

## *Swiss Life Compensation Report for the Financial Year 2015*

The General Meeting of Shareholders of Swiss Life Holding resolved on 23 April 2014 on a corresponding proposal by the Board of Directors to make various amendments to the Articles of Association in order to implement the Ordinance against Excessive Compensation in Listed Stock Companies (Compensation Ordinance, VegüV). The amendments take account of the new 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 have been incorporated into 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 ordinary 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 important for the Board of Directors in their assessment and structuring of compensation. This vote on the compensation report will continue to be held in the future in line with good corporate governance practice.

On the basis of the new 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 approved the compensation for the Board of Directors and the Corporate Executive Board on 27 April 2015 as follows:

- For the Board of Directors: The maximum total amount of fixed compensation until the next ordinary General Meeting in 2016 in the amount of CHF 3 300 000 in total.
- For the Corporate Executive Board: The short-term variable compensation component for the 2014 financial year in the amount of CHF 3 949 081 in total (bonus and deferred compensation in cash), determined by the Board of Directors at the beginning of 2015 in view of the 2014 annual results, and the maximum total amount of the fixed compensation and the long-term variable compensation (equity compensation plan) for the 2016 financial year in the amount of CHF 12 800 000 in total.

In the same way, the General Meeting on 26 April 2016 will be asked to approve the exclusively fixed compensation for the Board of Directors until the 2017 ordinary General Meeting, the short-term variable compensation component for the Corporate Executive Board for the 2015

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 2017 financial year.

The proposed budget/maximum amount for the fixed and long-term variable compensation for the Corporate Executive Board for the 2017 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 2017 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 viewed online and printed out at [www.swisslife.com](http://www.swisslife.com), “About us” area, “Organisation” section, “Corporate Governance” and “Articles” subsections ([www.swisslife.com/association](http://www.swisslife.com/association)). 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, 15 and 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 251 to 260 and 273 to 274. 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 306 to 308.

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 2016 and is published on an accrual basis as compensation for the 2015 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 by the Articles of Association of Swiss Life Holding. 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 is 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 is made up of the basic salary, a short-term variable compensation component based on achievement of the annual objectives, which is generally paid in cash and possibly in shares 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 assessed also 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. The main KPIs for the medium-term planning are, besides the annual profit, payout 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. Their 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).

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 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 40 to 43). 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 also sets the level and distribution of the variable compensation pool for all employees on the basis of its compensation policy guidelines based on a proposal by the Compensation Committee. When determining the level of the allocation to the compensation pool, it takes into consideration the annual result, as well as the 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 on 1 January 2012 as a new compensation component related to the short-term variable compensation. 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 2015 financial year, the Board of Directors has determined that, as in the previous year, as from a variable compensation amount in cash of CHF 500 000, 23% of the total variable compensation in cash is to be allocated as deferred compensation in cash.

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 Holding share price. The value of RSUs during the three-year term develops linear with the Swiss Life Holding share price and thus symmetrically corresponds with shareholder interests. 56 members of Swiss Life Group senior management participated in the 2013 equity compensation plan, in which a total of 74 630 RSUs were allocated; 18 590 in total to the Corporate Executive Board, of which 3360 to Bruno Pfister, in his capacity as Group CEO at the time. 57 members of Swiss Life Group senior management participated in the 2014 equity compensation plan. A total of 57 223 RSUs were allocated; 14 432 in total to the members of the Corporate Executive Board, of which 4226 to Bruno Pfister as Group CEO at the time. Altogether 51 members participated in the 2015 equity compensation plan, in which a total of 51 660 RSUs were allocated; 13 288 in total to the Corporate Executive Board, of which 3644 to Patrick Frost in his capacity as Group CEO since 1 July 2014. A total of 51 members of Swiss Life Group senior management participated in the 2016 equity compensation plan. A total of 51 270 RSUs were allocated; 14 586 in total to the members of the Corporate Executive Board, of which 3478 RSUs to Patrick Frost as Group CEO.

