

CONTENT

- 3 About this report
- 4 The year that passed
- 6 Key figures and alternative performance measures
- 11 Chair letter
- 14 CEO letter

Chapter 1 – This is us

Chapter 2 – Creating added value in Gjensidige

Chapter 3 – Value created in 2020

Chapter 4 – Financial statements and notes

- 282 Declaration from the Board and CEO
- 283 Auditor's report
- 288 Independent Auditor's report

Appendix

- 290 GRI Content Index and Board of Directors Report
- 296 Selected governing documents
- 297 Description of ratings and whom we support
- 298 Statement on equality
- 304 Certificates and guarantees
- 310 Climate accounts own operations



Integrated annual report 2020
We are Gjensidige

CONTENT

- 3 About this report
- 4 The year that passed
- 6 Key figures and alternative performance measures
- 11 Chair letter
- 14 CEO letter

Chapter 1 – This is us

Chapter 2 – Creating added value in Gjensidige

Chapter 3 – Value created in 2020

Chapter 4 – Financial statements and notes

- 282 Declaration from the Board and CEO
- 283 Auditor's report
- 288 Independent Auditor's report

Appendix

- 290 GRI Content Index and Board of Directors Report
- 296 Selected governing documents
- 297 Description of ratings and whom we support
- 298 Statement on equality
- 304 Certificates and guarantees
- 310 Climate accounts own operations

We are Gjensidige

It all started with a sense of community. If there was a fire on the neighbouring farm, it could be rebuilt with the help of what people had paid to the mutual fire insurance – jointly.

Today, more than 200 years later, the mutuality principle is more important than ever. No one lives for himself alone. Everyone must do their bit. For the environment, for safety, for each other. This is who we are. Mutual, or Gjensidige, as we say in Norwegian. **We are Gjensidige.**



CONTENT

- 3 About this report
- 4 The year that passed
- 6 Key figures and alternative performance measures
- 11 Chair letter
- 14 CEO letter
- Chapter 1 – This is us**
- Chapter 2 – Creating added value in Gjensidige**
- Chapter 3 – Value created in 2020**
- Chapter 4 – Financial statements and notes**
- 282 Declaration from the Board and CEO
- 283 Auditor’s report
- 288 Independent Auditor’s report
- Appendix**
- 290 GRI Content Index and Board of Directors Report
- 296 Selected governing documents
- 297 Description of ratings and whom we support
- 298 Statement on equality
- 304 Certificates and guarantees
- 310 Climate accounts own operations



About this report

The 2020 annual report is an integrated report based on the framework of IIRC – the International Integrated Reporting Council. The report was prepared in accordance with the Global Reporting Initiative’s - GRI’s - core principles and Euronext’s recommendation for sustainability reporting from January 2020. In the report, you can read about how we work to create value in the short and long term for our customers, owners, employees, suppliers and society at large, and how sustainability is integrated in our operations. We have chosen to use the integrated reporting framework because we believe it gives a good presentation of Gjensidige and our value creation. The external auditor has issued an independent assurance report on the integrated report 2020.

The report is published in digital format only and is available at www.gjensidige.no.

The requirements of the Board’s report are covered in various chapters throughout the integrated report. For complete overview, see “Appendix 1 - GRI Content Index and the Board’s report”.

In case of any discrepancies, the Norwegian version of the annual report shall prevail.

CONTENT

3

About this report

4

The year that passed

6

Key figures and alternative performance measures

11

Chair letter

14

CEO letter

Chapter 1 – This is us

Chapter 2 – Creating added value in Gjensidige

Chapter 3 – Value created in 2020

Chapter 4 – Financial statements and notes

282

Declaration from the Board and CEO

283

Auditor’s report

288

Independent Auditor’s report

Appendix

290

GRI Content Index and Board of Directors Report

296

Selected governing documents

297

Description of ratings and whom we support

298

Statement on equality

304

Certificates and guarantees

310

Climate accounts own operations

The year that passed

The year that passed

Covid-19

Covid-19 affected Gjensidige in many ways throughout the year. We made arrangements to enable employees to work from home, the annual general meeting and dividend decision were postponed, customer behaviour changed, and new services were launched to assist customers, for example an online psychologist. The situation also affected our financial results.

Best reputation in the industry

In 2020, Gjensidige was ranked top in the Norwegian financial industry, both in the Norwegian Customer Survey, which measures customer satisfaction, and in the Ipsos profile survey, which measures reputation. We also received the Stockman award from the Norwegian Society of Financial Analysts for our investor communication, and our sustainability reporting was ranked best in the industry by The Governance Group.

Green insurance

Gjensidige launched its first insurance policies with explicitly sustainable properties. The new policies are aimed at young customers and entail that emissions resulting from the claims settlement process are offset by climate certificates purchased from Cemasys. The funds will be directed towards the project “Energy Efficiency and Improved Clean Burning Cookstoves in Ghana”.

Mimiro – Digital ecosystem

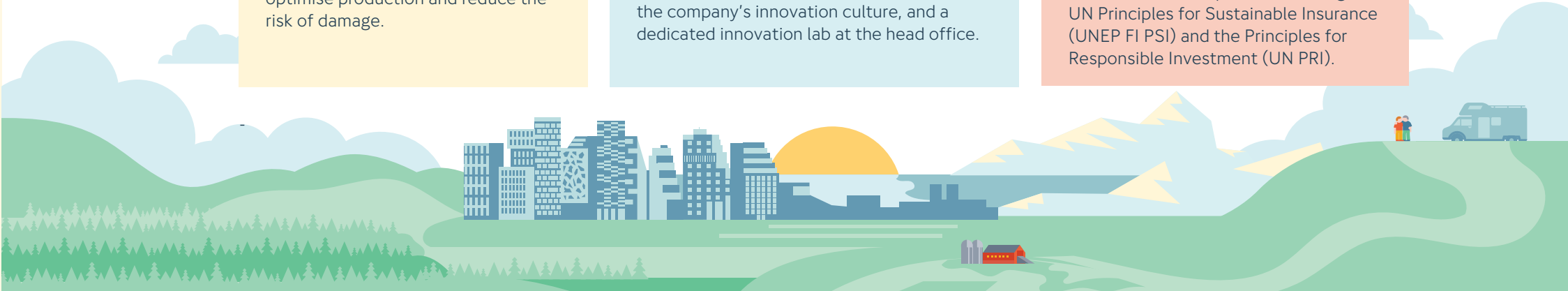
In line with Gjensidige’s ambition of becoming a damage-preventing problem-solver for its customers, Gjensidige acquired an ownership interest in Mimiro, a company that offers digital services to help farmers optimise production and reduce the risk of damage.

Digital innovation

We entered into a research partnership with the Norwegian School of Economics’ (NHH) Digital Innovation for Growth (DIG) centre. The partnership will be an important platform for understanding how we can use technology to create added value for customers. We also established an interdisciplinary innovation council to boost the company’s innovation culture, and a dedicated innovation lab at the head office.

Climate-neutral business

Gjensidige became a climate-neutral business in 2020 by purchasing UN Golden Standard carbon offsets to compensate for emissions from Gjensidige’s own operations. We also became a signatory to initiatives that highlight our commitment to sustainable development, including the UN Principles for Sustainable Insurance (UNEP FI PSI) and the Principles for Responsible Investment (UN PRI).



CONTENT

- 3 About this report
- 4 The year that passed
- 6 Key figures and alternative performance measures
- 11 Chair letter
- 14 CEO letter

Chapter 1 – This is us

Chapter 2 – Creating added value in Gjensidige

Chapter 3 – Value created in 2020

Chapter 4 – Financial statements and notes

- 282 Declaration from the Board and CEO
- 283 Auditor’s report
- 288 Independent Auditor’s report

Appendix

- 290 GRI Content Index and Board of Directors Report
- 296 Selected governing documents
- 297 Description of ratings and whom we support
- 298 Statement on equality
- 304 Certificates and guarantees
- 310 Climate accounts own operations

The year that passed

Sustainable claims settlements

We will take steps to enable customers to make sustainable choices. In 2020, we launched an environmental dividend for commercial customers that rebuild damaged buildings in such a way that they obtain the environment certification to become BREEAM NOR certified to a ‘Very Good’ standard or better. The environmental dividend corresponds to five per cent of the amount of the initial compensation.

10 years since IPO

10 December 2020 Gjensidige celebrated that 10 years had passed since the initial public offering on the Oslo Stock Exchange. In the course of the 10 years the Gjensidige share yielded a total return of 549 per cent. The occasion was marked with a donation of NOK 350,000 to the Red Cross.

Straight-through processing of claims

We launched several solutions that will make it easier to buy and use Gjensidige’s insurance policies. We started using a fully automated claims handling process for motor claims reported online, which means that customers’ claims will be settled more quickly and more time will be made available for more complex cases.

New digitalisation department in Sweden

A new digitalisation department was established in Sweden. The department will be responsible for product development, pricing and profitability in the Swedish business, and enable an increased focus on digitalisation, service and good customer experiences.

Denmark first to start using new core system

The new core system IDIT was developed in Denmark. Completion and testing were nearly finished towards the end of the year, which means the system can be taken into use for the first products in early 2021.

Partner for the Zero Emission Conference

Gjensidige was the main partner for the Zero Emission Conference, Norway’s biggest climate conference.

Gjensidige used the opportunity to draw attention to the following: a safer society, sustainable claims settlements and responsible investments.



CONTENT

3

About this report

4

The year that passed

6

Key figures and alternative performance measures

11

Chair letter

14

CEO letter

Chapter 1 – This is us

Chapter 2 – Creating added value in Gjensidige

Chapter 3 – Value created in 2020

Chapter 4 – Financial statements and notes

282

Declaration from the Board and CEO

283

Auditor’s report

288

Independent Auditor’s report

Appendix

290

GRI Content Index and Board of Directors Report

296

Selected governing documents

297

Description of ratings and whom we support

298

Statement on equality

304

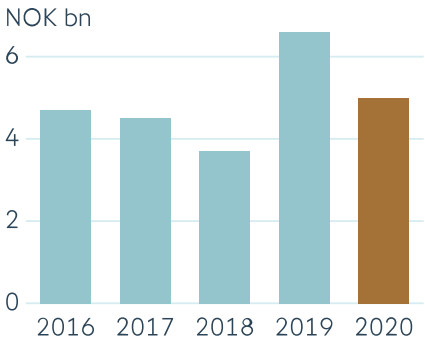
Certificates and guarantees

310

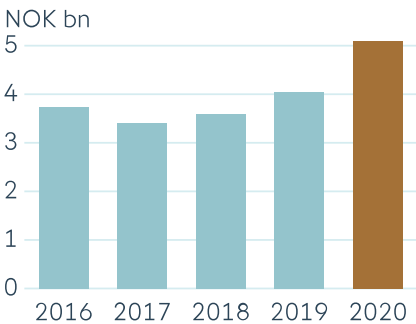
Climate accounts own operations

Key figures and alternative performance measures

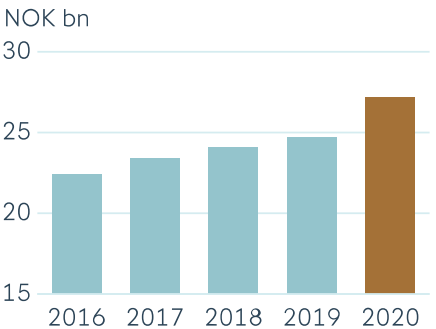
Profit after tax



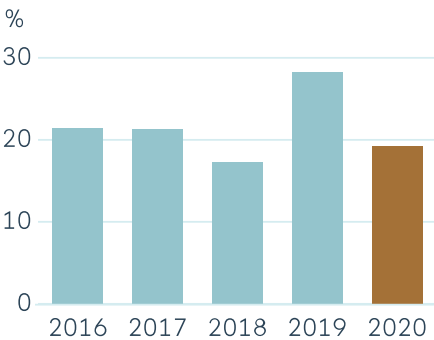
Underwriting result general insurance¹



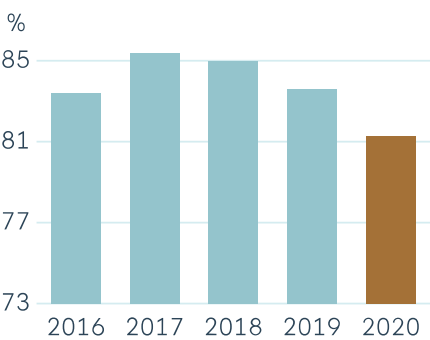
Earned premiums general insurance



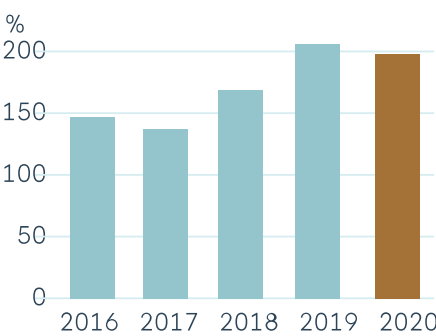
Return on equity¹



Combined ratio general insurance¹



Solvency margin²



¹ Defined as an alternative performance measure (APM). APMs are described at www.gjensidige.no/reporting in a document named APMs Gjensidige Forsikring Group 2020.

² Based on approved partial internal model in 2018, 2019 and 2020. Based on standard formula in 2016 and 2017.

CONTENT

3

About this report

4

The year that passed

6

Key figures and alternative performance measures

11

Chair letter

14

CEO letter

Chapter 1 – This is us

Chapter 2 – Creating added value in Gjensidige

Chapter 3 – Value created in 2020

Chapter 4 – Financial statements and notes

282

Declaration from the Board and CEO

283

Auditor’s report

288

Independent Auditor’s report

Appendix

290

GRI Content Index and Board of Directors Report

296

Selected governing documents

297

Description of ratings and whom we support

298

Statement on equality

304

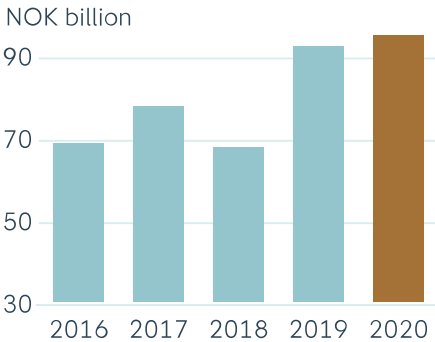
Certificates and guarantees

310

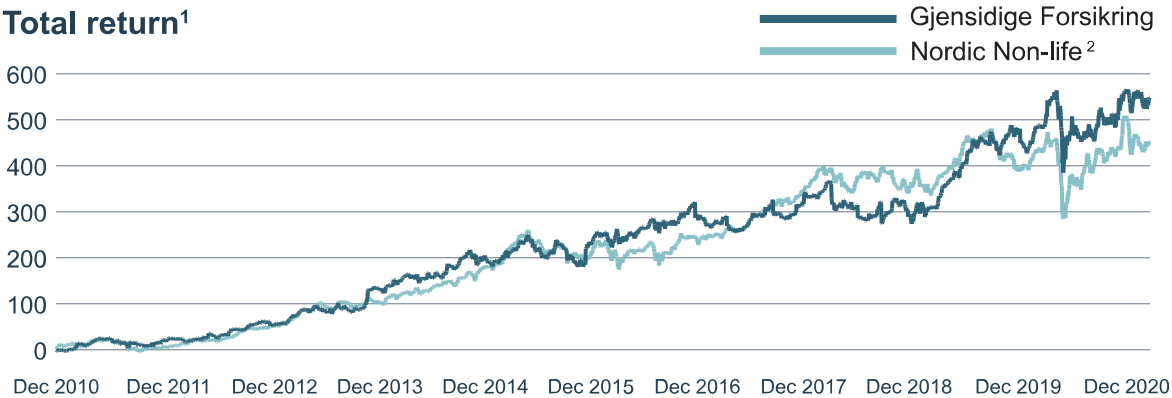
Climate accounts own operations

Key figures and alternative performance measures

Market value as at 31.12.



Total return¹



¹ Dividend reinvested
² Equally weighted average in local currency for Tryg, Topdanmark, Sampo and Alm.Brand

Total return ¹			
	Last year	Last two years	Since IPO 10.12.2010
Gjensidige	10.7 %	58.1 %	548.8 %
Nordic non-life ²	3.1 %	23.2 %	451.7 %

¹ Dividend reinvested
² Equally weighted average in local currency for Tryg, Topdanmark, Sampo and Alm. Brand

Dividend per share		
	Based on profit for the year	Distribution of excess capital
2020 ¹	7.40	2.40
2019	7.25	5.00
2018	7.10	
2017	7.10	
2016	6.80	

¹ Proposed and decided

CONTENT

3

About this report

4

The year that passed

6

Key figures and alternative performance measures

11

Chair letter

14

CEO letter

Chapter 1 – This is us

Chapter 2 – Creating added value in Gjensidige

Chapter 3 – Value created in 2020

Chapter 4 – Financial statements and notes

282

Declaration from the Board and CEO

283

Auditor’s report

288

Independent Auditor’s report

Appendix

290

GRI Content Index and Board of Directors Report

296

Selected governing documents

297

Description of ratings and whom we support

298

Statement on equality

304

Certificates and guarantees

310

Climate accounts own operations

Key figures and alternative performance measures

Main figures		2020	2019	2018	2017	2016
Earned premiums, general insurance	NOK Millions	27,160.5	24,650.4	24,052.8	23,398.3	22,441.9
Underwriting result ¹	NOK Millions	5,075.6	4,036.4	3,605.8	3,410.1	3,734.6
Net income from investments	NOK Millions	1,318.5	3,860.3	830.2	2,002.2	2,152.6
Profit/(loss) from Pension	NOK Millions	166.8	196.9	166.6	103.6	113.2
Profit/(loss) from continuing and discontinued operations	NOK Millions	4,953.9	6,593.8	3,716.4	4,519.3	4,665.9
Regular dividend per share	NOK	7.40	7.25	7.10	7.10	6.80
Special dividend per share	NOK	2.40	5.00	-	-	-
Main figures general insurance						
Large losses ¹	NOK Millions	955.6	635.0	954.7	577.4	871.8
Run-off results ¹	NOK Millions	1,122.3	1,363.2	2,356.9	1,030.3	1,023.4
Combined ratio ¹	Per cent	81.3	83.6	85.0	85.4	83.4
Loss ratio ¹	Per cent	66.8	68.9	69.8	70.1	69.1
Underlying frequency loss ratio ¹	Per cent	67.4	71.8	75.6	72.0	69.8
Cost ratio ¹	Per cent	14.5	14.7	15.2	15.3	14.2
Financial position						
Investment portfolio ²	NOK Millions	58,887.4	59,054.4	52,816.0	54,860.2	53,957.7
Equity	NOK Millions	25,284.5	26,192.2	23,845.2	23,703.1	22,326.0
Total equity and liabilities	NOK Millions	118,312.0	112,405.9	156,762.9	149,072.4	135,926.6
Solvency margin, partial internal model	Per cent	198	206	190	169	180

CONTENT

3 About this report

4 The year that passed

6 Key figures and alternative performance measures

11 Chair letter

14 CEO letter

Chapter 1 – This is us

Chapter 2 – Creating added value in Gjensidige

Chapter 3 – Value created in 2020

Chapter 4 – Financial statements and notes

282 Declaration from the Board and CEO

283 Auditor’s report

288 Independent Auditor’s report

Appendix

290 GRI Content Index and Board of Directors Report

296 Selected governing documents

297 Description of ratings and whom we support

298 Statement on equality

304 Certificates and guarantees

310 Climate accounts own operations

Key figures and alternative performance measures

Main figures		2020	2019	2018	2017	2016
Return						
Return on financial assets ¹	Per cent	2.2	4.1	1.5	3.7	3.9
Return on equity ¹	Per cent	19.2	28.2	17.3	21.3	21.4
Key indicators sustainability						
The environment						
Energy consumption	MWh	9,039	10,172	12,671	12,773	11,988
CO ₂ -emissions, scope 1 and 2 ^{3, 11}	Tonnes CO ₂ e	1,860	5,124	5,426	5,354	5,150
CO ₂ -emissions, scope 3 travel and transport ^{4, 11}	Tonnes CO ₂ e	183	1,915	1,475		
CO ₂ -emissions, scope 3 claims processes ^{4a, 11}	Tonnes CO ₂ e	31,689	41,523			
CO ₂ -intensity claims processes ⁵	Tonnes CO ₂ e/ NOK Millions	1.2	1.7			
CO ₂ emissions own operations per employee	Tonnes CO ₂ e/ employees (FTE)	0.6	1.9			
Employees						
Number of employees in the Group	Persons	3,676	3,674	3,893	3,834	4,005
Gender distribution men/women	Share	48/52	53/47	52/48	52/48	53/47
Gender distribution men/women in executive positions ⁶	Share	61/39	62/38	63/37	63/37	64/36
Engagement score all employees ¹²	Score	8.5	7.9			
Employees' perceived diversity ¹²	Score	9.1	8.8			

CONTENT

3

About this report

4

The year that passed

6

Key figures and alternative performance measures

11

Chair letter

14

CEO letter

Chapter 1 – This is us

Chapter 2 – Creating added value in Gjensidige

Chapter 3 – Value created in 2020

Chapter 4 – Financial statements and notes

282

Declaration from the Board and CEO

283

Auditor’s report

288

Independent Auditor’s report

Appendix

290

GRI Content Index and Board of Directors Report

296

Selected governing documents

297

Description of ratings and whom we support

298

Statement on equality

304

Certificates and guarantees

310

Climate accounts own operations

Key figures and alternative performance measures

Key indicators sustainability		2020	2019	2018	2017	2016
Employees contd						
Total number of course-days, all employees	Days	7,433	5,255	5,982	6,960	7,487
Turnover of employees, Gjensidige Forsikring	Per cent	9.4	11.1	12.4	15.3	9.7
Sickness absence, Gjensidige Forsikring	Per cent	3.7	3.9	3.8	3.9	3.9
Customers						
Digital customers ⁷	Per cent	80	77	73	70	65
Automated claims settlements ⁸	Per cent	17	15			
Digital claims settlements ⁸	Per cent	80	73	63		
Socially responsible investments						
Carbon footprint equity (index) ¹³	Intensity ⁹	11.1 (17.8)				
Carbon footprint real estate portfolio ¹³	Intensity ¹⁰	7.4	8.5			

1

Defined as an alternative performance measure (APM). APMs are described at www.gjensidige.no/reporting in a document named APMs Gjensidige Forsikring Group 2020.

2

The investment portfolio includes all assets in the Group, except Pension.

3

Scope 1: Direct emissions from company cars. Scope 2: Emissions from energy consumption see the section "Results of our commitment to the climate and environment", see Appendix 6

4

Scope 3: Emissions from travel, waste and transport, see Appendix 6

4a

Scope 3: Estimated emissions related to material consumption and waste in claims processes

5

CO₂-intensity: CO₂-emissions in tonnes from claims handling processes, divided by earned premiums in NOK million from general insurance.

6

Norway, Sweden and Denmark.

7

The private segment.

8

The private and commercial segment

9

Tonnes CO₂e per NOK Millions of sales.

10

Kg of CO₂e per square metre.

11

See the section "Results of our commitment to the climate and environment" for explanation.

12

Scale from 1-10 with 10 being the best.

13

See the section "Results of our commitment to responsible investments" for explanation.

CONTENT

- 3 About this report
- 4 The year that passed
- 6 Key figures and alternative performance measures
- 11 Chair letter
- 14 CEO letter

Chapter 1 – This is us

Chapter 2 – Creating added value in Gjensidige

Chapter 3 – Value created in 2020

Chapter 4 – Financial statements and notes

- 282 Declaration from the Board and CEO
- 283 Auditor’s report
- 288 Independent Auditor’s report

Appendix

- 290 GRI Content Index and Board of Directors Report
- 296 Selected governing documents
- 297 Description of ratings and whom we support
- 298 Statement on equality
- 304 Certificates and guarantees
- 310 Climate accounts own operations

For more than 200 years, Gjensidige’s social mission has been to create a sense of security.

Gisele Marchand
Chair



CONTENT

- 3 About this report
- 4 The year that passed
- 6 Key figures and alternative performance measures
- 11 Chair letter
- 14 CEO letter

Chapter 1 – This is us

Chapter 2 – Creating added value in Gjensidige

Chapter 3 – Value created in 2020

Chapter 4 – Financial statements and notes

- 282 Declaration from the Board and CEO
- 283 Auditor’s report
- 288 Independent Auditor’s report

Appendix

- 290 GRI Content Index and Board of Directors Report
- 296 Selected governing documents
- 297 Description of ratings and whom we support
- 298 Statement on equality
- 304 Certificates and guarantees
- 310 Climate accounts own operations

Chair letter

An unusual year

For Gjensidige, as for the rest of society, 2020 was an unusual year. The coronavirus pandemic affected all our stakeholders – customers, owners, employees, suppliers and society at large – in different ways.

For more than 200 years, Gjensidige’s social mission has been to create a sense of security. I am happy that the company managed to fulfil its mission in such an excellent manner given the unusual situation in 2020. In addition, our financial result was very strong.

Gjensidige is the biggest general insurance company in Norway, and among the leading insurers in the Nordic region. We safeguard life, health and assets for people, businesses and organisations in the Nordic countries. We compensate losses when they arise and use our expertise to prevent loss.

We create a sense of security by understanding risk

The ability to understand risk and to translate this understanding into risk reduction measures is a key factor in being able to create a sense of security. We advise our customers of measures that can prevent losses. We offer businesses sophisticated systems for identifying and managing risks.

In addition, we share our damage prevention know-how and expertise with the authorities and society at large.

New types of risk

Climate change increasingly exposes us to other types of risk than before. As a general insurer, we are affected by different forms of climate risk, not least relating to compensation for losses caused by weather-related events. We are affected by risk when society shifts towards a greener lifestyle. This gives rise to uncertainty relating to investments and customer behaviour, but also creates new opportunities. The trend will impact both insurance and investments. As an asset manager, we must also deal with the possibility of companies being held liable for not contributing to the green transition.

Gjensidige must also share its knowledge about the consequences of climate change with the public authorities, and help to ensure that society is better equipped for the future. Gjensidige supports several UN initiatives to ensure transparency and help to achieve sustainable development.

The contributions we make in our own business are in the form of measures to make our core processes more sustainable by supporting recycling and the circular economy, but also by safeguarding labour rights in our own organisation and in our partners’ organisations.

Strategic platform

Gjensidige strikes a balance between customer orientation and efficient operations, based on an analytical approach, to ensure long-term value creation. Key success factors are our strong brand, technology and infrastructure, and relevant expertise and culture. Sustainable choices and solutions are a fundamental precondition.

CONTENT

- 3 About this report
- 4 The year that passed
- 6 Key figures and alternative performance measures
- 11 Chair letter
- 14 CEO letter

Chapter 1 – This is us

Chapter 2 – Creating added value in Gjensidige

Chapter 3 – Value created in 2020

Chapter 4 – Financial statements and notes

- 282 Declaration from the Board and CEO
- 283 Auditor’s report
- 288 Independent Auditor’s report

Appendix

- 290 GRI Content Index and Board of Directors Report
- 296 Selected governing documents
- 297 Description of ratings and whom we support
- 298 Statement on equality
- 304 Certificates and guarantees
- 310 Climate accounts own operations

Chair letter

Strategy towards 2025

Looking towards 2025, we expect today’s market participants and business models to continue to dominate. We will nonetheless monitor developments closely and prepare for the threats and opportunities that result from changes in our surroundings.

A key part of our strategy is to develop the Company into becoming a problem-solver for customers, by offering a wider range of products and services than before. Internally in the organisation, this requires continuous improvement of our operations as well as training and development. At the same time, we will look for partners and alliances that can enhance our value proposition.

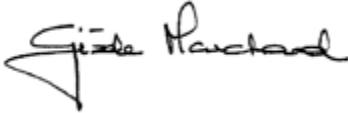
We seek opportunities for increased scale in general insurance in the Nordic region and the Baltics, and a broader range of services in the financial sector in Norway. Profitability will be prioritised over growth, and Gjensidige will continue to be one of the most cost-efficient participants in the general insurance market. Capital discipline will be given high priority and help the Group to maintain its financial flexibility and deliver on the return on equity target and dividend policy.

Dividend also in 2020

The shutdown of society in connection with the pandemic caused great uncertainty about economic developments. The authorities encouraged banks and insurance companies to withhold their dividend payments. I am very pleased that the situation changed on Gjensidige’s part, enabling the payment of dividend also in 2020. The result in 2020 was the best ever in the Group’s history, and the Board proposes a dividend of NOK 3,700 million for the 2020 financial year, corresponding to NOK 7,40 per share. On 4 February 2021, a dividend of NOK 1,200 million was paid based on the profit for 2019. That corresponded to NOK 2.40 per share and represented the distribution of excess capital.

Gjensidige’s contribution to society is based on our employees’ engagement. The Board would like to thank all its employees for their great effort during this challenging period.

Gisele Marchand
Chair of the Board



CONTENT

- 3 About this report
- 4 The year that passed
- 6 Key figures and alternative performance measures
- 11 Chair letter
- 14 CEO letter

Chapter 1 – This is us

Chapter 2 – Creating added value in Gjensidige

Chapter 3 – Value created in 2020

Chapter 4 – Financial statements and notes

- 282 Declaration from the Board and CEO
- 283 Auditor's report
- 288 Independent Auditor's report

Appendix

- 290 GRI Content Index and Board of Directors Report
- 296 Selected governing documents
- 297 Description of ratings and whom we support
- 298 Statement on equality
- 304 Certificates and guarantees
- 310 Climate accounts own operations

We will continue to develop solutions that simplify and improve the process of becoming and being a Gjensidige customer.

Helge Leiro Baastad
CEO



CONTENT

- 3 About this report
- 4 The year that passed
- 6 Key figures and alternative performance measures
- 11 Chair letter
- 14 CEO letter

Chapter 1 – This is us

Chapter 2 – Creating added value in Gjensidige

Chapter 3 – Value created in 2020

Chapter 4 – Financial statements and notes

- 282 Declaration from the Board and CEO
- 283 Auditor’s report
- 288 Independent Auditor’s report

Appendix

- 290 GRI Content Index and Board of Directors Report
- 296 Selected governing documents
- 297 Description of ratings and whom we support
- 298 Statement on equality
- 304 Certificates and guarantees
- 310 Climate accounts own operations

CEO letter

Record result in an unusual year

Gjensidige delivered a record high result in 2020. We continued to reap the benefits of the improvement work we initiated in 2018, on both the revenue and cost side. At the same time, the financial and economic consequences of the coronavirus pandemic were limited. Cancelled trips led to unusually high claims. They were offset by a reduction in other claims expenses, however, because customers stayed at home more than usual.

Challenges relating to the coronavirus

The pandemic left its mark on Gjensidige in 2020. Over a short period in the spring, we received a huge amount of enquiries from customers who needed help to cancel trips or to return from trips they had already embarked on. Digital claims reporting and straight-through processing solutions, combined with an extraordinary effort by our employees, helped to give many customers a good experience.

The shutdown of society meant that most of our staff worked from home for most of the year. We have technical solutions that support working from home, which meant we were able to maintain satisfactory operations. Our employees have demonstrated a great capacity to adapt to new ways of working, and surveys show that the level of commitment remains very high. I am nonetheless concerned about the social aspects of working from home over a long period, and we will endeavour to find solutions that will ensure a sound balance between working from home and working at the office.

Digitalisation and automation

In the long term, the coronavirus pandemic will, undoubtedly, result in an increased need for digital self-service solutions and cost-efficient processes. We are well under way with this work. For several types of claims, the processing is almost fully automated. In 2020, we introduced the possibility of reporting motor claims online, followed by straight-through processing of the claim. Motor claims are relatively complex, and automation of this process is demanding. Almost one-fifth of claims from Norwegian customers were processed fully automatically in 2020.

In 2020, all our employees gained access to new digital tools that enable them to interact regardless of where they work. We started the implementation of a new core system that will enable more efficient core processes and lead to greater flexibility and efficiency.

A sustainable problem-solver

Our strategy dictates that Gjensidige shall not only compensate losses that have arisen, but increasingly help customers to prevent losses from occurring. In 2020, we launched a number of additional services that contribute to this end. For example, we acquired an ownership interest in Mimiro, a digital ecosystem developed for the agricultural industry. Mimiro offers agricultural customers services that can optimise production and prevent a number of losses.

We also worked on a range of measures to make our operations and claims processes more sustainable. In 2020, Gjensidige partnered the Zero Emission Conference, where we focused on, among other things, increased use of the circular economy in insurance.

CONTENT

- 3 About this report
- 4 The year that passed
- 6 Key figures and alternative performance measures
- 11 Chair letter
- 14 CEO letter

Chapter 1 – This is us

Chapter 2 – Creating added value in Gjensidige

Chapter 3 – Value created in 2020

Chapter 4 – Financial statements and notes

- 282 Declaration from the Board and CEO
- 283 Auditor’s report
- 288 Independent Auditor’s report

Appendix

- 290 GRI Content Index and Board of Directors Report
- 296 Selected governing documents
- 297 Description of ratings and whom we support
- 298 Statement on equality
- 304 Certificates and guarantees
- 310 Climate accounts own operations

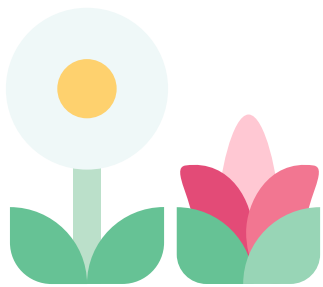
CEO letter

Improvement and development continue unabated going forward

Next year, we will continue to develop solutions that simplify and improve the process of becoming and being a Gjensidige customer. This will, not least, require digitalisation, automation and rationalisation. I also look forward to seeing the results of our many exciting sustainability initiatives. There is a strong commitment to this important issue in our Company, and together with suppliers and customers, we will contribute to the green transition also in the years ahead.

