238</b>	<b>3 862</b>	<b>38 120</b>	<b>49 053</b>
Unrealised gains/losses recognised in profit or loss for assets held at the end of the period	-	-	0	-7	-21	-84	844	731

<sup>1</sup> including associates at fair value through profit or loss

#### Assets measured at fair value based on level 3 for the year 2019

In CHF million

	Derivatives	Debt instruments		Equity instruments		Financial assets for the account and risk of the Swiss Life Group's customers	Investment property	Total
		At fair value through profit or loss	Available for sale	At fair value through profit or loss <sup>1</sup>	Available for sale			
Balance as at 1 January	-	12	225	3 236	1 051	3 383	31 381	39 289
Total gains/losses recognised in profit or loss	-	0	-2	145	33	-128	776	823
Total gains/losses recognised in other comprehensive income	-	-	10	-	4	-	-	14
Additions	-	-	12	1 363	158	1 774	5 598	8 906
Disposals	-	-12	-	-106	-185	-650	-2 580	-3 534
Foreign currency translation differences	-	0	-7	-68	-29	-104	-309	-517
<b>BALANCE AS AT END OF PERIOD</b>	-	-	<b>238</b>	<b>4 570</b>	<b>1 032</b>	<b>4 275</b>	<b>34 866</b>	<b>44 981</b>
Unrealised gains/losses recognised in profit or loss for assets held at the end of the period	-	-	0	145	-21	-128	748	743

<sup>1</sup> including associates at fair value through profit or loss



During 2020, debt securities of CHF 60 million (2019: CHF 32 million) were transferred from level 1 into level 2 due to reduced frequency of price quotations, and debt securities of CHF 60 million (2019: CHF 344 million) were transferred from level 2 into level 1 due to new liquid price sources. Further, debt securities of CHF 61 million (2019: nil) were transferred from level 3 into level 2 as valuation as at 31 December 2020 was based on observable market data. Assets for the account and risk of the Swiss Life Group's customers of CHF 66 million (2019: nil) were transferred from level 3 into level 1, and CHF 75 million (2019: nil) from level 2 into level 1 due to available quoted prices. During the comparative period only, real estate funds of CHF 161 million were listed at the SIX Swiss Exchange and therefore transferred from level 2 into level 1, and changes in the pricing frequency (daily/weekly) resulted in the following transfers of investment funds: CHF 10 million from level 1 into level 2, and CHF 6 million from level 2 into level 1.

The transfers between the levels of the fair value hierarchy were made at the end of the reporting period.

### Liabilities measured at fair value based on level 3

In CHF million		Derivatives		Unit-linked contracts		Third-party interests in consolidated investment funds		Total	
	2020	2019	2020	2019	2020	2019	2020	2019	
Balance as at 1 January	-	-	136	161	2 582	1 611	2 719	1 772	
Total gains/losses recognised in profit or loss	-	-	0	1	46	504	46	505	
Additions	-	-	2	2	886	1 026	888	1 028	
Disposals	-	-	-13	-27	-450	-515	-463	-542	
Foreign currency translation differences	-	-	0	0	-3	-43	-3	-43	
<b>BALANCE AS AT END OF PERIOD</b>	<b>-</b>	<b>-</b>	<b>126</b>	<b>136</b>	<b>3 062</b>	<b>2 582</b>	<b>3 188</b>	<b>2 719</b>	
Unrealised gains/losses recognised in profit or loss for liabilities held at the end of the period	-	-	0	1	39	73	40	74	

### Gains/losses recognised in profit or loss

Gains/losses on level 3 fair value measurements recognised in profit or loss are presented in the income statement as follows.

In CHF million		Financial assets		Financial instruments at fair value through profit or loss		Investment property	
	2020	2019	2020	2019	2020	2019	
<b>ASSETS</b>							
Total gains/losses recognised in profit or loss	-14	31	-100	17	847	776	
Unrealised gains/losses recognised in profit or loss for assets held at the end of the period	-21	-21	-91	17	844	748	
<b>LIABILITIES</b>							
Total gains/losses recognised in profit or loss	-	-	-46	-505	-	-	
Unrealised gains/losses recognised in profit or loss for liabilities held at the end of the period	-	-	-40	-74	-	-	

### 30.2 Fair value of financial instruments carried at amortised cost

The following table shows the carrying amounts and fair values of those financial assets and liabilities not measured at fair value in the Group's balance sheet.

In CHF million	Carrying amount		Fairvalue	
	31.12.2020	31.12.2019	31.12.2020	31.12.2019
<b>ASSETS</b>				
Loans	19 226	18 081	22 677	21 078
Receivables <sup>1</sup>	4 131	4 874	4 131	4 874
<b>LIABILITIES</b>				
Investment contracts without discretionary participation <sup>1</sup>	0	1	0	1
Borrowings	3 949	3 951	4 327	4 395
Other financial liabilities <sup>1,2</sup>	15 819	14 152	15 819	14 152

<sup>1</sup> Carrying amount approximates fair value.

<sup>2</sup> Excluding third-party interests in consolidated investment funds

#### Fair value hierarchy

In CHF million	Quoted prices (level 1)		Valuation technique – observable inputs (level 2)		Valuation technique – unobservable inputs (level 3)		Total fairvalue	
	31.12.2020	31.12.2019	31.12.2020	31.12.2019	31.12.2020	31.12.2019	31.12.2020	31.12.2019
<b>ASSETS</b>								
Loans	1 261	1 521	8 449	8 359	12 968	11 198	22 677	21 078
<b>LIABILITIES</b>								
Borrowings	3 624	3 673	703	721	-	-	4 327	4 395

#### Receivables, investment contracts and other financial liabilities

The carrying amounts of receivables and other financial liabilities represent a reasonable estimate of fair value as the effect of discounting is immaterial and changes in credit risk are not significant. Such instruments include insurance receivables and payables, demand and short-term deposits and repurchase agreements. The carrying amount of investment contracts without discretionary participation approximates the fair value at reporting date. The disclosure of the fair value hierarchy is not applicable for these instruments.

**Loans**

Level 1: This category consists of debt securities reclassified from financial assets available for sale due to the disappearance of an active market and where the market has become active again. Additionally, debt securities not quoted in an active market at initial recognition and where the market has become active again are included in this category.

Level 2: This category mainly consists of note loans (*Schuldscheindarlehen*) classified as loans. The fair values are measured on a discounted cash flow basis with zero coupon yield curves and credit spreads as main inputs.

Level 3: The fair values of mortgages and other loans are estimated using the discounted cash flow method.

For mortgages, the discount factors are derived from the libor/swap curve and a flat spread. Contract-specific spreads are based on an internal model that covers both risk and administration costs. Main inputs to that model are characteristics of the underlying property, the financial situation of the debtor and the duration of the contract. If no contract-specific spread is available a standard spread is applied that shall cover the marketability disadvantages and the administration costs, as mortgages are less standardised and tradable than exchange-traded bonds.

The discount factors for other loans are derived from the Group's current lending rates for similar loans. For variable-rate loans that reprice frequently and have no significant change in credit risk, fair values equal the carrying values.

**Borrowings**

Level 1: This category consists of senior bonds and hybrid debt listed on the stock exchange.

Level 2: Privately placed hybrid debt is categorised as level 2. The fair value of Swiss Life's privately placed hybrid debt (subordinated step-up loans) is calculated as the present value of the prospective cash flows to the lenders. The discount rate used for the calculation consists of a relevant government bond rate plus a credit spread.

## 31 Offsetting Financial Assets and Liabilities

The Swiss Life Group enters into separate collateral management and netting agreements with counterparties to manage the credit risks associated with repurchase and reverse repurchase transactions, securities lending and over-the-counter and exchange-traded derivatives transactions. These agreements and similar arrangements generally enable the counterparties to set off liabilities in connection with the respective agreement against assets received in the event that the counterparty to the transaction is unable to fulfill its contractual obligations. The right to setoff is a legal right to settle or otherwise eliminate all or a portion of an amount due by applying an amount receivable from the same counterparty against it to reduce credit exposure.

The following financial assets and liabilities are subject to offsetting, enforceable master netting arrangements and similar agreements.

### Offsetting financial assets

in CHF million	Derivatives		Repurchase agreements		Other financial instruments		Total	
	31.12.2020	31.12.2019	31.12.2020	31.12.2019	31.12.2020	31.12.2019	31.12.2020	31.12.2019
Gross amounts of recognised financial assets before offsetting	3 008	2 090	–	–	4	9	3 011	2 099
Gross amounts of recognised financial liabilities set off	–	–	–	–	0	0	0	0
<b>NET AMOUNTS PRESENTED IN THE BALANCE SHEET</b>	<b>3 008</b>	<b>2 090</b>	<b>–</b>	<b>–</b>	<b>3</b>	<b>9</b>	<b>3 011</b>	<b>2 099</b>
Related amounts not set off in the balance sheet:								
Financial instruments	–729	–653	–	–	–	–	–729	–653
Cash collateral received	–2 245	–1 332	–	–	–	–	–2 245	–1 332
<b>Net amounts</b>	<b>34</b>	<b>104</b>	<b>–</b>	<b>–</b>	<b>3</b>	<b>9</b>	<b>37</b>	<b>113</b>

### Offsetting financial liabilities

In CHF million	Derivatives		Repurchase agreements		Other financial instruments		Total	
	31.12.2020	31.12.2019	31.12.2020	31.12.2019	31.12.2020	31.12.2019	31.12.2020	31.12.2019
Gross amounts of recognised financial liabilities before offsetting	1 387	1 311	4 114	2 495	0	0	5 501	3 806
Gross amounts of recognised financial assets set off	–	–	–	–	0	0	0	0
<b>NET AMOUNTS PRESENTED IN THE BALANCE SHEET</b>	<b>1 387</b>	<b>1 311</b>	<b>4 114</b>	<b>2 495</b>	<b>–</b>	<b>–</b>	<b>5 501</b>	<b>3 806</b>
Related amounts not set off in the balance sheet:								
Financial instruments	–729	–653	–4 064	–2 438	–	–	–4 794	–3 092
Cash collateral pledged	–650	–638	–	–	–	–	–650	–638
<b>Net amounts</b>	<b>8</b>	<b>20</b>	<b>50</b>	<b>57</b>	<b>–</b>	<b>–</b>	<b>57</b>	<b>77</b>

## 32 Guarantees and Commitments

In CHF million

	31.12.2020	31.12.2019
Financial guarantees	25	31
Loan commitments	539	787
Capital commitments for alternative investments	1 918	123
Capital commitments for real estate investments	145	618
Other capital commitments	441	481
Contractual obligations to purchase or construct investment property	857	1 070
Other contingent liabilities and commitments	282	483
<b>TOTAL</b>	<b>4 207</b>	<b>3 593</b>

### Financial guarantees

The Group has issued financial guarantees and similar instruments. Financial guarantees provide for specified payments to be made to reimburse the holder for a loss incurred in the event that a client fails to make payment when due.