The 2013–2015 equity compensation plans are based on the Group-wide programme “Swiss Life 2015”, which had been announced at the Swiss Life Group’s Investors’ Day on 28 November 2012 (see [www.swisslife.com/investorsday2012](http://www.swisslife.com/investorsday2012)). With regard to the 2013 and 2014 equity compensation plans, the Board of Directors has set the following performance criteria, based on the medium-term planning 2013–2015 (2013 equity compensation plan) and 2014–2016 (2014 equity compensation plan): Cost efficiency (50% weighting), risk and fee result (25% weighting) and IFRS profit (25% weighting). With regard to the 2015 equity compensation plan, the Board of Directors has set the following performance criteria on the basis of the medium-term planning 2015–2017: 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). The 2016 equity compensation plan is based on the new Group-wide programme “Swiss Life 2018”, which was announced at the Swiss Life Group’s Investors’ Day on 25 November 2015 (see [www.swisslife.com/investorsday2015](http://www.swisslife.com/investorsday2015)). 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; risk and fee result, 25% weighting; Cash to Swiss Life Holding, 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. For reasons of trade secrecy, the precise target values cannot be disclosed in advance; 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 259 and 260. In distinction to the equity compensation plans in effect from 2013, no performance criteria were set for the 2012 equity compensation plan, which expired during the reporting period on 31 March 2015.

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 case 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.

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.

As Chairman of the Board, Rolf Dörig is affiliated to the employee benefits institutions of Swiss Life for the purpose of occupational provisions. No such affiliation exists for other members of the Board of Directors and no contributions have been made on their behalf.

For the period from the 2015 ordinary General Meeting to the 2016 ordinary General Meeting, the General Meeting of 27 April 2015 approved a maximum total amount of fixed compensation for the members of the Board of Directors in the amount of CHF 3 300 000 in total. On this basis, 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. For the Chairman of the Board of Directors the fixed compensation in cash and blocked shares had been reduced by CHF 240 000 to CHF 1 200 000 as from the General Meeting of 23 April 2014.

The compensation paid to members of the Board of Directors in the 2015 financial year is shown on an individual basis in the 2015 compensation table below. For comparison purposes, the compensation for the 2014 financial year is shown again after the 2015 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.

Based on the Articles of Association of Swiss Life Holding, the maximum amount of the fixed compensation for the Board of Directors for the new period of office from the 2016 ordinary General Meeting until the 2017 ordinary General Meeting will be presented to the General Meeting of Shareholders on 26 April 2016 for approval. Compared to the previous years the Board of Directors proposes an augmentation of the compensation of CHF 140 000 in total. The basic compensation for members of the Board of Directors, which has remained unchanged at CHF 110 000 since 2011, is to be increased by CHF 10 000; in addition, compensation for time expenditure related to chairing a Board of Directors' committee is to be slightly increased. Compensation for the Vice Chairmen and the Chairman of the Board of Directors remains unchanged.

## Compensation to the Board of Directors in 2015

(audited)

Amounts in CHF	Compensation in cash		Compensation in blocked shares <sup>1</sup>		Expenditure for occupational provisions		
	Amount	Number	Amount (at closing price on allocation)	Total compensation in cash and shares (amount) <sup>2</sup>	Regular contributions <sup>3</sup>	Extraordinary contributions	Aggregate total (amount)
Rolf Dörig, Chairman of the Board of Directors	840 000	1 542	360 210	1 200 210	287 641	-	1 487 851
Gerold Bühler	245 000	451	105 342	350 342			
Frank Schnewlin	245 000	451	105 342	350 342			
Wolf Becke	91 000	168	39 247	130 247			
Adrienne Corboud Fumagalli	91 000	168	39 247	130 247			
Ueli Dietiker	91 000	168	39 247	130 247			
Damir Filipovic	91 000	168	39 247	130 247			
Frank W. Keuper	91 000	168	39 247	130 247			
Henry Peter	112 000	206	48 126	160 126			
Franziska Tschudi Sauber	91 000	168	39 247	130 247			
Klaus Tschütscher	91 000	168	39 247	130 247			
<b>TOTAL BOARD OF DIRECTORS</b>	<b>2 079 000</b>	<b>3 826</b>	<b>893 749</b>	<b>2 972 749</b>	<b>287 641</b>	<b>-</b>	<b>3 260 390</b>

<sup>1</sup> The allocation of shares was effected on 18.06.2015 and 15.12.2015 at the stock exchange closing price of CHF 210.80 and CHF 261.90 respectively. Taking into account the blocking period of three years, the economic value, which is equal to the tax value, is CHF 176.9919 and CHF 219.8965 respectively.