We will safeguard our customers’ lives, health and assets in a sustainable manner.

Helge Leiro Baastad
CEO



CONTENT

- 3 About this report
- 4 The year that passed
- 6 Key figures and alternative performance measures
- 11 Chair letter
- 14 CEO letter
- Chapter 1 – This is us**
 - 18 Our mission and vision
 - 19 Our core values
 - 20 Gjensidige’s targets
 - 24 How Gjensidige contributes to the UN Sustainable Development Goals
 - 26 Gjensidige’s strategy
 - 32 Customer promise
 - 35 Our business model
 - 39 Our markets
 - 42 Our insurance segments
- Chapter 2 – Creating added value in Gjensidige**
- Chapter 3 – Value created in 2020**
- Chapter 4 – Financial statements and notes**
 - 282 Declaration from the Board and CEO
 - 283 Auditor’s report
 - 288 Independent Auditor’s report
- Appendix**
 - 290 GRI Content Index and Board of Directors Report
 - 296 Selected governing documents
 - 297 Description of ratings and whom we support
 - 298 Statement on equality
 - 304 Certificates and guarantees
 - 310 Climate accounts own operations



Chapter 1

This is us

By keeping our promises, delivering quality, making complicated things simple and ensuring that each and every customer is satisfied, we create the Gjensidige Experience time after time – so that people keep choosing us.

CONTENT

- 3 About this report
- 4 The year that passed
- 6 Key figures and alternative performance measures
- 11 Chair letter
- 14 CEO letter
- Chapter 1 – This is us**
 - 18 Our mission and vision
 - 19 Our core values
 - 20 Gjensidige’s targets
 - 24 How Gjensidige contributes to the UN Sustainable Development Goals
 - 26 Gjensidige’s strategy
 - 32 Customer promise
 - 35 Our business model
 - 39 Our markets
 - 42 Our insurance segments
- Chapter 2 – Creating added value in Gjensidige**
- Chapter 3 – Value created in 2020**
- Chapter 4 – Financial statements and notes**
 - 282 Declaration from the Board and CEO
 - 283 Auditor’s report
 - 288 Independent Auditor’s report
- Appendix**
 - 290 GRI Content Index and Board of Directors Report
 - 296 Selected governing documents
 - 297 Description of ratings and whom we support
 - 298 Statement on equality
 - 304 Certificates and guarantees
 - 310 Climate accounts own operations



Our mission and vision

Our goals are based on a desire to achieve good financial results and as sustainable operations as possible. When it comes to strategy we have our mind on efficiency in the short term, development in the medium term – and sustainable value creation in the long term.

Our mission – We secure lives, health and assets in a sustainable manner.

Our vision – We shall know the customer best and care the most.

Our position – We shall be the most customer-oriented general insurance company in the Nordic region and the Baltic states.

CONTENT

- 3 About this report
- 4 The year that passed
- 6 Key figures and alternative performance measures
- 11 Chair letter
- 14 CEO letter
- Chapter 1 – This is us**
 - 18 Our mission and vision
 - 19 Our core values
 - 20 Gjensidige’s targets
 - 24 How Gjensidige contributes to the UN Sustainable Development Goals
 - 26 Gjensidige’s strategy
 - 32 Customer promise
 - 35 Our business model
 - 39 Our markets
 - 42 Our insurance segments
- Chapter 2 – Creating added value in Gjensidige**
- Chapter 3 – Value created in 2020**
- Chapter 4 – Financial statements and notes**
 - 282 Declaration from the Board and CEO
 - 283 Auditor’s report
 - 288 Independent Auditor’s report
- Appendix**
 - 290 GRI Content Index and Board of Directors Report
 - 296 Selected governing documents
 - 297 Description of ratings and whom we support
 - 298 Statement on equality
 - 304 Certificates and guarantees
 - 310 Climate accounts own operations

Chapter 1 – This is us - Our core values

Our core values

Our core values shall contribute to forming a common identity and corporate culture throughout the Gjensidige Group. They shall help our employees to work well together, to concentrate their efforts on creating good customer experiences, and on creating innovation and capacity for change.

Create a sense of security

A sense of security is created by leaving room for error, showing trust, openness, and listening to, seeing and supporting each other.

A sense of security allows us to challenge the status quo and takes us a step further. A secure setting gives us courage.

An illustration on a yellow background showing four people standing in a circle, holding hands. A fifth person is being lifted into the air by their arms, symbolizing support and security.

Apply new thinking

New thinking is about being inquisitive and being willing to do things better, be they big or small. Share your own thoughts and ideas and actively engage in those of others.

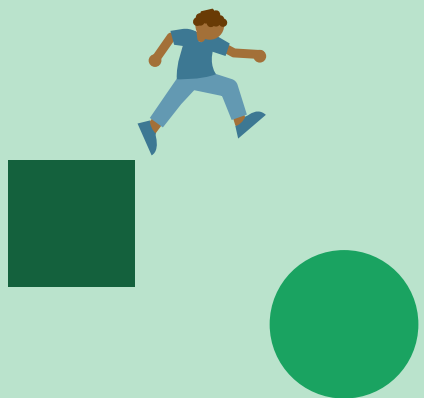
New ideas lead to learning, create dynamics, challenge us and take us one step further.

An illustration on a dark blue background showing a person standing on a rock, reaching up towards a large yellow sun or moon. This symbolizes reaching for new ideas and innovation.

Go for it

Dare to go for it. Demonstrate determination and finish in style.

Go for it! That’s how we face the future head-on.

An illustration on a light green background showing a person jumping over a dark green square hurdle. A large green circle is positioned to the right, symbolizing the goal or the future.

CONTENT

- 3 About this report
- 4 The year that passed
- 6 Key figures and alternative performance measures
- 11 Chair letter
- 14 CEO letter
- Chapter 1 – This is us**
 - 18 Our mission and vision
 - 19 Our core values
 - 20 Gjensidige's targets
 - 24 How Gjensidige contributes to the UN Sustainable Development Goals
 - 26 Gjensidige's strategy
 - 32 Customer promise
 - 35 Our business model
 - 39 Our markets
 - 42 Our insurance segments
- Chapter 2 – Creating added value in Gjensidige**
- Chapter 3 – Value created in 2020**
- Chapter 4 – Financial statements and notes**
 - 282 Declaration from the Board and CEO
 - 283 Auditor's report
 - 288 Independent Auditor's report
- Appendix**
 - 290 GRI Content Index and Board of Directors Report
 - 296 Selected governing documents
 - 297 Description of ratings and whom we support
 - 298 Statement on equality
 - 304 Certificates and guarantees
 - 310 Climate accounts own operations

Chapter 1 – This is us - Gjensidige's targets

Gjensidige's targets

The Board has adopted sustainability goals and financial targets that will help Gjensidige to achieve its mission, vision and desired position and meet its obligations to the Company's stakeholders. The management has also adopted operational targets to support them.

Sustainability goals

Gjensidige's board's adopted goals for sustainability focus on three themes. Some of the goals support more than one focus area. For example, our work on damage prevention contributes towards both a safer society and reduced carbon intensity by reducing the number of losses.

A safer society

- We shall contribute to a safer society by working on damage prevention activities.
- Sustainable products shall reflect the needs of customers and society. We shall be a problem-solver that provides our customers with relevant services.
- We need committed employees to be able to run an efficient business and achieve our goals.
- We shall take social responsibility and support underprivileged people in different ways.
- Insurance is very important to society and therefore subject to strict regulation. Good corporate governance is decisive to achieving our goals.

Reducing carbon intensity

- By buying carbon offsets, we shall be climate-neutral in our own operations from and including 2020. Our long-term goal of climate neutrality will be achieved by continuously reducing direct and indirect emissions, among other things related to energy consumption and travel.
- Our biggest indirect emissions are in the claims processes. This means that cooperating with and motivating customers and suppliers to make more climate and environmentally friendly choices in connection with claims process and encouraging more recycling and increased emphasis on the circular economy are our greatest opportunities to reduce our carbon intensity.
- We shall utilise the possibilities technology and digitalisation present for both damage prevention and sustainable rebuilding.

Responsible investments

- We shall contribute to ensuring a smooth transition to a zero-emission society.
- Our investments shall be in accordance with the group sustainability policy and Gjensidige's ethical profile, including by ensuring compliance with the UN Global Compact principles and the UN Principles for Responsible Investment (UN PRI).

CONTENT

3

About this report

4

The year that passed

6

Key figures and alternative performance measures

11

Chair letter

14

CEO letter

Chapter 1 – This is us

18

Our mission and vision

19

Our core values

20

Gjensidige’s targets

24

How Gjensidige contributes to the UN Sustainable Development Goals

26

Gjensidige’s strategy

32

Customer promise

35

Our business model

39

Our markets

42

Our insurance segments

Chapter 2 – Creating added value in Gjensidige

Chapter 3 – Value created in 2020

Chapter 4 – Financial statements and notes

282

Declaration from the Board and CEO

283

Auditor’s report

288

Independent Auditor’s report

Appendix

290

GRI Content Index and Board of Directors Report

296

Selected governing documents

297

Description of ratings and whom we support

298

Statement on equality

304

Certificates and guarantees

310

Climate accounts own operations

Chapter 1 – This is us - Gjensidige’s targets

Indicators of the status of Gjensidige’s work on sustainability

Gjensidige has adopted both qualitative and quantitative goals for its sustainability work. Quarterly reporting has been established to ensure an overall overview of the status. As far as possible, we measure the potential effect of measures and follow up

new measures. Our sustainability goals will be further developed in accordance with the EU guidelines for sustainable economic activity. Key indicators for goal attainment are summarised below:

Sustainability: Key figures and indicators of goal attainment in the Group

A safer society	Reducing carbon intensity	Responsible investments
Damage prevention - Share of security discount of total portfolio (damage prevention measures). - Contribute to at least 1000 media reports annually on damage prevention.	Sustainable claims settlements - Annual reduction of carbon intensity in claims processes. - Annual increase of reused materials (in tons).	Share of follow-up of asset managers investing in companies on the exclusion list.
Sustainable products Share of premiums qualified as sustainable (EU taxonomy).	Exploit digitalisation potentials - Claims straight-through processing (Norway) 95 per cent digital customers.	Reducing our own climate footprint from shares and property investments.
Social commitment - Provide work practice and contribute to good integration for minimum 4 FTE/persons. - Contribute to equal opportunities for children and young people.	Reducing our own climate footprint Annual reduction of carbon emissions from own operations and climate neutral from 2020 by purchasing carbon offsets.	
Engaged employees	Gjensidige’s employees to be among the 25 per cent most engaged within the finance industry. Positive development in perceived diversity. Positive development in perceived innovation.	
Good corporate governance	Combined Ratio: See table on next page. Annual reduction in customer complaints. No fees related to breaches of GDPR, corruption, money laundering.	

CONTENT

3

About this report

4

The year that passed

6

Key figures and alternative performance measures

11

Chair letter

14

CEO letter

Chapter 1 – This is us

18

Our mission and vision

19

Our core values

20

Gjensidige’s targets

24

How Gjensidige contributes to the UN Sustainable Development Goals

26

Gjensidige’s strategy

32

Customer promise

35

Our business model

39

Our markets

42

Our insurance segments

Chapter 2 – Creating added value in Gjensidige

Chapter 3 – Value created in 2020

Chapter 4 – Financial statements and notes

282

Declaration from the Board and CEO

283

Auditor’s report

288

Independent Auditor’s report

Appendix

290

GRI Content Index and Board of Directors Report

296

Selected governing documents

297

Description of ratings and whom we support

298

Statement on equality

304

Certificates and guarantees

310

Climate accounts own operations

Chapter 1 – This is us - Gjensidige’s targets

Financial and operational targets up to and including 2022

The Board of Directors has adopted the financial targets, and the management has adopted operational targets to support them.

Annual financial targets up to and including 2022

Metric	Target
Combined ratio ¹	86-89 % ²
Cost ratio ¹	<15 %
Solvency margin (PIM)	150-200 %
ROE after tax ¹	>20 % ³
UW result outside Norway	NOK 750 million (in 2022) ⁴
Dividends	Nominal high and stable and payout ratio >80 % over time

¹ Defined as an alternative performance measure (APM). APMs are described at www.gjensidige.no/reporting in a document named APMs Gjensidige Forsikring Group 2020.

² Assuming annual run-off gains ~NOK 1 billion through 2022. Corresponds to 90-93 per cent given zero run-off gains post 2022.

³ Corresponds to >16 per cent given zero run-off gains post 2022.

⁴ Excluding run-off.

Operational targets for 2022

Metric	Target 2022
Customer satisfaction (CSI)	> 78, Group
Customer retention	> 90 per cent, Norway > 85 per cent, outside Norway
Sales effectiveness	+ 10 per cent, Group
Automated tariffs	100 per cent, Group
Digital claims reporting	80 per cent, Norway
Claims straight-through processing	64 per cent, Norway
Claims cost	Reduce by NOK 500 million, Group

Customer satisfaction (CSI): contributes to Gjensidige being the most customer-oriented general insurance company in the Nordic region and the Baltics. Requires good value propositions to customers, customer-friendly solutions and efficient claims settlements.

Customer retention: contributes to longer customer relationships and efficient distribution. Requires customer orientation, efficient processes and good customer solutions.

CONTENT

- 3 About this report
- 4 The year that passed
- 6 Key figures and alternative performance measures
- 11 Chair letter
- 14 CEO letter
- Chapter 1 – This is us**
 - 18 Our mission and vision
 - 19 Our core values
 - 20 Gjensidige’s targets
 - 24 How Gjensidige contributes to the UN Sustainable Development Goals
 - 26 Gjensidige’s strategy
 - 32 Customer promise
 - 35 Our business model
 - 39 Our markets
 - 42 Our insurance segments
- Chapter 2 – Creating added value in Gjensidige**
- Chapter 3 – Value created in 2020**
- Chapter 4 – Financial statements and notes**
 - 282 Declaration from the Board and CEO
 - 283 Auditor’s report
 - 288 Independent Auditor’s report
- Appendix**
 - 290 GRI Content Index and Board of Directors Report
 - 296 Selected governing documents
 - 297 Description of ratings and whom we support
 - 298 Statement on equality
 - 304 Certificates and guarantees
 - 310 Climate accounts own operations

Chapter 1 – This is us - Gjensidige’s targets

Sales efficiency: contributes to increased sales for each krone invested in distribution. Requires more digital sales, more analytical CRM and an optimal channel mix.

Automated tariffs: contribute to quicker updating of tariffs. Require increased analytics capacity, standardisation and automation of pricing processes, and a gradual development of more sophisticated tariff models.

Digital claims reporting and straight-through claims processing: contribute to good customer experiences, cost efficiency and lower carbon intensity. Require standardisation, digital claims forms and algorithms in our core system.

Claims cost: requires better control of repair methods and choice of suppliers, reduced fraud and more automated processes.



CONTENT

3	About this report
4	The year that passed
6	Key figures and alternative performance measures
11	Chair letter
14	CEO letter
Chapter 1 – This is us	
18	Our mission and vision
19	Our core values
20	Gjensidige's targets
24	How Gjensidige contributes to the UN Sustainable Development Goals
26	Gjensidige's strategy
32	Customer promise
35	Our business model
39	Our markets
42	Our insurance segments
Chapter 2 – Creating added value in Gjensidige	
Chapter 3 – Value created in 2020	
Chapter 4 – Financial statements and notes	
282	Declaration from the Board and CEO
283	Auditor's report
288	Independent Auditor's report
Appendix	
290	GRI Content Index and Board of Directors Report
296	Selected governing documents
297	Description of ratings and whom we support
298	Statement on equality
304	Certificates and guarantees
310	Climate accounts own operations

Chapter 1 – This is us - How Gjensidige contributes to the UN Sustainable Development Goals

How Gjensidige contributes to the UN Sustainable Development Goals

Through its activities, Gjensidige shall implement measures that promote the Sustainable Development goals (SDGs) and focus on the ones that are most relevant to an insurance company.

The 17 SDGs are ambitious and call for a global effort to make the world a better place, focusing on the climate and the environment, social conditions and the economy.

Gjensidige shall focus on promoting five of the SDGs.



CONTENT

- 3 About this report
- 4 The year that passed
- 6 Key figures and alternative performance measures
- 11 Chair letter
- 14 CEO letter
- Chapter 1 – This is us**
 - 18 Our mission and vision
 - 19 Our core values
 - 20 Gjensidige’s targets
 - 24 How Gjensidige contributes to the UN Sustainable Development Goals
 - 26 Gjensidige’s strategy
 - 32 Customer promise
 - 35 Our business model
 - 39 Our markets
 - 42 Our insurance segments
- Chapter 2 – Creating added value in Gjensidige**
- Chapter 3 – Value created in 2020**
- Chapter 4 – Financial statements and notes**
 - 282 Declaration from the Board and CEO
 - 283 Auditor’s report
 - 288 Independent Auditor’s report
- Appendix**
 - 290 GRI Content Index and Board of Directors Report
 - 296 Selected governing documents
 - 297 Description of ratings and whom we support
 - 298 Statement on equality
 - 304 Certificates and guarantees
 - 310 Climate accounts own operations

Chapter 1 – This is us - How Gjensidige contributes to the UN Sustainable Development



3 Good Health and Well-being

Gjensidige’s main aim is to contribute to financial risk protection. Gjensidige will help to halve the number of deaths and injuries caused by road traffic accidents. Gjensidige has accident and health policies and additional services that promote general access to quality essential health-care services and disability coverage that ensures financial security.



8 Decent Work and Economic Growth

Gjensidige insures enterprises that are vital to establishing workplaces, entrepreneurship, creativity and innovation, and stimulates the establishment of new and growth in existing businesses, including through access to financial services.

Gjensidige endeavours to ensure that employees and partners respect labour rights and promote safe and secure working environments for all workers, including migrant workers and workers in precarious employment.



11 Sustainable Cities and Communities

Gjensidige shall, by 2030, join forces with the public authorities to help significantly reduce the number of people affected by disasters, including water-related disasters, and help to reduce the direct financial losses that follow from such disasters.

Gjensidige shall support positive economic, social and environmental links between urban, peri-urban and rural areas by strengthening national and regional development planning.

Gjensidige shall also contribute through adaptation to climate change and strengthen society’s resilience to and ability to handle disasters.



12 Responsible Consumption and Production

Gjensidige shall contribute to sustainable management and efficient use of natural resources, and contribute to reducing food waste and overconsumption of resources and materials in its insurance operations.

Gjensidige is concerned with greater facilitation of the circular economy, and its goal towards 2030 is to progressively improve global resource efficiency in consumption and production, and endeavour to increase awareness of the need for a circular economy, in accordance with the EU Sustainable Consumption and Production Action Plan.



13 Climate Action

Gjensidige shall contribute to strengthening resilience and adaptive capacity to climate-related hazards and natural disasters, including providing insurance claims data to the authorities to ensure better measures are instigated to combat climate change and planning at the national level.

Gjensidige shall work on loss reduction measures that strengthen individual and institutional capacity on climate change mitigation and early warning, and strengthen their knowledge of, and raise awareness about the climate.

CONTENT

- 3 About this report
- 4 The year that passed
- 6 Key figures and alternative performance measures
- 11 Chair letter
- 14 CEO letter
- Chapter 1 – This is us**
 - 18 Our mission and vision
 - 19 Our core values
 - 20 Gjensidige’s targets
 - 24 How Gjensidige contributes to the UN Sustainable Development Goals
 - 26 Gjensidige’s strategy
 - 32 Customer promise
 - 35 Our business model
 - 39 Our markets
 - 42 Our insurance segments
- Chapter 2 – Creating added value in Gjensidige**
- Chapter 3 – Value created in 2020**
- Chapter 4 – Financial statements and notes**
 - 282 Declaration from the Board and CEO
 - 283 Auditor’s report
 - 288 Independent Auditor’s report
- Appendix**
 - 290 GRI Content Index and Board of Directors Report
 - 296 Selected governing documents
 - 297 Description of ratings and whom we support
 - 298 Statement on equality
 - 304 Certificates and guarantees
 - 310 Climate accounts own operations

Chapter 1 – This is us - Gjensidige’s strategy

Gjensidige’s strategy

The Board has adopted Gjensidige’s corporate strategy for the years ahead. The strategy sets out guidelines for the brand strategy, sustainability strategy, HR strategy, technology strategy and the different segments’ business strategies. The corporate strategy follows from the mission ‘We safeguard lives, health and assets in a sustainable manner’ and the overriding vision ‘To know the customer best and care the most’, as well as the position we seek as the most customer-oriented company in the insurance industry. Gjensidige has defined the Nordic region and the Baltics as its geographical catchment area, and we aim for continued growth in general insurance in this area, in addition to a broad range of services in the financial sector in Norway.

Global megatrends towards 2030

Global megatrends relating to demographics, health, digitalisation and climate and environmental change give rise to changes for the insurance industry that we need to understand.

- The growing elderly population challenges the Scandinavian welfare model, but also provides opportunities for new products, services and partnerships.
- Increased urbanisation leads to more people moving to densely populated areas, and new technology and new ways of owning and using a car will gradually lead to changing insurance needs.
- Digital user habits have spill over effects across industries, giving rise to expectations of good, personal digital services – also in insurance.
- New technology creates large amounts of data, and new digital tools provide increased behavioural insight.
- Climate and nature-related risk, including adaptations to a more sustainable society, change the insurance risk profile and will create new insurance needs.

- The EU has a range of initiatives that will impact products and services, claims settlements (for example the choice of materials) and investments.

Our trend analysis points to a number of relatively certain trends towards 2030. These form the basis for the strategy work in Gjensidige and are summarized in the table below.

However, the future does also hold several more uncertain trends. Gjensidige systematically follows developments in critically uncertain and disruptive trends through a set of scenarios, which are based on the extent to which Nordic non-life insurance is significantly challenged by new players, and the extent to which the market has the ability and opportunity to utilise real-time data and predictive technology.

During the strategy period, we will pay particular attention to and be prepared for the development of new business models, for example relating to open platforms and sharing of data, vertical integration and more comprehensive risk relief.

CONTENT

3

About this report

4

The year that passed

6

Key figures and alternative performance measures

11

Chair letter

14

CEO letter

Chapter 1 – This is us

18

Our mission and vision

19

Our core values

20

Gjensidige’s targets

24

How Gjensidige contributes to the UN Sustainable Development Goals

26

Gjensidige’s strategy

32

Customer promise

35

Our business model

39

Our markets

42

Our insurance segments

Chapter 2 – Creating added value in Gjensidige

Chapter 3 – Value created in 2020

Chapter 4 – Financial statements and notes

282

Declaration from the Board and CEO

283

Auditor’s report

288

Independent Auditor’s report

Appendix

290

GRI Content Index and Board of Directors Report

296

Selected governing documents

297

Description of ratings and whom we support

298

Statement on equality

304

Certificates and guarantees

310

Climate accounts own operations

Chapter 1 – This is us - Gjensidige’s strategy

Covid-19 has affected the world, both through the direct health consequences of the pandemic and, not least, through the indirect economic and psychological consequences of invasive measures such as social distancing. We believe that the pandemic primarily will accelerate existing trends rather than introducing new trends. In particular, we see that our own employees have improved their digital skills, and we expect our customers’ digital user habits to accelerate.

Given the increased uncertainty going forward, we expect our customers to seek solutions that create a sense of security, both financially and personally. In the long term, this will generate new opportunities in the development of products and services.

Trends representing opportunities and threats towards 2030

Socio-cultural and economic trends, including demographic change and customer behaviour	Environment, economy, politics and regulatory changes
- Personal and tailored customer dialogue: Expectations of customized digital services and simple customer journeys. Interaction between distribution channels. - Increased interest in sustainability (especially environment/climate and health), both in the private and the commercial market. - The growing elderly population challenges the Scandinavian welfare model. Simultaneously, urbanization continues, and a larger part of the population will live close to large cities and densely populated areas. - Customers seek new ways of getting access to cars; new ownership models, rental and carsharing. - Social acceptance of automated services will increase.	- Increased climate and nature risk create uncertainty regarding claim costs and income from financial investments. At the same time, new insurance needs arise and the need for damage prevention increases. - Increased and more complex health challenges. - Increased costs for compliance with legal requirements and regulations, especially data protection and sustainability (climate, environment, health, diversity, etc.). - Scarcity of talent, especially within technology, digitisation and analysis.
Technological development and access and utilisation of data	
- Technology generates large amounts of data. New digital tools create opportunities to analyse and create insights through new combinations of structured and unstructured data. - Different service providers are linked together in digital platforms and create new value proposals across industries. - Artificial intelligence is increasingly being used to improve customer experience. - Technology streamlines work processes, where a significant number of work tasks are automated.	

CONTENT

3

About this report

4

The year that passed

6

Key figures and alternative performance measures

11

Chair letter

14

CEO letter

Chapter 1 – This is us

18 Our mission and vision

19 Our core values

20 Gjensidige’s targets

24 How Gjensidige contributes to the UN Sustainable Development Goals

26 Gjensidige’s strategy

32 Customer promise

35 Our business model

39 Our markets

42 Our insurance segments

Chapter 2 – Creating added value in Gjensidige

Chapter 3 – Value created in 2020

Chapter 4 – Financial statements and notes

282 Declaration from the Board and CEO

283 Auditor’s report

288 Independent Auditor’s report

Appendix

290 GRI Content Index and Board of Directors Report

296 Selected governing documents

297 Description of ratings and whom we support

298 Statement on equality

304 Certificates and guarantees

310 Climate accounts own operations

Chapter 1 – This is us - Gjensidige’s strategy

Strategic platform and strategy towards 2025

To ensure our competitiveness and succeed with long-term value creation, we must manage to strike a balance between customer orientation and efficient operations. Both must be based on an analytical approach throughout the value chain. Key success factors are a strong brand, technology/infrastructure that promote flexibility, and relevant future looking competence and culture. Sustainable choices and solutions are a basic precondition for long-term value creation.

Strategic platform – founded on sustainable choices



Factors that summarise continuous improvement in accordance with the strategic platform:

- Customer needs set the premise for all product and service development and shall foster high customer satisfaction and customer renewal. Solutions will be developed based on the customer perspective, with the focus on simplification and increased value for the customer. The customer dialogue combines digital solutions and efficient omni-channel distribution.
- Efficient operations are ensured through continuous improvement, rationalisation and automation of our processes.
- Analytics-driven business processes throughout the value chain are decisive for our customer orientation and correct risk pricing. Examples include automated tariffs and customer behaviour prediction analyses in connection with customer advice and claims settlements. Analytical insight will also contribute to activities aimed at reducing the risk of climate-related damages.
- Customer orientation shall be a clearly differentiating advantage of the Gjensidige brand.
- Investing in a modern, flexible technology platform that includes a new core system and next generation tariffs and analytical CRM are crucial focus areas for Gjensidige going forward.
- To succeed in the future, organisations must be founded on diversity, inclusion and trust. We need managers with the ability to attract, develop and retain relevant expertise at all times, and ensure a flat organisation structure and short decision-making paths. Job rotation will be an important means of building expertise across the Company, combined with the recruitment and development of employees. Gjensidige’s core values – create a sense of security, apply new thinking, and go for it – shall drive the organisation.
- Gjensidige’s sustainability strategy is divided into three over-arching topics: inform, interact and invest. We must use our strengths to contribute to increased damage prevention and sustainable solutions

CONTENT

- 3 About this report
- 4 The year that passed
- 6 Key figures and alternative performance measures
- 11 Chair letter
- 14 CEO letter
- Chapter 1 – This is us**
 - 18 Our mission and vision
 - 19 Our core values
 - 20 Gjensidige’s targets
 - 24 How Gjensidige contributes to the UN Sustainable Development Goals
 - 26 Gjensidige’s strategy
 - 32 Customer promise
 - 35 Our business model
 - 39 Our markets
 - 42 Our insurance segments
- Chapter 2 – Creating added value in Gjensidige**
- Chapter 3 – Value created in 2020**
- Chapter 4 – Financial statements and notes**
 - 282 Declaration from the Board and CEO
 - 283 Auditor’s report
 - 288 Independent Auditor’s report
- Appendix**
 - 290 GRI Content Index and Board of Directors Report
 - 296 Selected governing documents
 - 297 Description of ratings and whom we support
 - 298 Statement on equality
 - 304 Certificates and guarantees
 - 310 Climate accounts own operations

Chapter 1 – This is us - Gjensidige’s strategy

in product and claims processes, which also contributes to reuse and circular economy. The investment portfolio shall be managed responsibly in accordance with the UN Global Compact principles, monitored in accordance with recognised sustainability requirements and comply with the UN Principles for Responsible Investment (UN PRI).

Looking towards 2025, we expect the business model and market participants to remain more or less the same. Gjensidige has different positions and preconditions for further growth and development in the segments. We will implement best practices across segments where natural and expedient. Profitability will be prioritised over growth.

Going forward, Gjensidige must safeguard and consolidate its current business model, market position and profitability level, at the same time as the Group develops its strategic flexibility and manoeuvrability to be able to meet future challenges and possibilities. We must create room for development, testing and learning. This must take place through continuous improvement and more efficient operations.

Further into the period, we must increasingly position ourselves through new customer concepts that help to prevent loss and solve customer problems. We will do this alone, together with partners or by participating in relevant ecosystems. This will ensure greater relevance in relation to our customers and make us more attractive to potential alliance partners.

A problem-solver for customers

The core of Gjensidige’s more than 200-year long success story is that we have always been there for and played an important role in our customers’ lives. Through a fully integrated value chain and direct contact with customers, Gjensidige has gained strong customer insight that has contributed to efficient sales and high customer loyalty, and the development of a strong brand.

Our corporate strategy is about maintaining and further developing our close relationship with our customers through direct contact. We will offer our customers a broader value proposition than ever before – in terms of both services and products, alone or in partnership with other providers. Our goal is to become an even better and more relevant partner for our customers – a problem-solver with a stronger focus on sustainability and damage prevention – and thereby further strengthening ownership of the customer relationship.

Segment-wise strategies

We will maintain our strong and unique position in Norway and ensure that pricing is adapted to risk development. We continuously work on big and small measures that generate cost savings, better customer experiences and greater competitiveness.

Our overriding goal for the private market is to exceed expectations through customer-oriented development and by refining our role as a damage-preventing problem-solver. Deep insight, stronger value propositions and partnerships are important preconditions for achieving this goal. The commercial market is expected to remain a relationship-based market where expertise is an important competitive factor. Our overriding goal for the Commercial segment in the upcoming strategy period is to maintain our market-leading position while strengthening customer relationships. We will achieve

CONTENT

- 3 About this report
- 4 The year that passed
- 6 Key figures and alternative performance measures
- 11 Chair letter
- 14 CEO letter
- Chapter 1 – This is us**
 - 18 Our mission and vision
 - 19 Our core values
 - 20 Gjensidige’s targets
 - 24 How Gjensidige contributes to the UN Sustainable Development Goals
 - 26 Gjensidige’s strategy
 - 32 Customer promise
 - 35 Our business model
 - 39 Our markets
 - 42 Our insurance segments
- Chapter 2 – Creating added value in Gjensidige**
- Chapter 3 – Value created in 2020**
- Chapter 4 – Financial statements and notes**
 - 282 Declaration from the Board and CEO
 - 283 Auditor’s report
 - 288 Independent Auditor’s report
- Appendix**
 - 290 GRI Content Index and Board of Directors Report
 - 296 Selected governing documents
 - 297 Description of ratings and whom we support
 - 298 Statement on equality
 - 304 Certificates and guarantees
 - 310 Climate accounts own operations

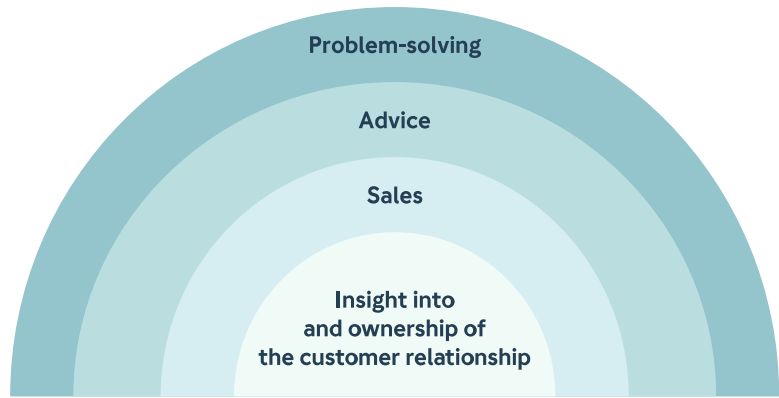
Chapter 1 – This is us - Gjensidige’s strategy

this by building digital service solutions, refining our role as a damage-preventing problem-solver, exploring new growth industries and developing preparedness to be able to meet future customer needs.

We will continue to improve profitability and growth in the markets outside Norway. Important drivers will be a new core system and more sophisticated price models, a wider product range among our customers, and rationalisation measures.