### Loan commitments

The Group has also entered into irrevocable commitments to extend credit in the form of loans and other instruments. They represent undrawn credit lines which are available to clients to secure their liquidity needs. With respect to credit risk, these commitments are contingent upon clients maintaining certain credit standards, and the Group monitors its exposure on a regular basis.

The total amount of credit commitments includes commitments to lend at fixed rates, which expose the Group to interest rate risk. These commitments are entered into for restricted periods of time. As at 31 December 2020, committed principal amounts totalled EUR 1 million and CHF 489 million (2019: EUR 1 million and CHF 651 million). The range of committed interest rates is 0.75% to 2.26% for commitments in Swiss francs and 1.54% to 5.09% for commitments in euro.

### Capital commitments for real estate and alternative investments

They represent unfunded commitments to make investments in direct private equity, private equity funds, infrastructure and hedge funds. Such commitments do not involve credit or market risk, as the Group purchases investments at market value at the time the commitments are invoked.

**Other capital commitments**

They represent agreements to provide liquidity to protection funds in the insurance industry, commitments to make investments in real estate funds and other commitments.

**Contractual obligations to purchase or construct investment property**

They mainly relate to projects for the purchase or construction of investment property in Switzerland and Germany.

**Other contingent liabilities and commitments**

Contractual obligations for repairs and maintenance of investment property amounted to CHF 163 million as at 31 December 2020, which are included in this line item (2019: CHF 357 million).

The Group is involved in various legal proceedings, claims and litigation generally relating to its insurance operations. The outcome of such current legal proceedings, claims and litigation could have a material effect on operating results or cash flows when resolved in a future period. However, in the opinion of the management these matters are adequately provided for as at the balance sheet date.

It was announced in the media release of 14 September 2017 that Swiss Life was engaged in discussions with the US Department of Justice (DOJ) concerning its prior cross-border business with US clients. Swiss Life is now in advanced discussions with the DOJ about the resolution of their inquiry. As a result, Swiss Life has taken a provision of CHF 70 million charged against the 2020 results to address the financial component of the expected resolution, see note 25 to the consolidated financial statements. The discussions with the DOJ are not concluded and, as a result, the final number could be somewhat higher. Although the precise timing cannot be predicted, the current expectation of Swiss Life is that this matter will be resolved in the near term.

## 33 Collateral

### Financial assets pledged as collateral

The following table provides details of financial assets which have been sold or otherwise transferred, but which do not qualify for derecognition because substantially all risks and rewards of ownership are retained. Repurchase agreements and securities lending transactions are discussed in notes 2.7 and 13. Other securities pledged include debt securities pledged as collateral under reinsurance contracts issued and debt securities pledged as collateral under prime broker contracts to cover margins due in respect of derivative transactions.

In CHF million	Pledged amount		Fairvalue	
	31.12.2020	31.12.2019	31.12.2020	31.12.2019
Securities pledged under repurchase agreements <sup>1</sup>	4 064	2 438	4 064	2 438
Securities lent in exchange for securities received	2 744	3 448	2 744	3 448
Other securities pledged	893	997	893	997
<b>TOTAL</b>	<b>7 701</b>	<b>6 883</b>	<b>7 701</b>	<b>6 883</b>
<sup>1</sup> of which can be sold or repledged by transferee	4 064	2 438	4 064	2 438

### Collateral held

The table below presents marketable securities received from third parties that are not recognised in the balance sheet, but are held as collateral in respect of the following transactions.

In CHF million	Fairvalue	
	31.12.2020	31.12.2019
Securities received as collateral in exchange for securities lent	2 744	3 448
Securities received for loans and receivables	226	182
Securities received for reinsurance assets	273	272
Other securities received	74	21
<b>TOTAL</b>	<b>3 316</b>	<b>3 923</b>

## 34 Events after the Reporting Period

There were no events after the reporting period that would require disclosure.

## 35 Scope of Consolidation

### Switzerland

	Segment <sup>1</sup>	Consolidation period	Group share	Direct share	Principal activity	Currency	Subscribed Capital
ABCON AG, Bern	CH	until 25.06.2019	-	-			
Actuaires et Associés SA, Petit-Lancy	CH	until 25.06.2019	-	-			
Adroit Private Equity AG, Zürich	CH		100.0%	100.0%	Private equity	CHF	5 000 000
aXenta AG, Baden	CH		100.0%	100.0%	Information technology	CHF	150 000
Fontavis AG, Baar	AM	from 23.10.2019	100.0%	100.0%	Services	CHF	210 000
LIVIT AG, Zürich	AM		100.0%	100.0%	Asset management & Real estate	CHF	3 000 000
Livit FM Services AG, Zürich	AM		100.0%	100.0%	Services	CHF	100 000
Neue Warenhaus AG, Zürich	CH	until 22.05.2020	-	-			
Oscar Weber AG, Zürich	CH		100.0%	100.0%	Real estate	CHF	5 000 000
Rhein-Wiese AG, Zürich	CH	from 20.06.2019	100.0%	100.0%	Real estate	CHF	160 000 000
Swiss Life AG, Zürich	CH		100.0%	100.0%	Life insurance	CHF	587 350 000
Swiss Life Asset Management AG, Zürich	AM		100.0%	100.0%	Finance	CHF	20 000 000
Swiss Life Capital Holding AG, Zürich	Other		100.0%	100.0%	Holding	CHF	5 514 000
Swiss Life Holding AG, Zürich	Other		-	-	Holding	CHF	3 201 439
Swiss Life Intellectual Property Management AG, Zürich	Other		100.0%	100.0%	Services	CHF	250 000
Swiss Life International Holding AG, Zürich	IN		100.0%	100.0%	Holding	CHF	1 000 000
Swiss Life International Services AG, Ruggell Zweigniederlassung Zürich (Branch Swiss Life International Services AG), Zürich	IN		100.0%	100.0%	Services		
Swiss Life Investment Management Holding AG, Zürich	AM		100.0%	100.0%	Holding	CHF	50 000 000
Swiss Life Lab AG, Zürich	CH		100.0%	100.0%	Services	CHF	100 000
Swiss Life Pension Services AG, Zürich	CH		100.0%	100.0%	Services	CHF	250 000
Swiss Life Private Equity Partners AG, Zürich	AM		100.0%	100.0%	Asset management	CHF	250 000
Swiss Life REF (CH) European Properties, Zürich	CH		46.7%	46.7%	Investment funds	EUR	466 666 600
Swiss Life Schweiz Holding AG, Zürich	CH		100.0%	100.0%	Holding	CHF	250 000
Swiss Life Select International Holding AG, Zürich	IN	until 17.06.2019	-	-			
Swiss Life Select Schweiz AG, Zug	CH		100.0%	100.0%	Services	CHF	5 600 000
SwissFEX AG, Zürich	CH	from 01.10.2019	100.0%	100.0%	Information technology	CHF	300 000
Swissville Centers Holding AG, Zürich	CH	until 02.06.2020	-	-			
TECHNOPARK Immobilien AG, Zürich	CH		66.7%	66.7%	Real estate	CHF	40 000 000

### Liechtenstein

	Segment <sup>1</sup>	Consolidation period	Group share	Direct share	Principal activity	Currency	Subscribed Capital
Swiss Life (Liechtenstein) AG, Ruggell	IN		100.0%	100.0%	Life insurance	CHF	5 000 000
Swiss Life International Services AG, Ruggell	IN		100.0%	100.0%	Services	CHF	100 000

<sup>1</sup> Segment (CH = Switzerland, AM = Asset Managers, IN = International, FR = France, DE = Germany)

This page contains information on GRI Disclosure 102-45.



## France

	Segment <sup>1</sup>	Consolidation period	Group share	Direct share	Principal activity	Currency	Subscribed Capital
AGAMI, Levallois-Perret	FR		100.0%	100.0%	Services and broker	EUR	1 250 055
ATIM Université SCI, Paris	FR		100.0%	100.0%	Real estate	EUR	72 789 644
AXYALIS PATRIMOINE, Valence	FR	until 30.12.2020	-	-			
Cegema, Villeneuve-Loubet	FR		92.5%	92.5%	Broker	EUR	306 840
CLUB PRIME HOSPITALITY, Paris	CH/FR		100.0%	100.0%	Real estate	EUR	191 328 396
CrossQuantum, Levallois-Perret (formerly Nanterre)	FR		100.0%	100.0%	Services	EUR	500 000
DYNACAPITALE, Paris	FR	until 31.12.2019	-	-			
DYNAPTIM, Paris	FR	until 31.12.2019	-	-			
Financière du Capitole, Balma (formerly Toulouse)	FR	until 30.12.2020	-	-			
Financière du Patrimoine, Balma	FR	until 31.10.2019	-	-			
MA Santé Facile, Levallois-Perret	FR		100.0%	100.0%	Services and broker	EUR	600 000
OWELLO, Levallois-Perret	FR	from 27.01.2020	99.8%	100.0%	Services	EUR	1 000 000
PARIS PRIME OFFICE 1, Paris	CH	from 04.04.2019	41.6%	100.0%	Real estate	EUR	76 096 000
PARIS PRIME OFFICE, Paris	CH	from 07.05.2019	41.6%	55.4%	Real estate	EUR	426 165 000
PIERRE CAPITALE, Paris	FR	until 31.12.2019	-	-			
SAS Placement Direct, Levallois-Perret	FR		100.0%	100.0%	Services and broker	EUR	250 000
SCI SWISSLIFE 148 UNIVERSITE, Paris	FR		100.0%	100.0%	Real estate	EUR	1 000
SL RETAIL FRANCE 1, Paris	FR/DE	until 30.09.2020	-	-			
Swiss Life Asset Management (France), Levallois-Perret	AM	until 01.04.2019	-	-			
SWISS LIFE ASSET MANAGERS France, Marseille	AM		100.0%	100.0%	Asset management	EUR	671 167
SwissLife Agence Régionale, Levallois-Perret (formerly Nanterre)	FR		100.0%	100.0%	Asset management	EUR	101 000
SwissLife Assurance et Patrimoine, Levallois-Perret	FR		100.0%	100.0%	Life insurance	EUR	169 036 086
SwissLife Assurances de Biens, Levallois-Perret	FR		100.0%	100.0%	Non-life insurance	EUR	80 000 000
SwissLife Banque Privée, Paris	FR		60.0%	60.0%	Bank	EUR	37 902 080
SwissLife Dynapierre, Levallois-Perret	FR/IN	until 31.12.2019	-	-			
SwissLife France, Levallois-Perret	FR		100.0%	100.0%	Holding	EUR	267 767 057
SwissLife Gestion Privée, Paris	FR		60.0%	100.0%	Bank	EUR	277 171
SwissLife Prestigimmo, Levallois-Perret	FR		100.0%	100.0%	Real estate	EUR	583 377 121
SwissLife Prévoyance et Santé, Levallois-Perret	FR		99.8%	99.8%	Non-life insurance	EUR	150 000 000