<sup>2</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 176 787 in the year under review.

<sup>3</sup> Pursuant to the pension fund regulations, occupational provisions were financed by the employer and the employee at a ratio of 70% to 30%.

## Compensation to the Board of Directors in 2014

(audited)

Amounts in CHF	Compensation in cash		Compensation in blocked shares <sup>3</sup>		Expenditure for occupational provisions		
	Amount	Number	Amount (at closing price on allocation)	Total compensation in cash and shares (amount) <sup>4</sup>	Regular contributions <sup>5</sup>	Extraordinary contributions	Aggregate total (amount)
Rolf Dörig, Chairman of the Board of Directors	896 000	1 761	384 401	1 280 401	286 416	-	1 566 817
Gerold Bühler	244 767	481	105 141	349 908			
Frank Schnewlin	244 767	481	105 141	349 908			
Wolf Becke	91 000	180	39 346	130 346			
Adrienne Corboud Fumagalli <sup>1</sup>	68 250	134	29 512	97 762			
Ueli Dietiker	91 000	180	39 346	130 346			
Damir Filipovic	91 000	180	39 346	130 346			
Frank W. Keuper	91 000	180	39 346	130 346			
Henry Peter	112 000	221	48 308	160 308			
Peter Quadri <sup>2</sup>	30 333	61	13 042	43 375			
Franziska Tschudi Sauber	91 467	181	39 560	131 027			
Klaus Tschütscher	91 000	180	39 346	130 346			
<b>TOTAL BOARD OF DIRECTORS</b>	<b>2 142 584</b>	<b>4 220</b>	<b>921 835</b>	<b>3 064 419</b>	<b>286 416</b>	<b>-</b>	<b>3 350 835</b>

<sup>1</sup> Joined 23.04.2014.

<sup>2</sup> Left 23.04.2014.

<sup>3</sup> The allocation of shares was effected on 17.06.2014 and 15.12.2014 at the stock exchange closing price of CHF 213.80 and CHF 223.60 respectively. Taking into account the blocking period of three years, the economic value, which is equal to the tax value, is CHF 179.5108 and CHF 187.7390 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 191 671 in the year under review.

<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%.

### 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. Starting from the principle of equal apportionment, the ratio of short-term to long-term variable compensation components is determined by the Board of Directors in consideration of the results achieved in the respective business 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 in principle allocated 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 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 factors, namely project targets, risk management and compliance goals, as well as requirements relating to leadership and to supporting and further developing corporate culture.

Despite the low interest rate environment and negative interest rates, as well as the decision by the Swiss National Bank (SNB) of 15 January 2015 to discontinue the minimum rate against the euro, Swiss Life once again grew profitably during the year under review. The targets set in medium-term planning were clearly exceeded. Compared with the previous year, adjusted operating income grew at a high level, by 17% to CHF 1.3 billion, and IFRS net profit by 7% to CHF 878 million; insurance reserves, meanwhile, were also strengthened anew in favour of policyholders, by a total of CHF 1.2 billion. Fee and commission income stood at CHF 1.3 billion, and thus posted an 8% improvement year-on-year in local currency. The target was also surpassed with regard to adjusted return on equity, which at 9.7% is once again at the upper end of the target ambition of 8–10%. Also with regard to solvency all quantitative and qualitative solvency targets were met in the course of SST implementation. Although interest rates were low, the new business margin posted a robust 1.7%, and the value of new business increased by 5% to CHF 268 million despite the very difficult environment. Finally, targets for strengthening Swiss Life Holding's financial substance and payout capacity were also met, and all units achieved their cost targets.