In Denmark, the focus will be on stringent profitability control, further development of business processes and a continued strong position in the Danish market. Important measures for achieving this aim will be the new core system, a targeted brand strategy and product and service development, particularly aimed at property and health insurance. In order to promote increased profitability and a stronger position in the Swedish market, we will move towards becoming a fully digital insurance provider. In the Baltics, the focus on

Segment strategy – we seek to understand our customers’ situation to be able to solve their problems



rationalisation, simplification and digitalisation of the customer journey will continue in order to promote profitable growth going forward.

Capital strategy

Our capital strategy will underpin our attractive dividend policy and contribute to ensuring high and stable nominal dividends on a regular basis. Gjensidige’s capitalisation must be adapted at all times to the Group’s strategic goals and appetite for risk. The Group shall maintain its financial flexibility while exercising strict capital discipline that supports the return on equity target and dividend policy.

The Group capitalisation target is a 150–200 per cent solvency margin. This applies to both the regulatory approved model (legal perspective) and the calibrated model (own partial internal model). The capitalisation supports an ‘A’ rating from Standard & Poor’s, stable regular dividends over time, financial flexibility for smaller acquisitions and organic growth not financed through retained earnings, as well as providing a buffer for regulatory changes.

All subsidiaries will be capitalised in line with the respective statutory requirements, while capital in excess of the requirements will, as far as possible, be retained in the parent company Gjensidige Forsikring ASA.

The Group will make use of subordinated loans and other external financing in a responsible and value-optimising manner and within the limits set by authorities and rating agencies.

CONTENT

- 3 About this report
- 4 The year that passed
- 6 Key figures and alternative performance measures
- 11 Chair letter
- 14 CEO letter
- Chapter 1 – This is us**
 - 18 Our mission and vision
 - 19 Our core values
 - 20 Gjensidige’s targets
 - 24 How Gjensidige contributes to the UN Sustainable Development Goals
 - 26 Gjensidige’s strategy
 - 32 Customer promise
 - 35 Our business model
 - 39 Our markets
 - 42 Our insurance segments
- Chapter 2 – Creating added value in Gjensidige**
- Chapter 3 – Value created in 2020**
- Chapter 4 – Financial statements and notes**
 - 282 Declaration from the Board and CEO
 - 283 Auditor’s report
 - 288 Independent Auditor’s report
- Appendix**
 - 290 GRI Content Index and Board of Directors Report
 - 296 Selected governing documents
 - 297 Description of ratings and whom we support
 - 298 Statement on equality
 - 304 Certificates and guarantees
 - 310 Climate accounts own operations

Chapter 1 – This is us - Gjensidige’s strategy

Structural growth

Gjensidige shall take a proactive and disciplined approach to structural growth opportunities through acquisitions/mergers/strategic alliances that complement its core activities and contribute to its investment capacity.

The Group’s growth matrix remains in place: increased scale in general insurance in the Nordic region and the Baltics, and a broad range of services in the financial sector in Norway. At the same time, we must develop strategic alliances with providers who can give us further insight into security-related needs, changes in customer behaviour and new technological opportunities.



CONTENT

3 About this report
4 The year that passed
6 Key figures and alternative performance measures
11 Chair letter
14 CEO letter

Chapter 1 – This is us
18 Our mission and vision
19 Our core values
20 Gjensidige’s targets
24 How Gjensidige contributes to the UN Sustainable Development Goals
26 Gjensidige’s strategy
32 Customer promise
35 Our business model
39 Our markets
42 Our insurance segments

Chapter 2 – Creating added value in Gjensidige

Chapter 3 – Value created in 2020

Chapter 4 – Financial statements and notes

282 Declaration from the Board and CEO
283 Auditor’s report
288 Independent Auditor’s report

Appendix
290 GRI Content Index and Board of Directors Report
296 Selected governing documents
297 Description of ratings and whom we support
298 Statement on equality
304 Certificates and guarantees
310 Climate accounts own operations

Chapter 1 – This is us - Customer promise

Customer promise

Customer orientation is core in Gjensidige’s strategy and permeates the Company’s organisation. Our aim is to provide the best customer experiences in the industry.



Our mission is to safeguard lives, health and assets in a sustainable manner, and thereby create a sense of security for our customers. We will do this both by compensating financial losses when they arise, and by helping customers to prevent losses from occurring.

Our vision is to know the customer best and care the most. This vision reflects our view that customer orientation is a competitive advantage. Real customer orientation requires a culture in which advisory services, sales, claims processing, product development and systems development form integral elements. It takes time to develop a culture like this, and it is difficult to copy it. Good customer experiences over time have created strong trust in Gjensidige as a brand. Our ambition is to create the best customer experiences in our industry. We call this the Gjensidige Experience.



The Gjensidige Experience

- We keep our promises
- We always deliver quality
- We make complicated things simple
- We make sure that the customer is satisfied

The Gjensidige Experience has been established as a framework for Gjensidige’s customer orientation. It is intended to be a guiding principle for the Company’s customer-oriented value creation and development. By means of systematic and continuous improvement of our current practice in accordance with the principles of the Gjensidige Experience, Gjensidige shall steer towards the Company’s vision and deliver the best customer experiences in the industry.

CONTENT

- 3 About this report
- 4 The year that passed
- 6 Key figures and alternative performance measures
- 11 Chair letter
- 14 CEO letter
- Chapter 1 – This is us**
 - 18 Our mission and vision
 - 19 Our core values
 - 20 Gjensidige’s targets
 - 24 How Gjensidige contributes to the UN Sustainable Development Goals
 - 26 Gjensidige’s strategy
 - 32 Customer promise
 - 35 Our business model
 - 39 Our markets
 - 42 Our insurance segments
- Chapter 2 – Creating added value in Gjensidige**
- Chapter 3 – Value created in 2020**
- Chapter 4 – Financial statements and notes**
 - 282 Declaration from the Board and CEO
 - 283 Auditor’s report
 - 288 Independent Auditor’s report
- Appendix**
 - 290 GRI Content Index and Board of Directors Report
 - 296 Selected governing documents
 - 297 Description of ratings and whom we support
 - 298 Statement on equality
 - 304 Certificates and guarantees
 - 310 Climate accounts own operations

Chapter 1 – This is us - Customer promise

Our point of departure is strong. We have very satisfied customers and high customer loyalty, especially in Norway, where we have the strongest reputation in the financial sector and one of the strongest regardless of sector. Satisfaction with the Company and our advisers is measured on a continuous basis, and improvement measures are initiated based on feedback from the customers. Gjensidige has defined clear goals for customer satisfaction. The level of goal attainment influences the payment of bonuses to executive personnel and collective bonuses to all employees.

Going forward, we will work on measures to further strengthen customer satisfaction and loyalty and to attract new customers. User-friendly self-service solutions have become an increasingly important precondition for delivering good customer experiences. Both private and commercial customers increasingly prefer to buy insurance and report claims digitally. The development of market-leading self-service solutions that are conditional on digitalisation, standardisation and automation have therefore had and will continue to be given very high priority.

Gjensidige is founded on a genuine customer orientation. The Company was established by and for the customers. This is our history and our present and future competitive advantage. Our commitment to the customer has contributed to excellent customer experiences and sound results, and forms the basis for the Company’s long success story. This is a key characteristic of Gjensidige and a distinctive feature of the organisation and the Company’s culture.

Do you have a problem we can solve?

All points of contact between us and our customers shall be refined so that all enquiries and claims, whether great or small, are dealt with in a simple, problem-free way. Analyses of customer data and alliances with other players will be crucial to be able to develop market-leading customer solutions.

In the years ahead, we will endeavour to take customer orientation one step further. Going forward, we will have a stronger focus on assuming the role of problem-solver and on delivering products, services and solutions that prevent losses from occurring.

New technology and partnerships will enable us to be one step ahead in loss situations. This is an attractive, strong value proposition based on the Company’s customer orientation. When we know that damage prevention is the measure with the single greatest climate benefit/impact by far, we see how we can better meet customer needs while at the same time maintaining our role as a responsible member of society.

Even with this focus, however, we know that losses will continue to occur, and when they do, Gjensidige will do what we have always done: not only compensate customer’ financial losses, but do so in a way that causes them the least possible inconvenience.

CONTENT

- 3 About this report
- 4 The year that passed
- 6 Key figures and alternative performance measures
- 11 Chair letter
- 14 CEO letter
- Chapter 1 – This is us**
 - 18 Our mission and vision
 - 19 Our core values
 - 20 Gjensidige’s targets
 - 24 How Gjensidige contributes to the UN Sustainable Development Goals
 - 26 Gjensidige’s strategy
 - 32 Customer promise
 - 35 Our business model
 - 39 Our markets
 - 42 Our insurance segments
- Chapter 2 – Creating added value in Gjensidige**
- Chapter 3 – Value created in 2020**
- Chapter 4 – Financial statements and notes**
 - 282 Declaration from the Board and CEO
 - 283 Auditor’s report
 - 288 Independent Auditor’s report
- Appendix**
 - 290 GRI Content Index and Board of Directors Report
 - 296 Selected governing documents
 - 297 Description of ratings and whom we support
 - 298 Statement on equality
 - 304 Certificates and guarantees
 - 310 Climate accounts own operations

Chapter 1 – This is us - Customer promise

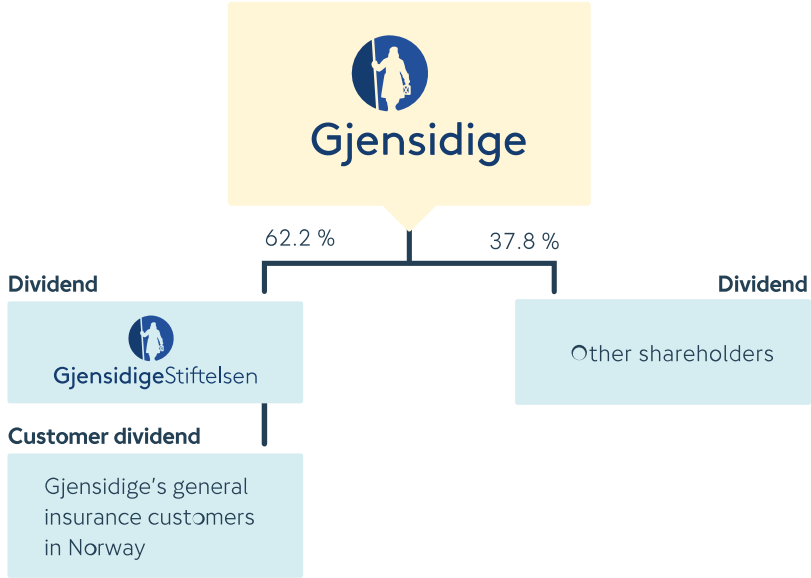
Sharing is a choice – the Gjensidige Foundation shares

Every year since Gjensidige was listed on Oslo Børs, general insurance customers in Norway have received a customer dividend. Over the years, they have received more than NOK 21 billion, corresponding to 11–15 per cent of their annual insurance premium. In 2020, the Gjensidige Foundation distributed a dividend of NOK 2.2 billion, corresponding to 13.7 per cent of the insurance premium in 2019.

The background for the customer dividend model is that Gjensidige was established as a company owned by customers. Today, the customers’ interests are safeguarded by the Gjensidige Foundation, the largest shareholder in Gjensidige with an ownership interest of 62.2 per cent. The Foundation passes on its share dividend from Gjensidige’s profit for the year to Gjensidige’s general insurance customers in Norway who were still customers at the time of the Foundation’s annual general meeting.

Members of the Foundation’s General Meeting and Board are elected by and from among Gjensidige’s customers. This gives customers a chance to influence the Gjensidige Foundation’s substantial distribution of donations to contribute to a safer society. Since 2010, the Foundation has distributed NOK 2.7 billion to projects that promote security and health.

Customer dividend – a unique advantage for our Norwegian general insurance customers



CONTENT

- 3 About this report
- 4 The year that passed
- 6 Key figures and alternative performance measures
- 11 Chair letter
- 14 CEO letter
- Chapter 1 – This is us**
 - 18 Our mission and vision
 - 19 Our core values
 - 20 Gjensidige’s targets
 - 24 How Gjensidige contributes to the UN Sustainable Development Goals
 - 26 Gjensidige’s strategy
 - 32 Customer promise
 - 35 Our business model
 - 39 Our markets
 - 42 Our insurance segments
- Chapter 2 – Creating added value in Gjensidige**
- Chapter 3 – Value created in 2020**
- Chapter 4 – Financial statements and notes**
 - 282 Declaration from the Board and CEO
 - 283 Auditor’s report
 - 288 Independent Auditor’s report
- Appendix**
 - 290 GRI Content Index and Board of Directors Report
 - 296 Selected governing documents
 - 297 Description of ratings and whom we support
 - 298 Statement on equality
 - 304 Certificates and guarantees
 - 310 Climate accounts own operations



Our business model

Insurance is an important part of the welfare society, and for a healthy financial system. The insurance industry is therefore subject to stringent regulations and requirements for capital and safeguarding customer needs when losses occur.

Gjensidige creates value by understanding society’s and customers’ need for security and predictability. We provide products and services that are relevant for customers and their needs. An important precondition for this is our ability to understand risk and calculate the correct risk price. Gjensidige’s business model is based on a good understanding of society and what can be insured.

We have built relevant expertise and efficient systems over a long period.

CONTENT

3

About this report

4

The year that passed

6

Key figures and alternative performance measures

11

Chair letter

14

CEO letter

Chapter 1 – This is us

18

Our mission and vision

19

Our core values

20

Gjensidige's targets

24

How Gjensidige contributes to the UN Sustainable Development Goals

26

Gjensidige's strategy

32

Customer promise

35

Our business model

39

Our markets

42

Our insurance segments

Chapter 2 – Creating added value in Gjensidige

Chapter 3 – Value created in 2020

Chapter 4 – Financial statements and notes

282

Declaration from the Board and CEO

283

Auditor's report

288

Independent Auditor's report

Appendix

290

GRI Content Index and Board of Directors Report

296

Selected governing documents

297

Description of ratings and whom we support

298

Statement on equality

304

Certificates and guarantees

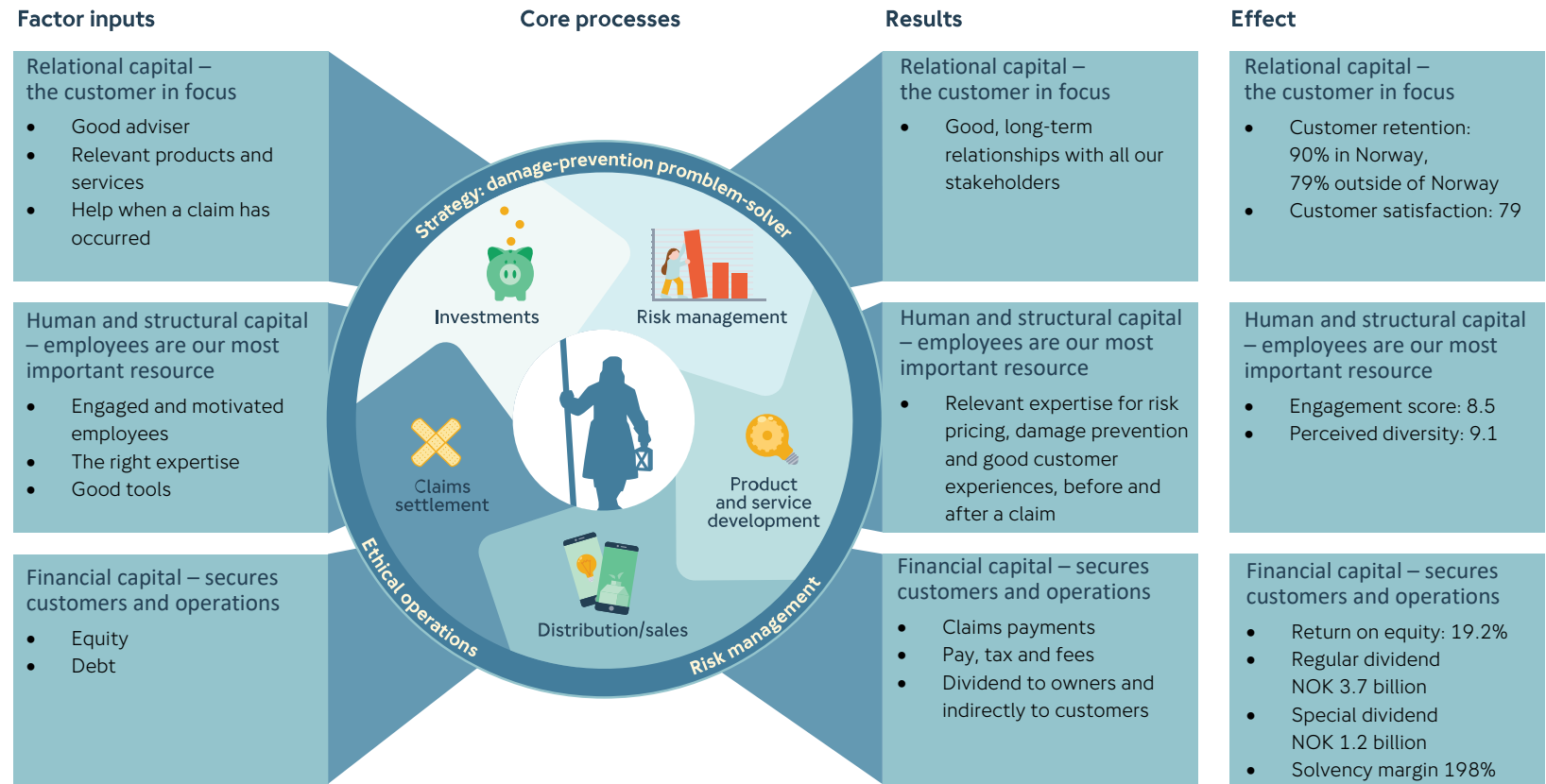
310

Climate accounts own operations

Chapter 1 – This is us - Gjensidige's business model

Gjensidige's business model

Gjensidige has an integrated business model in which direct customer contact is an essential element. Sustainability is integrated in all core processes and is based on the UN Principles for Sustainable Insurance. We conduct our business within the framework of our strategy, Code of Conduct and compliance, and aim to create value for all our stakeholders. Each element of the core processes is described below, with a reference to the SDGs safeguarded in each process.



CONTENT

- 3 About this report
- 4 The year that passed
- 6 Key figures and alternative performance measures
- 11 Chair letter
- 14 CEO letter
- Chapter 1 – This is us**
 - 18 Our mission and vision
 - 19 Our core values
 - 20 Gjensidige’s targets
 - 24 How Gjensidige contributes to the UN Sustainable Development Goals
 - 26 Gjensidige’s strategy
 - 32 Customer promise
 - 35 Our business model
 - 39 Our markets
 - 42 Our insurance segments
- Chapter 2 – Creating added value in Gjensidige**
- Chapter 3 – Value created in 2020**
- Chapter 4 – Financial statements and notes**
 - 282 Declaration from the Board and CEO
 - 283 Auditor’s report
 - 288 Independent Auditor’s report
- Appendix**
 - 290 GRI Content Index and Board of Directors Report
 - 296 Selected governing documents
 - 297 Description of ratings and whom we support
 - 298 Statement on equality
 - 304 Certificates and guarantees
 - 310 Climate accounts own operations

Chapter 1 – This is us - Gjensidige’s business model

Our core processes



Gjensidige’s business includes the development and delivery of financial services and products, a high degree of direct distribution, service and customer dialogue, and efficient claims settlements. A digital, analytical approach characterises activities throughout the value chain.

We use advanced data analytics in all areas of the insurance business, including product development, pricing and underwriting, marketing and sales and claims processing. We have made efforts to strengthen and improve our analytics in all these areas in recent years. We have started using tools such as artificial intelligence and machine learning.

Risk management

Risk assessment and correct pricing are a fundamental condition for sustainable insurance operations. With our long history and large customer base, we can use our extensive experience to calculate risk and pricing of risk. Risk assessments are based on large quantities of data, highly competent staff and system values. Special risk factors are assessed separately by a dedicated underwriting team. The risk assessments form the basis for rational use of capital, the design of competitive products and advice that contributes to damage prevention for both our customers and society at large. Gjensidige also uses tools to assess the risks faced by individual customers. This enables us to give customers advice on risk reduction measures and help to prevent losses from occurring. By their nature, losses have a negative impact on the environment, since resources are needed to repair or replace the damage. Gjensidige therefore has a strong focus

on damage prevention work and thereby helps to prevent insurance events and reduce the impact on the environment. Read more about overarching risk management in the section ‘Risk strategy and risk management’.

Product and service development

Gjensidige offers a wide range of insurance products to both private individuals and businesses. This gives customers comprehensive protection against financial losses in connection with different claims events. It is very important to us that customers find these products easy to understand, that they provide effective protection against relevant losses and that their coverage and price are adapted to the customers’ risk profile. As far as possible, we shall also contribute to reduced use of resources. We are introducing more and more automation and standardisation in this work, enabling us to update tariffs more quickly and assess risk better than before. Read more about products and services in the section ‘Sustainable products and services’.

CONTENT

- 3 About this report
- 4 The year that passed
- 6 Key figures and alternative performance measures
- 11 Chair letter
- 14 CEO letter
- Chapter 1 – This is us**
 - 18 Our mission and vision
 - 19 Our core values
 - 20 Gjensidige’s targets
 - 24 How Gjensidige contributes to the UN Sustainable Development Goals
 - 26 Gjensidige’s strategy
 - 32 Customer promise
 - 35 Our business model
 - 39 Our markets
 - 42 Our insurance segments
- Chapter 2 – Creating added value in Gjensidige**
- Chapter 3 – Value created in 2020**
- Chapter 4 – Financial statements and notes**
 - 282 Declaration from the Board and CEO
 - 283 Auditor’s report
 - 288 Independent Auditor’s report
- Appendix**
 - 290 GRI Content Index and Board of Directors Report
 - 296 Selected governing documents
 - 297 Description of ratings and whom we support
 - 298 Statement on equality
 - 304 Certificates and guarantees
 - 310 Climate accounts own operations

Chapter 1 – This is us - Gjensidige’s business model

Distribution and sales

Gjensidige uses an omni-channel distribution model. Customers are served through a combination of telephone, internet and office services. Web-based contact plays an increasingly important role in distribution, but many customers still prefer a combination of web-based contact, telephone contact and physical meetings. We work continuously on developing our distribution solutions to enable us to meet customers the way they prefer. Read more about markets and distribution in the section ‘Our markets’.

Claims settlement

Customers shall receive the right amount of compensation as quickly as possible. We help and guide customers once a claims event has occurred, and endeavour to make it easy to report a claim either digitally or manually. We work continuously to improve the claims processes so as to safeguard customers’ need for information, help and compensation in the best way possible.

The claims processes are an important part of the work to reduce our environmental impact. Where possible, we work to promote reuse of materials and contribute to the circular economy. We measure greenhouse gas emissions from our suppliers’ use of materials and labour in connection with repairs. We have defined targets for reducing our carbon intensity and will work with our suppliers to further reduce greenhouse gas emissions.

Our purchasing policy applies to the whole Group and requires that deliveries from our suppliers and partners are sustainable. All our suppliers must sign a self-declaration on corporate social responsibility. By doing so, they undertake to comply with our requirements relating to the environment, CSR and management and control. We use our purchasing power to exert influence, and engage in continuous dialogue with our suppliers to ensure that they choose sustainable solutions. Read more about our follow-up of suppliers in the section ‘We create value in partnership with our suppliers’.

Investments

Customers pay their insurance premiums in advance. We manage this capital to ensure that we have the means, at all times, to meet our obligations when claims arise. The investments shall also help us to achieve our return on equity target.

Gjensidige’s asset management is followed up on the basis of the ten UN Global Compact principles and complies with the UN Principles for Responsible Investment. Active dialogue with fund managers, and exclusions, are means to ensure compliance with the policy for responsible investments. Read more about our work in the section ‘Responsible investments’.

CONTENT

- 3 About this report
- 4 The year that passed
- 6 Key figures and alternative performance measures
- 11 Chair letter
- 14 CEO letter
- Chapter 1 – This is us**
 - 18 Our mission and vision
 - 19 Our core values
 - 20 Gjensidige’s targets
 - 24 How Gjensidige contributes to the UN Sustainable Development Goals
 - 26 Gjensidige’s strategy
 - 32 Customer promise
 - 35 Our business model
 - 39 Our markets
 - 42 Our insurance segments
- Chapter 2 – Creating added value in Gjensidige**
- Chapter 3 – Value created in 2020**
- Chapter 4 – Financial statements and notes**
 - 282 Declaration from the Board and CEO
 - 283 Auditor’s report
 - 288 Independent Auditor’s report
- Appendix**
 - 290 GRI Content Index and Board of Directors Report
 - 296 Selected governing documents
 - 297 Description of ratings and whom we support
 - 298 Statement on equality
 - 304 Certificates and guarantees
 - 310 Climate accounts own operations

Chapter 1 – This is us - Our markets

Our markets

Gjensidige is a leading general insurance provider in the Nordic countries and the Baltic states. The Nordic general insurance markets are attractive, with high entry barriers, but also characterised by considerable competition. The Baltic general insurance market is somewhat less developed, with a potential for strong growth as the standard of living continues to improve.

Gjensidige is a leading general insurance provider in the Nordic countries and the Baltic states. The Company is the biggest player in the Norwegian land-based general insurance market, with a market share of just below 26 per cent in 2020, of a total market worth more than NOK 66 billion, according to statistics from Finance Norway. Gjensidige is a well-established player in the Danish market and has a market position which provides economies of scale. Gjensidige’s market share in Sweden is lower than in the other markets, and the Company is in a challenger position in relation to the big, established players. In the Baltics, Gjensidige is well-positioned for further growth. The Company’s operations outside Norway are based on a number of small and medium-sized acquisitions over the past 15 years.

The general insurance market in the Nordic countries is mature. The Baltic general insurance market is somewhat less developed, with a potential for strong growth as the standard of living continues to improve. The pandemic that swept the world in 2020 has affected the economies of the Nordic and Baltic states, and caused considerable uncertainty about the future of businesses and individuals. Although the pandemic has caused severe financial difficulties for many, the financial outlook in our region is generally encouraging and points in the direction of gradual improvement. Thanks to public stimulus packages and a gradual easing of the most stringent infection control

measures, the financial recovery through the year has been stronger than projected when Norway implemented the most stringent measures in April and March. Covid-19 has had a massive impact on travel patterns in the Nordic region, and the number of cancelled trips increased considerably throughout the year. This led to higher travel insurance payments for the market participants – primarily in the private market, but also in parts of the commercial market. Stringent infection control measures in Norway and Denmark contributed to reduced activity in these countries, which led to less traffic and thereby fewer claims relating to vehicles in the spring. As the measures were gradually eased, the claims situation in both the private and the commercial market returned to normal. Sweden took a different approach to the pandemic, and the total claims situation was less affected by the measures that were implemented.

CONTENT

- 3 About this report
- 4 The year that passed
- 6 Key figures and alternative performance measures
- 11 Chair letter
- 14 CEO letter
- Chapter 1 – This is us**
 - 18 Our mission and vision
 - 19 Our core values
 - 20 Gjensidige’s targets
 - 24 How Gjensidige contributes to the UN Sustainable Development Goals
 - 26 Gjensidige’s strategy
 - 32 Customer promise
 - 35 Our business model
 - 39 Our markets
 - 42 Our insurance segments
- Chapter 2 – Creating added value in Gjensidige**
- Chapter 3 – Value created in 2020**
- Chapter 4 – Financial statements and notes**
 - 282 Declaration from the Board and CEO
 - 283 Auditor’s report
 - 288 Independent Auditor’s report
- Appendix**
 - 290 GRI Content Index and Board of Directors Report
 - 296 Selected governing documents
 - 297 Description of ratings and whom we support
 - 298 Statement on equality
 - 304 Certificates and guarantees
 - 310 Climate accounts own operations

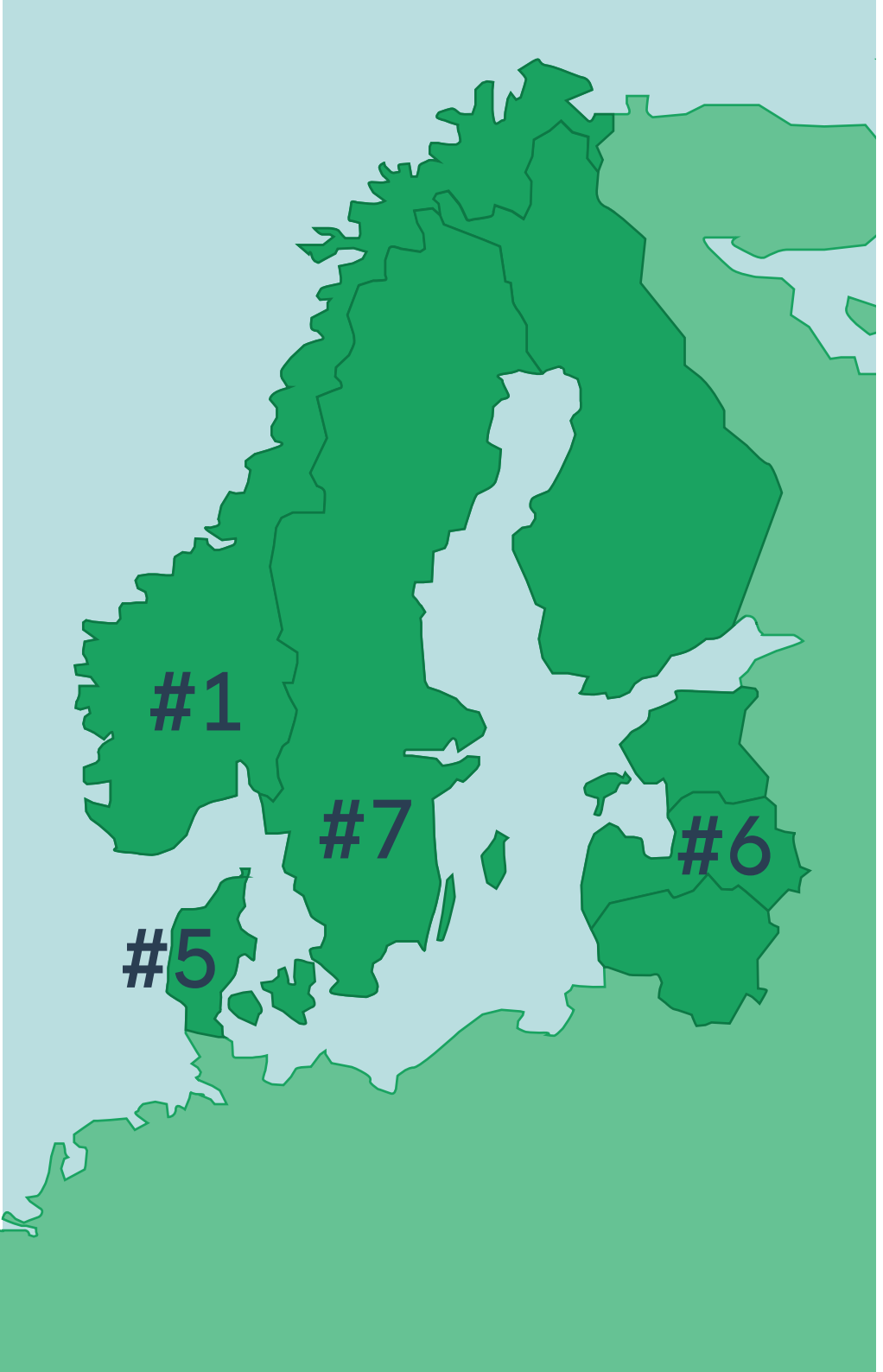
Chapter 1 – This is us - Our markets

Based on the most recent years’ profitability levels in our insurance markets, the Nordic markets have been attractive. The high level of prosperity in the Nordic region means that people have substantial assets to insure. For private customers, the biggest products are motor insurance, home insurance and risk-based accident and health insurance. Travel, leisure craft and valuables also represent a significant volume of insurance. The Baltics stand out from Gjensidige’s other insurance segments in that motor insurance makes up a substantial part of the market. The Baltic region is also characterised by lower customer loyalty and a larger proportion of short-term contracts, which in turn affects the competitive dynamics and creates a price-sensitive market. This trend was further enhanced through 2020 due to Covid-19.

The Scandinavian welfare model entails universal access to public health services and comprehensive social security schemes. Private accident and health insurance serves as a supplement to these schemes.

Property and motor insurance are the biggest products in the commercial market as well, in addition to occupational injury and employee group life insurance. There is also demand from commercial customers for insurances tailored specifically to their business activities.

The map shows Gjensidige’s position in our various markets, based on market shares.



CONTENT

- 3 About this report
- 4 The year that passed
- 6 Key figures and alternative performance measures
- 11 Chair letter
- 14 CEO letter
- Chapter 1 – This is us**
 - 18 Our mission and vision
 - 19 Our core values
 - 20 Gjensidige’s targets
 - 24 How Gjensidige contributes to the UN Sustainable Development Goals
 - 26 Gjensidige’s strategy
 - 32 Customer promise
 - 35 Our business model
 - 39 Our markets
 - 42 Our insurance segments
- Chapter 2 – Creating added value in Gjensidige**
- Chapter 3 – Value created in 2020**
- Chapter 4 – Financial statements and notes**
 - 282 Declaration from the Board and CEO
 - 283 Auditor’s report
 - 288 Independent Auditor’s report
- Appendix**
 - 290 GRI Content Index and Board of Directors Report
 - 296 Selected governing documents
 - 297 Description of ratings and whom we support
 - 298 Statement on equality
 - 304 Certificates and guarantees
 - 310 Climate accounts own operations

Chapter 1 – This is us - Our markets

The Nordic general insurance market is characterised by high customer loyalty to companies with well-established brands and strong partnership structures. A high degree of direct distribution combined with high customer loyalty and efficient operations lead to low cost ratios and create high entry barriers for new players.