<sup>1</sup> Segment (CH = Switzerland, AM = Asset Managers, IN = International, FR = France, DE = Germany)

## Germany

	Segment <sup>1</sup>	Consolidation period	Group share	Direct share	Principal activity	Currency	Subscribed Capital
BCP GP GmbH, Berlin	AM		100.0%	100.0%	Asset management & Real estate	EUR	25 000
BCP Steinerne Furt GmbH & Co. KG, Berlin	AM	from 01.10.2019	100.0%	100.0%	Asset management & Real estate	EUR	100 000
BEOS AG, Berlin	AM		100.0%	100.0%	Asset management & Real estate	EUR	500 000
BEOS Fixture GmbH, Berlin	AM		100.0%	100.0%	Asset management & Real estate	EUR	25 000
BEREM Property Management GmbH, Berlin	AM		100.0%	100.0%	Asset management & Real estate	EUR	25 300
BVIFG I General Partner GmbH, Berlin	AM		100.0%	100.0%	Asset management & Real estate	EUR	25 000
BVIFG I Management GmbH, Berlin	AM		100.0%	100.0%	Asset management & Real estate	EUR	25 000
CitCor Residential Verwaltungs GmbH, Köln	AM	until 14.08.2019	-	-			
CORPUS SIREO Aurum GmbH & Co. KG, Köln	CH		100.0%	100.0%	Asset management & Real estate	EUR	100 000
CORPUS SIREO Firmwerk GmbH (formerly CORPUS SIREO Service GmbH, formerly ACB Projekt GmbH), Köln	AM		100.0%	100.0%	Asset management & Real estate	EUR	25 000
CORPUS SIREO Immobilien Beteiligungs GmbH, Köln	CH		100.0%	100.0%	Asset management & Real estate	EUR	25 000
CORPUS SIREO Investment Residential No. 2 GmbH, Köln	AM		100.0%	100.0%	Asset management & Real estate	EUR	25 000
CORPUS SIREO Investment Residential No. 30 GmbH & Co. KG, Köln	AM	until 31.05.2020	-	-			
CORPUS SIREO Projektentwicklung Beteiligungs GmbH, Köln	AM		100.0%	100.0%	Asset management & Real estate	EUR	30 000
CORPUS SIREO Projektentwicklung Düsseldorf GmbH, Köln	AM	until 21.04.2020	-	-			
CORPUS SIREO Projektentwicklung Firmwerk GmbH & Co. KG, Köln	AM	from 23.11.2020	100.0%	100.0%	Asset management & Real estate	EUR	100 000
CORPUS SIREO Projektentwicklung München GmbH, Köln	AM	until 08.08.2019	-	-			
CORPUS SIREO Projektentwicklung München II GmbH, Köln	AM		100.0%	100.0%	Asset management & Real estate	EUR	25 000
CORPUS SIREO Projektentwicklung Wohnen GmbH, Köln	AM		100.0%	100.0%	Asset management & Real estate	EUR	4 000 000
CORPUS SIREO Real Estate GmbH, Köln	AM		100.0%	100.0%	Holding	EUR	49 230 768
DEUTSCHE PROVENTUS AG, Hannover	DE		100.0%	100.0%	Services	EUR	511 292
Financial Solutions AG Service & Vermittlung, Garching b. München	DE		100.0%	100.0%	Services	EUR	200 000
FRECOR Projektentwicklung und Wohnbau GmbH, Köln	AM	until 23.08.2019	-	-			
Horbach Wirtschaftsberatung GmbH, Hannover	DE		100.0%	100.0%	Services	EUR	260 000
IC Investment Commercial No. 5 GmbH, Köln	AM		100.0%	100.0%	Asset management & Real estate	EUR	250 100
Maicor Projektentwicklung Winterhafen GmbH, Mainz	AM		74.2%	74.2%	Asset management & Real estate	EUR	25 600
RheinCOR Projektentwicklung GmbH, Köln	AM		55.0%	55.0%	Asset management & Real estate	EUR	25 000
Schwabengalerie GmbH & Co. Geschlossene Investment- kommanditgesellschaft, Heusenstamm	DE		100.0%	100.0%	Real estate	EUR	10 100
SL AM PE Logistik GmbH, Köln	AM	from 17.04.2020	100.0%	100.0%	Holding	EUR	25 000
SL Beteiligungs-GmbH & Co. Grundstücksverwaltung KG, Garching b. München	DE		100.0%	100.0%	Real estate	EUR	50 000
SL Beteiligungs-GmbH & Co. Immobilien II KG, Garching b. München	DE		100.0%	100.0%	Real estate	EUR	10 000
SL Beteiligungs-GmbH & Co. Immobilien III KG, Garching b. München	DE		100.0%	100.0%	Real estate	EUR	10 000
SL Beteiligungs-GmbH & Co. Immobilien IV KG, Garching b. München	DE		100.0%	100.0%	Real estate	EUR	10 000
SL Beteiligungs-GmbH & Co. Immobilien Ost KG, Garching b. München	DE		100.0%	100.0%	Real estate	EUR	50 000
SL Beteiligungs-GmbH & Co. Immobilien V KG, Garching b. München	DE		100.0%	100.0%	Real estate	EUR	10 000
SL Beteiligungs-GmbH & Co. Immobilien VI KG, Garching b. München	DE		100.0%	100.0%	Real estate	EUR	10 000
SL Beteiligungs-GmbH & Co. Immobilien VII KG, Garching b. München	DE		100.0%	100.0%	Real estate	EUR	10 000

<sup>1</sup> Segment (CH = Switzerland, AM = Asset Managers, IN = International, FR = France, DE = Germany)

## Germany (continued)

	Segment <sup>1</sup>	Consolidation period	Group share	Direct share	Principal activity	Currency	Subscribed Capital
SL Immobilien-Beteiligungs-Gesellschaft mbH, Garching b. München	DE		100.0%	100.0%	Holding	EUR	25 000
SL Private Equity GmbH, Frankfurt am Main	DE		98.9%	98.9%	Private equity	EUR	91 000
SLP Swiss Life Partner Vertriebs GmbH, Hamburg	DE	from 30.06.2019	51.0%	100.0%	Services	EUR	76 694
SLPM Schweizer Leben PensionsManagement GmbH, Garching b. München	DE		100.0%	100.0%	Services	EUR	150 000
Swiss Compare GmbH, Hannover	DE		100.0%	100.0%	Services	EUR	100 000
Swiss Life AG, Garching b. München (Branch Swiss Life AG)	DE		100.0%	100.0%	Life insurance		
Swiss Life Asset Management GmbH, Garching b. München	AM		100.0%	100.0%	Services	EUR	1 000 000
Swiss Life Asset Managers Luxembourg Niederlassung Deutschland (Branch Swiss Life Asset Managers Luxembourg), Garching b. München	AM	from 02.01.2020	100.0%	100.0%	Investment funds		
Swiss Life Deutschland erste Vermögensverwaltungs GmbH, Garching b. München	DE		100.0%	100.0%	Services	EUR	50 000
Swiss Life Deutschland Holding GmbH, Hannover	DE		100.0%	100.0%	Holding	EUR	25 000
Swiss Life Deutschland Operations GmbH, Hannover	DE		100.0%	100.0%	Services	EUR	25 000
Swiss Life Deutschland Vertriebsservice GmbH, Hannover	DE		100.0%	100.0%	Services	EUR	25 000
Swiss Life Gastronomie GmbH, Hannover	DE		100.0%	100.0%	Staff restaurant/Canteen	EUR	25 000
Swiss Life Healthcare Immo I GmbH & Co Geschlossene Investmentkommanditgesellschaft (formerly SL Beteiligungs-GmbH & Co. Immobilien I KG), Heusenstamm	DE		95.5%	100.0%	Real estate	EUR	20 100
Swiss Life Invest GmbH, München	AM		100.0%	100.0%	Asset management	EUR	700 000
Swiss Life Investment Management Deutschland Holding GmbH, Frankfurt am Main	AM	from 23.08.2019	100.0%	100.0%	Holding	EUR	25 000
Swiss Life Kapitalverwaltungsgesellschaft mbH, Frankfurt am Main (formerly Heusenstamm)	AM		100.0%	100.0%	Asset management & Real estate	EUR	125 000
Swiss Life Partner Service- und Finanzvermittlungs GmbH, Garching b. München	DE		100.0%	100.0%	Services	EUR	300 000
Swiss Life Pensionsfonds AG, Garching b. München	DE		100.0%	100.0%	Life insurance	EUR	3 000 000
Swiss Life Pensionskasse AG, Garching b. München	DE		100.0%	100.0%	Life insurance	EUR	3 000 000
Swiss Life Select Deutschland GmbH, Hannover	DE		100.0%	100.0%	Services	EUR	2 700 000
Swiss Life Service GmbH, Leipzig	DE		100.0%	100.0%	Services	EUR	50 000
Swiss Life Vermittlungs GmbH, Garching b. München	DE		100.0%	100.0%	Services	EUR	50 000
tecis Finanzdienstleistungen Aktiengesellschaft, Hamburg	DE		100.0%	100.0%	Services	EUR	500 000
Verwaltung SLP Swiss Life Partner Vertriebs GmbH, Hamburg	DE	from 30.06.2019	51.0%	51.0%	Services	EUR	25 600

