

# Corporate Governance Statement

## 1. Corporate governance statement

Good corporate governance is important to ensure value creation over time, and to increase people's trust in the Company. This statement describes the corporate governance principles adopted by Gjensidige Forsikring ASA ("Gjensidige"), and is prepared in accordance with the Norwegian Accounting Act § 3-3 b and the Norwegian Code of Practice for Corporate Governance issued by the Norwegian Corporate Governance Board (NUES). The Code of Practice is available at [www.nues.no](http://www.nues.no).

This statement is based on the principle of 'comply or explain', and includes a statement on each section in the Code of Practice. Gjensidige follows the Code of Practice with the deviations set forth in this statement. The numbering of the sections in the statement is structured in accordance with the Code of Practice.

## 2. The Business

The Articles of Association include a description of and clear framework for the company's business. Gjensidige is a financial services group and is subject to the rules and restrictions set out in the Norwegian Financial Undertakings Act. Gjensidige's primary business is non-life insurance and associated business in the Nordic countries and the Baltics. In Norway, the group is also engaged in life and pension insurance.

The board of directors (the "Board") sets clear objectives, strategies and risk appetite for the business with the aim of creating value for the shareholders and other stakeholders in a sustainable way. Our objectives and strategies are described in more detail in the company's annual report, quarterly reports and on our website.

Objectives, strategies and risk appetite are evaluated and reviewed on an ongoing basis and is subject to board consideration at least once a year. Through these processes, the assumptions on which Gjensidige's corporate strategy and underlying strategies are based are tested and adjusted as needed. The Board holds a yearly strategy seminar in June and approves the adjusted corporate strategy at the end of each year.

Sustainability themes permeate what we do in our core business. Gjensidige publishes an integrated report based on the framework from IIRC - the International Integrated Reporting Council. This means that significant topics related to financial, social, environmental, and governance aspects are presented based on annual materiality and stakeholder analyses.

## 3. Equity and dividends

The Board has determined a clear solvency and dividend policy adapted to Gjensidige's objectives, strategy and risk appetite. Gjensidige targets high and stable nominal dividends to its shareholders, and a pay-out ratio over time of at least 80 per cent of profit after tax. When determining the size of the dividend, the expected future capital need will be taken into account. Over time, Gjensidige will also pay out excess capital. Please see our annual report for more information about dividends and capital management.

Gjensidige's solvency and capital needs are, in principle, defined by the rules adopted by the authorities. The standard requirements that have been adopted are based on average figures. The Board would like solvency and capital requirements to be always defined in relation to Gjensidige's actual exposure, and it has therefore invested considerable resources in the Group's own internal model, which provides continuous, detailed information about solvency and capital needs. The model constitutes a good, relevant decision-making basis for the Board in the areas covered by the model, and has, subject to certain additional conditions, been approved by the Financial Supervisory Authority. The Board has also targets that Gjensidige shall meet the requirements for an A-rating by S&P or a rating at a similar level to ensure that Gjensidige is properly capitalised.

It is considered expedient for the Board to be authorised by the company's general meeting to make decisions concerning the distribution of dividends throughout the year if there are financial grounds for doing so. Such decisions must be formally based on the most recently approved annual accounts, and will, if relevant, come in addition to the dividend adopted by the general meeting. Such authorisation requires the approval of the general meeting, and it will apply until the next annual general meeting, and no longer than 30 June the following year.

The Board believes it is expedient for the Board to be authorised to purchase own shares, partly to fulfil the Group's share savings program and remuneration schemes for employees, and partly so that shares can be used as consideration in connection with acquisitions or for subsequent sale or cancellation. Such authorisation must be approved by the general meeting and will apply until 30 June the following year.

The Board believes it is expedient for the Board to be authorised to raise subordinated loans and other external financing, and to trade in the bonds issued at all times under the Company's subordinated bond issues. Such authorisation must be decided by the general meeting and will apply until the next annual general meeting, and no longer than 30 June the following year.