There is considerable competition in all countries in the region. The competitive situation has been relatively stable the last few years. The markets are relatively consolidated, although the competitive situation is more fragmented in Denmark. In all our markets, we face competition mainly from large traditional general insurance companies and bankassurance companies.

Most of the large players are companies with general insurance as their core activity, and they are largely based on integrated value chains. The smaller companies include both banks and life insurance companies, as well as pure general insurance companies.

In most of the countries, the private market consists of four or five large players and a number of small or medium-sized companies. The commercial market is generally more concentrated than the private market. Size and scale are increasingly important in order to succeed in the insurance industry. This is driven by the need for meeting increased regulatory complexity, creating room for strategic investments and investments in technology, attracting and retaining the best qualified candidates, increased diversification and positioning to be the preferred alliance partner.

We have seen a few attempts in recent years to establish new business models. The number of such initiatives is expected to increase going forward. New regulatory guidelines and technology may usher in new business models that have the potential to challenge existing models. Our response has been to maintain and strengthen the close relationship we have with our customers through good customer orientation, at the same time as we test, learn and develop new products, solutions and business models. Efficient operations are a precondition for creating room and flexibility for investments in future competitiveness.

CONTENT

- 3 About this report
- 4 The year that passed
- 6 Key figures and alternative performance measures
- 11 Chair letter
- 14 CEO letter

Chapter 1 – This is us

- 18 Our mission and vision
- 19 Our core values
- 20 Gjensidige's targets
- 24 How Gjensidige contributes to the UN Sustainable Development Goals
- 26 Gjensidige's strategy
- 32 Customer promise
- 35 Our business model
- 39 Our markets
- 42 Our insurance segments

Chapter 2 – Creating added value in Gjensidige

Chapter 3 – Value created in 2020

Chapter 4 – Financial statements and notes

- 282 Declaration from the Board and CEO
- 283 Auditor's report
- 288 Independent Auditor's report

Appendix

- 290 GRI Content Index and Board of Directors Report
- 296 Selected governing documents
- 297 Description of ratings and whom we support
- 298 Statement on equality
- 304 Certificates and guarantees
- 310 Climate accounts own operations

Chapter 1 – This is us - Our insurance segments

Our insurance segments

Gjensidige Forsikring ASA is the parent company of the Gjensidige Group, and its head office is in Oslo, Norway. The Company has general insurance operations in Norway, Denmark, Sweden and the Baltic states, in addition to pension operations in Norway.

–The general insurance operations include both property insurance and accident and health insurance. The Norwegian general insurance operations also include life insurance, which is pure risk insurance with a duration of up to one year, largely group life insurance. Operations outside Norway primarily take place through branches.

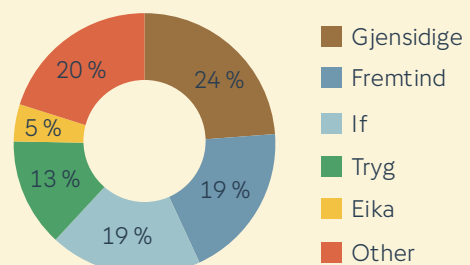
In the Baltics, we have a subsidiary in Lithuania with branches in Estonia and Latvia. The business is organised into six operational segments:

General Insurance Private: Market leader in the private market

The Private segment provides a wide range of general insurance products and services to private individuals in Norway, and handles sales, customer service and claims settlement.

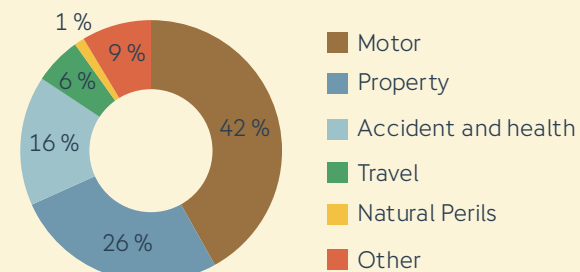
Market share 2020

As at third quarter

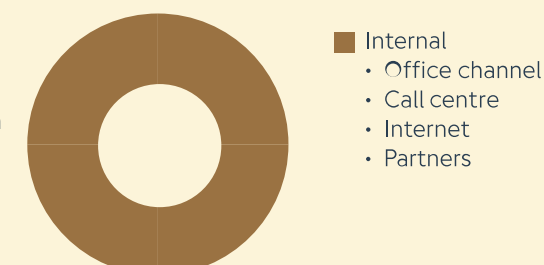


Gross earned premiums 2020

NOK 9,494 million



Distribution channels



Brands



70.8 %¹⁾
Combined
ratio

90 %
Customer
retention



Number of employees
821



Number of customers
780,000

1) Defined as an alternative performance measure (APM). APMs are described at gjensidige.no/reporting in a document named APMs Gjensidige Forsikring Group 2020.

CONTENT

3	About this report
4	The year that passed
6	Key figures and alternative performance measures
11	Chair letter
14	CEO letter
Chapter 1 – This is us	
18	Our mission and vision
19	Our core values
20	Gjensidige's targets
24	How Gjensidige contributes to the UN Sustainable Development Goals
26	Gjensidige's strategy
32	Customer promise
35	Our business model
39	Our markets
42	Our insurance segments
Chapter 2 – Creating added value in Gjensidige	
Chapter 3 – Value created in 2020	
Chapter 4 – Financial statements and notes	
282	Declaration from the Board and CEO
283	Auditor's report
288	Independent Auditor's report
Appendix	
290	GRI Content Index and Board of Directors Report
296	Selected governing documents
297	Description of ratings and whom we support
298	Statement on equality
304	Certificates and guarantees
310	Climate accounts own operations

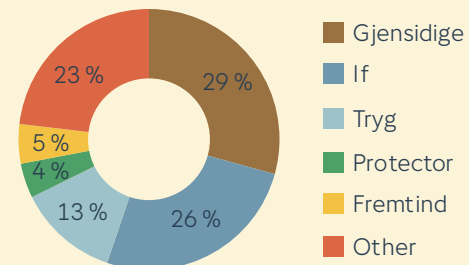
Chapter 1 – This is us - Our insurance segments

General Insurance Commercial: Market leader in the commercial market

The Commercial segment provides a wide range of general insurance products to commercial and agricultural customers, and the public sector in Norway. The segment handles sales, customer service and claims settlement.

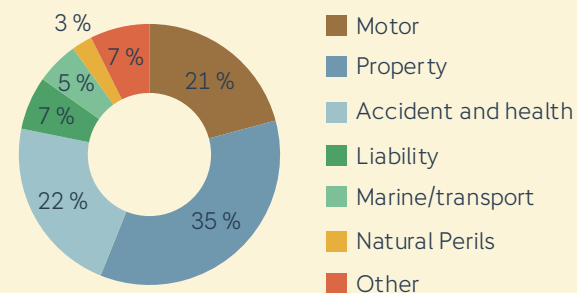
Market share 2020

As at third quarter

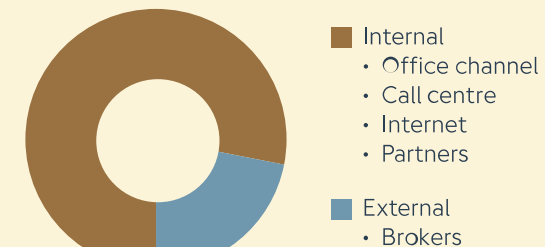


Gross earned premiums 2020

NOK 9,241 million



Distribution channels



Brands



76.5 %¹⁾
Combined ratio

92 %
Customer retention



Number of employees
579



Number of customers
150,000

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CONTENT

3	About this report
4	The year that passed
6	Key figures and alternative performance measures
11	Chair letter
14	CEO letter
Chapter 1 – This is us	
18	Our mission and vision
19	Our core values
20	Gjensidige's targets
24	How Gjensidige contributes to the UN Sustainable Development Goals
26	Gjensidige's strategy
32	Customer promise
35	Our business model
39	Our markets
42	Our insurance segments
Chapter 2 – Creating added value in Gjensidige	
Chapter 3 – Value created in 2020	
Chapter 4 – Financial statements and notes	
282	Declaration from the Board and CEO
283	Auditor's report
288	Independent Auditor's report
Appendix	
290	GRI Content Index and Board of Directors Report
296	Selected governing documents
297	Description of ratings and whom we support
298	Statement on equality
304	Certificates and guarantees
310	Climate accounts own operations

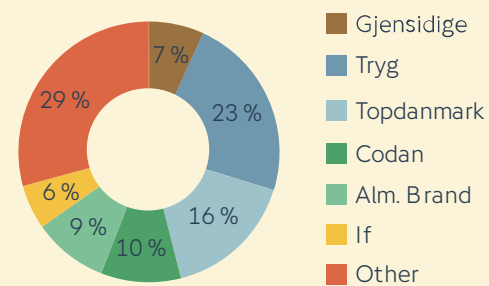
Chapter 1 – This is us - Our insurance segments

General Insurance Denmark: Established player in an attractive market

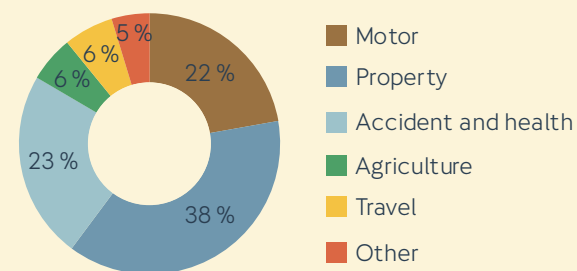
The Denmark segment includes the Group's general insurance operations in the Danish private, commercial and municipal markets.

The segment handles sales, customer service and claims settlement. Approximately 40 per cent of earned premiums come from the private market, while the remainder comes from the commercial market, Gouda and Mølholm Forsikring.

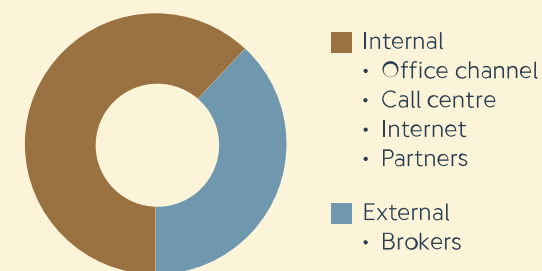
Market share 2019
As at fourth quarter



Gross earned premiums 2020
NOK 6,081 million



Distribution channels



Brands



86.5 %¹⁾
Combined ratio

82 %
Customer retention

Number of employees
742

Number of customers
570,000

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CONTENT

- 3 About this report
- 4 The year that passed
- 6 Key figures and alternative performance measures
- 11 Chair letter
- 14 CEO letter

Chapter 1 – This is us

- 18 Our mission and vision
- 19 Our core values
- 20 Gjensidige's targets
- 24 How Gjensidige contributes to the UN Sustainable Development Goals
- 26 Gjensidige's strategy
- 32 Customer promise
- 35 Our business model
- 39 Our markets
- 42 Our insurance segments

Chapter 2 – Creating added value in Gjensidige

Chapter 3 – Value created in 2020

Chapter 4 – Financial statements and notes

- 282 Declaration from the Board and CEO
- 283 Auditor's report
- 288 Independent Auditor's report

Appendix

- 290 GRI Content Index and Board of Directors Report
- 296 Selected governing documents
- 297 Description of ratings and whom we support
- 298 Statement on equality
- 304 Certificates and guarantees
- 310 Climate accounts own operations

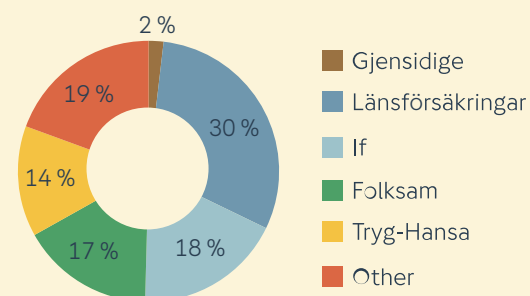
Chapter 1 – This is us - Our insurance segments

General Insurance Sweden: Challenger in a mature market

The Sweden segment includes the Group's general insurance operations in the Swedish private, commercial and municipal markets. The segment handles sales, customer service and claims settlement. Approximately 50 per cent of earned premiums come from the private market, while the other half comes from the commercial market.

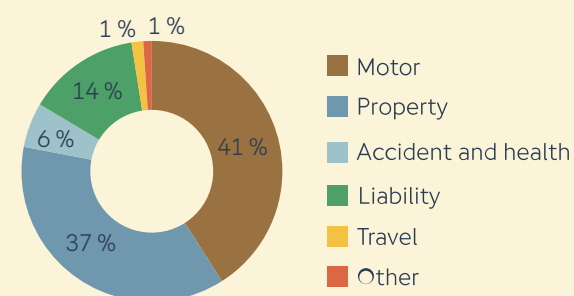
Market share 2020

As at third quarter

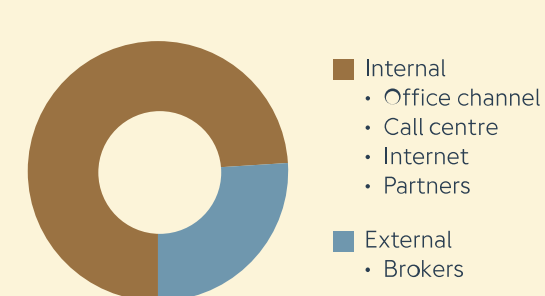


Gross earned premiums 2020

NOK 1,645 million



Distribution channels



Brands



95.2 %¹⁾
Combined ratio

77 %
Customer retention



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CONTENT

- 3 About this report
- 4 The year that passed
- 6 Key figures and alternative performance measures
- 11 Chair letter
- 14 CEO letter

Chapter 1 – This is us

- 18 Our mission and vision
- 19 Our core values
- 20 Gjensidige's targets
- 24 How Gjensidige contributes to the UN Sustainable Development Goals
- 26 Gjensidige's strategy
- 32 Customer promise
- 35 Our business model
- 39 Our markets
- 42 Our insurance segments

Chapter 2 – Creating added value in Gjensidige

Chapter 3 – Value created in 2020

Chapter 4 – Financial statements and notes

- 282 Declaration from the Board and CEO
- 283 Auditor's report
- 288 Independent Auditor's report

Appendix

- 290 GRI Content Index and Board of Directors Report
- 296 Selected governing documents
- 297 Description of ratings and whom we support
- 298 Statement on equality
- 304 Certificates and guarantees
- 310 Climate accounts own operations

Chapter 1 – This is us - Our insurance segments

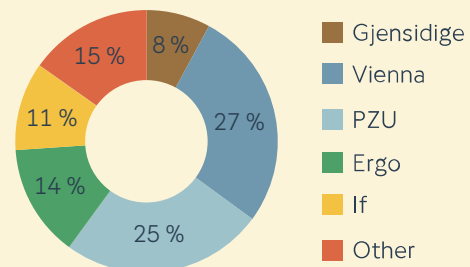
General Insurance Baltic: Established participant in consolidated market with strong growth potential

The Baltic segment includes the Group's general insurance operations in Lithuania, Latvia and Estonia, aimed at the private and commercial markets. The segment handles sales, customer service and claims

settlement. Approximately 50 per cent of earned premiums come from the private market, while the other half comes from the commercial market.

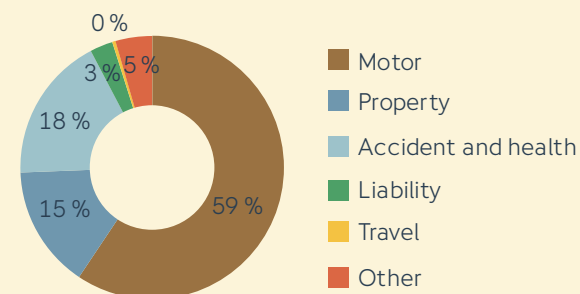
Market share 2020

As at third quarter

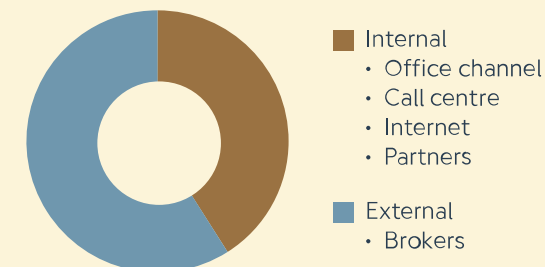


Gross earned premiums 2020

NOK 1,213 million



Distribution channels



Brands

Gjensidige

94.2 %¹⁾
Combined ratio

68 %
Customer retention



Number of employees
682



Number of customers
430,000

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CONTENT

- 3 About this report
- 4 The year that passed
- 6 Key figures and alternative performance measures
- 11 Chair letter
- 14 CEO letter

Chapter 1 – This is us

- 18 Our mission and vision
- 19 Our core values
- 20 Gjensidige's targets
- 24 How Gjensidige contributes to the UN Sustainable Development Goals
- 26 Gjensidige's strategy
- 32 Customer promise
- 35 Our business model
- 39 Our markets
- 42 Our insurance segments

Chapter 2 – Creating added value in Gjensidige

Chapter 3 – Value created in 2020

Chapter 4 – Financial statements and notes

- 282 Declaration from the Board and CEO
- 283 Auditor's report
- 288 Independent Auditor's report

Appendix

- 290 GRI Content Index and Board of Directors Report
- 296 Selected governing documents
- 297 Description of ratings and whom we support
- 298 Statement on equality
- 304 Certificates and guarantees
- 310 Climate accounts own operations

Chapter 1 – This is us - Our insurance segments

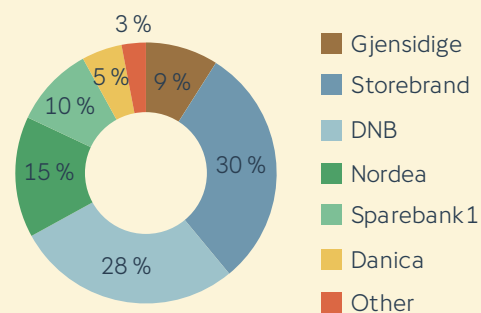
Pension: Well positioned in a growing market

The Pension segment offers defined contribution occupational pension schemes for businesses, in addition to individual pension savings agreements and disability pension. Pension is a priority area

that helps to ensure that Gjensidige can be a complete supplier of insurance and pension products to private and commercial customers. The business contributes to stronger customer relations and loyalty among our general insurance customers. 'Individual pension account' will be launched in the market in 2021, and Gjensidige is well under way with the preparations for the scheme.

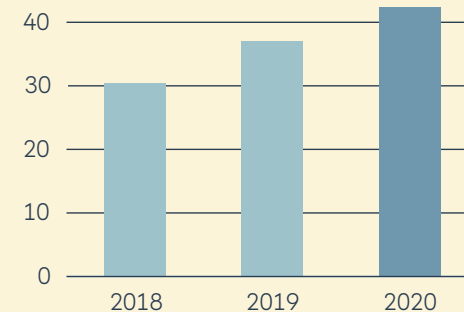
Market share 2020

As at third quarter



Asset under management 2020

NOK 42,362 million



Brands

Gjensidige 



Number of employees
87

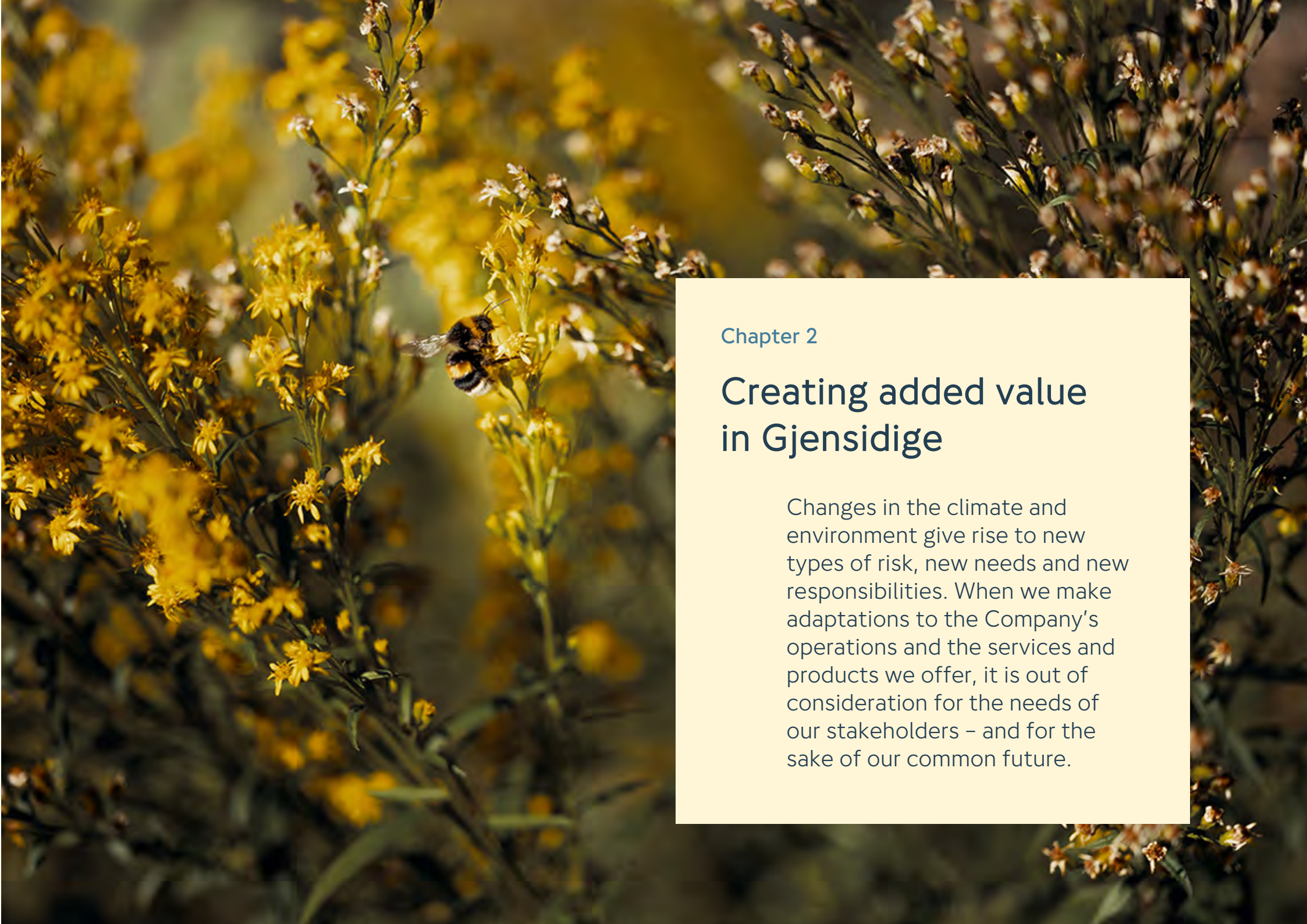


Number of customers
350,000

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CONTENT

- 3 About this report
- 4 The year that passed
- 6 Key figures and alternative performance measures
- 11 Chair letter
- 14 CEO letter
- Chapter 1 – This is us**
- Chapter 2 – Creating added value in Gjensidige**
 - 49 Creating value for our stakeholders
 - We create a sense of security**
 - 53 A safer society because we understand risk
 - 54 Risk strategy and risk management
 - 58 Damage prevention – the most sustainable approach
 - 62 Sustainable products and services
 - 64 Our social commitment
 - Climate and the environment**
 - 67 Our climate and environmental commitment
 - 70 Climate-related financial disclosures (TCFD)
 - 81 We create value in partnership with our suppliers
 - Our engaged employees**
 - 84 Engaged employees
 - 89 Senior group management
 - Responsible investments**
 - 95 Our asset management
 - Responsible risk management and control**
 - 102 Risk understanding and corporate governance lead to long-term value
 - 103 Gjensidige’s Board of Directors comprises broad expertise
 - 109 Ethical operations
 - 114 Corporate governance
 - 120 Our commitment to our owners and creditors
- Chapter 3 – Value created in 2020**
- Chapter 4 – Financial statements and notes**
 - 282 Declaration from the Board and CEO
 - 283 Auditor’s report
 - 288 Independent Auditor’s report



Chapter 2

Creating added value in Gjensidige

Changes in the climate and environment give rise to new types of risk, new needs and new responsibilities. When we make adaptations to the Company’s operations and the services and products we offer, it is out of consideration for the needs of our stakeholders – and for the sake of our common future.

CONTENT

3

About this report

4

The year that passed

6

Key figures and alternative performance measures

11

Chair letter

14

CEO letter

Chapter 1 – This is us

Chapter 2 – Creating added value in Gjensidige

49

Creating value for our stakeholders

We create a sense of security

53

A safer society because we understand risk

54

Risk strategy and risk management

58

Damage prevention – the most sustainable approach

62

Sustainable products and services

64

Our social commitment

Climate and the environment

67

Our climate and environmental commitment

70

Climate-related financial disclosures (TCFD)

81

We create value in partnership with our suppliers

Our engaged employees

84

Engaged employees

89

Senior group management

Responsible investments

95

Our asset management

Responsible risk management and control

102

Risk understanding and corporate governance lead to long-term value

103

Gjensidige’s Board of Directors comprises broad expertise

109

Ethical operations

114

Corporate governance

120

Our commitment to our owners and creditors

Chapter 3 – Value created in 2020

Chapter 4 – Financial statements and notes

282

Declaration from the Board and CEO

283

Auditor’s report

288

Independent Auditor’s report

Creating value for our stakeholders

Gjensidige has operations in six different countries, is one of the biggest companies on Oslo Børs and has many different stakeholders. Customers, employees, suppliers, investors/owners and society at large are our most important stakeholders. By stakeholder is meant those who influence or are influenced by the Company.

Stakeholder dialogue

The stakeholder dialogue is based on needs, and we communicate with our stakeholders in different arenas such as customer meetings, customer surveys, employee surveys, competitive tenders and supplier follow-up, and investor meetings.

The things that matter most to our stakeholders are illustrated in the figure ‘Stakeholder analysis’. What matters to our stakeholders matters to Gjensidige, and forms the basis for the risk and materiality assessment.

Stakeholder analysis



CONTENT

- 3 About this report
- 4 The year that passed
- 6 Key figures and alternative performance measures
- 11 Chair letter
- 14 CEO letter
- Chapter 1 – This is us**
- Chapter 2 – Creating added value in Gjensidige**
 - 49 Creating value for our stakeholders
 - We create a sense of security**
 - 53 A safer society because we understand risk
 - 54 Risk strategy and risk management
 - 58 Damage prevention – the most sustainable approach
 - 62 Sustainable products and services
 - 64 Our social commitment
 - Climate and the environment**
 - 67 Our climate and environmental commitment
 - 70 Climate-related financial disclosures (TCFD)
 - 81 We create value in partnership with our suppliers
 - Our engaged employees**
 - 84 Engaged employees
 - 89 Senior group management
 - Responsible investments**
 - 95 Our asset management
 - Responsible risk management and control**
 - 102 Risk understanding and corporate governance lead to long-term value
 - 103 Gjensidige’s Board of Directors comprises broad expertise
 - 109 Ethical operations
 - 114 Corporate governance
 - 120 Our commitment to our owners and creditors
- Chapter 3 – Value created in 2020**
- Chapter 4 – Financial statements and notes**
 - 282 Declaration from the Board and CEO
 - 283 Auditor’s report
 - 288 Independent Auditor’s report

Chapter 2 – Creating added value in Gjensidige - Creating value for our stakeholders

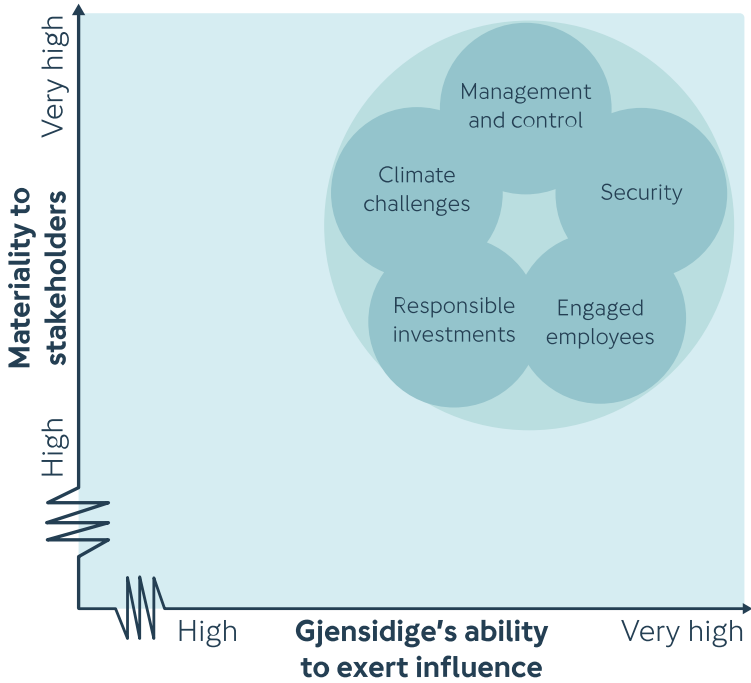
Risk and materiality assessment

The assessment of relevant topics is based on what topics the stakeholders consider important and the consequences for Gjensidige if we fail to meet their expectations of our climate and environmental work, social factors, corporate governance and finances. A number of topics have been considered through our stakeholder dialogue, and they concur with our sustainability focus areas: a safer society, reducing carbon intensity and responsible investments.

It is also important for Gjensidige to have engaged and motivated employees.

The results of the risk and materiality assessment are summarised in the five topics of greatest importance to our stakeholders and Gjensidige, described in the table below. The results of our efforts are described in the section ‘Value created in 2020’, including which SDGs we support, the status of measures, and their potential effect.

Material topics – ranked equally by stakeholders



CONTENT

- 3 About this report
- 4 The year that passed
- 6 Key figures and alternative performance measures
- 11 Chair letter
- 14 CEO letter
- Chapter 1 – This is us**
- Chapter 2 – Creating added value in Gjensidige**
 - 49 Creating value for our stakeholders
 - We create a sense of security**
 - 53 A safer society because we understand risk
 - 54 Risk strategy and risk management
 - 58 Damage prevention – the most sustainable approach
 - 62 Sustainable products and services
 - 64 Our social commitment
 - Climate and the environment**
 - 67 Our climate and environmental commitment
 - 70 Climate-related financial disclosures (TCFD)
 - 81 We create value in partnership with our suppliers
 - Our engaged employees**
 - 84 Engaged employees
 - 89 Senior group management
 - Responsible investments**
 - 95 Our asset management
 - Responsible risk management and control**
 - 102 Risk understanding and corporate governance lead to long-term value
 - 103 Gjensidige’s Board of Directors comprises broad expertise
 - 109 Ethical operations
 - 114 Corporate governance
 - 120 Our commitment to our owners and creditors
- Chapter 3 – Value created in 2020**
- Chapter 4 – Financial statements and notes**
 - 282 Declaration from the Board and CEO
 - 283 Auditor’s report
 - 288 Independent Auditor’s report

Chapter 2 – Creating added value in Gjensidige - Creating value for our stakeholders

Background for assessment of material areas

Most material issues	For stakeholders	For Gjensidige
Security (S)	Financial safety and security are closely connected and are regarded as most important to our stakeholders.	Considered a core activity in insurance.
Engaged employees (S)	Engaged, motivated employees are decisive for value creation in the short and long term.	The right expertise is decisive to be able to achieve the goals we have set.
Climate and the environment (E)	Of increasing importance to all stakeholders. Considerable uncertainty about the consequences of climate change, and need for more concrete assessments (figures) for different scenarios.	Climate and environmental change will affect insurance directly through the likelihood of increased claims incurred (physical damage) and greater uncertainty relating to the future return on investments, and customer preferences.
Responsible investments (ESG)	Increased expectations that the companies we invest in take climate and environmental challenges into account, make contributions to society, and, in particular, take responsibility for giving labour rights and corporate governance high priority.	In the same way that our stakeholders have expectations of us when it comes to sustainability, we follow up our investments to make sure that the companies we invest in give due consideration to sustainability.
Good management and control (G)	The insurance industry is subject to stringent regulation and licensing because insurance is important to ensure economic growth and financial security. Good management and control is a critical success factor for safeguarding life, health and assets. Direct and indirect taxes that finance the common good are also an important contribution.	Our core competence is a structured approach to understanding risk, reducing risk and relieving customers of risk. That requires good management and control systems.

CONTENT

- 3 About this report
- 4 The year that passed
- 6 Key figures and alternative performance measures
- 11 Chair letter
- 14 CEO letter

Chapter 1 – This is us

Chapter 2 – Creating added value in Gjensidige

- 49 Creating value for our stakeholders

We create a sense of security

- 53 A safer society because we understand risk
- 54 Risk strategy and risk management
- 58 Damage prevention – the most sustainable approach
- 62 Sustainable products and services
- 64 Our social commitment

Climate and the environment

- 67 Our climate and environmental commitment
- 70 Climate-related financial disclosures (TCFD)
- 81 We create value in partnership with our suppliers

Our engaged employees

- 84 Engaged employees
- 89 Senior group management

Responsible investments

- 95 Our asset management

Responsible risk management and control

- 102 Risk understanding and corporate governance lead to long-term value
- 103 Gjensidige’s Board of Directors comprises broad expertise
- 109 Ethical operations
- 114 Corporate governance
- 120 Our commitment to our owners and creditors

Chapter 3 – Value created in 2020

Chapter 4 – Financial statements and notes

- 282 Declaration from the Board and CEO
- 283 Auditor’s report
- 288 Independent Auditor’s report

We create a sense of security

For more than 200 years, we have created a sense of security for our customers, employees and society at large. Secure stakeholders are the best basis for creating value in the short and long term.