<sup>1</sup> Segment (CH = Switzerland, AM = Asset Managers, IN = International, FR = France, DE = Germany)

## Luxembourg

	Segment <sup>1</sup>	Consolidation period	Group share	Direct share	Principal activity	Currency	Subscribed Capital
CORPUS SIREO Real Estate S.à r.l., Luxembourg	AM	until 21.03.2019	-	-			
CORPUS SIREO RetailCenter-Fonds Deutschland SICAV-FIS (in Liquidation), Luxembourg	DE	until 30.09.2020	-	-			
EVER S. München S.C.S., Munsbach	DE	from 15.02.2019	100.0%	100.0%	Asset management & Real estate	EUR	1 000
Fontavis Capital Partners, Luxembourg	AM	from 23.10.2019	100.0%	100.0%	Asset management	EUR	12 000
Heralux S.A., Luxembourg	FR		99.8%	100.0%	Reinsurance	EUR	3 500 000
SchwabenGalerie Stuttgart S.C.S., Munsbach	DE		100.0%	100.0%	Asset management & Real estate	EUR	1 000
SL Institutional Fund SICAV-SIF, S.A., Luxembourg	CH		100.0%	100.0%	Investment funds	USD	40 000
SL Place de Paris S.à r.l., Luxembourg	FR		100.0%	100.0%	Real estate	EUR	12 500
SLIC Infra EV S.A. SICAF-SIF, Luxembourg	CH	from 16.10.2019	100.0%	100.0%	Investment funds	CHF	50 469 500
SLIC Infra KV S.A. SICAF-SIF, Luxembourg	CH	from 16.10.2019	100.0%	100.0%	Investment funds	CHF	100 050 500
SLIC Real Estate KV S.A., SICAF-SIF (formerly Swiss Life Investment Company S.A., SICAF-SIF), Luxembourg	CH	from 02.04.2019	100.0%	100.0%	Investment funds	CHF	26 665 286
SWISS LIFE (LUXEMBOURG) S.A., Luxembourg	IN		100.0%	100.0%	Life insurance	EUR	23 000 000
Swiss Life Asset Managers Luxembourg, Luxembourg	AM		100.0%	100.0%	Investment funds	EUR	2 399 300
Swiss Life Assurance Solutions S.A., Luxembourg	Other	until 23.09.2019	-	-			
Swiss Life ERE Capital Partners Fund S.C.S. SICAV-FIS, Luxembourg	DE	until 31.12.2019	-	-			
Swiss Life Funds (Lux) Global Infrastructure Opportunities Management S.à r.l., Luxembourg	AM		100.0%	100.0%	Asset management	EUR	12 500
Swiss Life Funds (Lux) Global Infrastructure Opportunities S.C.A., SICAV-SIF, Luxembourg	AM		82.6%	82.6%	Asset management	EUR	921 683 870
Swiss Life Invest Luxembourg S.A., Luxembourg	IN		100.0%	100.0%	Holding	EUR	60 211 000
Swiss Life Loan Fund (LUX) SA, SICAV-SIF, Luxembourg	CH/FR/DE		100.0%	100.0%	Investment funds	USD	40 000
Swiss Life Participations Luxembourg S.A., Luxembourg	IN	until 12.08.2020	-	-			
Swiss Life Products (Luxembourg) S.A., Luxembourg	CH		100.0%	100.0%	Life insurance/Reinsurance	EUR	86 538 000
Swiss Life Real Estate Funds (LUX) Feeder S.A., SICAV-SIF (formerly Swiss Life REF (LUX) Paris Prime Office S.A., SICAV-SIF), Luxembourg	CH	until 30.09.2020	-	-			
Swiss Life REF (LUX) European Retail SCS, SICAV-SIF, Luxembourg	FR/DE		56.3%	56.3%	Real estate	EUR	181 251 000
Swiss Life REF (LUX) German Core Real Estate SCS, Société en Commandite simple sous la forme d'une SICAV, Luxembourg	AM/FR/DE		59.7%	59.7%	Real estate	EUR	580 530 000
SwissLife Co-Invest, Luxembourg	FR	from 28.10.2020	100.0%	100.0%	Real estate	EUR	2 017 547
SwissLife LuxCo 2, Luxembourg	FR	from 29.10.2020	100.0%	100.0%	Real estate	EUR	936 504
SwissLife LuxCo S.à r.l., Luxembourg	FR		100.0%	100.0%	Holding	EUR	12 000

<sup>1</sup> Segment (CH = Switzerland, AM = Asset Managers, IN = International, FR = France, DE = Germany)

### United Kingdom

	Segment <sup>1</sup>	Consolidation period	Group share	Direct share	Principal activity	Currency	Subscribed Capital
Chase de Vere Consulting Limited, Manchester	IN		100.0%	100.0%	n/a	GBP	15 000
Chase de Vere Financial Solutions Limited, Manchester	IN	until 25.02.2020	–	–			
Chase de Vere IFA Group Plc, London	IN		100.0%	100.0%	Finance	GBP	34 000 000
Chase de Vere IFA Services Limited, Manchester	IN	until 25.02.2020	–	–			
Chase de Vere Independent Financial Advisers Limited, London	IN		100.0%	100.0%	Broker	GBP	17 000 000
Chase de Vere Loans Limited, Manchester	IN	until 25.02.2020	–	–			
Chase de Vere Private Client Trustees Limited, London	IN		100.0%	100.0%	n/a	GBP	1
Ferguson Oliver Limited, Angus	IN	from 18.10.2019	100.0%	100.0%	Services	GBP	23 000
MAYFAIR CAPITAL INVESTMENT MANAGEMENT LIMITED, London	AM		100.0%	100.0%	Asset management	GBP	22 123
MAYFAIR CAPITAL PARTNERS LIMITED, London	AM		100.0%	100.0%	Asset management	GBP	1
MAYFAIR CAPITAL TGF GENERAL PARTNER LLP, London	AM		100.0%	100.0%	Asset management	GBP	1
MAYFAIR CAPITAL TRUST MANAGER (JERSEY) LIMITED, St. Helier	AM		100.0%	100.0%	Asset management	GBP	10 000
MCIM CORPORATE TRUSTEES LIMITED, London	AM		100.0%	100.0%	Asset management	GBP	1
Nestor Financial Group Limited, London	IN	from 01.10.2020	100.0%	100.0%	Broker	GBP	1 000
Oakfield Wealth Holdings Limited, London	IN		100.0%	100.0%	Holding	GBP	90
Oakfield Wealth Management Limited, London	IN		100.0%	100.0%	Broker	GBP	100

### Austria

	Segment <sup>1</sup>	Consolidation period	Group share	Direct share	Principal activity	Currency	Subscribed Capital
Select INVESTMENT GmbH, Wien	IN	from 30.05.2019	100.0%	100.0%	Services	EUR	127 000
Swiss Life Select CEE Holding GmbH, Wien	IN		100.0%	100.0%	Holding	EUR	35 000
Swiss Life Select Österreich GmbH, Wien	IN		100.0%	100.0%	Services	EUR	726 728

### Belgium

	Segment <sup>1</sup>	Consolidation period	Group share	Direct share	Principal activity	Currency	Subscribed Capital
Cortenbergh 107 SA, Bruxelles	CH	until 01.05.2019	–	–			
Forest 1, Bruxelles	FR	from 11.12.2020	100.0%	100.0%	Real estate	EUR	61 500
MONTOYER S1 LEASEHOLD, Etterbeek	FR		100.0%	100.0%	Real estate	EUR	7 787 081
RENAISSANCE OFFICE SPRL, Bruxelles	FR		100.0%	100.0%	Real estate	EUR	2 484 148
Swiss Life BelCo, Etterbeek	FR		100.0%	100.0%	Real estate	EUR	3 889 340

### Cayman Islands

	Segment <sup>1</sup>	Consolidation period	Group share	Direct share	Principal activity	Currency	Subscribed Capital
Adroit Investment (Offshore) Ltd., Grand Cayman	CH		100.0%	100.0%	Private equity	CHF	192
Adroit Partnerships (Offshore) LP, Grand Cayman	CH		100.0%	100.0%	Private equity	CHF	6 579 948
Swiss Life Financial Services (Cayman) Ltd., Grand Cayman	Other		100.0%	100.0%	Services	CHF	100
Swiss Life Insurance Finance Ltd., Grand Cayman	Other		100.0%	100.0%	Finance	EUR	5 000

<sup>1</sup> Segment (CH = Switzerland, AM = Asset Managers, IN = International, FR = France, DE = Germany)

**Czech Republic**

	Segment <sup>1</sup>	Consolidation period	Group share	Direct share	Principal activity	Currency	Subscribed Capital
Fincentrum & Swiss Life Select a.s., Praha	IN		100.0%	100.0%	Services	CZK	700 700 000
Fincentrum Reality s.r.o., Praha	IN		100.0%	100.0%	Services	CZK	200 000
Swiss Life Select Ceska Republika s.r.o., Brno	IN	until 01.09.2019	-	-			

**Singapore**

	Segment <sup>1</sup>	Consolidation period	Group share	Direct share	Principal activity	Currency	Subscribed Capital
Swiss Life (Singapore) Pte. Ltd., Singapore	IN		100.0%	100.0%	Life insurance	SGD	23 000 000
Swiss Life Network (Asia) Pte. Ltd., Singapore	IN		100.0%	100.0%	Services	SGD	1

**Slovakia**

	Segment <sup>1</sup>	Consolidation period	Group share	Direct share	Principal activity	Currency	Subscribed Capital
Swiss Life Select Slovensko, a.s. (formerly Fincentrum a.s.), Bratislava	IN		100.0%	100.0%	Services	EUR	33 200
Fincentrum Reality s.r.o., Bratislava	IN	until 01.01.2020	-	-			

<sup>1</sup> Segment (CH = Switzerland, AM = Asset Managers, IN = International, FR = France, DE = Germany)

# Report of the Statutory Auditor

## Report of the statutory auditor

to the General Meeting of Swiss Life Holding Ltd

Zurich

### Report on the audit of the consolidated financial statements

#### Opinion

We have audited the consolidated financial statements of Swiss Life Holding Ltd and its subsidiaries (the Group), which comprise the consolidated statement of income, consolidated statement of comprehensive income, consolidated balance sheet as at 31 December 2020, the consolidated statement of cash flows, consolidated statement of changes in equity for the year then ended and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements (pages 164-318) give a true and fair view of the consolidated financial position of the Group as at 31 December 2020 and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the International Financial Reporting Standards (IFRS) and comply with Swiss law.