Furthermore, the Board believes it is expedient for the Board to be given limited authority to increase the share capital through subscription for new shares. Such authorisation must be decided by the general meeting and will apply until 30 June the following year.

For more information regarding the abovementioned authorisations, please see the general meeting notices and related documentation included on our webpage [www.gjensidige.com](http://www.gjensidige.com).

**Deviation:** In accordance with the Code of Practice, board authorisations should be explained and limited to defined purposes. The Board fundamentally agrees with this but believes that a certain degree of flexibility is necessary. As long as the authorisations are clearly limited in time and scope, and, in reality, merely adjust and rationalise the undertaking's capital structure, the Board's management authorisation should include powers to make such decisions rather than having to hold an extraordinary general meeting.

#### **4. Equal treatment of shareholders**

Shareholders' pre-emption rights in connection with an increase in share capital is an important and fundamental right in a good, harmonious shareholder community, and the pre-emption right can only be waived in exceptional circumstances. Any waiving of pre-emption right will be based on the company's and shareholders' mutual interests. In such case, there will be full openness about the matter, and the shareholders will receive identical information simultaneously through a stock exchange

announcement and subsequently on our website. This also applies if the Board utilizes the authorisations it has been granted. The company's transactions in own shares must always comply with the arm's length principle and be on ordinary market terms with due consideration to applicable legislation. Transactions between related parties and group companies must take place on commercial terms, and based on an independent evaluation when required by law.

## 5. Shares and negotiability

There are no provisions in Gjensidige's articles of association that limit the right to own, trade or vote for shares in the company.

## 6. General meetings

Gjensidige holds its annual general meeting by the end of April each year, as set forth in our articles of association. General meetings are called by the board of directors with at least 21 days' written notice to all shareholders with a known residence and supporting information is prepared in accordance with the recommendation in the Code of Practice. The chair of the board of directors or another person designated by the board of directors, and the general meeting elects a person to chair the general meeting.

Gjensidige's annual general meeting in 2023 was held as a hybrid meeting (shareholders could choose between physical or electronic attendance). The solution was considered to be safe and satisfactory in order to safeguard shareholder rights. Shareholders who participated had the opportunity to ask questions and vote directly for each item on the agenda regardless of whether they participated electronically or physically. Prior to the meeting, the shareholders had ample opportunity to contact the Company to clarify matters or to get help to put forward items to the meeting agenda.

**Deviation:** The Board is aware that the Code of Practice recommends individual voting for each candidate to the board of directors and nomination committee. However, board elections are demanding in Norwegian financial undertakings, partly because of statutory suitability requirements and partly because of statutory requirements pertaining to the combined expertise of the board of directors as a whole. Board elections in Gjensidige are therefore organized as one vote on the nomination committee's overall recommendation for the board composition. All shareholders may submit proposals for candidates, and the nomination committee contacts the biggest shareholders in writing. All submitted views are considered. The Board considers this process to be very important to the company's business, position and further development.

## 7. Nomination committee

Gjensidige has a nomination committee comprising four to six members, as provided for in the company's articles of association. The general meeting elects the chair and members of the committee and stipulates the committee's remuneration. Further, the general meeting has approved an instruction for the nomination committee's work.

The committee members are independent of the shareholder-elected board members and executive personnel.

The nomination committee's duties include proposing candidates for the board of directors and the nomination committee, and proposing the remuneration of the members of these corporate bodies, the Board's subcommittees and the company's external auditor. In financial undertakings, the general meeting elects the chair of the board of directors. The chairperson is elected from and among the shareholder-elected board members who are not proposed by the Gjensidige Foundation (majority shareholder). To ensure the employee's right to co-determination, one of the board members elected from among the employees therefore takes part in discussions and decisions pertaining to the recommendation for chairperson.