The compensation for members of the Corporate Executive Board for the 2015 financial year is reported in detail in the 2015 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 2015 financial year; accordingly his compensation is disclosed individually.

In the 2015 financial year, the compensation is reported, in addition to the compensation of Group CEO Patrick Frost, for six persons who were members of the Corporate Executive Board for the entire year under review.

The short-term variable compensation component for the Corporate Executive Board of a total CHF 4 152 500 (cash bonus of CHF 3 603 500 and deferred compensation in cash of CHF 549 000), which was determined by the Board of Directors at the beginning of 2016 for the 2015 financial year and will be proposed to the General Meeting of Shareholders on 26 April 2016 for approval, is disclosed in the following compensation table on an accrual basis as compensation for the 2015 financial year (accrual method). The members of the Corporate Executive Board did not receive any compensation in shares for the 2015 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 2016) is also reported in the compensation table for the 2015 financial year, which serves as the basis for the amount of the allocation and the corresponding number of allocated RSUs (accrual method).

Expenditure for occupational provisions for members of the Corporate Executive Board in the period under review amounted to CHF 1 622 925. This includes the ordinary annual employer contribution of CHF 228 421 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 7 of the 2015 compensation table.

Following the 2015 compensation table, the details of the compensation for 2014 are stated in a separate table for comparison.

## Compensation to the Corporate Executive Board in 2015

(audited)

Amounts in CHF	Compensation in cash				Compensation in shares		Total compensation in cash and shares (amount)
	Salary	Bonus for 2015 paid in 2016 <sup>4</sup>	Other compensation <sup>5</sup>	Total compensation in cash	Number	Amount	
Patrick Frost, Group CEO <sup>1</sup>	1 500 000	830 000	24 762	<b>2 354 762</b>	0	0	<b>2 354 762</b>
Other members of Corporate Executive Board <sup>2,3</sup>	6 156 420	2 773 500	121 125	<b>9 051 045</b>	0	0	<b>9 051 045</b>
<b>TOTAL CORPORATE EXECUTIVE BOARD</b>	<b>7 656 420</b>	<b>3 603 500</b>	<b>145 887</b>	<b>11 405 807</b>	<b>0</b>	<b>0</b>	<b>11 405 807</b>

<sup>1</sup> Patrick Frost has been Group CEO since 1 July 2014. His salary as Group CEO is thus measured for the full reporting year in 2015 but not in 2014.

<sup>2</sup> 6 individuals were taken into account in the period under review who were on the Corporate Executive Board during the full reporting year (previous year: 4 persons). The compensation for Markus Leibundgut in 2014 (appointed on 1 April 2014) and Stefan Mächler (appointed on 1 September 2014) is reported pro rata for the period of their membership of the Corporate Executive Board in 2014. The compensation for Bruno Pfister is also reported pro rata for the period of his membership of the Corporate Executive Board in 2014. Nils Frowein has been a member of the Corporate Executive Board since 1 January 2015.

<sup>3</sup> The salary amounts also include tax-equalisation payments and international travel expenses totalling CHF 1 178 820.

<sup>4</sup> The short-term variable compensation component for the 2015 financial year (bonus and deferred compensation in cash) was determined by the Board of Directors at the beginning of 2016 for the 2015 financial year.

<sup>5</sup> Child allowances (CHF 8200), allowance for years of service (CHF 6512) and premium contributions to 3<sup>rd</sup> pillar pension plans (CHF 131 175).

Amounts in CHF	Expenditure for occupational provisions		Aggregate total compensation in cash and in shares and occupational provisions expense (amount) <sup>7</sup>
	Regular contributions <sup>6</sup>	Extraordinary contributions	
Patrick Frost, Group CEO	228 421	0	<b>2 583 183</b>
Other members of Corporate Executive Board <sup>1</sup>	1 394 504	0	<b>10 445 549</b>
<b>TOTAL CORPORATE EXECUTIVE BOARD</b>	<b>1 622 925</b>	<b>0</b>	<b>13 028 732</b>

<sup>6</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>7</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 1 051 107 in the year under review.