#### Basis for opinion

We conducted our audit in accordance with Swiss law, International Standards on Auditing (ISAs) and Swiss Auditing Standards. Our responsibilities under those provisions and standards are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements" section of our report.

We are independent of the Group in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession, as well as the International Code of Ethics for Professional Accountants (including International Independence Standards) of the International Ethics Standards Board for Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Our audit approach

##### Overview

Overall Group materiality: CHF 113 million



We concluded full scope audit work at 10 reporting units in 5 countries. Our audit scope addressed over 88% of the Group's total assets and 99% of the Group's total net earned premiums. In addition, specified procedures were performed on further five reporting units.

As key audit matters the following areas of focus have been identified:

Models and assumptions used to calculate future life policyholder benefits

Recoverability of Goodwill

Valuation of investment property

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### Materiality

The scope of our audit was influenced by our application of materiality. Our audit opinion aims to provide reasonable assurance that the consolidated financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall Group materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate, on the consolidated financial statements as a whole.

<b>Overall Group materiality</b>	CHF 113 million
<b>How we determined it</b>	5% of profit before tax and policyholder participation
<b>Rationale for the materiality benchmark applied</b>	We chose profit before tax and policyholder participation as the benchmark because, in our view, it is a prevailing indicator for the performance of the Group as it is free from management's decisions regarding profit allocation.

We agreed with the Audit Committee that we would report to them misstatements above CHF 5 million identified during our audit as well as any misstatements below that amount which, in our view, warranted reporting for qualitative reasons.

### Audit scope

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

We continuously adjusted our audit approach to the developments of the Swiss Life Group and its subsidiaries. While all material positions in the consolidated financial statements are audited, emphasis is placed on matters identified during our risk assessment process. We have described such matters further below in section "Key audit matters".

### Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

### Models and assumptions used to calculate future life policyholder benefits

Key audit matter	How our audit addressed the key audit matter
As set out in note 22 – Insurance Liabilities – total net future life policyholder benefits of the Swiss Life Group amount to CHF 109'412 million. We consider the future life policyholder benefits in Switzerland, which make up 77% of the future life policyholder benefits on the Group's balance sheet as a key audit matter.	Our audit procedures relating to actuarially determined future life policyholder benefits primarily consist of testing the models used in developing these balances, reviewing management's assumptions in light of current economic conditions, industry developments and policyholder behaviour and performing procedures over the completeness and accuracy of underlying data used in the calculations. We were supported by actuaries in our audit work.
Policyholders' benefits represent the estimated future benefit liability for traditional life insurance policies and include the value of accumulated declared bonuses or dividends that have vested to policyholders. The reserves for life benefits for participating traditional life insurance policies are calculated using a net level premium valuation model. The actuarially determined liabilities depend on the type of profit participation and are based on actuarial assumptions, such as guaranteed mortality benefits, interest rates, discount rates,	We assessed the biometric assumptions, such as mortality and disability for reasonableness.
	As the future life policyholder benefits are calculated using a discount rate, we have assessed significant assumption changes made during the year with a focus on the interest





persistency, expenses and investment return, plus a margin for adverse deviations.

Management assesses the appropriateness of the main assumptions used for the calculation of these liabilities at each reporting date. Management's process for updating assumptions varies by territory and product.

We focused our audit on these liabilities due to their significance to the consolidated financial statements, the sensitivity to changes in the economic conditions, and the level of judgment involved in setting assumptions.

rate used in the traditional life insurance policies. In assessing the interest rate used, we tested that the interest rates are supported by the anticipated economic performance of the assets backing the liability when considering any planned changes in asset strategy and reinvestment. We assessed the different components of the discount rate on a portfolio level. Our audit procedures for the discount rate included, but were not limited to:

- Assessment of the estimated future expected returns for all major investment classes, such as bonds, investment property, loans, mortgages, equity, and alternative investments
- Comparison of the allocation of the major asset classes to the strategic asset allocation as determined by management
- Verification of the consistency of the assumptions made by management with assumptions made elsewhere
- Assessment of the methodology for determining the selected discount rate, based on the above input parameters.

Based on the work performed, we determined that the models and assumptions used in the valuation of actuarially determined future life policyholder benefits are reasonable and in line with financial reporting requirements and industry accepted practice.

## Recoverability of Goodwill

### Key audit matter

As elaborated in note 17 - Intangible Assets including Intangible Insurance Assets - Goodwill represents the excess of the fair value of the consideration transferred and the amount of any non-controlling interest recognised, if applicable, over the fair value of the assets and liabilities recognised at the date of acquisition.

The existing goodwill amounts to CHF 1'452 million as a result of various business combinations, mainly Swiss Life Select, Lloyd Continental, CapitalLeben, Corpus Sireo and Beos. Goodwill is subject to management testing, at least annually, for impairment at the cash generating unit level.

The recoverable amounts have been determined on a value-in-use basis and use cash flow projections based on financial budgets approved by management and the board of directors. The calculations are based on present values that use a single set of estimated cash flows and a single discount rate per cash generating unit. The cash flow projections cover a three or five-year period, and consider a terminal value after such period, based on long-term growth assumptions in the various geographical markets, which is material to the overall value-in-use. In addition, a significant driver of the value-in-use is the discount rate, which is based on the weighted average cost of capital.

### How our audit addressed the key audit matter

We have obtained the cash flow projections based on financial budgets for the individual cash generating units approved by management and the board of directors. We challenged management as to the feasibility of reaching the cash flows.

Further evidence of reasonableness of planned cash flows was to validate if these were met in the past. Where actual results deviated from planned results, we inquired as to the reasons and potential impact they may have, in reaching future goals. We critically assessed the deviations from planned results.

In addition, with the support of our valuation experts, we assessed the main parameters used in the calculation of the weighted average cost of capital, from which the discount rate is derived. We identified the market data inputs used by the Group and tested these against independent data. As for the long-term growth rate used at the end of the mid-term planning period, we compared it to the economic environment and industry trends.

We critically assessed management's sensitivity analyses to ascertain the level of reliability of the assumptions when compared to past performance.



As the actual cash flows naturally vary from planned projections, management have created detailed sensitivity analysis. This sensitivity analysis provides insights as to the recoverability of goodwill when the assumptions used in the planned projections, individually or as a whole, are not met.

We focused on goodwill, since the cash flow projections extending into the future are based on significant management judgement, as to the development of the acquired businesses.

We consider the valuation approach, and the assumptions and parameters used within, as a reasonable and adequate basis for management's assessment of the recoverability of goodwill. The audit evidence obtained through our audit procedures was sufficient and suitable to assess the recoverability of goodwill.

### Valuation of investment property

#### Key audit matter

As set out in note 14 Investment Property - property held for investment amount to CHF 38'120 million for the Swiss Life Group.

We focused on investment property due to the size of such property with respect to the total amount of invested assets and the fact that there is a high degree of judgement involved in determining the fair value. Further, we consider the investment property held by Swiss Life Switzerland as a key audit matter, as the value makes up a substantial part of the investment property on the Group's balance sheet.

The fair value is usually derived using the generally accepted discounted cash flow method. Ordinarily the valuation of each investment property is determined on an annual basis by an independent valuation expert. Consideration is given to the expected rental revenue, over the period in use, and discounted using a rate which reflects the risk assessment of the investment property, such as location and market value.

The fair value of investment property is essentially sensitive to a) the development of the investment property market for residential, commercial, and mixed-use properties in general, to b) the expected rental revenue, and c) the discount rate.

#### How our audit addressed the key audit matter

We assessed the overall portfolio structure, compared the current portfolio to the prior year, and assessed the overall process of determining the fair values.

Based on the overall risk assessment, we selected investment properties for an individual valuation testing. Our sample selection was conducted using specified criteria, such as location, market value, market value deviation compared to the previous year, type of use, and acquisitions of investment property during the reporting period.

During the audit we have been supported by our real estate valuation experts. Our valuation testing included the following:

- Assessment of the completeness and appropriateness of the valuation report
- Evaluation of the competence, objectivity and independence of the valuation expert
- Examination of the formal aspects, in particular the compliance with investment property valuation standards
- Amongst other procedures, we examined the valuation assumptions for expected rental income, with regards to reasonableness and market conformity
- Test of the mathematical correctness of fundamental calculation steps through the reperformance of such calculations
- Examination of the appropriateness of the valuation methodology used
- Examination of the valuation parameters (discount rate and operating costs) used and comparison of the same to market data

In addition, we assessed the average discount rate resulting from valuing the investment property portfolio and compared it to market data.

We compared the booked values with the valuation results of the valuation experts. We examined if valuation adjustments (if applicable) were correctly booked.



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We consider the valuation methodology, and the underlying valuation parameters used, to be reasonable. The audit evidence obtained through our audit procedures was sufficient and suitable to assess the valuation of investment property.

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#### **Other information in the annual report**

The Board of Directors is responsible for the other information in the annual report. The other information comprises all information included in the annual report, but does not include the consolidated financial statements, the stand-alone financial statements and the remuneration report of Swiss Life Holding Ltd and our auditor's reports thereon.

Our opinion on the consolidated financial statements does not cover the other information in the annual report and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information in the annual report and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### **Responsibilities of the Board of Directors for the consolidated financial statements**

The Board of Directors is responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRS and the provisions of Swiss law, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

#### **Auditor's responsibilities for the audit of the consolidated financial statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Swiss law, ISAs and Swiss Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

A further description of our responsibilities for the audit of the consolidated financial statements is located at the website of EXPERTsuisse: <http://expertsuisse.ch/en/audit-report-for-public-companies>. This description forms part of our auditor's report.



### Report on other legal and regulatory requirements

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists which has been designed for the preparation of consolidated financial statements according to the instructions of the Board of Directors.

We recommend that the consolidated financial statements submitted to you be approved.