CONTENT

- 3 About this report
- 4 The year that passed
- 6 Key figures and alternative performance measures
- 11 Chair letter
- 14 CEO letter
- Chapter 1 – This is us**
- Chapter 2 – Creating added value in Gjensidige**
 - 49 Creating value for our stakeholders
 - We create a sense of security**
 - 53 A safer society because we understand risk
 - 54 Risk strategy and risk management
 - 58 Damage prevention – the most sustainable approach
 - 62 Sustainable products and services
 - 64 Our social commitment
 - Climate and the environment**
 - 67 Our climate and environmental commitment
 - 70 Climate-related financial disclosures (TCFD)
 - 81 We create value in partnership with our suppliers
 - Our engaged employees**
 - 84 Engaged employees
 - 89 Senior group management
 - Responsible investments**
 - 95 Our asset management
 - Responsible risk management and control**
 - 102 Risk understanding and corporate governance lead to long-term value
 - 103 Gjensidige’s Board of Directors comprises broad expertise
 - 109 Ethical operations
 - 114 Corporate governance
 - 120 Our commitment to our owners and creditors
- Chapter 3 – Value created in 2020**
- Chapter 4 – Financial statements and notes**
 - 282 Declaration from the Board and CEO
 - 283 Auditor’s report
 - 288 Independent Auditor’s report

A safer society because we understand risk

Sharing of risk is the basic principle of insurance. When many people are exposed to the same type of risk of financial loss, they can equalise the risk by dividing the losses between them. In modern societies, this takes place through insurance companies that assume the risk and compensate the losses of those affected. Good selection and correct pricing of risk is decisive for insurance companies’ financial strength and profitability.



Gjensidige creates a sense of security for all its stakeholders by making good risk assessments – and through correct risk pricing. We reduce financial uncertainty and shall be relevant in people’s lives. We monitor new and changed risks resulting from climate and environmental change and new social challenges. We analyse emerging risks to ensure the right data basis and pricing.

Gjensidige plays an important role in raising awareness of the risks faced by our customers and society. The right expertise and know-how is important to be able to understand risk and advise customers and society on how to avoid or reduce the number of undesirable incidents. The potential consequences of climate and environmental challenges are one of the areas we examine in depth. Another area we need to understand better is the consequences of demographic changes and changed health needs.

Insurance is about the distribution of risk. Given Gjensidige’s size, product mix and geographical presence, we achieve considerable diversification. Purchases of reinsurance also help to ensure we stand together when large losses occur. That way, we create a sense of security throughout the value chain.

Risk understanding foundation for sustainable development



CONTENT

3

About this report

4

The year that passed

6

Key figures and alternative performance measures

11

Chair letter

14

CEO letter

Chapter 1 – This is us

Chapter 2 – Creating added value in Gjensidige

49

Creating value for our stakeholders

We create a sense of security

53

A safer society because we understand risk

54

Risk strategy and risk management

58

Damage prevention – the most sustainable approach

62

Sustainable products and services

64

Our social commitment

Climate and the environment

67

Our climate and environmental commitment

70

Climate-related financial disclosures (TCFD)

81

We create value in partnership with our suppliers

Our engaged employees

84

Engaged employees

89

Senior group management

Responsible investments

95

Our asset management

Responsible risk management and control

102

Risk understanding and corporate governance lead to long-term value

103

Gjensidige’s Board of Directors comprises broad expertise

109

Ethical operations

114

Corporate governance

120

Our commitment to our owners and creditors

Chapter 3 – Value created in 2020

Chapter 4 – Financial statements and notes

282

Declaration from the Board and CEO

283

Auditor’s report

288

Independent Auditor’s report

Risk strategy and risk management

Different types of risk must be understood and followed up to ensure profitability. Gjensidige has established a risk management system that enables us to monitor the claims situation continuously, and thereby prevent and reduce the risk of losses.

Our risk strategy and risk management are based on four types of risk: strategic and business risk, insurance risk, financial risk and operational risk. Climate and environmental risks are considered to affect all risk types. Read more about climate risk in the section “Climate-related financial disclosures (TCFD)”.

Risk table – business, insurance, finance, operations.

Strategic and business risk			
Types of risk	Strategy	Risk management	Objectives and methods
Financial losses or lost opportunities due to the inability to - establish or carry out business plans and strategies - make decisions - allocate resources or respond to external changes.	The overall objective for the management of strategic and / or business risk is to ensure that the risk level in the Group is within the approved risk appetite.	- Risk management is done by identifying, assessing and managing the significant strategic and business risks. The starting point for this identification is strategic objectives. - As part of the Company’s strategy process, global trends and scenarios are identified and assessed to analyse how these could affect the risk picture, including the competitive situation and framework conditions. A special "emerging risk" process is also carried out, where the purpose is to identify and monitor potentially emerging risks.	The risk assessments are carried out annually with a quarterly follow-up and reporting to management and the board.

CONTENT

3

About this report

4

The year that passed

6

Key figures and alternative performance measures

11

Chair letter

14

CEO letter

Chapter 1 – This is us

Chapter 2 – Creating added value in Gjensidige

49

Creating value for our stakeholders

We create a sense of security

53

A safer society because we understand risk

54

Risk strategy and risk management

58

Damage prevention – the most sustainable approach

62

Sustainable products and services

64

Our social commitment

Climate and the environment

67

Our climate and environmental commitment

70

Climate-related financial disclosures (TCFD)

81

We create value in partnership with our suppliers

Our engaged employees

84

Engaged employees

89

Senior group management

Responsible investments

95

Our asset management

Responsible risk management and control

102

Risk understanding and corporate governance lead to long-term value

103

Gjensidige’s Board of Directors comprises broad expertise

109

Ethical operations

114

Corporate governance

120

Our commitment to our owners and creditors

Chapter 3 – Value created in 2020

Chapter 4 – Financial statements and notes

282

Declaration from the Board and CEO

283

Auditor’s report

288

Independent Auditor’s report

Chapter 2 – Creating added value in Gjensidige - Risk strategy and risk management

Insurance risk			
Types of risk	Strategy	Risk management	Objectives and methods
- The risk of lower insurance premiums than expected. - Higher claims incurred than expected.	Gjensidige has a high risk appetite in the core area of general insurance in the Nordic countries and the Baltic states. The risk appetite should be highest in the areas in which we have high competence and access to relevant data. Other business areas shall contribute to the Group's total growth and profitability, but with limited risk appetite.	- The underwriting policy adopted by the Board sets out guidelines for the basic principles and responsibility for product and tariff development, risk selection and the stipulation of terms and conditions and pricing of individual risks. - The policy for technical provisions adopted by the Board sets out the overriding principles for stipulating such provisions.	- Monitoring and assessment of underwriting results and insurance risk, seen in relation to prognoses, is a vital, integrated part of the day-to-day management of the business. - A retention limit specifies the maximum loss the Gjensidige Insurance Group is willing to take and stipulates the level of Gjensidige's reinsurance programme. Reinsurance is purchased to protect the Company against major individual events such as natural disasters and large individual losses. - The independent actuary function performs control tasks relating to technical provisions, the taking out of insurance and the reinsurance programme. - Reporting of results and prognoses, as well as separate risk reporting, regularly takes place to the management and Board. The Chief Actuary prepares reports on the technical provisions.

CONTENT

3 About this report

4 The year that passed

6 Key figures and alternative performance measures

11 Chair letter

14 CEO letter

Chapter 1 – This is us

Chapter 2 – Creating added value in Gjensidige

49 Creating value for our stakeholders

We create a sense of security

53 A safer society because we understand risk

54 Risk strategy and risk management

58 Damage prevention – the most sustainable approach

62 Sustainable products and services

64 Our social commitment

Climate and the environment

67 Our climate and environmental commitment

70 Climate-related financial disclosures (TCFD)

81 We create value in partnership with our suppliers

Our engaged employees

84 Engaged employees

89 Senior group management

Responsible investments

95 Our asset management

Responsible risk management and control

102 Risk understanding and corporate governance lead to long-term value

103 Gjensidige’s Board of Directors comprises broad expertise

109 Ethical operations

114 Corporate governance

120 Our commitment to our owners and creditors

Chapter 3 – Value created in 2020

Chapter 4 – Financial statements and notes

282 Declaration from the Board and CEO

283 Auditor’s report

288 Independent Auditor’s report

Chapter 2 – Creating added value in Gjensidige - Risk strategy and risk management

Financial risk			
Types of risk	Strategy	Risk management	Objectives and methods
- Changes in the value of financial assets and liabilities as a result of exposure to interest rates, inflation, exchange rates, credit margins, property prices and share prices. - Liquidity risk, the inability to make payments when they fall due or the need to realise investments at a high cost or lower value to make payments.	The investment portfolio consists of two parts: a match portfolio and a free portfolio. - The primary purpose of the investments made is to support the insurance business by securing the value of insurance liabilities against fluctuations in market variables. - Some investments are also made to help to achieve the Group’s overall profitability goals, with a controlled downside risk. - The investment strategy is adopted by the Board and sets limits for the allocation of investment funds.	- The match portfolio, which is intended to correspond to the Group’s technical provisions, is invested in fixed-income instruments whose duration and currency are adapted to match the technical provisions. - A dynamic risk management model provides the necessary framework for adapting risk in the event of changes in market conditions and/or a weak development in financial income. - The investment strategy defines several risk limitations, both at the aggregate level and by different types of risks and investments, for the purpose of achieving a diversified investment portfolio.	- Daily reports are prepared for the purpose of follow-up and monitoring of Gjensidige’s investments to ensure that they are within the limits at all times. - The reporting is carried out by a dedicated department in order to ensure independent follow-up. - Monitoring of risk also takes place through stress tests, where the buffer capital must be sufficient at all times to be able to withstand the risk of a sharp simultaneous fall in the value of all asset classes.

CONTENT

3 About this report

4 The year that passed

6 Key figures and alternative performance measures

11 Chair letter

14 CEO letter

Chapter 1 – This is us

Chapter 2 – Creating added value in Gjensidige

49 Creating value for our stakeholders

We create a sense of security

53 A safer society because we understand risk

54 Risk strategy and risk management

58 Damage prevention – the most sustainable approach

62 Sustainable products and services

64 Our social commitment

Climate and the environment

67 Our climate and environmental commitment

70 Climate-related financial disclosures (TCFD)

81 We create value in partnership with our suppliers

Our engaged employees

84 Engaged employees

89 Senior group management

Responsible investments

95 Our asset management

Responsible risk management and control

102 Risk understanding and corporate governance lead to long-term value

103 Gjensidige’s Board of Directors comprises broad expertise

109 Ethical operations

114 Corporate governance

120 Our commitment to our owners and creditors

Chapter 3 – Value created in 2020

Chapter 4 – Financial statements and notes

282 Declaration from the Board and CEO

283 Auditor’s report

288 Independent Auditor’s report

Chapter 2 – Creating added value in Gjensidige - Risk strategy and risk management

Operational risk			
Types of risk	Strategy	Risk management	Objectives and methods
The risk that potential events or circumstances may arise and have a financial consequence and / or loss of reputation. Operational risk may be due to: • Human error. • Weaknesses in systems and processes that have financial consequences and/or negative consequences for reputation. • Non-compliance with external and internal regulations. • External events.	The overall objective of the management of operational risk is to ensure that the risk level in the group is within the approved risk appetite. For areas that are assumed to have a significant impact on Gjensidige’s reputation, operational risk must be reduced as far as practicably possible. For other operational risk, a balanced approach should be used as a basis for efficient and future-oriented operations.	Risk management is done by Identifying, assessing and managing the significant operational risks where the starting point is key objectives, deliveries and significant processes. The risks are identified, assessed and managed by managers and professionals in accordance with the established risk matrix and treatment rules. Factors that affect risk and our culture of risk management include: • Values, ethical attitudes and standards • Organisation in the form of well-defined, clear lines of reporting and a clear division of responsibility, governing documents and routine descriptions. • Knowledge, competence, training and courses • Documented activities to ensure that processes or routines are complied with • Follow-up of incidents.	The risk assessments are carried out annually with a quarterly follow-up and reporting to management and the board.

CONTENT

- 3 About this report
- 4 The year that passed
- 6 Key figures and alternative performance measures
- 11 Chair letter
- 14 CEO letter
- Chapter 1 – This is us
- Chapter 2 – Creating added value in Gjensidige
 - 49 Creating value for our stakeholders
 - We create a sense of security
 - 53 A safer society because we understand risk
 - 54 Risk strategy and risk management
 - 58 Damage prevention – the most sustainable approach
 - 62 Sustainable products and services
 - 64 Our social commitment
 - Climate and the environment
 - 67 Our climate and environmental commitment
 - 70 Climate-related financial disclosures (TCFD)
 - 81 We create value in partnership with our suppliers
 - Our engaged employees
 - 84 Engaged employees
 - 89 Senior group management
 - Responsible investments
 - 95 Our asset management
 - Responsible risk management and control
 - 102 Risk understanding and corporate governance lead to long-term value
 - 103 Gjensidige’s Board of Directors comprises broad expertise
 - 109 Ethical operations
 - 114 Corporate governance
 - 120 Our commitment to our owners and creditors
- Chapter 3 – Value created in 2020
- Chapter 4 – Financial statements and notes
 - 282 Declaration from the Board and CEO
 - 283 Auditor’s report
 - 288 Independent Auditor’s report

Chapter 2 – Creating added value in Gjensidige - Damage prevention – the most sustainable approach

Damage prevention – the most sustainable approach

Reducing the risk of damage is sustainability in practice. Helping to protect lives, health and assets is good for the climate and environment, for those who avoid losses and for the economy. Our social mission as an insurance company is precisely to help to create a sense of security for our stakeholders and avoid losses.



Gjensidige works on damage prevention by informing customers and society of effective measures and by guiding customers into implementing risk reduction measures. We grant a discount when customers implement risk reduction measures. We also contribute to the social debate by drawing attention to relevant topics through press releases, social media and news articles.

Natural disaster damages

With the help of weather data, we send text messages to customers who are likely to be affected by bad weather. The messages are based on official weather data and our customer data, so that we avoid distributing false alarms. Every year, we receive feedback from grateful customers who have had time to secure their assets thanks to these messages.

We have contributed to increased flood preparedness by deploying pumping equipment in areas prone to flooding before the spring thaw. The intention is to reduce the risk of major losses, and to provide the quickest possible help to as many customers as possible affected by the flood. Going forward, it will be important to continue sharing our insight with the public authorities to reduce the risk of losses locally.



Fire prevention

Together with the Norwegian Fire Protection Association, the Directorate for Civil Protection and Emergency Planning (DSB) and local fire brigades, we organise Røykvarslerdagen – the smoke detector awareness day – on 1 December each year. The goal of the campaign is to raise awareness about how important an early warning is in the event of fire. In Denmark, we cooperate with industry associations to raise awareness of fire risk in general and in modular buildings in particular.

Various fire prevention measures are initiated in the Baltic states, including new customers receiving smoke detectors. In Latvia, Gjensidige is one of the sponsors of a fire safety conference focusing on commercial customers. In all the three Baltic countries, we conduct ‘safe home’ campaigns in cooperation with the media and representatives of the fire service, the police, security companies and electricity companies. The purpose of the campaigns is to raise awareness of damage prevention and to prevent accidents, fires and burglaries.

CONTENT

- 3 About this report
- 4 The year that passed
- 6 Key figures and alternative performance measures
- 11 Chair letter
- 14 CEO letter
- Chapter 1 – This is us**
- Chapter 2 – Creating added value in Gjensidige**
 - 49 Creating value for our stakeholders
 - We create a sense of security**
 - 53 A safer society because we understand risk
 - 54 Risk strategy and risk management
 - 58 Damage prevention – the most sustainable approach
 - 62 Sustainable products and services
 - 64 Our social commitment
 - Climate and the environment**
 - 67 Our climate and environmental commitment
 - 70 Climate-related financial disclosures (TCFD)
 - 81 We create value in partnership with our suppliers
 - Our engaged employees**
 - 84 Engaged employees
 - 89 Senior group management
 - Responsible investments**
 - 95 Our asset management
 - Responsible risk management and control**
 - 102 Risk understanding and corporate governance lead to long-term value
 - 103 Gjensidige’s Board of Directors comprises broad expertise
 - 109 Ethical operations
 - 114 Corporate governance
 - 120 Our commitment to our owners and creditors
- Chapter 3 – Value created in 2020**
- Chapter 4 – Financial statements and notes**
 - 282 Declaration from the Board and CEO
 - 283 Auditor’s report
 - 288 Independent Auditor’s report

Chapter 2 – Creating added value in Gjensidige - Damage prevention – the most sustainable approach

Risk checks for commercial and agricultural customers

Gjensidige performs annual risk checks for a large number of commercial customers, including agricultural customers, among other things to check whether maintenance is satisfactory and reduce the risk of fire, water damage, weather events and other environmental damage. Loss reduction measures result in a discount in price.

Thermal imaging is a risk assessment tool that uncovers thousands of faults and defects in electrical installations. Electrical inspections are deemed to be our most important instrument for reducing the number of fires experienced by our customers. Gjensidige has granted considerable funds annually, and has, in cooperation with the Norwegian Farmers’ Union, reimbursed farmers’ expenses for documented improvement work.

We also check whether customers have satisfactory systems for attending to their employees’ health, safety and working environment. After the risk check, customers receive feedback on areas for improvement. Risk assessments are also decisive to the pricing of insurance. We select properties for risk checks in cooperation with our customers, perform surveys, review the result with customers, and help customers to establish better internal control procedures to ensure the necessary focus on damage prevention. Risk checks are important to ensure customer loyalty.

Sustainability fund for agriculture

The goal is to contribute to a viable, modern agricultural industry in close cooperation with the Norwegian Farmers’ Union. The funds awarded are intended to help both local communities and individual

farmers. Applications are considered annually, and the best proposals receive support from the sustainability fund.



Road safety

Young drivers are especially at risk of being involved in accidents. Gjensidige therefore has several measures targeting this group. In Norway, we give an insurance discount to young people who have practised driving with an accompanying driver for a sufficient number of kilometres. When they reach the age of 23, customers who have driven claim-free for the past year or longer will receive a sum of money as a reward. The longer the claim-free period, the bigger the reward.

We collaborate with the Norwegian Council for Road Safety (Trygg Trafikk) on awareness-raising campaigns in upper secondary schools several places in Norway. #ErDuSikker? is a traffic safety competition for upper secondary schools. We collaborate with other insurance companies on road safety through the industry organisation Finance Norway. In Estonia, Gjensidige contributes to improving road safety through an annual campaign that encourages pedestrians to wear reflectors.

CONTENT

- 3 About this report
- 4 The year that passed
- 6 Key figures and alternative performance measures
- 11 Chair letter
- 14 CEO letter

Chapter 1 – This is us

Chapter 2 – Creating added value in Gjensidige

- 49 Creating value for our stakeholders
- We create a sense of security
- 53 A safer society because we understand risk
- 54 Risk strategy and risk management
- 58 Damage prevention – the most sustainable approach
- 62 Sustainable products and services
- 64 Our social commitment

Climate and the environment

- 67 Our climate and environmental commitment
- 70 Climate-related financial disclosures (TCFD)
- 81 We create value in partnership with our suppliers

Our engaged employees

- 84 Engaged employees
- 89 Senior group management

Responsible investments

- 95 Our asset management

Responsible risk management and control

- 102 Risk understanding and corporate governance lead to long-term value
- 103 Gjensidige’s Board of Directors comprises broad expertise
- 109 Ethical operations
- 114 Corporate governance
- 120 Our commitment to our owners and creditors

Chapter 3 – Value created in 2020

Chapter 4 – Financial statements and notes

- 282 Declaration from the Board and CEO
- 283 Auditor’s report
- 288 Independent Auditor’s report

Chapter 2 – Creating added value in Gjensidige - Damage prevention – the most sustainable approach

Mimiro

In April 2020, Gjensidige acquired an ownership interest in the technology company Mimiro. Mimiro was established by Tine and Felleskjøpet Agri in 2018, and received the Agricultural Innovation Award in 2019. The company uses data supplied by farmers to develop products and services that will make food production in Norway more efficient and environmentally friendly.

In addition to supporting the ambition of a more sustainable and competitive agricultural industry, Gjensidige aims to use its ownership interest to work on damage prevention and to develop even better insurance solutions. With the help of Mimiro, we aim to develop services that will reduce the risk of fire and other types of damage in agriculture, and to provide specialist advice in this area. We also aim to use Mimiro’s insight to develop insurance solutions based on how farmers actually work.

Health

Gjensidige offers sustainable solutions by facilitating and encouraging better health. This improves life quality and prevents illnesses and injuries.

Mental health is an important focus area for Gjensidige. An increasing number of young people have mental health challenges that lead to their exclusion from the labour market. By offering low-threshold services, we can prevent mental health problems at an early stage. Among other things, we offer digital self-help programmes for mental health and an online psychologist who provides advice, guidance and help to young people. During the coronavirus pandemic, we also developed and launched damage prevention services to address the mental health needs of all our Norwegian general insurance

customers, including a self-help programme and a medical helpline that includes a psychologist.

Research collaborations

In order to ensure that our products and customer service maintain a high international level at all times, we collaborate with research institutions on innovation. In the period from 2015 to 2022, we are participating in a research collaboration with, among others, the University of Oslo, the University of Bergen and the Norwegian Computing Centre on several projects that we expect to give us new insight into topics relating to the processing of large data volumes (big data). Examples include risk pricing, forecast and trend analyses and insurance fraud.

We have entered into collaborations with the construction company Norgesbygg and the research institute SINTEF Community on the development of construction systems and processes that will enable climate adaptation of residential buildings. The aim is to understand the need for making people’s houses more robust to withstand the changes in weather that are predicted.

In 2020, Gjensidige also entered into a partnership with the Norwegian School of Economics (NHH) to establish the Digital Innovation for Growth (DIG) centre. Together with a number of partners, we established DIG as a unique arena for discussing sustainable development. This gives us an opportunity to make a difference by contributing to applied research on how to better succeed with innovation and value creation. The term of the partnership is until 2024, with an option to extend until 2028.

CONTENT

- 3 About this report
- 4 The year that passed
- 6 Key figures and alternative performance measures
- 11 Chair letter
- 14 CEO letter
- Chapter 1 – This is us**
- Chapter 2 – Creating added value in Gjensidige**
 - 49 Creating value for our stakeholders
 - We create a sense of security**
 - 53 A safer society because we understand risk
 - 54 Risk strategy and risk management
 - 58 Damage prevention – the most sustainable approach
 - 62 Sustainable products and services
 - 64 Our social commitment
 - Climate and the environment**
 - 67 Our climate and environmental commitment
 - 70 Climate-related financial disclosures (TCFD)
 - 81 We create value in partnership with our suppliers
 - Our engaged employees**
 - 84 Engaged employees
 - 89 Senior group management
 - Responsible investments**
 - 95 Our asset management
 - Responsible risk management and control**
 - 102 Risk understanding and corporate governance lead to long-term value
 - 103 Gjensidige’s Board of Directors comprises broad expertise
 - 109 Ethical operations
 - 114 Corporate governance
 - 120 Our commitment to our owners and creditors
- Chapter 3 – Value created in 2020**
- Chapter 4 – Financial statements and notes**
 - 282 Declaration from the Board and CEO
 - 283 Auditor’s report
 - 288 Independent Auditor’s report

Chapter 2 – Creating added value in Gjensidige - Damage prevention – the most sustainable approach

Focus on damage prevention in the media

Gjensidige has traditionally contributed to many media reports on damage prevention, with the greatest impact in Norway and Denmark.

Well prepared
– digital advice on damage prevention

Gjensidige has a dedicated web page called gjensidige.no/godtforberedt, which produces about 500 articles that are distributed to around 1.5 million readers with a very high relevance score. The web page gets several million page views and tens of thousands of positive feedback messages from the public on the advice they find there.



CONTENT

3 About this report

4 The year that passed

6 Key figures and alternative performance measures

11 Chair letter

14 CEO letter

Chapter 1 – This is us

Chapter 2 – Creating added value in Gjensidige

49 Creating value for our stakeholders

We create a sense of security

53 A safer society because we understand risk

54 Risk strategy and risk management

58 Damage prevention – the most sustainable approach

62 Sustainable products and services

64 Our social commitment

Climate and the environment

67 Our climate and environmental commitment

70 Climate-related financial disclosures (TCFD)

81 We create value in partnership with our suppliers

Our engaged employees

84 Engaged employees

89 Senior group management

Responsible investments

95 Our asset management

Responsible risk management and control

102 Risk understanding and corporate governance lead to long-term value

103 Gjensidige’s Board of Directors comprises broad expertise

109 Ethical operations

114 Corporate governance

120 Our commitment to our owners and creditors

Chapter 3 – Value created in 2020

Chapter 4 – Financial statements and notes

282 Declaration from the Board and CEO

283 Auditor’s report

288 Independent Auditor’s report

Sustainable products and services

Gjensidige offers a wide range of products in the main categories, accident and health, property and motor insurance. Product development takes place at the central level, in close cooperation with frontline customer staff, to ensure that the products we offer are relevant. Many sustainability elements are built into the terms of our insurance policies. Some of them are mentioned below.

Life and health insurance

Gjensidige will facilitate and encourage better health to increase the quality of life and prevent illness. Customers can use our services without necessarily having sustained a loss that warrants compensation. The services are available 24/7, and make day-to-day life easier for customers. The work is supported by our cooperation with highly skilled suppliers that offer various services:

- **No Isolation:** Children who cannot attend school because of illness can borrow the classroom robot AV1. The robot is the child’s eyes and ears in the classroom and enables the child to attend classes from home via a tablet or mobile phone.
- **Braive:** Braive is a service developed by psychologists that gives customers the tools to master mental health challenges and thereby improve their mental health. The self-help programmes are adapted to the customer’s challenges and needs, and are recommended based on a health check.
- **Eyr:** Online Doctor is a service whereby customers can receive medical assistance on their mobile phone without having to visit their regular GP.
- **Lifekeys:** Online service offering video and phone consultations with authorised psychologists.
- **SOS International:** Round-the-clock service that customers can phone when their public health centre or doctor’s surgery is closed.

Property

Gjensidige ensures that demolition and removal after a claims event are carried out in an environmentally sound manner. After a claims event, we cover the upgrade to the applicable technical regulations, which indirectly contributes to less energy consumption and less risk of damage.

Incentives have been established to encourage the use of local, skilled workers who pay taxes. This is also intended to counteract unnecessary repairs and social dumping.

We cover alterations/facilitation for wheelchair users following accidents as standard in our home, cabin and household contents policies. We have also implemented a new and improved method to combat grey silverfish that provides more effective protection.

The terms and conditions for commercial property and housing associations have been expanded to include an environmental dividend in the event of loss. If the customer chooses to rebuild the building to become BREEAM-NOR certified to a ‘Very Good’ standard or better, they achieve an environmental dividend, for example five per cent extra claims payment.

CONTENT

- 3 About this report
- 4 The year that passed
- 6 Key figures and alternative performance measures
- 11 Chair letter
- 14 CEO letter

Chapter 1 – This is us

Chapter 2 – Creating added value in Gjensidige

- 49 Creating value for our stakeholders

We create a sense of security

- 53 A safer society because we understand risk
- 54 Risk strategy and risk management
- 58 Damage prevention – the most sustainable approach
- 62 Sustainable products and services
- 64 Our social commitment

Climate and the environment

- 67 Our climate and environmental commitment
- 70 Climate-related financial disclosures (TCFD)
- 81 We create value in partnership with our suppliers

Our engaged employees

- 84 Engaged employees
- 89 Senior group management

Responsible investments

- 95 Our asset management

Responsible risk management and control

- 102 Risk understanding and corporate governance lead to long-term value
- 103 Gjensidige's Board of Directors comprises broad expertise
- 109 Ethical operations
- 114 Corporate governance
- 120 Our commitment to our owners and creditors

Chapter 3 – Value created in 2020

Chapter 4 – Financial statements and notes

- 282 Declaration from the Board and CEO
- 283 Auditor's report
- 288 Independent Auditor's report

Chapter 2 – Creating added value in Gjensidige - Sustainable products and services

Motor

We have a number of initiatives that promote road safety and encourage safe and claim-free driving. Our bonus system rewards customers for safe and claim-free driving. We collaborate with the Norwegian Council for Road Safety (Trygg Trafikk) on projects focusing on young people, and Gjensidige's learner driving app enables young people to log their driving practice, and it rewards extensive training. The young people under this agreement receive a pay-out when they turn 23 as a reward for claims-free driving.

Liability insurance

Customers are given incentives to secure their assets by preventing and limiting losses. We actively follow up sectors that file many liability claims, in order to reduce the number of claims in future. We require that they implement various safety measures before they can take out insurance, to encourage them to operate in a responsible manner.

Gjensidige's environmental insurance covers more than ordinary liability insurance. It covers expenses in connection with preventing and limiting losses, and environmental compensation pursuant to the Nature Diversity Act. The Act is intended to safeguard nature, landscapes and biological diversity.

Drones can be used more to replace human labour, to enable society to run more efficiently. This also reduces the risk of harm to people in that drones can carry out different types of reconnaissance work, e.g. in connection with fires.

Greener household content and travel insurance for young people

The terms and conditions of our Innbo UNG (household contents) and Reise UNG (travel) insurance policies have been altered. Gjensidige now compensates for the emissions that follow from losses incurred under these policies by buying UN Gold Standard carbon offsets corresponding to the estimated carbon emissions emitted in the claims process. The project is described in 'Value created in 2020'.

Insurance of farmed animals and plant cultures

The health of domestic animals and farmed animals in Norway is in a unique position, and the use of antibiotics is lowest in Europe. The World Health Organization (WHO) has highlighted antibiotic resistance as one of the most serious challenges facing the world's population. Limiting the use of antibiotics is an important health measure, which is supported by the insurance product.

Travel insurance

We have developed digital services with an online shop, online claims forms and digital proof of insurance. Ensuring customers' safety when they are travelling is important, and we offer advice on travel and illness in the Gjensidige app. We take advantage of reuse and repairs where expedient in settlement processes.

Customers can have a video consultation with a doctor by means of an app on their mobile phone. This solution saves customers time and transport expenses.



CONTENT

- 3 About this report
- 4 The year that passed
- 6 Key figures and alternative performance measures
- 11 Chair letter
- 14 CEO letter
- Chapter 1 – This is us**
- Chapter 2 – Creating added value in Gjensidige**
 - 49 Creating value for our stakeholders
 - We create a sense of security**
 - 53 A safer society because we understand risk
 - 54 Risk strategy and risk management
 - 58 Damage prevention – the most sustainable approach
 - 62 Sustainable products and services
 - 64 Our social commitment
 - Climate and the environment**
 - 67 Our climate and environmental commitment
 - 70 Climate-related financial disclosures (TCFD)
 - 81 We create value in partnership with our suppliers
 - Our engaged employees**
 - 84 Engaged employees
 - 89 Senior group management
 - Responsible investments**
 - 95 Our asset management
 - Responsible risk management and control**
 - 102 Risk understanding and corporate governance lead to long-term value
 - 103 Gjensidige’s Board of Directors comprises broad expertise
 - 109 Ethical operations
 - 114 Corporate governance
 - 120 Our commitment to our owners and creditors
- Chapter 3 – Value created in 2020**
- Chapter 4 – Financial statements and notes**
 - 282 Declaration from the Board and CEO
 - 283 Auditor’s report
 - 288 Independent Auditor’s report

Chapter 2 – Creating added value in Gjensidige - Our social commitment

Our social commitment

Through involvement in the local community and sponsorships, Gjensidige and its employees participate in various activities for the purpose of contributing to a warmer society and supporting those who need help with activities and money. The Gjensidige Foundation contributes expertise and financial support to enable people to create a good life for themselves in a safe society.



Sponsorships

Gjensidige is a proud sponsor of sports, and, through our cooperation agreements, we want to highlight the joy and many positive aspects of doing sports. By doing so, we hope to motivate people to be physically active. We sponsor both elite and recreational sport, and work with organisations that have a good reputation and the same values as we have. The sponsorship agreements establish projects with different objectives. They are intended to benefit society, promote health or create activity and recruitment among young people. Sponsorship is important to Gjensidige because it also creates valuable profiling and positive associations with the Company, in addition to strengthening the internal culture and pride among our staff.

Of our many projects, we can mention one that has become very popular, namely ‘Minihåndballjentene’. The project is aimed at girls between the ages of 9 and 12, and entails a number of girls being selected as mascots for the national women’s handball team. The national team members mentor their mascots throughout the year,

and attend practice sessions with the mascot’s teams. It is highly motivating for the children, and for their parents and others who get involved in grass-root sports and voluntary work for the team, to meet top national players this way. The age group was chosen because figures from the Handball Association show that many young handball players drop out of the sport when they reach their early teens. The project is therefore considered an important contribution to reducing drop-out rates and boosting recruitment to teams in the different age groups.