Amounts in CHF	Variable deferred compensation in cash <sup>4</sup>	Restricted Share Units (RSUs) RSU plan 2016 <sup>9,10</sup>		Aggregate total compensation incl. deferred compensation in cash and RSUs (amount)
		Amount <sup>8</sup>	Number	
Patrick Frost, Group CEO	<b>245 000</b>	3 478	750 065	<b>3 578 248</b>
Other members of Corporate Executive Board <sup>1</sup>	<b>304 000</b>	11 108	2 395 553	<b>13 145 102</b>
<b>TOTAL CORPORATE EXECUTIVE BOARD</b>	<b>549 000</b>	<b>14 586</b>	<b>3 145 618</b>	<b>16 723 350</b>

<sup>8</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>9</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>10</sup> For the 2016 RSU plan beginning 01.03.2016 the 2015 financial year forms the basis for the amount of the allocation and the corresponding number of allocated RSUs. The allocation of RSUs on 01.03.2016 was effected at a fair value of CHF 215.66, as calculated by an independent consultancy firm.

## Compensation to the Corporate Executive Board in 2014

(audited)

Amounts in CHF	Compensation in cash			Compensation in shares		Total compensation in cash and shares (amount)	
	Salary	Bonus for 2014 determined in 2015 <sup>3</sup>	Other compensation <sup>4</sup>	Total compensation in cash	Number		Amount
Patrick Frost, Group CEO from 01.07.2014	1 125 000	575 000	24 742	<b>1 724 742</b>	0	0	<b>1 724 742</b>
Other members of Corporate Executive Board <sup>1,2</sup>	5 615 374	2 793 081	115 167	<b>8 523 622</b>	0	0	<b>8 523 622</b>
<b>TOTAL CORPORATE EXECUTIVE BOARD</b>	<b>6 740 374</b>	<b>3 368 081</b>	<b>139 909</b>	<b>10 248 364</b>	<b>0</b>	<b>0</b>	<b>10 248 364</b>

<sup>1</sup> Seven individuals were taken into account in the period under review. For Bruno Pfister, Group CEO until 30 June 2014, and Manfred Behrens, CEO Germany until 31 March 2014, compensation is disclosed for both the period of their membership of the Corporate Executive Board and the period until termination of their employment relationship on 30 November 2014 and 31 December 2014 respectively. For Markus Leibundgut (appointed on 1 April 2014) and Stefan Mächler (appointed on 1 September 2014), compensation is reported pro rata for the period of their membership of the Corporate Executive Board in 2014.

<sup>2</sup> In the 2014 financial year, Bruno Pfister received the salary agreed in his contract of employment until formal termination of the employment relationship on 30 November 2014; for his service as Group CEO until 30 June 2014 a short-term variable compensation (bonus and deferred compensation in cash) of a total of CHF 540 000 was determined. In addition he received 1415 RSUs as a long-term variable compensation component (2014 RSU plan: the allocation was effected at a fair value of CHF 203.54 as calculated by an independent consultancy firm). This compensation is included in the tabular amounts for the other members of the Corporate Executive Board or the corresponding total amount.

<sup>3</sup> The short-term variable compensation component for the 2014 financial year (bonus and deferred compensation in cash) was determined by the Board of Directors at the beginning of 2015 for the 2014 financial year.

<sup>4</sup> Child allowances (CHF 8650), company cars (CHF 23 426), premium contributions to 3<sup>rd</sup> pillar pension plans (CHF 104 112), other (CHF 3721), each in total.

Amounts in CHF	Expenditure for occupational provisions		Aggregate total compensation in cash and in shares and occupational provisions expense (amount) <sup>5</sup>
	Regular contributions <sup>5</sup>	Extraordinary contributions	
Patrick Frost, Group CEO from 01.07.2014	205 224	0	<b>1 929 966</b>
Other members of Corporate Executive Board <sup>1</sup>	1 707 960	0	<b>10 231 582</b>
<b>TOTAL CORPORATE EXECUTIVE BOARD</b>	<b>1 913 184</b>	<b>0</b>	<b>12 161 548</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 959 830 in the year under review.