PricewaterhouseCoopers AG

Peter Eberli  
Audit expert  
Auditor in charge

Nebojsa Baratovic  
Audit expert

Zürich, 15 March 2021



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## Management Report

*Swiss Life Holding generated a profit of CHF 719 million in the 2020 financial year (previous year CHF 758 million).*

The annual profit mainly consisted of dividends, investment income and revenues from guaranteed benefits and commissions. Dividend payments from subsidiaries increased from CHF 670 million in the previous year to CHF 712 million, income from guaranteed benefits and commissions fell slightly from CHF 46 million to CHF 42 million and investment income declined from CHF 72 million to CHF 52 million. The decline in investment income is due to the sale of investments to finance the CHF 1 billion share buyback programme concluded in 2019.

As at the end of the year, Swiss Life Holding had assets (liquid funds, receivables from Group companies, debt securities, equities and investment funds) of CHF 1072 million (previous year: CHF 1057 million). Cash on hand declined to CHF 28 million (previous year: CHF 51 million) and receivables from Group companies rose to CHF 165 million (previous year: CHF 68 million). Debt securities, investment funds and equities amounted to CHF 879 million at year-end (previous year: CHF 938 million).

In its 2019 financial statements, Swiss Life announced an additional share buyback programme totalling CHF 400 million. At the end of March 2020, Swiss Life, like all other major listed banks and insurance companies in Switzerland, temporarily suspended its share buyback programme having repurchased 79 324 shares worth CHF 29 million. 1 580 215 treasury shares, which had been repurchased under the share buyback programme completed in 2019, were cancelled in the year under review. The number of outstanding shares as at the end of 2020 amounted to 32 014 391, of which 0.68% are held by Swiss Life Holding.

Swiss Life Holding's total distribution to shareholders in the period under review came to CHF 636 million, or CHF 20.00 per share, of which CHF 477 million (CHF 15.00 per share) took the form of an ordinary dividend and CHF 159 million (CHF 5.00 per share) a reduction in par value. As a result of this reduction, the par value of the share decreased to CHF 0.10 and the nominal share capital of Swiss Life Holding to CHF 3 million (previous year: CHF 171 million).

The long-term debt capital remained unchanged at CHF 1049 million. In the year under review, interest on long-term bonds totalled CHF 5 million (previous year CHF 6 million). With short-term repo transactions, Swiss Life Holding generated interest income of CHF 1 million (previous year: CHF 2 million).

New loans totalling CHF 93 million were awarded to Group units to finance real estate projects or smaller acquisitions. Including repayments of expired loans and payments under lines of credit granted, the outstanding amount decreased slightly to CHF 1589 million (previous year: CHF 1637 million).

Interest income declined to CHF 30 million (previous year: CHF 37 million) and earnings from investments in bonds and fund units to CHF 22 million (previous year: CHF 33 million). Both loans granted internally and external investments in foreign currencies are almost fully hedged with currency futures. The cost of hedging during the reporting period was CHF 7 million (2019: CHF 24 million). The investment book value remained almost unchanged during the year under review at CHF 3221 million.

Staff costs and operating expenses remained unchanged from the previous year at CHF 16 million. Tax expenses fell to CHF 7 million (previous year: CHF 32 million).



# Statement of Income

## Statement of income for the years ended 31 December

In CHF million

	2020	2019
Net income on non-current assets		
Dividends received	712	670
Realised gain/loss on non-current assets	1	30
Unrealised gain/loss on non-current assets	1	11
Other finance income	52	72
Other financial expense	-5	-6
Foreign currency gains/losses	10	-16
Total net income on non-current assets	771	761
Staff costs	-8	-6
Operating expense	-8	-10
Other profit from operations	42	46
Other operating expense	-71	-1
Income tax	-7	-32
<b>ANNUAL PROFIT</b>	<b>719</b>	<b>758</b>

# Balance Sheet

## Balance sheet

In CHF million

	31.12.2020	31.12.2019
<b>ASSETS</b>		
Cash and cash equivalents	28	51
Receivables from Group companies	165	68
Receivables from third parties	2	3
Accrued income	9	11
<b>CURRENT ASSETS</b>	<b>203</b>	<b>132</b>
Financial assets		
Debt securities	778	857
Shares	7	8
Investment funds	94	73
Loans to Group companies	1 589	1 637
Other investments	6	13
Participations	3 221	3 216
<b>NON-CURRENT ASSETS</b>	<b>5 695</b>	<b>5 803</b>
<b>TOTAL ASSETS</b>	<b>5 898</b>	<b>5 935</b>
<b>LIABILITIES AND EQUITY</b>		
Short-term debt capital		
Short-term liabilities due to Group companies	0	-
Short-term, interest-bearing liabilities due to third parties	46	194
Other short-term liabilities due to third parties	80	92
Accrued expenses	3	3
Short-term provisions	70	-
Long-term debt capital		
Senior bonds	1 049	1 049
<b>LIABILITIES</b>	<b>1 248</b>	<b>1 338</b>
Share capital	3	171
Statutory capital reserve		
Capital contribution reserve	181	181
Statutory retained earnings		
General reserves	33	33
Voluntary retained earnings		
Free reserves	3 756	4 242
Profit shown in the balance sheet		
Balance carried forward from previous year	27	-
Annual profit	719	758
Own capital shares	-69	-787
<b>EQUITY</b>	<b>4 650</b>	<b>4 598</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>5 898</b>	<b>5 935</b>

# Notes to the Financial Statements

## Accounting Rules

The 2020 Financial Statements were prepared in accordance with the provisions of Swiss accounting law (Title 32 of the Swiss Code of Obligations). Swiss Life Holding's Financial Statements are presented in millions of Swiss francs (CHF), which is the presentation currency. Figures may not add up exactly due to rounding.

## Explanations on the balance sheet and statement of income

### Participations

	31.12.2020			31.12.2019		
	Currency	Authorised share capital in 1000	Direct share	Currency	Authorised share capital in 1000	Direct share
Swiss Life Ltd, Zürich	CHF	587 350	100.00%	CHF	587 350	100.00%
Swiss Life Deutschland Holding GmbH, Hannover	EUR	25	100.00%	EUR	25	100.00%
Swiss Life Intellectual Property Management AG, Zürich	CHF	250	100.00%	CHF	250	100.00%
Swiss Life International Holding AG, Zürich	CHF	1 000	100.00%	CHF	1 000	100.00%
Swiss Life Investment Management Holding AG, Zürich	CHF	50 000	100.00%	CHF	50 000	100.00%
Swiss Life Schweiz Holding AG, Zürich	CHF	250	100.00%	CHF	250	100.00%
Swiss Life Finance I, Ruggell LI	CHF	100	100.00%	-	-	-

### Loans to Group companies

CHF 713 million of the loans to Group companies is classified as subordinated.

### Provisions

The provision of CHF 70 million was formed in relation to the expected resolution with the US Department of Justice (DOJ) inquiry concerning prior business with US clients. The discussions with the DOJ are not concluded and, as a result, the final number could be somewhat higher.

### Major shareholders

BlackRock Inc., 55 East 52<sup>nd</sup> Street, New York 10055, USA, reported in a publication of 6 May 2017 that it held through various companies a total of 5.28% of the voting rights for Swiss Life Holding.

### Share capital

As at 31 December 2020, the share capital of Swiss Life Holding (SLH) consisted of 32 014 391 fully-paid shares. As at 31 December 2019, Swiss Life Holding had 33 594 606 registered shares outstanding with a par value of CHF 5.10 per share. In accordance with a public deed, the par value was reduced to CHF 0.10 per share on 15 July 2020. Conditional share capital was CHF 385 794.80 as at 31 December 2020 (previous year: CHF 19 675 534.80). In exercising voting rights, no shareholder can collect more than 10% of the total share capital directly or indirectly in respect of his own shares and those he represents.

### Statutory capital reserve

The statutory capital reserve consists of the capital contribution reserve. As at 31 December 2020, the capital contribution reserve was unchanged at CHF 181 million. Of this amount, CHF 4 million is recognised by the Federal Tax Administration, while the qualification of CHF 177 million for tax purposes is still pending and is to be reassessed according to future legal developments.

### Statutory retained earnings

Statutory retained earnings comprise the general reserves.

### Free reserves

This item comprises accumulated retained earnings which have not been distributed to the shareholders. In the year under review, CHF 254 million was allocated to the free reserve. In addition, the free reserve was reduced by CHF 740 million due to the cancellation of 1 580 215 shares, which took place on 15 July 2020.

### Issue of senior bonds

Volume	Year of issue	Maturity	Coupon
CHF 200 millions	2013	2023	1.875%
CHF 250 millions	2019	2023	0.250%
CHF 200 millions	2019	2021	variable
CHF 250 millions	2019	2025	0.000%
CHF 150 millions	2019	2029	0.350%

#### Issue of two senior bonds in 2013

Two senior bonds for a total amount of CHF 425 million were issued on 21 June 2013, split into a tranche of CHF 225 million with a tenor of six years which was repaid on 21 June 2019 (coupon of 1.125%) and a tranche of CHF 200 million with a tenor of ten years until 2023 (coupon of 1.875%).

#### Issue of four senior bonds in 2019

On 6 December 2019, Swiss Life Holding placed three senior green bond tranches totalling CHF 600 million: a tranche of CHF 200 million with a tenor of two years and variable coupon (floor at 0.00%, cap at 0.05%), a tranche of CHF 250 million with a tenor of 5.5 years and a coupon of 0% and a tranche of CHF 150 million with a tenor of 9.25 years and a coupon of 0.35% p.a.

On 13 March 2019, Swiss Life Holding placed a senior bond amounting to CHF 250 million. The bond has a tenor of 4.6 years and a coupon of 0.25% p.a.

**Treasury shares**

In the year under review, the companies in the Swiss Life Group purchased 45 000 Swiss Life Holding shares at an average price of CHF 319.05. As at 31 December 2020, the Swiss Life Group held 139 808 treasury shares which are not part of the share buyback programme.

As part of the second share buyback programme, Swiss Life Holding purchased a total of 79 324 treasury shares at an average price of CHF 363.13. Over the same period, 1 580 215 shares were cancelled in the first share cancellation programme. The Swiss Life Group therefore held total 219 132 treasury shares as at 31 December 2020.