Collaboration with non-profit organisations

Gjensidige collaborates with the Church City Mission on creating a better and safer local community. This involves making a financial contribution to the Church City Mission, and various activities that engage our employees. Employees from several of our offices all over the country contribute to the knitting campaign it runs before Christmas every year. It aims to create ‘a warmer society’ by raising money for a Christmas celebration for disadvantaged people.

In Lithuania, we have cooperated with the aid organisation Food Bank, which distributes food to the poor, since 2007. Gjensidige provides free insurance, supports activities and encourages employees to take

CONTENT

- 3 About this report
- 4 The year that passed
- 6 Key figures and alternative performance measures
- 11 Chair letter
- 14 CEO letter

Chapter 1 – This is us

Chapter 2 – Creating added value in Gjensidige

- 49 Creating value for our stakeholders
- We create a sense of security**
- 53 A safer society because we understand risk
- 54 Risk strategy and risk management
- 58 Damage prevention – the most sustainable approach
- 62 Sustainable products and services
- 64 Our social commitment

Climate and the environment

- 67 Our climate and environmental commitment
- 70 Climate-related financial disclosures (TCFD)
- 81 We create value in partnership with our suppliers

Our engaged employees

- 84 Engaged employees
- 89 Senior group management

Responsible investments

- 95 Our asset management

Responsible risk management and control

- 102 Risk understanding and corporate governance lead to long-term value
- 103 Gjensidige’s Board of Directors comprises broad expertise
- 109 Ethical operations
- 114 Corporate governance
- 120 Our commitment to our owners and creditors

Chapter 3 – Value created in 2020

Chapter 4 – Financial statements and notes

- 282 Declaration from the Board and CEO
- 283 Auditor’s report
- 288 Independent Auditor’s report

Chapter 2 – Creating added value in Gjensidige - Our social commitment

part in the distribution of food packages. We are a member of the ‘For a Safe Lithuania’ campaign, the purpose of which is to give children from underprivileged families an increased sense of security and self-esteem. In Latvia, we are doing a tour of the biggest schools, teaching children about safety in the home.

Cooperation with the Norwegian Cancer Society

Our main partnership agreement entails a strategic cooperation with the Norwegian Cancer Society. For Gjensidige, the agreement gives us the possibility to develop unique services together, for example services that help to prevent cancer, or that can ease the situation for those affected and their next of kin. This is important, as cancer is the most widespread disease in Norway. About one in three Norwegians will be diagnosed with cancer before they turn 75.

The Gjensidige Foundation

Gjensidige’s social commitment in Norway must be seen in conjunction with the Gjensidige Foundation, our biggest owner. The Foundation makes substantial security and health donations that are funded by the return on the capital freed up in connection with Gjensidige Forsikring being listed on the stock exchange in 2010.

The Gjensidige Foundation is Norway’s biggest financial foundation, with two main tasks: distributing donations for the public benefit and being the biggest owner of Gjensidige Forsikring ASA. Both are about creating a good life in a safe society.

<https://www.gjensidigestiftelsen.no/prosjektoversikt/>



CONTENT

- 3 About this report
- 4 The year that passed
- 6 Key figures and alternative performance measures
- 11 Chair letter
- 14 CEO letter

Chapter 1 – This is us

Chapter 2 – Creating added value in Gjensidige

- 49 Creating value for our stakeholders
- We create a sense of security**
- 53 A safer society because we understand risk
- 54 Risk strategy and risk management
- 58 Damage prevention – the most sustainable approach
- 62 Sustainable products and services
- 64 Our social commitment

Climate and the environment

- 67 Our climate and environmental commitment
- 70 Climate-related financial disclosures (TCFD)
- 81 We create value in partnership with our suppliers

Our engaged employees

- 84 Engaged employees
- 89 Senior group management

Responsible investments

- 95 Our asset management

Responsible risk management and control

- 102 Risk understanding and corporate governance lead to long-term value
- 103 Gjensidige’s Board of Directors comprises broad expertise
- 109 Ethical operations
- 114 Corporate governance
- 120 Our commitment to our owners and creditors

Chapter 3 – Value created in 2020

Chapter 4 – Financial statements and notes

- 282 Declaration from the Board and CEO
- 283 Auditor’s report
- 288 Independent Auditor’s report



Climate and the environment

We help our customers and partners to understand the consequences of climate and environmental challenges. We make continuous efforts to reduce our own climate footprint, both in our own organisation and in connection with claims settlements. We do this in close collaboration with our suppliers.

CONTENT

- 3 About this report
- 4 The year that passed
- 6 Key figures and alternative performance measures
- 11 Chair letter
- 14 CEO letter
- Chapter 1 – This is us
- Chapter 2 – Creating added value in Gjensidige
 - 49 Creating value for our stakeholders
 - We create a sense of security
 - 53 A safer society because we understand risk
 - 54 Risk strategy and risk management
 - 58 Damage prevention – the most sustainable approach
 - 62 Sustainable products and services
 - 64 Our social commitment
 - Climate and the environment
 - 67 Our climate and environmental commitment
 - 70 Climate-related financial disclosures (TCFD)
 - 81 We create value in partnership with our suppliers
 - Our engaged employees
 - 84 Engaged employees
 - 89 Senior group management
 - Responsible investments
 - 95 Our asset management
 - Responsible risk management and control
 - 102 Risk understanding and corporate governance lead to long-term value
 - 103 Gjensidige’s Board of Directors comprises broad expertise
 - 109 Ethical operations
 - 114 Corporate governance
 - 120 Our commitment to our owners and creditors
- Chapter 3 – Value created in 2020
- Chapter 4 – Financial statements and notes
 - 282 Declaration from the Board and CEO
 - 283 Auditor’s report
 - 288 Independent Auditor’s report

Chapter 2 – Creating added value in Gjensidige - Our climate and environmental commitment

Our climate and environmental commitment

Insurance is a knowledge business that does not directly affect the environment to any extent. However, we can help to achieve a more sustainable society by reducing our own climate footprint, using energy efficient buildings and limiting the amount of travel by our employees, and use our market power in relation to our suppliers in the claims processes and in our investments. Our most important contribution is damage prevention.



Gjensidige’s climate footprint

It is Gjensidige’s ambition to be climate-neutral by 2030, and we started buying carbon offsets from and including 2020. As a knowledge-based company, our carbon emissions are largely related to the running of offices and employee travel.

Environmental and energy-efficient operations

Scope 1: Limited use of company cars

We have established a company car policy that entails that carbon emissions from company cars cannot exceed 130 grams per kilometre. At our head office, we have three electric cars that employees can use in connection with meetings and private errands, so that we reduce the use of taxis and private cars. Our premises are

located close to public transport and employees are encouraged not to drive to work.

Scope 2: Energy-efficient buildings are decisive in the choice of premises

We make systematic efforts to reduce our impact on the natural environment by limiting our consumption of energy. All our premises are rented, and energy efficiency measures have been established, including switching to LED lighting, making buliding control systems more efficient, replacing windows, replacing old electric panel heaters etc. Energy efficiency is a focus area when choosing premises for our operations, and our head office at Schweigaardsgate 21 holds a BREEAM-NOR ‘Excellent’ certificate.

Certified Eco-Lighthouse

In order to ensure that we impact the environment as little as possible, all our 11 Norwegian offices that have more than 30 employees are certified Eco-Lighthouses. Eco-Lighthouse is a national



CONTENT

- 3 About this report
- 4 The year that passed
- 6 Key figures and alternative performance measures
- 11 Chair letter
- 14 CEO letter
- Chapter 1 – This is us**
- Chapter 2 – Creating added value in Gjensidige**
 - 49 Creating value for our stakeholders
 - We create a sense of security**
 - 53 A safer society because we understand risk
 - 54 Risk strategy and risk management
 - 58 Damage prevention – the most sustainable approach
 - 62 Sustainable products and services
 - 64 Our social commitment
 - Climate and the environment**
 - 67 Our climate and environmental commitment
 - 70 Climate-related financial disclosures (TCFD)
 - 81 We create value in partnership with our suppliers
 - Our engaged employees**
 - 84 Engaged employees
 - 89 Senior group management
 - Responsible investments**
 - 95 Our asset management
 - Responsible risk management and control**
 - 102 Risk understanding and corporate governance lead to long-term value
 - 103 Gjensidige’s Board of Directors comprises broad expertise
 - 109 Ethical operations
 - 114 Corporate governance
 - 120 Our commitment to our owners and creditors
- Chapter 3 – Value created in 2020**
- Chapter 4 – Financial statements and notes**
 - 282 Declaration from the Board and CEO
 - 283 Auditor’s report
 - 288 Independent Auditor’s report

Chapter 2 – Creating added value in Gjensidige - Our climate and environmental commitment

environmental certification scheme run by the Eco-Lighthouse Foundation. The foundation was established by key organisations in the private and public sector.

Scope 3: Travel and waste

We focus on reducing different types of waste, such as paper, office supplies, electrical appliances and household waste. We sort our waste by source in order to contribute to recycling and the circular economy. Digitalisation targets have been set for the customer dialogue in order to reduce the amount of paper used, and PCs that are not used by our employees are sold to contribute to recycling.

Reduced travel through increased use of digital/video conferencing will be vital to reducing carbon emissions from our own operations.

The offices that are certified Eco-Lighthouses use an environmental management system for the handling and reduction of material consumption, waste, energy consumption and transport. An annual environmental report is prepared that documents the status of implemented environmental measures and action plans for the coming year. The offices must be recertified every three years. It is an extensive process that is carried out by an environmental team at the office in question in cooperation with an external adviser certified by the Eco-Lighthouse Foundation. Annual reporting and regular recertification ensure that our offices live up to the highest standards for environmentally friendly operations.

Sustainable claims settlements

We help our customers to prevent loss. When losses nonetheless occur, Gjensidige contributes by reducing the carbon footprint of

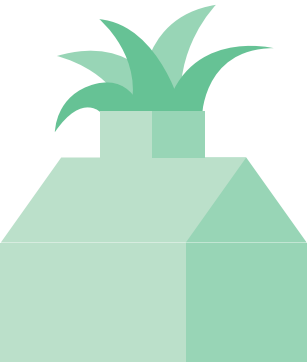
claims processes. That requires sustainable terms and conditions for our products and good cooperation with our suppliers.

Gjensidige has also established external partnerships to retain any residual value in insurance claims. Items that were previously discarded are now retained for the purpose of repair and resale, for example written-off cars, mobile phones, small electrical appliances and bicycles. We also consider cooperation in building claims to identify any residual value in other insurance claims such as water or fire claims.

Our purchasing policy applies to the whole Group and requires deliveries to be sustainable. We use our purchasing power to exert influence, and engage in continuous dialogue with our most important suppliers to ensure that they choose sustainable solutions. Read more about how we cooperate with our suppliers in the section ‘We create value in partnership with our suppliers’.

Scope 3: Environmentally friendly building and household contents insurance

When a loss is reported, we make sure that our customers feel safe and well-informed about the choices recommended. Gjensidige also has extensive networks of local assessors in every country, who help to assess the scope of damage. In the work on repairing the damage or replacing the loss, materials are chosen based on social factors, the environment and financial durability. Local assessors and the use of video surveys and reports with images



CONTENT

3 About this report
4 The year that passed
6 Key figures and alternative performance measures
11 Chair letter
14 CEO letter

Chapter 1 – This is us

Chapter 2 – Creating added value in Gjensidige

49 Creating value for our stakeholders
We create a sense of security
53 A safer society because we understand risk
54 Risk strategy and risk management
58 Damage prevention – the most sustainable approach
62 Sustainable products and services
64 Our social commitment

Climate and the environment

67 Our climate and environmental commitment
70 Climate-related financial disclosures (TCFD)
81 We create value in partnership with our suppliers

Our engaged employees

84 Engaged employees
89 Senior group management

Responsible investments

95 Our asset management

Responsible risk management and control

102 Risk understanding and corporate governance lead to long-term value
103 Gjensidige’s Board of Directors comprises broad expertise
109 Ethical operations
114 Corporate governance
120 Our commitment to our owners and creditors

Chapter 3 – Value created in 2020

Chapter 4 – Financial statements and notes

282 Declaration from the Board and CEO
283 Auditor’s report
288 Independent Auditor’s report

Chapter 2 – Creating added value in Gjensidige - Our climate and environmental commitment

and text mean both customers and assessors have less need to travel. Gjensidige cooperates with other contracted suppliers and representatives of industry organisations to find new, sustainable solutions for customers and the environment, including by reducing waste and transport. An example of this is point repair. We cooperate with Miko Trading, Panter Verdisikring AS and GIAB to ensure recycling and promote the circular economy.

In Sweden, we cooperate with Godsinlösen (GIAB), an organisation that promotes the circular economy by collecting damaged items from insurance companies and repairing them, thus contributing to reuse. This enables us to contribute to increasing durability and saving the environment.

Scope 3: Environmentally friendly motor insurance

Repairing damage to and covering losses for cars and other vehicles represent a large percentage of Gjensidige’s claims incurred and a substantial part of our footprint. This is an area in which we wish to exert influence and achieve sustainable solutions. The proportion of repairs and reuse of car parts is a topic in every country we operate in. We also cooperate with car breakers that contribute to ensuring that, when a car is scrapped, the resources are recycled and used in new products. The measures include:

- reducing the number of scrapped cars
- focusing on the reuse of materials in all countries we operate in
- contributing to increased employment in garages
- reducing the costs of spare parts by using used parts rather than new parts where expedient (Norway has Europe’s most expensive parts and the lowest percentage of reuse of used parts)
- promoting greater environmental responsibility by reusing second-hand car parts.

The practice of using used parts is more common in Sweden where the conditions are different; people have a different relationship to cars (cheaper to buy), a better distribution network, and all cars that are scrapped go to disassembly companies. Our supplier agreements stipulate that the garages must always endeavour to repair or find used parts before they order new parts. The calculation system CABAS is used to manage this process in Sweden. Gjensidige has reduced the use of own loss assessment in all countries, which helps to reduce transport costs.

We have a considerable focus on repairs and reusing car parts in Denmark. We have also selected partners who work on repairing damage to windscreens and car windows. This increases the percentage of repairs considerably, and reduces material consumption and transport costs.



CONTENT

- 3 About this report
- 4 The year that passed
- 6 Key figures and alternative performance measures
- 11 Chair letter
- 14 CEO letter
- Chapter 1 – This is us
- Chapter 2 – Creating added value in Gjensidige
 - 49 Creating value for our stakeholders
 - We create a sense of security
 - 53 A safer society because we understand risk
 - 54 Risk strategy and risk management
 - 58 Damage prevention – the most sustainable approach
 - 62 Sustainable products and services
 - 64 Our social commitment
 - Climate and the environment
 - 67 Our climate and environmental commitment
 - 70 Climate-related financial disclosures (TCFD)
 - 81 We create value in partnership with our suppliers
 - Our engaged employees
 - 84 Engaged employees
 - 89 Senior group management
 - Responsible investments
 - 95 Our asset management
 - Responsible risk management and control
 - 102 Risk understanding and corporate governance lead to long-term value
 - 103 Gjensidige’s Board of Directors comprises broad expertise
 - 109 Ethical operations
 - 114 Corporate governance
 - 120 Our commitment to our owners and creditors
- Chapter 3 – Value created in 2020
- Chapter 4 – Financial statements and notes
 - 282 Declaration from the Board and CEO
 - 283 Auditor’s report
 - 288 Independent Auditor’s report

Chapter 2 – Creating added value in Gjensidige - Climate-related financial disclosures (TCFD)

Climate-related financial disclosures (TCFD)

Climate change affects Gjensidige’s core business through increased physical risks, transition risks and liability risks. Gjensidige will help to ensure that we, our partners and customers work to reach the climate goals of the Paris Agreement and reduce nature-related risk. We will continuously improve our activities and report the status, focusing on the four pillars outlined by the Task Force on Climate-related Financial Disclosures (TCFD).

Summary

Gjensidige is concerned with raising awareness of effective climate measures that help to reduce greenhouse gas emissions. Climate risk and opportunities are considered on the basis of the three categories physical, transition and liability risks, and affect all types of risk at Gjensidige.

- Gjensidige endorsed the TCFD in 2020 to show our support of the work on ensuring that climate-related information becomes more widely accessible in society.
- Gjensidige has signed the UN Environmental Principles for Finance and the Principles for Sustainable Insurance (UN PSI), and will contribute to increased transparency and relevant information.
- Use of materials in claims processes is calculated for frequency motor and property claims to highlight carbon emissions in Scope 3.
- In the investment portfolio, carbon emissions have been calculated for the property portfolio. We also make preparations to report the carbon intensity of other investment portfolios.
- Gjensidige achieved climate neutrality in its own operations in 2020 by buying carbon offsets. We make continuous efforts to reduce our direct and indirect greenhouse gas emissions.

Climate risks

Physical risks:

Changes in value arising from physical damage/injury as a result of climate change, both acute and chronic. May arise as a result of natural disasters or long-term developments rendering areas unsuitable for their original use. Property and business owners may also experience negative changes in value.

Transition risks:

Financial risk arising from the transition to a low-emission society. Sectors with high greenhouse gas emissions may face challenges relating to policies and regulation, for example from higher emission costs. At the same time, support may be granted for competing technologies. This will represent a risk for owners of fossil energy, among others.

Liability risks:

Financial risk relating to financial liability/claims for compensation for losses due to climate change. An underlying company that is held accountable for its negative environmental impact, for example through a climate lawsuit, may face major claims for compensation, which may negatively affect the value of the

- The corporate management bonus programme is linked to attainment of sustainability goals, including the development in carbon intensity.

CONTENT

- 3 About this report
- 4 The year that passed
- 6 Key figures and alternative performance measures
- 11 Chair letter
- 14 CEO letter
- Chapter 1 – This is us
- Chapter 2 – Creating added value in Gjensidige
 - 49 Creating value for our stakeholders
 - We create a sense of security
 - 53 A safer society because we understand risk
 - 54 Risk strategy and risk management
 - 58 Damage prevention – the most sustainable approach
 - 62 Sustainable products and services
 - 64 Our social commitment
 - Climate and the environment
 - 67 Our climate and environmental commitment
 - 70 Climate-related financial disclosures (TCFD)
 - 81 We create value in partnership with our suppliers
 - Our engaged employees
 - 84 Engaged employees
 - 89 Senior group management
 - Responsible investments
 - 95 Our asset management
 - Responsible risk management and control
 - 102 Risk understanding and corporate governance lead to long-term value
 - 103 Gjensidige’s Board of Directors comprises broad expertise
 - 109 Ethical operations
 - 114 Corporate governance
 - 120 Our commitment to our owners and creditors
- Chapter 3 – Value created in 2020
- Chapter 4 – Financial statements and notes
 - 282 Declaration from the Board and CEO
 - 283 Auditor’s report
 - 288 Independent Auditor’s report

Chapter 2 – Creating added value in Gjensidige - Climate-related financial disclosures (TCFD)

1. Corporate governance

Division of responsibility

Climate risk is integrated in Gjensidige’s corporate governance. The risk of weather-related events has always been integrated in pricing models and asset management. Climate risk affects multiple areas, and Gjensidige is directly exposed in both the insurance portfolio and the investment portfolio. The greatest risk in the investment portfolio is deemed to be transition risks. In a broader, more long-term perspective, climate risk also has the potential to affect insurance risk, financial risk, operational risk and business and strategic risk.

A clear division of responsibility has been established between the Board, the CEO and the organisation. A sustainability council has been set up to advise the corporate management team, and to ensure consistent management of climate risk in the Group. The council is chaired by the Head of Sustainability.

Responsibility for climate risk

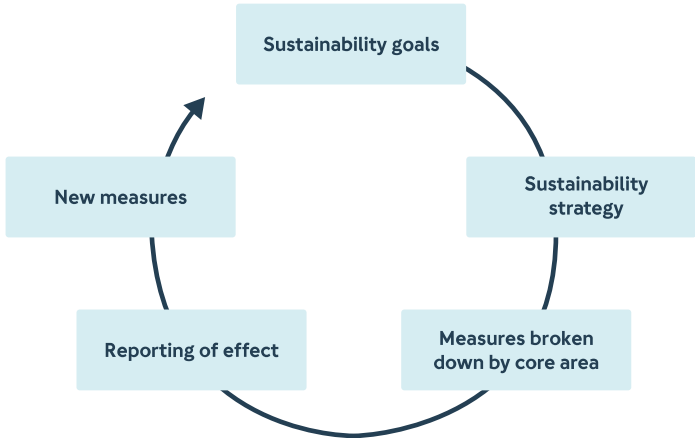
- Board of Directors** – adopts sustainability goals and strategy (management responsibility), and follows up the status of measures and their effect (supervisory responsibility).
- CEO** – implements the sustainability strategy throughout the Group, follows up goal attainment status and reports the status of measures and their effect to the Board.
- EVPs and managers of subsidiaries** – implement the sustainability strategy and measures at segment level.
- Sustainability council** – interdisciplinary team tasked with following up measures and their effect throughout the Group to ensure goal attainment.

Follow-up of climate risk

The Board reviews climate-related issues as part of the corporate strategy, and a dedicated sustainability strategy is being drawn up, specifying how the goals are to be achieved. Climate risk is also integrated in the own risk and solvency assessment (ORSA), and capital needs are reported to the Board in a five-year perspective.

The individual core areas are responsible for following up climate and environmental risk as part of their day-to-day operation, and for contributing to the attainment of relevant measures. A quarterly sustainability report based on input from the core areas is prepared for the purpose of monitoring the status of measures. The sustainability council and the corporate management receive a quarterly sustainability report, and the Board is informed of the status. The Head of Sustainability convenes meetings on at least a quarterly basis, or as needed.

From goals adopted by the Board to concrete measures



CONTENT

3

About this report

4

The year that passed

6

Key figures and alternative performance measures

11

Chair letter

14

CEO letter

Chapter 1 – This is us

Chapter 2 – Creating added value in Gjensidige

49

Creating value for our stakeholders

We create a sense of security

53

A safer society because we understand risk

54

Risk strategy and risk management

58

Damage prevention – the most sustainable approach

62

Sustainable products and services

64

Our social commitment

Climate and the environment

67

Our climate and environmental commitment

70

Climate-related financial disclosures (TCFD)

81

We create value in partnership with our suppliers

Our engaged employees

84

Engaged employees

89

Senior group management

Responsible investments

95

Our asset management

Responsible risk management and control

102

Risk understanding and corporate governance lead to long-term value

103

Gjensidige’s Board of Directors comprises broad expertise

109

Ethical operations

114

Corporate governance

120

Our commitment to our owners and creditors

Chapter 3 – Value created in 2020

Chapter 4 – Financial statements and notes

282

Declaration from the Board and CEO

283

Auditor’s report

288

Independent Auditor’s report

Chapter 2 – Creating added value in Gjensidige - Climate-related financial disclosures (TCFD)

2. Gjensidige’s climate strategy

Insurance largely consists of one-year contracts that enable the Company to change prices and coverage as the need arises. In simplified terms, one could say that increased insurance risk as a result of climate change is not necessarily negative for insurance companies, since increased claims payments will be compensated by higher premiums or changes in coverage.

In a longer-term perspective and not least from a societal perspective, significantly higher claims payments as a result of climate change will be problematic, as it may ultimately lead to insurance premiums becoming too expensive or to certain areas not being insurable in practice.

- More knowledge about consequences is very important to be able to put a price on risk. In cooperation with the Norwegian Computing Centre, Gjensidige has therefore combined recognised climate models with claims data, and started work on assessing climate consequences in the short, medium and long term.
- Gjensidige is also monitoring the results of public agencies’ climate change assessments. In the countries where Gjensidige has operations, more precipitation is expected in the form of rain, and rising sea levels in the long term, which will increase the risk of damage.
- Climate risk will increase the need for expertise in the investment community, and knowledge about any transition risks in the investment portfolio. Climate risk is a key issue in the cooperation with fund managers.

Inform	increase knowledge of the consequences of climate change for our customers, suppliers and society at large. Use this knowledge to develop targeted loss prevention measures.
Interact	cooperate with customers and suppliers/partners to be able to deliver sustainable solutions. Monitor our own carbon footprint through continuous follow-up.
Invest	invest in competence-building for our employees, customers and suppliers/partners. Make sure that our financial investments are socially responsible.

CONTENT

- 3 About this report
- 4 The year that passed
- 6 Key figures and alternative performance measures
- 11 Chair letter
- 14 CEO letter
- Chapter 1 – This is us**
- Chapter 2 – Creating added value in Gjensidige**
 - 49 Creating value for our stakeholders
 - We create a sense of security**
 - 53 A safer society because we understand risk
 - 54 Risk strategy and risk management
 - 58 Damage prevention – the most sustainable approach
 - 62 Sustainable products and services
 - 64 Our social commitment
 - Climate and the environment**
 - 67 Our climate and environmental commitment
 - 70 Climate-related financial disclosures (TCFD)
 - 81 We create value in partnership with our suppliers
 - Our engaged employees**
 - 84 Engaged employees
 - 89 Senior group management
 - Responsible investments**
 - 95 Our asset management
 - Responsible risk management and control**
 - 102 Risk understanding and corporate governance lead to long-term value
 - 103 Gjensidige’s Board of Directors comprises broad expertise
 - 109 Ethical operations
 - 114 Corporate governance
 - 120 Our commitment to our owners and creditors
- Chapter 3 – Value created in 2020**
- Chapter 4 – Financial statements and notes**
 - 282 Declaration from the Board and CEO
 - 283 Auditor’s report
 - 288 Independent Auditor’s report

Chapter 2 – Creating added value in Gjensidige - Climate-related financial disclosures (TCFD)

a. Climate-related threats and opportunities

We believe that climate risk will have a widespread impact and affect the economy in many ways in all the geographical areas we operate in. This will affect our stakeholders and their need for products, but climate risk will probably affect different products and risk types differently in terms of both time and scope.

Climate change will lead to both threats and opportunities in the short, medium and long term. The greatest uncertainty is associated with transition risks, because they lie further ahead in time and the consequences of technological development and consumer behaviour are difficult to predict at present.



Climate change will impact the whole value chain and the choice of methods and materials in claims settlements. Several initiatives have been launched that will contribute to more recycling and promote the circular economy.

The investment portfolio is considered to be most exposed to transition risks.

An important part of our climate strategy is therefore to raise the level of awareness and expertise to be able to understand climate-related threats and opportunities so that stakeholders gain a good understanding of financial risk going forward.

Physical risks – threats and opportunities

Threat If insurance contracts fail to reflect increased climate risk, this can have negative consequences for the underwriting result. Different risks can become so great that they are no longer insurable, resulting in loss of business and customers having to carry the risk themselves.	Opportunity Correct risk pricing and terms and conditions of subscription can increase Gjensidige's business volume and earnings. With the use of data and expertise, Gjensidige can prevent losses.

Transition risks – threats and opportunities

Threat Risk of more lawsuits as a consequence of product liability or directors and officers liability.	Opportunity We understand risks and adapt our terms and conditions to ensure that the insurance risk is acceptable.

Liability risks – threats and opportunities

Threat New risks arise as a result of the green transition, and because it is difficult to identify more long-term consequences of the green transition.	Opportunity We understand the consequences of the green transition and price new risks correctly, and act as a driving force in the transition process.

CONTENT

- 3 About this report
- 4 The year that passed
- 6 Key figures and alternative performance measures
- 11 Chair letter
- 14 CEO letter
- Chapter 1 – This is us
- Chapter 2 – Creating added value in Gjensidige
 - 49 Creating value for our stakeholders
 - We create a sense of security
 - 53 A safer society because we understand risk
 - 54 Risk strategy and risk management
 - 58 Damage prevention – the most sustainable approach
 - 62 Sustainable products and services
 - 64 Our social commitment
 - Climate and the environment
 - 67 Our climate and environmental commitment
 - 70 Climate-related financial disclosures (TCFD)
 - 81 We create value in partnership with our suppliers
 - Our engaged employees
 - 84 Engaged employees
 - 89 Senior group management
 - Responsible investments
 - 95 Our asset management
 - Responsible risk management and control
 - 102 Risk understanding and corporate governance lead to long-term value
 - 103 Gjensidige’s Board of Directors comprises broad expertise
 - 109 Ethical operations
 - 114 Corporate governance
 - 120 Our commitment to our owners and creditors
- Chapter 3 – Value created in 2020
- Chapter 4 – Financial statements and notes
 - 282 Declaration from the Board and CEO
 - 283 Auditor’s report
 - 288 Independent Auditor’s report

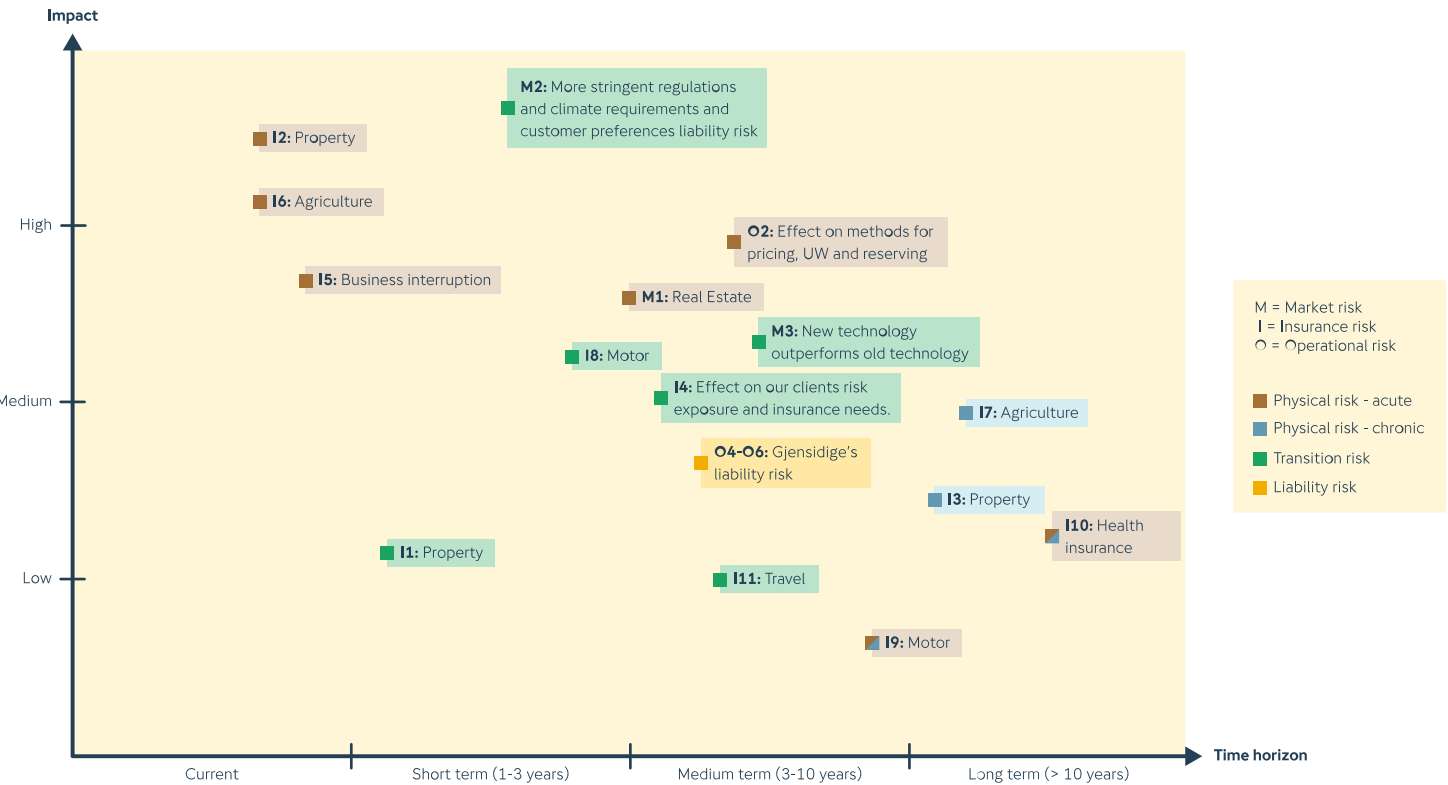
Chapter 2 – Creating added value in Gjensidige - Climate-related financial disclosures (TCFD)

b. Climate risk for Gjensidige in the short, medium and long term, based on the products and services that will be most affected.

Climate change will have different consequences for Gjensidige’s products and investments in the short, medium and long term.

The assessment is based on RCP 8.5 – 2 degrees of global warming, and is explained below in the form of a letter and numerical code. ‘M’ refers to market risk, ‘I’ to insurance risk and ‘O’ to operational risk. The colour describes the type of climate risk.