The general meeting appoints the company's external auditor based on the nomination committee's recommendation. The audit committee prepares the appointment of the external auditor and provides a recommendation to the nomination committee before the nomination committee submits its recommendation to the general meeting.

Shareholders have the opportunity to submit proposals for candidates to the board of directors and nomination committee. The nomination committee is accessible to shareholders, and the process is subject to deadlines to ensure that the views of all shareholders are made known before the relevant discussions take place in the nomination committee. The nomination committee annually conducts individual meetings with the board members, CEO and the external auditor.

It is set forth in Gjensidige's articles of association that, as long as the Gjensidige Foundation owns more than 33,4 % of the issued shares in Gjensidige, the Gjensidige Foundation has the right to submit three board member candidates to the nomination committee to be proposed to the general meeting. If the nomination committee does not deem the proposed candidates suitable or are not elected by the general meeting, the Gjensidige Foundation will propose new board member candidates to the nomination committee.

## **8. The Board of Directors**

Gjensidige's board of directors consists of 10 board members, of which 7 are elected by the general meeting and three are elected by and among the employees. Board members elected by the general meeting are elected for one year at the time. The general meeting's elections are made based on the nomination committee's proposal. Such proposals will reflect statutory requirements pertaining to qualifications, gender, age and geographic affinity of the board members. The employee representatives are appointed for two years at the time.

At least two of the shareholder-elected members are independent of the Company's majority shareholder. The chair of the Board is independent of the company's majority shareholder, material business contacts and executive personnel. No executive personnel is member of the Board.

In the Board's opinion, the composition of the Board safeguards the interests of the shareholders as a whole, and the Company's needs for competence, capacity and diversity. Our annual report includes a description of each board members background, experience and attendance at board meetings in 2023.

The nomination committee encourages board members to own shares in the Company.

## 9. The work of the Board

The Board held 10 ordinary board meetings in 2023, of which one was a strategy seminar over 2 days. In addition, the Board held a voluntary board seminar about ESG. Three board meetings were held via Teams and one board meeting was held as a hybrid meeting.

In accordance with Norwegian law, the Board has three board committees: the remuneration committee, the audit committee and the risk committee. The board committees prepare the Board's consideration of matters and do not have decision-making authority. In the Board's opinion, the preparatory work done in the board committees increases the efficiency of the board proceedings and adds value for both the board of directors and the company. For more information about the board committee's mandates and composition, please see our annual report or webpages at [www.gjensidige.com](http://www.gjensidige.com).

In accordance with the Code of Practice, the majority of the members of the audit committee are independent of the company, cf. section 9 of the Code of Practice.

The Board has adopted rules of procedure for the board of directors and its three committees and revises these yearly. The Board's rules of procedure contain i.a. regulations pertaining to impartiality in accordance with applicable law and the Code of Practice. The rules of procedure are available at [www.gjensidige.com](http://www.gjensidige.com).

The Board's work follows an annual plan which is prepared and approved annually and adjusted as needed. Transparency and room for input is emphasized by the Board. The Board annually conducts a self-evaluation of its work and qualifications. Every other year the evaluation is facilitated through external resources. The nomination committee has access to the results of the evaluation.

In accordance with the Financial Undertakings Act, the Company has established four independent control functions that each play a key role within their areas of responsibility. These are the Risk Management function, the Compliance function, the Actuary function and the Internal Audit function. These functions are filled by employees of the Company. The internal auditor (the head of the Internal Audit function) is appointed by the board of directors, which also decides the auditor's salary, and has a special position as the board of directors' most important control officer. The leaders of the other control functions are appointed by the administration. The functions are described in more detail in Note 3 of our annual accounts. The Board emphasizes that these functions shall have a close relationship with the Board through board work and reporting, and, in particular, the work in the board committees. See Note 3 of our annual accounts for more information about our risk and capital management.

## 10. Risk management and internal control

Gjensidige complies with the Code of Practice in relation to risk management and internal control, and the board of directors and its board committees continuously reviews the most important risk areas and the internal control system.