**Contingent liabilities**

Swiss Life Holding acts as warrantor for all Swiss Life Ltd liabilities with regard to the various tranches of the subordinated perpetual step-up loans (hybrid debt), which amounted to an equivalent value of CHF 4133 million at the balance sheet date. The guarantees are classified as subordinated at Swiss Life Holding.

Swiss Life Holding further provides capital guarantees for a maximum net asset value of CHF 1100 million to Swiss Life Ltd, CHF 141 million to Swiss Life Products, CHF 6 million to Swiss Life Liechtenstein and CHF 100 million to cover regulatory requirements at the level of subsidiaries.

In addition, under drawn credit lines Swiss Life Holding held liabilities totalling CHF 31 million for Swiss Life Products and credit lines totalling CHF 25 million for Corpus Sireo companies.

**Financial assets pledged as collateral**

Debt securities of CHF 45 million were pledged on the balance sheet date as part of a repurchase agreement (repo transactions). In this connection, additional debt securities totalling CHF 46 million were reserved for the liquidity-shortage financing facility (SNB EFF).

## Statement of changes in equity for the years ended 31 December

In CHF million

	2020	2019
<b>SHARE CAPITAL</b>		
Balance as at 1 January	171	175
Reduction in par value (incl. cancellation of treasury shares)	-168	-3
<b>TOTAL SHARE CAPITAL</b>	<b>3</b>	<b>171</b>
<b>STATUTORY CAPITAL RESERVE</b>		
Balance as at 1 January	181	263
Distribution of profit from the capital contribution reserve	-	-83
Changes due to conversion of the convertible bond	-	-
<b>TOTAL STATUTORY CAPITAL RESERVE</b>	<b>181</b>	<b>181</b>
<b>STATUTORY RETAINED EARNINGS</b>		
General reserves		
Balance as at 1 January	33	33
Change	-	-
Total general reserves	33	33
<b>TOTAL STATUTORY RETAINED EARNINGS</b>	<b>33</b>	<b>33</b>
<b>VOLUNTARY RETAINED EARNINGS</b>		
Free reserves		
Balance as at 1 January	4 242	4 494
Allocation to free reserves	254	-
Distribution of profit from free reserves	-	-3
cancellation of treasury shares	-740	-249
Total free reserves	3 756	4 242
Profit shown in the balance sheet		
Balance as at 1 January	758	461
Allocation to free reserves	-254	-
Dividend	-477	-461
Annual profit	719	758
Total profit shown in the balance sheet	746	758
<b>TOTAL VOLUNTARY RETAINED EARNINGS</b>	<b>4 502</b>	<b>5 000</b>
<b>OWN CAPITAL SHARES</b>		
Balance as at 1 January	-787	-140
Change in own capital shares	718	-647
<b>TOTAL OWN CAPITAL SHARES</b>	<b>-69</b>	<b>-787</b>
<b>TOTAL EQUITY</b>	<b>4 650</b>	<b>4 598</b>

### Number of full-time positions

As in the previous year, the number of full-time positions is not above 50 employees on average over the year.

**Disclosure of compensation to the Board of Directors and the Corporate Executive Board in accordance with Art. 663b<sup>bis</sup> of the Swiss Code of Obligations (CO) and Art. 14–16 of the Federal Ordinance against Excessive Compensation in Listed Stock Companies, and disclosure of the shareholdings of members of the Board of Directors and the Corporate Executive Board in accordance with Art. 663c of the CO**

**Compensation in 2020**

The Board of Directors is responsible for drawing up a written compensation report each year to include the information required by Articles 14–16 of the Federal Ordinance against Excessive Compensation in Listed Stock Companies (Compensation Ordinance). This compensation report supersedes the details in the notes to the balance sheet according to Art. 663b<sup>bis</sup> CO. Swiss Life's compensation report for the 2020 financial year is provided on pages 56 to 75.

The following tables contain information on the share ownership and participation rights of members of the Board of Directors and the Corporate Executive Board in accordance with Art. 663c CO.

### Share ownership/participation rights as at 31 December 2020

As at 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 (RSUs).

#### 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

	SLH shares 31.12.2020
Patrick Frost, Group CEO	26 143
Matthias Aellig	4 043
Jörg Arnold	1 617
Nils Frowein	3 428
Markus Leibundgut	7 314
Stefan Mächler	6 316
Charles Relecom	1 764
<b>TOTAL CORPORATE EXECUTIVE BOARD</b>	<b>50 625</b>

	Restricted Share Units (RSUs) 31.12.2020 <sup>1</sup>
Patrick Frost, Group CEO	7 843
Matthias Aellig	3 840
Jörg Arnold	3 739
Nils Frowein	3 893
Markus Leibundgut	4 601
Stefan Mächler	4 270
Charles Relecom	4 151
<b>TOTAL CORPORATE EXECUTIVE BOARD</b>	<b>32 337</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.



### Share ownership/participation rights as at 31 December 2019

As at 31 December 2019, 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 (RSUs).

#### Board of Directors

	SLH shares 31.12.2019
Rolf Dörig, Chairman of the Board of Directors	31 108
Frank Schnewlin	5 627
Thomas Buess <sup>1</sup>	24 224
Adrienne Corboud Fumagalli	794
Ueli Dietiker	1 156
Damir Filipovic	1 777
Frank W. Keuper	1 014
Stefan Loacker	848
Henry Peter	12 405
Martin Schmid	374
Franziska Tschudi Sauber	3 231
Klaus Tschütscher	1 037
<b>TOTAL BOARD OF DIRECTORS</b>	<b>83 595</b>

#### Corporate Executive Board

	SLH shares 31.12.2019
Patrick Frost, Group CEO	22 071
Matthias Aellig	2 623
Jörg Arnold	250
Nils Frowein	2 008
Markus Leibundgut	5 805
Stefan Mächler	4 807
Charles Relecom	1 644
<b>TOTAL CORPORATE EXECUTIVE BOARD</b>	<b>39 208</b>

	Restricted Share Units (RSUs) 31.12.2019 <sup>1</sup>
Patrick Frost, Group CEO	8 341
Matthias Aellig	3 934
Jörg Arnold	3 740
Nils Frowein	4 000
Markus Leibundgut	4 479
Stefan Mächler	4 307
Charles Relecom	4 205
<b>TOTAL CORPORATE EXECUTIVE BOARD</b>	<b>33 006</b>

<sup>1</sup> Total number of RSUs allocated in the years 2017, 2018 and 2019 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 4512 RSUs as at the balance sheet date of 31 December 2019, which were allocated to him in 2017, 2018 and 2019 in the context of his former function as Group CFO and Member of the Corporate Executive Board of Swiss Life.

# Appropriation of Profit

## Profit and Appropriation of Profit

Annual profit amounts to CHF 719 091 523. The Board of Directors proposes to the General Meeting of Shareholders that the profit be appropriated in accordance with the table below. If this proposal is adopted, an ordinary dividend of CHF 21.00 per share will be made from profit.

The proposal of the Board of Directors to the General Meeting of Shareholders on 28 April 2021 is based on shares entitled to a dividend as at 31 December 2020. Thus, the effective dividend payment and the resulting balance carried forward from the previous year are calculated on the basis of the share capital issued on the last trading day prior to the dividend payment, less the own capital shares held at that time. The last trading day with entitlement to receive the distribution is 26 April 2021.

### Profit shown in the balance sheet

In CHF	2020	2019
Balance carried forward from previous year	373 786	-
Dividend not paid on treasury shares	26 652 960	-
Annual profit	719 091 523	758 292 876
<b>TOTAL PROFIT SHOWN IN THE BALANCE SHEET</b>	<b>746 118 269</b>	<b>758 292 876</b>

### Appropriation of profit

In CHF	2020	2019
Dividend	672 302 211	503 919 090
Allocation to legal reserves		
Allocation to free reserves	73 000 000	254 000 000
Withdrawal from the free reserves		
Balance carried forward to new account	816 058	373 786
<b>TOTAL PROFIT SHOWN IN THE BALANCE SHEET</b>	<b>746 118 269</b>	<b>758 292 876</b>

Zurich, 15 March 2021

For the Swiss Life Holding Board of Directors

Rolf Dörig

Frank Schnewlin

# Report of the Statutory Auditor

## Report of the statutory auditor

to the General Meeting of Swiss Life Holding Ltd

Zürich

### Report on the audit of the financial statements

#### Opinion

We have audited the financial statements of Swiss Life Holding Ltd, which comprise the statement of income, balance sheet as at 31 December 2020, and notes for the year then ended, including accounting rules.

In our opinion, the financial statements (pages 329-337) as at 31 December 2020 comply with Swiss law and the company's articles of incorporation.

#### Basis for opinion

We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Our responsibilities under those provisions and standards are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report.

We are independent of the entity in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Our audit approach

##### Overview



Overall materiality: CHF 59 Million

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the entity, the accounting processes and controls, and the industry in which the entity operates.

As key audit matter the following area of focus has been identified:

Valuation of participations



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### Materiality

The scope of our audit was influenced by our application of materiality. Our audit opinion aims to provide reasonable assurance that the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall materiality for the financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate, on the financial statements as a whole.

<b>Overall materiality</b>	CHF 59 Million
<b>How we determined it</b>	1% of sum of total assets
<b>Rationale for the materiality benchmark applied</b>	We chose total assets as the benchmark because the company mainly holds participations in areas of insurance and financial services providers, as well as providing loans to group companies.

We agreed with the Audit Committee that we would report to them misstatements above CHF 5 million identified during our audit as well as any misstatements below that amount which, in our view, warranted reporting for qualitative reasons.