Climate risk per product group, with expected effect and time perspective



CONTENT

- 3 About this report
- 4 The year that passed
- 6 Key figures and alternative performance measures
- 11 Chair letter
- 14 CEO letter
- Chapter 1 – This is us
- Chapter 2 – Creating added value in Gjensidige
 - 49 Creating value for our stakeholders
 - We create a sense of security
 - 53 A safer society because we understand risk
 - 54 Risk strategy and risk management
 - 58 Damage prevention – the most sustainable approach
 - 62 Sustainable products and services
 - 64 Our social commitment
 - Climate and the environment
 - 67 Our climate and environmental commitment
 - 70 Climate-related financial disclosures (TCFD)
 - 81 We create value in partnership with our suppliers
 - Our engaged employees
 - 84 Engaged employees
 - 89 Senior group management
 - Responsible investments
 - 95 Our asset management
 - Responsible risk management and control
 - 102 Risk understanding and corporate governance lead to long-term value
 - 103 Gjensidige’s Board of Directors comprises broad expertise
 - 109 Ethical operations
 - 114 Corporate governance
 - 120 Our commitment to our owners and creditors
- Chapter 3 – Value created in 2020
- Chapter 4 – Financial statements and notes
 - 282 Declaration from the Board and CEO
 - 283 Auditor’s report
 - 288 Independent Auditor’s report

Chapter 2 – Creating added value in Gjensidige - Climate-related financial disclosures (TCFD)

Insurance risk

Insurance risk is affected by all three aspects of climate risk. Physical risks are the most obvious, as properties and assets are exposed to weather-related events. Most sectors will see major changes as a result of technological development and new regulation and requirements for climate and environmental measures. New know-how and new ideas will create new business models that will contribute to a zero-emission society. We will use our know-how and expertise to innovate, offer new products and implement new, relevant risk coverage.

The most important climate risks impacting the insurance portfolio:

I1: Property, physical risks: the risk of a higher claims frequency and claims for payment as a result of increased flooding. We have already seen significant consequences in the form of insurance claims relating to weather events. In the long term, this can lead to uninsured property and/or geographical areas.

I2: Property, transition risks: changed risk exposure and insurance needs among our customers. When the weather changes, and legislation, markets and trends change to accommodate the demands of a future zero-emission society, our understanding of risk must be updated and reflected in our products and terms and conditions. Tariffs must be updated continuously. The time horizon depends on the product type and risk assessment.

I6: Agriculture: increased risk of losses as a result of flooding, landslides and drought. Increased frequency of claims relating to crop and animal diseases as a result of new diseases and migrating species. A warmer climate will extend the growth period and have a positive effect on crops in the Nordic region.

Market risk

Transition risks are considered most important to the investment portfolio as a result of consequences of more stringent regulation and carbon emission requirements, a different cost situation and market-related changes, all of which will affect the return on investments. The IPCC scenarios (RCP 2.6, 4.5 and 8.5) indicate different degrees of transition risks, but physical risks will also be significant in RCP 8.5.

The most important climate risks impacting the investment portfolio:

M1: Property, physical risks: Investments in property exposed to multiple weather events are expected to incur increased expenses for adaptations to avoid losses, but also to ensure that property is insurable. The degree of exposure in Gjensidige’s properties is currently low, but it will be an important factor in future investments.

M2: Regulation, transition risks: More stringent emission requirements entail an increased risk of loss in the value of investments that fail to meet the requirements, and a corresponding increase in the value of investments that quickly adapt to the requirements. A substantial proportion of Gjensidige’s investments is currently in renewable energy, and we are cautious about entering sectors exposed to climate risk.

M3: Technological development. Gjensidige sees both opportunities and threats relating to which companies and business models are able to utilise technology.

CONTENT

3 About this report
4 The year that passed
6 Key figures and alternative performance measures
11 Chair letter
14 CEO letter

Chapter 1 – This is us

Chapter 2 – Creating added value in Gjensidige

49 Creating value for our stakeholders
We create a sense of security
53 A safer society because we understand risk
54 Risk strategy and risk management
58 Damage prevention – the most sustainable approach
62 Sustainable products and services
64 Our social commitment

Climate and the environment

67 Our climate and environmental commitment
70 Climate-related financial disclosures (TCFD)
81 We create value in partnership with our suppliers

Our engaged employees

84 Engaged employees
89 Senior group management

Responsible investments

95 Our asset management

Responsible risk management and control

102 Risk understanding and corporate governance lead to long-term value
103 Gjensidige’s Board of Directors comprises broad expertise
109 Ethical operations
114 Corporate governance
120 Our commitment to our owners and creditors

Chapter 3 – Value created in 2020

Chapter 4 – Financial statements and notes

282 Declaration from the Board and CEO
283 Auditor’s report
288 Independent Auditor’s report

Chapter 2 – Creating added value in Gjensidige - Climate-related financial disclosures (TCFD)

Operational risk

Climate risk will affect the Company in many ways, and all core areas, from pricing, product development, customer dialogue to claims settlement, will require new follow-up procedures. Some of the risks that have been assessed are described below:

O1: Gjensidige’s liability risks: lawsuits against Gjensidige and losses incurred by others as a result of the Company’s activities.

O2: Method for pricing, underwriting and provisions: Changes in the frequency and size of claims must be integrated in price models to ensure correct pricing.

c. Assessment of consequences of climate scenarios

Gjensidige has chosen to apply the most conservative scenario – RCP 8.5 – in its assessment of climate consequences in the short, medium and long term. Although there is agreement on climate change, great uncertainty is attached to transition risks, especially in the long term.

Scenario RCP 8.5

The no-action scenario is recommended by the Norwegian authorities as the basis for calculations, and also provides a good indication of the consequences we must expect if the measures fail to have the desired effect. The effect of floods as a result of increased precipitation and less snow will change gradually up until 2100 and is estimated as follows:

- Reduced spring flood: 50 per cent
- Increased autumn flood: up to 60 per cent

Scenario up until 2100 – Norwegian Computing Centre

The project with the Norwegian Computing Centre has looked specifically at projections of water damage due to external factors. Natural damage, as defined in the Natural Damage Act (such as floods and storm surges), is not included because the pricing and distribution of such claims are subject to special regulation.

- Loss projections based on climate model data up until 2100 show that total claims payments will increase in most of the country. While some counties will see a gradual increase throughout the period, others will have a relatively flat or negative development up until 2050, followed by an increase.
- For Norway as a whole, the claims development is expected to be fairly stable up until 2050, before it is expected to increase by 40 per cent towards 2100.
- In the former counties of Hedmark, Buskerud, Vestfold, Telemark and Vest-Agder , an increase in total claims payments of approximately 50 per cent is expected towards

Increased knowledge will probably enable the population, the business sector and the authorities to make adaptations to both avoid and reduce risk.

Climate and weather-related claims currently make up a limited part of Gjensidige’s total claims incurred. Although certain effects are identified for certain types of claims in the short term, the changes are expected to take place gradually and with the greatest effect from 2050 onwards. Transitional risks are expected to be most

CONTENT

3 About this report
4 The year that passed
6 Key figures and alternative performance measures
11 Chair letter
14 CEO letter

Chapter 1 – This is us

Chapter 2 – Creating added value in Gjensidige

49 Creating value for our stakeholders

We create a sense of security

53 A safer society because we understand risk
54 Risk strategy and risk management
58 Damage prevention – the most sustainable approach
62 Sustainable products and services
64 Our social commitment

Climate and the environment

67 Our climate and environmental commitment
70 Climate-related financial disclosures (TCFD)
81 We create value in partnership with our suppliers

Our engaged employees

84 Engaged employees
89 Senior group management

Responsible investments

95 Our asset management

Responsible risk management and control

102 Risk understanding and corporate governance lead to long-term value
103 Gjensidige’s Board of Directors comprises broad expertise
109 Ethical operations
114 Corporate governance
120 Our commitment to our owners and creditors

Chapter 3 – Value created in 2020

Chapter 4 – Financial statements and notes

282 Declaration from the Board and CEO
283 Auditor’s report
288 Independent Auditor’s report

Chapter 2 – Creating added value in Gjensidige - Climate-related financial disclosures (TCFD)

significant in the investment portfolio, but our exposure to the industries that are expected to be hit the hardest is currently limited.

3. Risk management

Identification and assessment of climate risk

Good risk selection and the right pricing are decisive for financial strength and profitability. The expected increase in the scope of natural disasters as a result of environmental and climate change is addressed in our activities, such as the development of products, financial planning, pricing, rebuilding and damage prevention measures. Environmental and climate change affects risk assessments and the pricing of insurance, and the effects of extreme weather and changes in risk exposure are assessed on a continuous basis, based on experience, expert assessments and future projections.

Climate and environmental risk affects all risk types



Management of climate risk

Gjensidige has joined forces with the Norwegian Computing Centre to be able to understand the consequences of expected climate change. The results of the work are integrated in tariffs to be able to put a correct price on risk going forward. By sharing weather-related claims data, Gjensidige also contributes to increasing knowledge about the long-term development in claims resulting from climate change. Gjensidige shall guide its customers into taking the environment, weather events and social factors into account both before and after a loss, for example in connection with the reinstatement of buildings . This means lower insurance premiums for our customers and beneficial consequences for the environment, customers and Gjensidige.

Integration into established risk management processes

- Weather-related events have always served as important input in the risk pricing process, in connection with both tariff development and underwriting in the commercial market.
- We purchase reinsurance for the purpose of distributing risk and as protection against large-scale events. We also team up with our partners to ensure a correct understanding of risk, and for the purpose of reporting.
- We monitor all products on an ongoing basis to ensure profitability and consider the need for repricing.
- The Own Risk and Solvency Assessment (ORSA) considers total risk exposure in relation to the capital situation going forward.
- The actuary conducts an independent assessment to ensure sufficient provisions.
- All decision-making processes include an assessment of sustainability, for example strategic projects or product

CONTENT

3 About this report

4 The year that passed

6 Key figures and alternative performance measures

11 Chair letter

14 CEO letter

Chapter 1 – This is us

Chapter 2 – Creating added value in Gjensidige

49 Creating value for our stakeholders

We create a sense of security

53 A safer society because we understand risk

54 Risk strategy and risk management

58 Damage prevention – the most sustainable approach

62 Sustainable products and services

64 Our social commitment

Climate and the environment

67 Our climate and environmental commitment

70 Climate-related financial disclosures (TCFD)

81 We create value in partnership with our suppliers

Our engaged employees

84 Engaged employees

89 Senior group management

Responsible investments

95 Our asset management

Responsible risk management and control

102 Risk understanding and corporate governance lead to long-term value

103 Gjensidige’s Board of Directors comprises broad expertise

109 Ethical operations

114 Corporate governance

120 Our commitment to our owners and creditors

Chapter 3 – Value created in 2020

Chapter 4 – Financial statements and notes

282 Declaration from the Board and CEO

283 Auditor’s report

288 Independent Auditor’s report

Chapter 2 – Creating added value in Gjensidige - Climate-related financial disclosures (TCFD)

development processes. This is described in more detail in section ‘Gjensidige’s business model’.

Gjensidige’s response to physical risks

- Close monitoring of developments in weather-related events to ensure correct pricing of risk.
- Risk reduction measures focusing on surface water issues, notification of customers and cooperation with the authorities to reduce the consequences of more weather-related claims.
- Reinsurance limits Gjensidige’s losses relating to major weather-related events. Gjensidige’s internal model is used to assess the effect of different natural disasters and climate-related losses. Analyses have been conducted that show that Gjensidige’s financial losses resulting from what are known as 1-in-200-year events will be limited, even if more conservative assumptions about the frequency of such claims are applied.
- In Norway, many natural disaster claims are compensated through the Norwegian Natural Perils Pool, which is regulated by the Natural Perils Insurance Act. Membership of the Pool is compulsory for all insurance companies that sell property insurance (fire insurance) in Norway. The Pool is an equalisation mechanism whereby claims and costs are distributed between the member companies in proportion to their share of the market. The following natural perils are covered by the Pool: storms, landslides/avalanches, floods, storm surges, earthquakes and volcanic eruptions. In accordance with the pertaining regulations, each natural disaster claim will only be covered up to a certain amount, which limits Gjensidige’s losses relating to such claims. As of 1 January 2020, the insurance companies’ total liability for an individual natural disaster claim is limited upwards to NOK 16 billion. Because Gjensidige will only be charged corresponding to its share of the market and the Company has taken out

reinsurance for natural disaster claims, Gjensidige’s losses relating to such claims will be very limited.

Gjensidige’s response to transition risks

- In the longer term, Gjensidige expects transition risks to impact all segments of insurance. We believe that people’s awareness and attitudes can change, and that this can mean that Gjensidige must adapt its operations accordingly. Sustainable alternatives to all our main products will therefore be developed by 2025. This type of development is expected to be gradual, allowing Gjensidige to adapt its products and services to the market over time.
- The Commercial segment and investments may be subject to considerable transition risk. EU action plans may give rise to new risks and opportunities for us. The EU has a clear ambition to encourage increased recycling and the circular economy, and to limit the amount of waste. Gjensidige will contribute to achieving the EU goals by reducing its carbon footprint through a greater focus on damage prevention and the choice of materials in claims processes.
- Gjensidige’s strategy entails including ESG and climate risk in all our decisions and investment analyses. Read more about how Gjensidige follows up its investment strategy in ‘Our asset management’.

Gjensidige’s response to liability risks

- We have reinsurance coverage although our liability in damages relating to lack of climate action is limited as a result of maximum amount limits.

4. Goals and methods

CONTENT

- 3 About this report
- 4 The year that passed
- 6 Key figures and alternative performance measures
- 11 Chair letter
- 14 CEO letter

Chapter 1 – This is us

Chapter 2 – Creating added value in Gjensidige

- 49 Creating value for our stakeholders
- We create a sense of security**
- 53 A safer society because we understand risk
- 54 Risk strategy and risk management
- 58 Damage prevention – the most sustainable approach
- 62 Sustainable products and services
- 64 Our social commitment

Climate and the environment

- 67 Our climate and environmental commitment
- 70 Climate-related financial disclosures (TCFD)
- 81 We create value in partnership with our suppliers

Our engaged employees

- 84 Engaged employees
- 89 Senior group management

Responsible investments

- 95 Our asset management

Responsible risk management and control

- 102 Risk understanding and corporate governance lead to long-term value
- 103 Gjensidige’s Board of Directors comprises broad expertise
- 109 Ethical operations
- 114 Corporate governance
- 120 Our commitment to our owners and creditors

Chapter 3 – Value created in 2020

Chapter 4 – Financial statements and notes

- 282 Declaration from the Board and CEO
- 283 Auditor’s report
- 288 Independent Auditor’s report

Chapter 2 – Creating added value in Gjensidige - Climate-related financial disclosures (TCFD)

Insurance is a knowledge business that does not directly affect the environment to any extent. However, we can help to achieve a more sustainable society by reducing our own climate footprint and use our market power in relation to our suppliers and in our investments.

Goal

The Board has adopted an ambition to reduce our own and claims-related carbon intensity relative to earned premiums, year by year.

Methods

Gjensidige has been certified as an Eco-Lighthouse since 2008, and works continuously on measures to reduce the environmental and climate-related consequences of its own operations. Most of the carbon footprint for Gjensidige’s own operations comes from energy consumption (Scope 2) and air travel by own employees (Scope 3). The climate accounts for Gjensidige’s own operations are described in section ‘Results of our commitment to the climate and environment’.

Gjensidige has prepared climate accounts for the consumption of materials and energy in claims processes (Scope 3) and to be able to measure carbon intensity. We would like to initially assess different initiatives to promote the circular economy, for example more repairs, reuse, reduced waste and different measures for reducing transport costs and more climate and environmentally friendly reconstruction. The climate accounts for claims processes are described in section ‘Results of our commitment to the climate and environment’.

Model for calculating the material consumption in claims processes

Gjensidige shall make proactive efforts to reduce the carbon intensity of its claims processes. That requires in-depth insight into material consumption in physical insurance claims where Gjensidige compensates losses.

In order to be able to calculate the materials consumed in claims processes, some of which are fairly complex and involve many suppliers and partners, models have been devised based on the material consumption for the most common claims (frequency claims), for the purpose of converting material consumption into CO₂ equivalents (CO₂e). Models have been prepared for three types of frequency claims, which will form the basis for a normalised result in the climate accounts for claims processes (separate accounts for claims process Scope 3).

The calculation of total material consumption does not provide an exact figure, but, based on a materiality assessment, we believe it gives the best estimate of current consumption. The material consumption is calculated in kilos/tonnes and converted into CO₂e with the help of licensed software for the conversion of material consumption. DEFRA (2020). Greenhouse gas reporting: Conversion factors 2020. Department for Business, Energy & Industrial Strategy, and NVE Electricity disclosure 2020. The Norwegian Directorate of Water Resources and Energy. The material consumption models shall be evaluated annually to ensure that they continue to provide the best estimate of material consumption in claims processes.

CONTENT

3

About this report

4

The year that passed

6

Key figures and alternative performance measures

11

Chair letter

14

CEO letter

Chapter 1 – This is us

Chapter 2 – Creating added value in Gjensidige

49

Creating value for our stakeholders

We create a sense of security

53

A safer society because we understand risk

54

Risk strategy and risk management

58

Damage prevention – the most sustainable approach

62

Sustainable products and services

64

Our social commitment

Climate and the environment

67

Our climate and environmental commitment

70

Climate-related financial disclosures (TCFD)

81

We create value in partnership with our suppliers

Our engaged employees

84

Engaged employees

89

Senior group management

Responsible investments

95

Our asset management

Responsible risk management and control

102

Risk understanding and corporate governance lead to long-term value

103

Gjensidige’s Board of Directors comprises broad expertise

109

Ethical operations

114

Corporate governance

120

Our commitment to our owners and creditors

Chapter 3 – Value created in 2020

Chapter 4 – Financial statements and notes

282

Declaration from the Board and CEO

283

Auditor’s report

288

Independent Auditor’s report

Chapter 2 – Creating added value in Gjensidige - Climate-related financial disclosures (TCFD)

Material consumption, frequency motor claims	Material consumption, frequency property claims
The assumptions behind this average calculation of material consumption are based on car makes and models with a high market share and frequency claims. The reference claim is estimated in the loss assessment system DBS, which is operated by Bilskadekontoret ('the car claims office'), part of Finance Norway Insurance Services, and shows the actual use of materials for motor vehicles. A separate assessment of frequency claims has been conducted in Denmark, Sweden and the Baltics. The following materials are included in the claims climate accounts: • Glass • Steel • Aluminium • Plastic • Batteries • Reuse of car parts based on estimate • The use of new car parts generates an equivalent amount of recyclable waste • Scrapping waste is based on recycling of materials such as glass, aluminium, steel Vehicle write-offs are settled in cash. To ensure we have the right theoretical basis for calculating Gjensidige’s material consumption, we have assumed, based on the official registration system (TFF), that 22 per cent of scrapped cars are replaced by new cars (28 per cent in 2019). Basis year 2019	The following assumptions were used in the calculation of average material consumption and waste generated for fire and water damage frequency claims: Fire damage: • Replacing floors and walls • Cleaning and painting surfaces • Electronics • Waste corresponding to consumption of new materials • Energy consumption • Kilometres driven in connection with repairs Water damage: • Plain kitchen cabinets fronts • Parquet flooring • Repair as a result of water seeping through the floor • Waste corresponding to consumption of new materials • Energy consumption • Kilometres driven in connection with repairs The following materials are included in the claims climate accounts: • Wood • Gypsum • Insulation • Paint • Plastic • Electronics Basis year 2019

CONTENT

3 About this report
4 The year that passed
6 Key figures and alternative performance measures
11 Chair letter
14 CEO letter

Chapter 1 – This is us

Chapter 2 – Creating added value in Gjensidige

49 Creating value for our stakeholders

We create a sense of security

53 A safer society because we understand risk
54 Risk strategy and risk management
58 Damage prevention – the most sustainable approach
62 Sustainable products and services
64 Our social commitment

Climate and the environment

67 Our climate and environmental commitment
70 Climate-related financial disclosures (TCFD)
81 We create value in partnership with our suppliers

Our engaged employees

84 Engaged employees
89 Senior group management

Responsible investments

95 Our asset management

Responsible risk management and control

102 Risk understanding and corporate governance lead to long-term value
103 Gjensidige’s Board of Directors comprises broad expertise
109 Ethical operations
114 Corporate governance
120 Our commitment to our owners and creditors

Chapter 3 – Value created in 2020

Chapter 4 – Financial statements and notes

282 Declaration from the Board and CEO
283 Auditor’s report
288 Independent Auditor’s report

Chapter 2 – Creating added value in Gjensidige - We create value in partnership with our suppliers

We create value in partnership with our suppliers

Gjensidige’s requirements for procurement processes are set out in the Group procurement policy, which applies to Gjensidige Forsikring ASA and all its subsidiaries. Gjensidige expects manufacturers and suppliers to conduct their business in accordance with the 10 UN Global Compact principles. The principles cover human rights, labour rights, the environment and anti-corruption. Read more at www.gjensidige.no/group/about-us



All procurements over a certain size must be quality-assured by the Corporate Procurement department. Most purchasing agreements are the result of competitive tendering carried out in accordance with adopted guidelines. All ICT procurements are carried out by Gjensidige’s wholly owned subsidiary Gjensidige Business Services AB. Other procurements are carried out by the parent company.

All our suppliers must sign a self-declaration on corporate social responsibility that requires compliance with the 10 UN Global Compact principles. By signing this declaration, they undertake to comply with our requirements relating to the environment, CSR and management and control:

- Conduct their own business in a way that does not violate internationally recognised principles and guidelines relating to human and labour rights.
- Ensure that their sub-suppliers of goods and/or services to Gjensidige do not violate internationally recognised principles and guidelines relating to human and labour rights.
- Ensure that products delivered to Gjensidige are of high environmental quality.
- Compliance with ethical requirements, including anti-corruption.

All procurements shall be as environmentally effective as possible, meaning that endeavours shall be made to achieve maximum value creation and minimum environmental harm. Suppliers are, to the extent possible, encouraged to make environmentally friendly choices. This applies to all the countries we operate in.

There is a greater focus on the circular economy in our claims settlement. This applies to both buildings and motor vehicles. Reuse must never be at the expense of quality and safety, and we make stringent environmental and quality requirements in relation to the choice of materials. This is because quality is sustainable.

CONTENT

- 3 About this report
- 4 The year that passed
- 6 Key figures and alternative performance measures
- 11 Chair letter
- 14 CEO letter

Chapter 1 – This is us

Chapter 2 – Creating added value in Gjensidige

- 49 Creating value for our stakeholders
- We create a sense of security**
- 53 A safer society because we understand risk
- 54 Risk strategy and risk management
- 58 Damage prevention – the most sustainable approach
- 62 Sustainable products and services
- 64 Our social commitment

Climate and the environment

- 67 Our climate and environmental commitment
- 70 Climate-related financial disclosures (TCFD)
- 81 We create value in partnership with our suppliers

Our engaged employees

- 84 Engaged employees
- 89 Senior group management

Responsible investments

- 95 Our asset management

Responsible risk management and control

- 102 Risk understanding and corporate governance lead to long-term value
- 103 Gjensidige’s Board of Directors comprises broad expertise
- 109 Ethical operations
- 114 Corporate governance
- 120 Our commitment to our owners and creditors

Chapter 3 – Value created in 2020

Chapter 4 – Financial statements and notes

- 282 Declaration from the Board and CEO
- 283 Auditor’s report
- 288 Independent Auditor’s report

Chapter 2 – Creating added value in Gjensidige - We create value in partnership with our suppliers

Companies that provide services in connection with claims payments for damaged buildings in Norway must be certified in Startbank. Startbank is a register of suppliers that is used by purchasers in the fields of building, construction, public administration, insurance and real estate. This ensures that qualified suppliers are law-abiding and that competition takes place on equal terms. All material procurements are ordered electronically. As far as possible, all suppliers shall use electronic invoicing.

Competitive tender procedures are carried out with the help of digital portals. The use of digital tools ensures that all processes are documented and verifiable, and this prevents irregularities and reduces the consumption of paper.

Gjensidige has established cooperation with an external certification provider with a view to following up its suppliers’ compliance with our requirements relating to the environment, CSR, ethics and sustainable procurement.

The suppliers are required to perform a self-evaluation and answer questions about the environment, employment conditions, ethics and requirements of subcontractors. The companies are then given a score and feedback on points for improvement. Gjensidige uses this tool to monitor compliance with supplier requirements.

Gjensidige Business Services was established to achieve further professionalisation of our ICT procurements and to create a model that simplified ownership and pricing of IT systems used by several entities in the Group.

CONTENT

- 3 About this report
- 4 The year that passed
- 6 Key figures and alternative performance measures
- 11 Chair letter
- 14 CEO letter
- Chapter 1 – This is us**
- Chapter 2 – Creating added value in Gjensidige**
 - 49 Creating value for our stakeholders
 - We create a sense of security**
 - 53 A safer society because we understand risk
 - 54 Risk strategy and risk management
 - 58 Damage prevention – the most sustainable approach
 - 62 Sustainable products and services
 - 64 Our social commitment
 - Climate and the environment**
 - 67 Our climate and environmental commitment
 - 70 Climate-related financial disclosures (TCFD)
 - 81 We create value in partnership with our suppliers
 - Our engaged employees**
 - 84 Engaged employees
 - 89 Senior group management
 - Responsible investments**
 - 95 Our asset management
 - Responsible risk management and control**
 - 102 Risk understanding and corporate governance lead to long-term value
 - 103 Gjensidige’s Board of Directors comprises broad expertise
 - 109 Ethical operations
 - 114 Corporate governance
 - 120 Our commitment to our owners and creditors
- Chapter 3 – Value created in 2020**
- Chapter 4 – Financial statements and notes**
 - 282 Declaration from the Board and CEO
 - 283 Auditor’s report
 - 288 Independent Auditor’s report



Our engaged employees

We do everything we can to create genuine engagement among our employees, so that we can safeguard our customers’ lives, health and assets in a sustainable manner – every single day. A sound, generous and secure corporate culture creates a sense of community, and provides fertile ground for good ideas and results.

CONTENT

- 3 About this report
- 4 The year that passed
- 6 Key figures and alternative performance measures
- 11 Chair letter
- 14 CEO letter
- Chapter 1 – This is us**
- Chapter 2 – Creating added value in Gjensidige**
 - 49 Creating value for our stakeholders
 - We create a sense of security**
 - 53 A safer society because we understand risk
 - 54 Risk strategy and risk management
 - 58 Damage prevention – the most sustainable approach
 - 62 Sustainable products and services
 - 64 Our social commitment
 - Climate and the environment**
 - 67 Our climate and environmental commitment
 - 70 Climate-related financial disclosures (TCFD)
 - 81 We create value in partnership with our suppliers
 - Our engaged employees**
 - 84 Engaged employees
 - 89 Senior group management
 - Responsible investments**
 - 95 Our asset management
 - Responsible risk management and control**
 - 102 Risk understanding and corporate governance lead to long-term value
 - 103 Gjensidige’s Board of Directors comprises broad expertise
 - 109 Ethical operations
 - 114 Corporate governance
 - 120 Our commitment to our owners and creditors
- Chapter 3 – Value created in 2020**
- Chapter 4 – Financial statements and notes**
 - 282 Declaration from the Board and CEO
 - 283 Auditor’s report
 - 288 Independent Auditor’s report

Chapter 2 – Creating added value in Gjensidige - Engaged employees

Engaged employees

Our commitment to the customer has created good customer experiences and sound results. This is a key characteristic of Gjensidige and a distinctive feature of the organisation and the Company’s culture.



In order to be able to give our customers the help they need, our employees undergo thorough training in ethics, data protection, information security, knowledge of our products and management training at our own school. Gjensidige treats customers with trust and respect and provides professional and ethically sound advice based on necessary qualifications and knowledge of the customer’s situation.

Competence strategy

The right competence in the right place at the right time is vital to maintaining competitiveness. To be able to live up to our vision, our employees must reflect the diversity of our customers.



We work to ensure that all employees feel a sense of security and the freedom to be who they are, and through this help us to deliver on our core values: create a sense of security, apply new thinking, go for it. We need managers who understand the value of diversity, and who integrate diversity management into their day-to-day work.

Competence-building to meet the needs of the future

It is important to Gjensidige that everyone has the opportunity to develop in their job. We facilitate work across different roles and positions, in all the countries we operate in. This generates new perspectives, learning and a better result for our customers. Gjensidige has a flat organisational structure, and the Company believes that diversity and cooperation are important preconditions for building a productive work place culture and being attractive in the labour market of the future. We have implemented a development model that highlights that most learning – 70 per cent – takes place in connection with day-to-day tasks. The remaining 30 per cent comes from organised tuition and training. Employees who work in sales and customer advice take part in an extensive course programme leading up to an exam that tests their professional know-how, ethics and the customer dialogue. Advisers targeting the private market are certified in accordance with a national industry scheme for the sale of general insurance. The Gjensidige Customer and Brand School ensures that all employees have the necessary prerequisites for implementing the Group’s customer orientation strategy. The school’s main focus areas

CONTENT

- 3 About this report
- 4 The year that passed
- 6 Key figures and alternative performance measures
- 11 Chair letter
- 14 CEO letter
- Chapter 1 – This is us**
- Chapter 2 – Creating added value in Gjensidige**
 - 49 Creating value for our stakeholders
 - We create a sense of security**
 - 53 A safer society because we understand risk
 - 54 Risk strategy and risk management
 - 58 Damage prevention – the most sustainable approach
 - 62 Sustainable products and services
 - 64 Our social commitment
 - Climate and the environment**
 - 67 Our climate and environmental commitment
 - 70 Climate-related financial disclosures (TCFD)
 - 81 We create value in partnership with our suppliers
 - Our engaged employees**
 - 84 Engaged employees
 - 89 Senior group management
 - Responsible investments**
 - 95 Our asset management
 - Responsible risk management and control**
 - 102 Risk understanding and corporate governance lead to long-term value
 - 103 Gjensidige’s Board of Directors comprises broad expertise
 - 109 Ethical operations
 - 114 Corporate governance
 - 120 Our commitment to our owners and creditors
- Chapter 3 – Value created in 2020**
- Chapter 4 – Financial statements and notes**
 - 282 Declaration from the Board and CEO
 - 283 Auditor’s report
 - 288 Independent Auditor’s report

Chapter 2 – Creating added value in Gjensidige - Engaged employees

are sales, claims settlement and management. It offers courses and programmes that underpin our corporate strategy and requirements for certification of customer advisers. All new Gjensidige employees take part in an introduction day where the CEO and other key personnel talk about the Company’s strategy, competence-building, culture, brand, ethics and more practical information. An increasing proportion of training takes place through the use of digital tools combined with physical meetings. Podcasts and video meetings are among the tools used to effectively reach a wider audience. Active use of e-learning and global learning portals such as Udemy provide targeted competence-raising adapted to the individual department’s need for competence.

Talent development

It is important to Gjensidige to attract and retain skilled employees. The People Review enables senior managers to follow up developments in the talent pool for experts and managers. Internal mobility is facilitated for the purpose of broadening the employees’ range of qualifications and specialised knowledge. We have also established an internal mentoring programme as a supplement to the personal growth and development of individual employees and managers. The programme will help to promote Gjensidige’s culture and contribute to internal exchange of experience across divisions and business areas. Customised management development programmes have been developed for groups of managers with different experience backgrounds, from newly appointed managers to the senior group management.

We make efforts to highlight Gjensidige as an attractive employer, through both digital channels and activities at relevant educational institutions, such as stands and presentations to students. In accordance with our employer branding strategy, we have established

an internship scheme where students work for us part-time (20 per cent of a full-time position) for a whole academic year in order to gain relevant work experience. The work is intended to be relevant for their studies by putting theory into practice. Every year, we organise the Gjensidige Day at Gjensidige’s head office, which offers a varied programme for students.

Cooperation with educational institutions

We have entered into a strategic partnership agreement with BI Norwegian Business School that gives us exposure to students and the possibility of participating in different events in BI’s locations all over the country. Through Advisory Councils for relevant master’s degree programmes, we contribute relevant insight to enable the programmes to better meet the business sector’s future need for expertise. Gjensidige has also entered into an agreement with the Norwegian School of Economics (NHH) to be a strategic partner for NHH’s research programme ‘Digital Innovation for Growth’, which starts in autumn 2020. The agreement includes an obligation to provide staff who can contribute their expertise.

These cooperation agreements are an important means of showing students the job opportunities available in Gjensidige and in the insurance sector in general. In addition, they give skilled members of staff an opportunity to work with academic research groups on various issues of relevance to Gjensidige’s further development. The agreements entail greater access to continuing education for employees.

We have recently concluded a management programme at the senior executive level in cooperation with NHH, AFF and HEC Paris.



CONTENT

- 3 About this report
- 4 The year that passed
- 6 Key figures and alternative performance measures
- 11 Chair letter
- 14 CEO letter
- Chapter 1 – This is us**
- Chapter 2 – Creating added value in Gjensidige**
 - 49 Creating value for our stakeholders
 - We create a sense of security**
 - 53 A safer society because we understand risk
 - 54 Risk strategy and risk management
 - 58 Damage prevention – the most sustainable approach
 - 62 Sustainable products and services
 - 64 Our social commitment
 - Climate and the environment**
 - 67 Our climate and environmental commitment
 - 70 Climate-related financial disclosures (TCFD)
 - 81 We create value in partnership with our suppliers
 - Our engaged employees**
 - 84 Engaged employees
 - 89 Senior group management
 - Responsible investments**
 - 95 Our asset management
 - Responsible risk management and control**
 - 102 Risk understanding and corporate governance lead to long-term value
 - 103 Gjensidige’s Board of Directors comprises broad expertise
 - 109 Ethical operations
 - 114 Corporate governance
 - 120 Our commitment to our owners and creditors
- Chapter 3 – Value created in 2020**
- Chapter 4 – Financial statements and notes**
 - 282 Declaration from the Board and CEO
 - 283 Auditor’s report
 - 288 Independent Auditor’s report

Chapter 2 – Creating added value in Gjensidige - Engaged employees



Gender equality

Gjensidige focuses on the gender balance and increasing the percentage of women in senior positions. There is zero tolerance of all forms of discrimination. Wage growth for women and men is continuously measured and followed up. Any unexplained differences that are identified receive special follow-up.