The internal control is based on the COSO principles and consists of three lines of defense; (1) the business' own control measures (first line), (2) the compliance function, risk management function and the actuarial function's control measures (second line) and (3) the internal audit function (third line).

The accounting department has established processes for proper internal control with financial information and shall have the right expertise and sufficient resources to be able to prepare the accounts and other statutory reporting in accordance with the applicable laws and regulations. The reporting of deviations and other established systematic reporting gives the Board insight into the processes and status. In addition, effective internal control has been established for the reporting of non-financial information.

In the Board's opinion, the control environment is good and functions as intended. The framework for the assessment of risk – identification and qualification of risks – is continuously quantified and evaluated. Control activities and the coordination of the different control environments are adopted annually by and in consultation with the Board. Information, communication and risk monitoring is conducted through the Board's risk committee and audit committee.

In relation to risk management, the board annually adopts risk limits in light of the Company's future plans, financial situation and the capital plan communicated to the shareholders. See Note 3 of the annual accounts for more information.

## **11. Remuneration of the Board**

The general meeting resolves the remuneration of the Board based on the nomination committee's recommendation. Please see Note 8 in the annual accounts for further information.

No board members receive share options or remuneration linked to the company's performance. Reference is made to the nomination committee's presentation, assessment and proposal, which are available on the Company's website [www.gjensidige.com](http://www.gjensidige.com).

## **12. Remuneration of executive personnel**

The board of directors has adopted guidelines for the remuneration of executive personnel in Gjensidige in accordance with applicable law. The guidelines are presented to the ordinary general meeting upon any significant change and at least every fourth year. Both the guidelines and the company's remuneration report on remuneration of executive personnel are available at [www.gjensidige.com](http://www.gjensidige.com)

The guidelines are designed to contribute to the alignment of shareholder and employee interests. The remuneration scheme is linked to value creation over time, and is based on quantifiable factors that the employee can influence. A ceiling has been set for performance-based remuneration.

In our annual report we have also included our non-discrimination and equal rights report.

## **13. Information and communications**

The Board has adopted an IR policy for the Company's reporting of financial and other investor information. It is based on openness and takes into account the requirement for equal treatment of shareholders and other stakeholders in the securities market. The IR policy also regulates the Company's contact with shareholders outside of the general meeting. The IR policy is available at [www.gjensidige.com](http://www.gjensidige.com).

## **14. Take-overs**

The Board has adopted guidelines for how the Board will respond to any takeover bids. The guidelines are in accordance with the Code of Practice. However, the Board points out that the Gjensidige Foundation owns more than 60 per cent of the shares in Gjensidige, and that a takeover bid process therefore would be an unusual situation. Regardless, the Board is prepared to engage in such dialogue out of consideration for the shareholders as a whole, and to take part in value-creating discussions with any parties with interesting value propositions.

## **15. The external auditor**

The external auditor submits a plan for the performance of the audit each year. The plan is discussed and decided upon by the board's audit committee and is also considered in the context of other internal control and risk management plans. The Board places great emphasis on openness in relation to the external auditor and the audit team, and on ensuring good, efficient cooperation with employees, and that the auditor has the access he/she requires. The board of directors has at least one meeting alone with the external auditor per year. It is the auditor who confirms to the annual general meeting that the accounts adopted by the board of directors are correct.

It is primarily the audit committee and the company's administration that are in day-to-day contact with the external auditor. The external auditor participates in all of the audit committee's meetings. The nomination committee evaluates the external auditor's overall contribution and gives a recommendation on election or re-election based on the audit committee's recommendation. The nomination committee occasionally proposes changing the external auditor, irrespective of the auditor's contribution, in part to ensure new impulses and assessments, and in part to subject the audit to competitive tender.

The company has established guidelines regarding the use of the auditor by for other services than the audit.