### Audit scope

We designed our audit by determining materiality and assessing the risks of material misstatement in the financial statements. In particular, we considered where subjective judgements were made; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

### Report on key audit matters based on the circular 1/2015 of the Federal Audit Oversight Authority

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

### Valuation of participations

Key audit matter	How our audit addressed the key audit matter
<p>Participations represent a significant amount of the balance sheet (CHF 3'221 million, 55% of total assets).</p> <p>Annually, management analyses participations to assess valuation adjustments. For the analysis significant judgement is applied, to determine assumptions, such as new business volume, commission income, cost development applied discount rates on projected cash flows. We consider our audit procedures in this area as particularly important, due to the size of the balance sheet position and level of significant assumptions.</p> <p>In accordance with the Swiss Code of Obligations, participations are valued with deductions for write-downs as necessary.</p> <p>Management test the valuation of individual participations through a comparison of the book value of each participation to the respective IFRS equity value. Management utilize the</p>	<p>Our audit work in the area of participations focused on the audit of management's analysis of valuation adjustments of participations as well as an assessment of assumptions used by management to determine the value in use.</p> <p>As part of our audit procedures, we compared the book value with the IFRS equity value or value in use. For material participations, we audited the IFRS equity value as part of the IFRS group audit. For immaterial participations, we performed an assessment of differences between the IFRS equity value and the statutory equity.</p> <p>For participations where the book value exceeds the IFRS equity value, we audited the underlying valuation analysis.</p> <p>We critically assessed and tested the financial budgets approved by management and the board of directors.</p>



equity value of each participation determined for the IFRS closings. As long as the IFRS equity value exceeds the book value of the participation, the conclusion is drawn that the valuation of the participation is sufficient.

In case that the IFRS equity value is below the book value of the participation, management performs an extensive valuation analysis and the value in use is compared to the book value of the participation. For the calculation of the value in use, an extensive valuation analysis using cash flow projections, based on mid-term planning approved by management and the board of directors, is performed.

As the actual cash flows naturally vary from planned projections, management have created detailed sensitivity analyses. The sensitivity analyses provide insights as to the valuation of the participation, when key assumptions, individually or as a whole, on which planned projections are based, are not met.

We critically assessed the additional sensitivity analyses prepared by management to ascertain the level of prudence used.

In addition, we, together with our valuation experts, assessed the main parameters used in the calculation of the weighted average cost of capital, from which the discount rate is derived. In particular, we identified the market data inputs used by management and compared these against independent data. As for the long-term growth rate used at the end of the mid-term planning period, we compared it to the economic environment and industry trends.

We consider the valuation approach, and the assumptions and parameters used within, as a reasonable and adequate basis for the management assessment of the participation value recorded on the balance sheet. The audit evidence obtained through our audit procedures was sufficient and suitable to assess the valuation of participations.

#### Responsibilities of the Board of Directors for the financial statements

The Board of Directors is responsible for the preparation of the financial statements in accordance with the provisions of Swiss law and the company's articles of incorporation, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so.

#### Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law and Swiss Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located at the website of EXPERT-suisse: <http://expertsuisse.ch/en/audit-report-for-public-companies>. This description forms part of our auditor's report.



**Report on other legal and regulatory requirements**

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists which has been designed for the preparation of financial statements according to the instructions of the Board of Directors.

We further confirm that the proposed appropriation of available earnings complies with Swiss law and the company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

PricewaterhouseCoopers AG

Peter Eberli  
Audit expert  
Auditor in charge

Nebojsa Baratovic  
Audit expert

Zürich, 15 March 2021



# *Share Performance and Historical Comparison*

*The Swiss Life share closed out 2020 at CHF 412.40. That corresponds to a decrease of 15%, or 10% taking into account the dividend distribution plus repayment of par value totalling CHF 20.00.*

The Covid-19 pandemic triggered major uncertainty on the stock exchanges. This led to significant upheavals on the global equity and bond markets, particularly in the first quarter of 2020. By bundling monetary and fiscal policy measures, governments and central banks were able to calm the markets for the most part in the following quarters. Thanks to the rapid successes in the development and approval of vaccines, the first vaccinations had been administered by the end of the year. This led to a strong market recovery, although the macroeconomic situation deteriorated again in the fourth quarter due to renewed lockdown measures.

In this challenging environment, the Swiss Market Index (SMI) posted a performance of +1%. The Swiss Life share closed the year 15% down, thereby exhibiting a similar trend to the European insurance industry index Dow Jones STOXX 600 Insurance (-14%). Insurance stocks thus underperformed compared to the SMI.

At the Annual General Meeting of Swiss Life Holding Ltd in April 2020, the shareholders approved a repayment of par value of CHF 5.00 per share and an ordinary dividend distribution of CHF 15.00 per share. In March 2020, Swiss Life initiated another share buyback programme amounting to CHF 400 million. At the end of March 2020, Swiss Life, like all other major listed banks and insurance companies in Switzerland, temporarily suspended its share buyback programme having repurchased shares worth CHF 29 million. On 4 January 2021, Swiss Life resumed the share buyback programme and will repurchase the remaining CHF 371 million under the programme by the end of May 2021.

#### Swiss Life share details

Swiss security number	1 485 278
ISIN	CH 001 485 278 1
Ticker symbol SIX	SLHN
Reuters	SLHN.S
Bloomberg	SLHN SW



## Share performance

Amounts in CHF

	as at 2020	2020	2019	2018	2017	2016
Number of shares	31.12.	32 014 391	33 594 606	34 223 106	34 223 106	32 081 201
Annual high	19.02.	521.40	508.40	395.90	363.50	290.30
Annual low	23.03.	261.00	380.20	328.10	292.40	211.50
Year-end price	30.12.	412.40	485.80	378.60	345.00	288.20
Performance of Swiss Life (in %)		-15	+28	+10	+20	+6
Swiss Market Index (SMI)	30.12.	10 704	10 617	8 429	9 382	8 220
Performance of Swiss Market Index (SMI) (in %)		+1	+26	-10	+14	-7
Dow Jones STOXX 600 Insurance Index (in EUR)	31.12.	279.14	322.75	259.40	288.35	269.66
Performance of Dow Jones STOXX 600 Insurance Index (in %)		-14	+24	-10	+7	-6
Average trading volume		234 155	156 762	177 519	144 983	158 405
Market capitalisation (in CHF million)	30.12.	13 203	16 320	12 957	11 807	9 246
Basic earnings per share		32.87	36.59	31.58	30.98	28.92
Diluted earnings per share		32.78	36.48	31.49	29.63	27.27
Dividend paid / par value repayment per share	05.05./24.07.	20.00	16.50	13.50	11.00	8.50
Total dividend payout to shareholders (in CHF million)	05.05./24.07.	636	547	460	356	271
Dividend yield on year-end price (in %)	30.12.	4.85	3.40	3.57	3.19	2.95

Source: Bloomberg

## Breakdown of registered shares with voting rights as at 31.12.2020

Number of shares	Number of shareholders	As % of registered shareholders
1-25	162 837	85.27
26-100	20 134	10.54
101-1 000	7 236	3.79
> 1 000	749	0.39
TOTAL	190 956	100.00

## Standard & Poor's financial strength ratings as at 31.12.2020

	Classification	Outlook
Swiss Life Ltd, Zurich	A+	stable
Swiss Life Ltd, Branch Germany, Munich	A+	stable

### Swiss Life Group historical comparison

In CHF million (if not stated otherwise)

	2020	2019	2018	2017	2016
<b>PREMIUM VOLUME</b>					
Gross written premiums, policy fees and deposits received	20 020	23 008	19 218	18 565	17 366
<b>FIGURES FROM CONSOLIDATED STATEMENT OF INCOME</b>					
Net earned premiums	15 304	17 034	13 157	12 791	13 228
Fee and commission income	1 957	1 820	1 615	1 469	1 351
Financial result	4 273	5 227	5 003	4 395	5 062
<b>TOTAL INCOME</b>	<b>21 728</b>	<b>24 320</b>	<b>20 062</b>	<b>18 769</b>	<b>19 784<sup>1</sup></b>
Net insurance benefits and claims	-15 629	-17 838	-13 961	-13 189	-14 064
Policyholder participation	-910	-1 124	-1 155	-949	-1 325
Operating expense	-3 590	-3 541	-3 268	-2 842	-2 764 <sup>1</sup>
<b>TOTAL EXPENSE</b>	<b>-20 256</b>	<b>-22 669</b>	<b>-18 527</b>	<b>-17 292</b>	<b>-18 393<sup>1</sup></b>
<b>PROFIT FROM OPERATIONS</b>	<b>1 472</b>	<b>1 651</b>	<b>1 534</b>	<b>1 476</b>	<b>1 391<sup>1</sup></b>
<b>NET PROFIT</b>	<b>1 051</b>	<b>1 205</b>	<b>1 080</b>	<b>1 013</b>	<b>926</b>
Net profit attributable to					
Equity holders of Swiss Life Holding	1 046	1 199	1 076	1 007	922
Non-controlling interests	5	6	4	6	4
<b>FIGURES FROM CONSOLIDATED BALANCE SHEET</b>					
Equity	17 263	16 435	15 034	15 583	13 739
Insurance reserves	189 624	183 339	170 048	171 649	159 899
Total assets	237 538	228 094	212 982	212 800	199 731
<b>FURTHER KEY FIGURES</b>					
Return on equity (in %) <sup>2</sup>	9.4 <sup>3</sup>	10.8 <sup>3</sup>	9.6 <sup>3</sup>	9.8	10.0
Assets under control	322 979	303 677	277 040	269 255	243 255
Value of new business	465	561	386	351	296
Number of employees (full-time equivalents)	9 823	9 330	8 624	7 979	7 801
Number of advisors	15 830	13 570	13 560	11 243	10 874

<sup>1</sup> adjusted

<sup>2</sup> equity excl. unrealised gains/losses on financial instruments

<sup>3</sup> incl. share buy-back (2020: CHF 29 million / 2019: CHF 913 million / 2018: CHF 87 million)



## Contacts

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## Annual Report 2020

The Annual Report is published in German and English and contains information on corporate governance, risk management, sustainability and the annual accounts.

The English text is definitive for the Consolidated Financial Statements; the original German text is binding in all other respects.

The Annual Report can be found online at: [www.swisslife.com/ar2020](http://www.swisslife.com/ar2020)

## Publishing details

**Publisher** – Swiss Life Holding Ltd, Zurich

**Editorial responsibility** – Swiss Life, Group Communications and Strategic Marketing, Zurich

**Concept, design and technical realisation** – EQS Group, Zurich

**Production** – Management Digital Data AG, Lenzburg

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There may be minor discrepancies in total figures and percentages in this report due to rounding effects.

**Important dates****Annual General Meeting 2021**

23 April 2021

**Interim Statement Q1 2021**

11 May 2021

**Half-year Results 2021**

17 August 2021

**Interim Statement Q3 2021**

9 November 2021

**Investor Day 2021**

25 November 2021



*We enable people to lead  
a self-determined life.*

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