Amounts in CHF	Variable deferred compensation in cash <sup>7</sup>	Restricted Share Units (RSUs) RSU plan 2015 <sup>8,9</sup>		Aggregate total compensation incl. deferred compensation in cash and RSUs (amount)
		Amount <sup>7</sup>	Number	
Patrick Frost, Group CEO from 01.07.2014	<b>175 000</b>	3 644	750 190	<b>2 855 156</b>
Other members of Corporate Executive Board <sup>1</sup>	<b>406 000</b>	9 644	1 985 409	<b>12 911 000</b>
<b>TOTAL CORPORATE EXECUTIVE BOARD</b>	<b>581 000</b>	<b>13 288</b>	<b>2 735 599</b>	<b>15 766 156</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 2015 RSU plan beginning 01.03.2015 the 2014 financial year forms the basis for the amount of the allocation and the corresponding number of allocated RSUs. The allocation of RSUs on 01.03.2015 was effected at a fair value of CHF 205.87, as calculated by an independent consultancy firm.

**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 the Articles of Association, 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

On the balance sheet date of 31 December 2015, acting members of the Board of Directors and the Corporate Executive Board (including closely linked parties) held the following number of Swiss Life Holding registered shares and future subscription rights to Swiss Life Holding shares in the form of Restricted Share Units (RSUs).

### Board of Directors

	SLH shares
	31.12.2015
Rolf Dörig, Chairman of the Board of Directors	38 850
Gerold Bühler	6 740
Frank Schnewlin	4 393
Wolf Becke	822
Adrienne Corboud Fumagalli	302
Ueli Dietiker	522
Damir Filipovic	1 285
Frank W. Keuper	522
Henry Peter	8 258
Franziska Tschudi Sauber	2 739
Klaus Tschütscher	522
<b>TOTAL BOARD OF DIRECTORS</b>	<b>64 955</b>

### Corporate Executive Board

	Restricted Share Units (RSUs)	SLH shares
	31.12.2015 <sup>1</sup>	31.12.2015
Patrick Frost, Group CEO	9 218	14 130
Thomas Buess	7 148	14 854
Nils Frowein	5 942	300
Ivo Furrer	7 148	2 000
Markus Leibundgut	4 946	1 420
Stefan Mächler	1 591	500
Charles Relecom	5 694	3 130
<b>TOTAL CORPORATE EXECUTIVE BOARD</b>	<b>41 687</b>	<b>36 334</b>

<sup>1</sup> Total number of RSUs allocated in the years 2013, 2014 and 2015 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.

Shareholdings as well as future subscription rights to Swiss Life Holding shares as at 31 December 2014 are shown in the Notes to the Swiss Life Holding Financial Statements on page 308.

## 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 2015 financial year.

In CHF (unless otherwise indicated)

<b>Total compensation<sup>1</sup></b>	<b>794 503 933</b>
of which total variable compensation (total pool) <sup>2</sup>	132 540 859
Number of persons who received variable compensation	6 280
<b>Total outstanding deferred compensation</b>	<b>11 456 814</b>
of which cash payment	946 177
of which shares	0
of which options	0
of which others (Restricted Share Units, RSU)	10 510 637
<b>Charges and credits in the financial year from compensation for previous financial years<sup>3</sup></b>	<b>-1 753 281</b>
<b>Board of Directors, Executive Board and persons whose activities have a significant influence on the risk profile:</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> In particular reduction in expenses affecting net income due to only partial consumption of reserves for variable compensation in Germany.

<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  
Zurich

### **Report of the Statutory Auditor on the Compensation Report**

We have audited the sections on pages 59 and 63 to 65 of the accompanying compensation report of Swiss Life Holding Ltd for the year ended 31 December 2015.

#### **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 remuneration system and defining individual remuneration 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 remuneration, 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 2015 complies with Swiss law and articles 14–16 of the Ordinance.

PricewaterhouseCoopers AG

Ray Kunz	Nebojsa Baratovic
Audit expert	Audit expert
Auditor in charge	

Zurich, 15 March 2016