We have established a diversity and inclusion committee that convenes as needed, and at least once a year. The committee comprises representatives of the HR department and the trade unions.

We have established a collaboration with Seema to increase our understanding of the importance of diversity and diversity management as a sustainable competitive advantage.

My Voice – monthly measurement of engagement

In autumn 2019, the Group started a more dynamic way of following up employees’ job satisfaction and their experience of the work situation. A monthly survey, called My Voice, replaces the annual employee survey. Monthly surveys will ensure relevant results at all times and give us a better chance of understanding and following up how employees experience their work situation ‘here and now’, and how different events and changes affect their job satisfaction. This makes My Voice an even better operational management tool. The increased survey frequency allows us to use the results reported every month to adjust measures as necessary, ensuring the greatest possible improvement effect.

In our experience, improvement measures relating to employee engagement have the greatest effect when employees are closely involved in the work. Going forward, we will focus on ensuring that employees feel that they are listened to now that they give feedback more frequently than before. Special measures are followed up for entities that deviate significantly from the goal of employee engagement and job satisfaction.

Employee engagement is included in the follow-up and performance evaluation of all managers, including the senior group management.

People Review

Two People Review sessions are conducted per year in which the senior management is evaluated in terms of how well they succeed with management, competence building, diversity (including gender equality and equal pay) and strategy staff planning. Financial targets

CONTENT

- 3 About this report
- 4 The year that passed
- 6 Key figures and alternative performance measures
- 11 Chair letter
- 14 CEO letter
- Chapter 1 – This is us**
- Chapter 2 – Creating added value in Gjensidige**
 - 49 Creating value for our stakeholders
 - We create a sense of security**
 - 53 A safer society because we understand risk
 - 54 Risk strategy and risk management
 - 58 Damage prevention – the most sustainable approach
 - 62 Sustainable products and services
 - 64 Our social commitment
 - Climate and the environment**
 - 67 Our climate and environmental commitment
 - 70 Climate-related financial disclosures (TCFD)
 - 81 We create value in partnership with our suppliers
 - Our engaged employees**
 - 84 Engaged employees
 - 89 Senior group management
 - Responsible investments**
 - 95 Our asset management
 - Responsible risk management and control**
 - 102 Risk understanding and corporate governance lead to long-term value
 - 103 Gjensidige’s Board of Directors comprises broad expertise
 - 109 Ethical operations
 - 114 Corporate governance
 - 120 Our commitment to our owners and creditors
- Chapter 3 – Value created in 2020**
- Chapter 4 – Financial statements and notes**
 - 282 Declaration from the Board and CEO
 - 283 Auditor’s report
 - 288 Independent Auditor’s report

Chapter 2 – Creating added value in Gjensidige - Engaged employees

and sustainability goals are followed up in the Business Review, which is also conducted by the CEO twice a year.

Labour rights (ILO) and cooperation with union representatives

The cooperation between the Company’s management and the employees’ trade unions is systematic and good, based on a well-established structure with regular meetings of various committees. Rules have been adopted for what processes and decisions union representatives shall be involved in. Union representatives are paid by the Company.

All of our employees have full freedom of association. Collective wage bargaining takes place in accordance with the agreement with the trade unions. Gjensidige recognises ILO conventions and supports the organisation’s promotion of decent work based on social justice and internationally recognised labour rights.

Under Norwegian law, employees of the Group are entitled to be represented on the Company’s governing bodies. Employee representatives are elected by and from among the employees. The company management maintains a close dialogue with union representatives in connection with restructuring processes. The Company shall attend to those who are affected in the best possible way. This concerns everything from decisions, information, finding alternative positions in the Company, to offering assistance from external advisers and finding new jobs for those who are made redundant.



Health, safety and the environment (HSE)

Systematic health, safety and environmental work is given high priority in Gjensidige. Our goal is not only to prevent sickness absence and injuries, but also to ensure that Gjensidige is a health-promoting workplace. We therefore work on preventing and following up sickness absence and on making adaptations for employees with disabilities. An ergonomic workstation assessment is carried out for all new employees as soon as possible by a physiotherapist or an occupational therapist, if practically possible. The purpose of this is to adapt the work station to avoid repetitive strain injuries, and to provide information about the prevention of health problems. Special adaptation procedures have been adopted for employees who have or wish to prevent such problems arising. The HSE work is monitored through audits and followed up internally by employees with special responsibility for HSE. All incidents that can represent a risk must be reported in the Company’s nonconformity system. Independent HSE audits are conducted in Norway, Sweden and Denmark to verify satisfactory working conditions. Working environment issues are integrated in the annual HSE survey to identify matters requiring

CONTENT

3 About this report
4 The year that passed
6 Key figures and alternative performance measures
11 Chair letter
14 CEO letter

Chapter 1 – This is us

Chapter 2 – Creating added value in Gjensidige

49 Creating value for our stakeholders
We create a sense of security
53 A safer society because we understand risk
54 Risk strategy and risk management
58 Damage prevention – the most sustainable approach
62 Sustainable products and services
64 Our social commitment

Climate and the environment

67 Our climate and environmental commitment
70 Climate-related financial disclosures (TCFD)
81 We create value in partnership with our suppliers

Our engaged employees

84 Engaged employees
89 Senior group management

Responsible investments

95 Our asset management

Responsible risk management and control

102 Risk understanding and corporate governance lead to long-term value
103 Gjensidige’s Board of Directors comprises broad expertise
109 Ethical operations
114 Corporate governance
120 Our commitment to our owners and creditors

Chapter 3 – Value created in 2020

Chapter 4 – Financial statements and notes

282 Declaration from the Board and CEO
283 Auditor’s report
288 Independent Auditor’s report

Chapter 2 – Creating added value in Gjensidige - Engaged employees

special attention. All managers review the survey with their staff in cooperation with the HR department.

Each department defines an action plan that is followed up by the respective managers, at the same time as each department conducts an HSE risk assessment.

General measures that are intended to promote health and a good working environment include:

- Arrangements to facilitate cycling to work, including bicycle parking and changing rooms
- Gym rooms
- Short exercise breaks during working hours
- Company sports club that organises a range of activities

Inclusive Workplace enterprise

Gjensidige shall be an inclusive workplace for all employees. We are an Inclusive Workplace enterprise and cooperate with the Norwegian Labour and Welfare Administration (NAV) on job training for people who, for various reasons, have been unemployed. NAV pays subsidies for employees who suffer from chronic illnesses but who still manage to work. Gjensidige has a range of measures and a special programme for entities with a high level of sickness absence. Our ‘Focus projects’ have had a great impact, leading to reduced sickness absence and greater employee satisfaction. Gjensidige has measures in place that help to ensure that older employees can continue working until they reach retirement age. The measures vary between countries. Examples of measures include the possibility of reduced working hours and extra holidays. All our big office buildings are universally designed in order to accommodate employees with disabilities.

Whistleblowing

Reporting procedures are in place for employees who experience discrimination. The notifications received are considered by the diversity and discrimination committee.

CONTENT

- 3 About this report
- 4 The year that passed
- 6 Key figures and alternative performance measures
- 11 Chair letter
- 14 CEO letter

Chapter 1 – This is us

Chapter 2 – Creating added value in Gjensidige

- 49 Creating value for our stakeholders

We create a sense of security

- 53 A safer society because we understand risk
- 54 Risk strategy and risk management
- 58 Damage prevention – the most sustainable approach
- 62 Sustainable products and services
- 64 Our social commitment

Climate and the environment

- 67 Our climate and environmental commitment
- 70 Climate-related financial disclosures (TCFD)
- 81 We create value in partnership with our suppliers

Our engaged employees

- 84 Engaged employees
- 89 Senior group management

Responsible investments

- 95 Our asset management

Responsible risk management and control

- 102 Risk understanding and corporate governance lead to long-term value
- 103 Gjensidige's Board of Directors comprises broad expertise
- 109 Ethical operations
- 114 Corporate governance
- 120 Our commitment to our owners and creditors

Chapter 3 – Value created in 2020

Chapter 4 – Financial statements and notes

- 282 Declaration from the Board and CEO
- 283 Auditor's report
- 288 Independent Auditor's report

Chapter 2 – Creating added value in Gjensidige - Senior group management

Senior group management

Our core values are:

- Create a sense of security
- Apply new thinking
- Go for it

Our core values shall help us to develop a culture that enables us to face the future head-on.



Helge Leiro Baastad

CEO

Helge Leiro Baastad (1960) has been CEO of Gjensidige since 2003.

He is a member of the board of Finance Norway and Ungt Entreprenørskap.

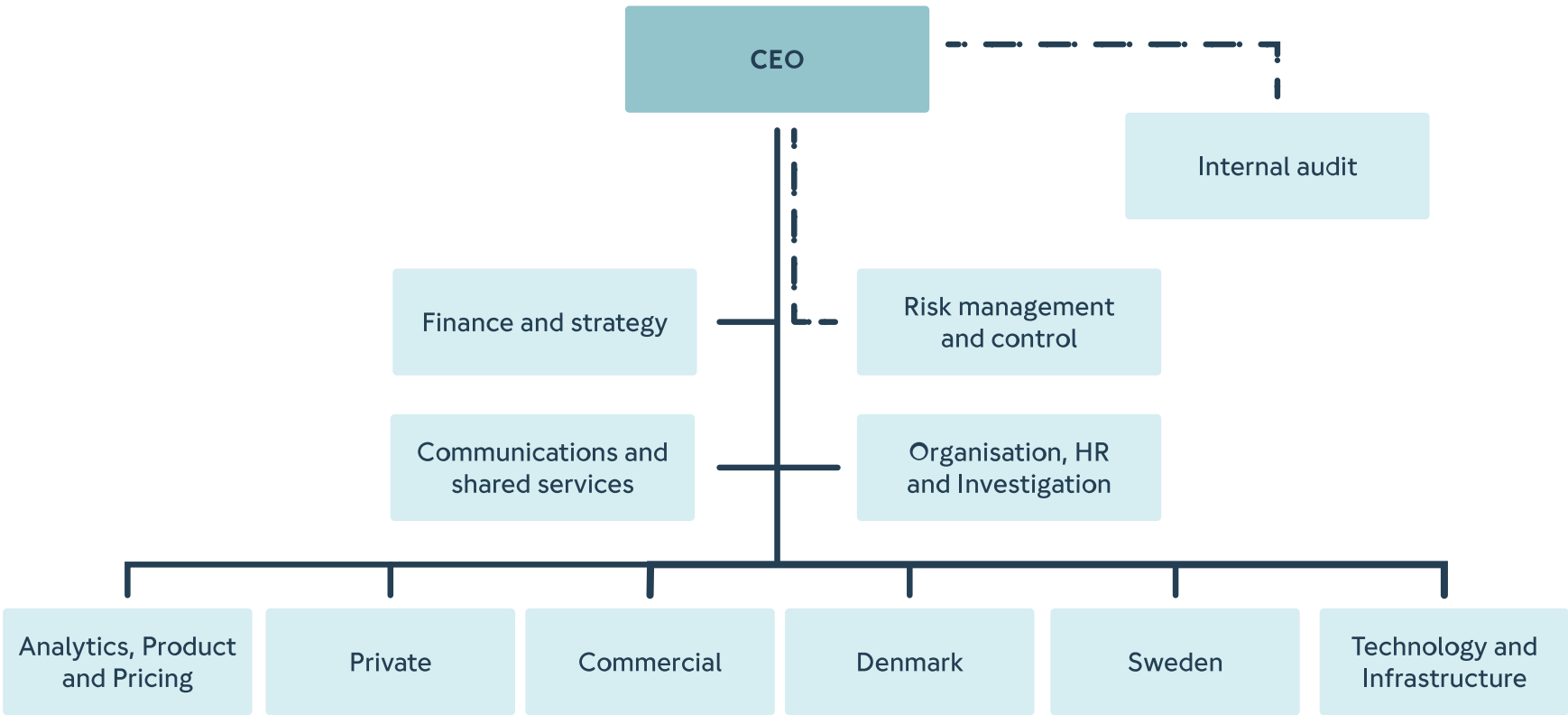
Baastad joined Gjensidige in 1998 as manager of the private market, and in 2000, he was appointed Executive Vice President responsible for group marketing and support functions. He has previously held various senior management positions with Jordan AS and Denofa Lilleborg Fabrikker. Baastad holds a degree from the Norwegian School of Economics (NHH) based on a four year-program in economics and business administration consisting of three years at bachelor/undergraduate level and one year at master/graduate Level. (siviløkonom).

CONTENT

- 3 About this report
- 4 The year that passed
- 6 Key figures and alternative performance measures
- 11 Chair letter
- 14 CEO letter
- Chapter 1 – This is us**
- Chapter 2 – Creating added value in Gjensidige**
 - 49 Creating value for our stakeholders
 - We create a sense of security**
 - 53 A safer society because we understand risk
 - 54 Risk strategy and risk management
 - 58 Damage prevention – the most sustainable approach
 - 62 Sustainable products and services
 - 64 Our social commitment
 - Climate and the environment**
 - 67 Our climate and environmental commitment
 - 70 Climate-related financial disclosures (TCFD)
 - 81 We create value in partnership with our suppliers
 - Our engaged employees**
 - 84 Engaged employees
 - 89 Senior group management
 - Responsible investments**
 - 95 Our asset management
 - Responsible risk management and control**
 - 102 Risk understanding and corporate governance lead to long-term value
 - 103 Gjensidige’s Board of Directors comprises broad expertise
 - 109 Ethical operations
 - 114 Corporate governance
 - 120 Our commitment to our owners and creditors
- Chapter 3 – Value created in 2020**
- Chapter 4 – Financial statements and notes**
 - 282 Declaration from the Board and CEO
 - 283 Auditor’s report
 - 288 Independent Auditor’s report

Chapter 2 – Creating added value in Gjensidige - Senior group management

Our organisation



CONTENT

- 3 About this report
- 4 The year that passed
- 6 Key figures and alternative performance measures
- 11 Chair letter
- 14 CEO letter
- Chapter 1 – This is us**
- Chapter 2 – Creating added value in Gjensidige**
 - 49 Creating value for our stakeholders
 - We create a sense of security**
 - 53 A safer society because we understand risk
 - 54 Risk strategy and risk management
 - 58 Damage prevention – the most sustainable approach
 - 62 Sustainable products and services
 - 64 Our social commitment
 - Climate and the environment**
 - 67 Our climate and environmental commitment
 - 70 Climate-related financial disclosures (TCFD)
 - 81 We create value in partnership with our suppliers
 - Our engaged employees**
 - 84 Engaged employees
 - 89 Senior group management
 - Responsible investments**
 - 95 Our asset management
 - Responsible risk management and control**
 - 102 Risk understanding and corporate governance lead to long-term value
 - 103 Gjensidige’s Board of Directors comprises broad expertise
 - 109 Ethical operations
 - 114 Corporate governance
 - 120 Our commitment to our owners and creditors
- Chapter 3 – Value created in 2020**
- Chapter 4 – Financial statements and notes**
 - 282 Declaration from the Board and CEO
 - 283 Auditor’s report
 - 288 Independent Auditor’s report

Chapter 2 – Creating added value in Gjensidige - Senior group management



Jostein Amdal

EVP, CFO

Jostein Amdal (1965) took over as CFO and Executive Vice President of Finance on 1 October 2016.

Amdal joined Gjensidige as Finance Director in 2002, and has since served as Chief Risk Officer and Head of Capital Management and M&A. Before joining Gjensidige, he held various management positions with If, Storebrand and Kværner. Amdal holds a degree based on a four year-program in economics and business administration consisting of three years at bachelor/undergraduate level and one year at master/graduate Level (siviløkonom) as well as a graduate programme in economics and business administration (høyere avdeling), both from the Norwegian School of Economics (NHH).



René Fløystøl

EVP Private

René Fløystøl (1981) has been Executive Vice President of the Private division since 1 June 2020.

He joined Gjensidige in 2011 and has held several senior management positions in the Group. In the Private division, he has held positions such as Executive Vice President of Group Performance Management, the Customer Centre and, most recently, Digitalisation and Development. Fløystøl holds a MSc BA degree (siviløkonom) from BI Norwegian Business School.



Lars G. Bjerklund

EVP Commercial

Lars G Bjerklund (1971) has been Executive Vice President of the Commercial division since 1 September 2018.

Bjerklund joined Gjensidige in 2003 and has held various senior management positions in the Group. In the last few years, he has been COO of General Insurance Sweden, claims director with responsibility for motor and travel claims, and managed the SME and agriculture segment of the Commercial division for several years. Bjerklund holds a Master of Marketing and Management from the Norwegian School of Marketing (NMH), and an MBA degree from the Norwegian School of Economics (NHH).

CONTENT

- 3 About this report
- 4 The year that passed
- 6 Key figures and alternative performance measures
- 11 Chair letter
- 14 CEO letter
- Chapter 1 – This is us**
- Chapter 2 – Creating added value in Gjensidige**
 - 49 Creating value for our stakeholders
 - We create a sense of security**
 - 53 A safer society because we understand risk
 - 54 Risk strategy and risk management
 - 58 Damage prevention – the most sustainable approach
 - 62 Sustainable products and services
 - 64 Our social commitment
 - Climate and the environment**
 - 67 Our climate and environmental commitment
 - 70 Climate-related financial disclosures (TCFD)
 - 81 We create value in partnership with our suppliers
 - Our engaged employees**
 - 84 Engaged employees
 - 89 Senior group management
 - Responsible investments**
 - 95 Our asset management
 - Responsible risk management and control**
 - 102 Risk understanding and corporate governance lead to long-term value
 - 103 Gjensidige’s Board of Directors comprises broad expertise
 - 109 Ethical operations
 - 114 Corporate governance
 - 120 Our commitment to our owners and creditors
- Chapter 3 – Value created in 2020**
- Chapter 4 – Financial statements and notes**
 - 282 Declaration from the Board and CEO
 - 283 Auditor’s report
 - 288 Independent Auditor’s report

Chapter 2 – Creating added value in Gjensidige - Senior group management



Aysegül Cin

EVP Sweden

Aysegül Cin (1981) has been Executive Vice President of the Swedish segment since 1 September 2018.

Cin joined Gjensidige in 2006 as a trainee. She has previously held several roles and senior positions in the Group in the Private, Corporate Development, Strategy and M&A and Claims divisions, and most recently as Director of CRM and Digital Channels in the Commercial division.

Cin holds an MSc in Industrial Economics and Technology Management (sivilingeniør) from the Norwegian University of Science and Technology (NTNU) and Karlsruhe University in Germany.



Janne Flessum

EVP Communication and Shared Services

Janne Flessum (1971) has been Executive Vice President of Communication and Shared Services since 1 March 2018.

She joined Gjensidige as Head of Investor Relations in 2011, and took over responsibility for M&A and Capital Management in 2016. She has previously served as an investment analyst and portfolio manager with Orkla, corporate finance adviser with Kreditkassen, and as an auditor with Coopers & Lybrand.

Flessum holds a degree from BI Norwegian Business School based on a four year-program in economics and business administration consisting of three years at bachelor/undergraduate level and one year at master/graduate level (siviløkonom).



Catharina Hellerud

EVP Analytics, Product and Price

Catharina Hellerud (1968) has been Executive Vice President of Analytics, Product and Price since 2016. She is also Chair of the Board of Gjensidige Pensjonsforsikring.

Hellerud joined Gjensidige in 2007 as Head of IR and served as CFO from 2011 to 2016. She has previously held positions at Oslo Børs and as an accountant with Ernst & Young.

Hellerud holds a degree from BI Norwegian Business School based on a four year-program in economics and business administration consisting of three years at bachelor/undergraduate level and one year at master/graduate level (siviløkonom), and is a state authorised public accountant from the Norwegian School of Economics (NHH).

She is a member of the board of Mesta AS.

CONTENT

- 3 About this report
- 4 The year that passed
- 6 Key figures and alternative performance measures
- 11 Chair letter
- 14 CEO letter
- Chapter 1 – This is us
- Chapter 2 – Creating added value in Gjensidige
 - 49 Creating value for our stakeholders
 - We create a sense of security
 - 53 A safer society because we understand risk
 - 54 Risk strategy and risk management
 - 58 Damage prevention – the most sustainable approach
 - 62 Sustainable products and services
 - 64 Our social commitment
 - Climate and the environment
 - 67 Our climate and environmental commitment
 - 70 Climate-related financial disclosures (TCFD)
 - 81 We create value in partnership with our suppliers
 - Our engaged employees
 - 84 Engaged employees
 - 89 Senior group management
 - Responsible investments
 - 95 Our asset management
 - Responsible risk management and control
 - 102 Risk understanding and corporate governance lead to long-term value
 - 103 Gjensidige’s Board of Directors comprises broad expertise
 - 109 Ethical operations
 - 114 Corporate governance
 - 120 Our commitment to our owners and creditors
- Chapter 3 – Value created in 2020
- Chapter 4 – Financial statements and notes
 - 282 Declaration from the Board and CEO
 - 283 Auditor’s report
 - 288 Independent Auditor’s report

Chapter 2 – Creating added value in Gjensidige - Senior group management



Mats C. Gottschalk

EVP Denmark

Mats C Gottschalk (1977) has been Executive Vice President of the Danish division since 1 September 2018.

He came from the position Head of Commercial. Gottschalk joined Gjensidige in 2011 with responsibility for strategy and M&A. He was previously executive director in the Investment Banking Division of Goldman Sachs International, and has held various positions with J.P. Morgan in London.

Gottschalk holds an MSc in Industrial Economics and Technology Management (sivilingeniør) from the Norwegian University of Science and Technology (NTNU) and the University of St. Gallen.



Jørgen Ringdal

EVP Organisation, HR and Investigation

Jørgen Ringdal (1960) has been Executive Vice President of Organisation, HR and Investigation since 1 March 2018.

Ringdal joined Gjensidige in 1996 and has held various executive positions in the Group, including as EVP of Group Staff/Shared Services and Finance. He has previously held senior management positions with Norges Bank and KPMG, among others.

Ringdal holds a degree from the Norwegian School of Economics (NHH) based on a four year-program in economics and business administration consisting of three years at bachelor/undergraduate level and one year at master/graduate level (siviløkonom) and is a state authorised public accountant.



Tor Erik Silset

EVP Technology and Infrastructure

Tor Erik Silset (1976) has been Executive Vice President of Technology and Infrastructure since 1 June 2020.

Silset joined Gjensidige in 2005 from Deloitte Consulting. He has previously held a range of different roles and management positions in the Private and Commercial divisions and in Finance and Group Performance Management at group level, most recently as head of property/liability insurance in the Nordic region and national manager for Analysis, Product and Price in Denmark.

Silset holds a degree from BI Norwegian Business School based on a four year-program in economics and business administration consisting of three years at bachelor/undergraduate level and one year at master/graduate level (siviløkonom).

CONTENT

- 3 About this report
- 4 The year that passed
- 6 Key figures and alternative performance measures
- 11 Chair letter
- 14 CEO letter

Chapter 1 – This is us

Chapter 2 – Creating added value in Gjensidige

- 49 Creating value for our stakeholders

We create a sense of security

- 53 A safer society because we understand risk
- 54 Risk strategy and risk management
- 58 Damage prevention – the most sustainable approach
- 62 Sustainable products and services
- 64 Our social commitment

Climate and the environment

- 67 Our climate and environmental commitment
- 70 Climate-related financial disclosures (TCFD)
- 81 We create value in partnership with our suppliers

Our engaged employees

- 84 Engaged employees
- 89 Senior group management

Responsible investments

- 95 Our asset management

Responsible risk management and control

- 102 Risk understanding and corporate governance lead to long-term value
- 103 Gjensidige's Board of Directors comprises broad expertise
- 109 Ethical operations
- 114 Corporate governance
- 120 Our commitment to our owners and creditors

Chapter 3 – Value created in 2020

Chapter 4 – Financial statements and notes

- 282 Declaration from the Board and CEO
- 283 Auditor's report
- 288 Independent Auditor's report



Responsible investments

Our asset management shall primarily cover technical liabilities in the general insurance and pension operations, at the same time as we take moderate risk to contribute to attaining the Group's return targets. Pension operations aim to help customers get the pension they want. Investments are made in accordance with the UN Principles for Responsible Investments (UN PRI), so that they can contribute to a better society and climate.

CONTENT

- 3 About this report
- 4 The year that passed
- 6 Key figures and alternative performance measures
- 11 Chair letter
- 14 CEO letter
- Chapter 1 – This is us**
- Chapter 2 – Creating added value in Gjensidige**
 - 49 Creating value for our stakeholders
 - We create a sense of security**
 - 53 A safer society because we understand risk
 - 54 Risk strategy and risk management
 - 58 Damage prevention – the most sustainable approach
 - 62 Sustainable products and services
 - 64 Our social commitment
 - Climate and the environment**
 - 67 Our climate and environmental commitment
 - 70 Climate-related financial disclosures (TCFD)
 - 81 We create value in partnership with our suppliers
 - Our engaged employees**
 - 84 Engaged employees
 - 89 Senior group management
 - Responsible investments**
 - 95 Our asset management
 - Responsible risk management and control**
 - 102 Risk understanding and corporate governance lead to long-term value
 - 103 Gjensidige’s Board of Directors comprises broad expertise
 - 109 Ethical operations
 - 114 Corporate governance
 - 120 Our commitment to our owners and creditors
- Chapter 3 – Value created in 2020**
- Chapter 4 – Financial statements and notes**
 - 282 Declaration from the Board and CEO
 - 283 Auditor’s report
 - 288 Independent Auditor’s report

Chapter 2 – Creating added value in Gjensidige - Our asset management

Our asset management

The purpose of the investment portfolio is primarily to cover our actuarial liabilities and to help the Group to achieve its return on equity target. Gjensidige’s risk appetite in asset management is limited, however.



Investment portfolio, general insurance

The investment portfolio for general insurance includes all investment funds in the Group, except for investment funds in the Pension segment. A large part of the asset management is outsourced to external managers, while the Group’s investment function concentrates on asset allocation, risk management and the selection of managers. Direct real estate investments take place via the company Oslo Areal, in which Gjensidige has an ownership interest of 50 per cent.

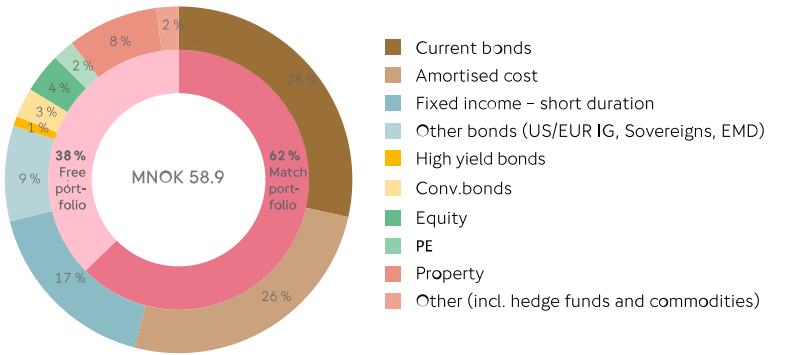
The investment portfolio consists of two parts: a match portfolio and a free portfolio. The match portfolio is intended to correspond to the Group’s technical provisions. It is invested in fixed income instruments whose duration is adapted to match the technical provisions.

The free portfolio consists of various assets classes. The allocation of assets in this portfolio must be seen in connection with the Group’s capitalisation and risk capacity, and the Group’s risk appetite at all times.

Responsible investments

Responsible investments is a collective term for investment strategies that entail the incorporation of sustainability issues, which includes environmental, social and governance criteria, in decisions made before investments are made and in the investor’s role during the investment period. Gjensidige’s investment horizon indicates that an understanding of the connection between sustainable development, risk and return is important in order to succeed.

Investment portfolio as at 31.12.2020



CONTENT

3

About this report

4

The year that passed

6

Key figures and alternative performance measures

11

Chair letter

14

CEO letter

Chapter 1 – This is us

Chapter 2 – Creating added value in Gjensidige

49

Creating value for our stakeholders

We create a sense of security

53

A safer society because we understand risk

54

Risk strategy and risk management

58

Damage prevention – the most sustainable approach

62

Sustainable products and services

64

Our social commitment

Climate and the environment

67

Our climate and environmental commitment

70

Climate-related financial disclosures (TCFD)

81

We create value in partnership with our suppliers

Our engaged employees

84

Engaged employees

89

Senior group management

Responsible investments

95

Our asset management

Responsible risk management and control

102

Risk understanding and corporate governance lead to long-term value

103

Gjensidige’s Board of Directors comprises broad expertise

109

Ethical operations

114

Corporate governance

120

Our commitment to our owners and creditors

Chapter 3 – Value created in 2020

Chapter 4 – Financial statements and notes

282

Declaration from the Board and CEO

283

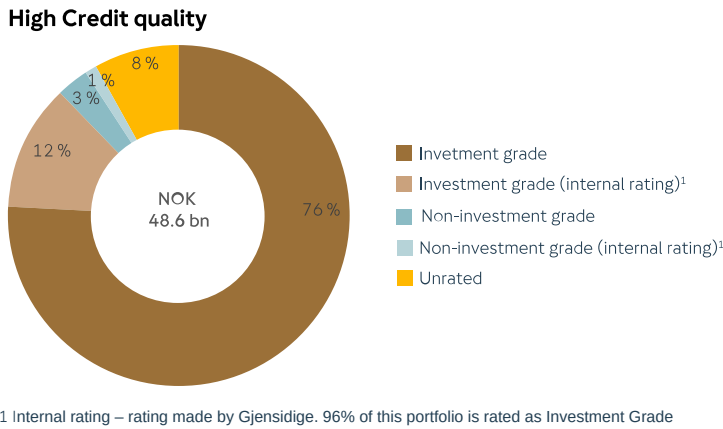
Auditor’s report

288

Independent Auditor’s report

Chapter 2 – Creating added value in Gjensidige - Our asset management

There are several different approaches to responsible investments, and this section describes Gjensidige’s approach in more detail. Gjensidige believes that companies that incorporate sustainability into their practices have better prospects of profitability because they have a better understanding of risk management and market developments than other companies.



How we choose and follow up our investments

We are a signatory to and/or endorses various initiatives to promote responsible investments.

- Our asset management is based on the 10 UN Global Compact principles, which promote human rights, labour standards, the environment and anti-corruption work. The work is enshrined in Gjensidige’s group policy for responsible investments and pertaining instructions, which is available at Gjensidige.no.
- Endorsed the UN Principles for Responsible Investment (UN PRI) in 2020, affirming our commitment to act in the best interest of our stakeholders in a long-term perspective. The endorsement reflects our support for recognition of the importance of sustainability.
- The Carbon Disclosure Project (CDP) as an Investor Signatory to encourage companies to improve their reporting of their environmental impact and the strategies and measures they use to reduce carbon emissions.
- We are a member of the Norwegian Forum for Responsible and Sustainable Investments (NORSIF), support the work on developing and promoting sustainable investments as a dedicated field in Norway, and share experience and knowledge across the Norwegian financial community.

The Group’s Chief Investment Officer (CIO) is responsible for ensuring compliance with the policy and guidelines. Gjensidige demands that all investments comply with conventions on human rights, environmental harm and economic crime. Sustainability is engaged as a consultant to conduct ethical screening of companies. Sustainability’s findings, together with information from other external

CONTENT	Chapter 2 – Creating added value in Gjensidige - Our asset management
3 About this report	
4 The year that passed	
6 Key figures and alternative performance measures	
11 Chair letter	
14 CEO letter	
Chapter 1 – This is us	
Chapter 2 – Creating added value in Gjensidige	
49 Creating value for our stakeholders	sources, form the basis for the exclusion of and dialogue with companies in Gjensidige’s investment universe.
We create a sense of security	One member of the capital management team is responsible for reviewing and compiling all information from the external consultant and other external sources in connection with preparation of Gjensidige’s exclusion list. This employee proposes a recommendation to the CIO and the Chief Risk Officer (CRO), who together make a final decision on whether to exclude companies or take them off the exclusion list. Companies that commit serious or systematic violations of Gjensidige’s ethical guidelines and fail to take satisfactory steps to correct their conduct shall be placed on the list of excluded companies.
53 A safer society because we understand risk	
54 Risk strategy and risk management	
58 Damage prevention – the most sustainable approach	
62 Sustainable products and services	
64 Our social commitment	
Climate and the environment	
67 Our climate and environmental commitment	
70 Climate-related financial disclosures (TCFD)	
81 We create value in partnership with our suppliers	When a company has been excluded, it must be immediately removed from the internally managed portfolio, unless the company has substantiated a plan to rectify the circumstances leading to exclusion. If excluded companies are part of externally managed portfolios, we will enter into dialogue with the manager about exclusion and/or follow-up of the company. We only enter into agreements with investment managers who have appropriate guidelines and an investment history based on sustainability. This is a highly important criteria in the selection of external managers.
Our engaged employees	
84 Engaged employees	
89 Senior group management	
Responsible investments	
95 Our asset management	
Responsible risk management and control	
102 Risk understanding and corporate governance lead to long-term value	
103 Gjensidige’s Board of Directors comprises broad expertise	
109 Ethical operations	
114 Corporate governance	
120 Our commitment to our owners and creditors	
Chapter 3 – Value created in 2020	
Chapter 4 – Financial statements and notes	
282 Declaration from the Board and CEO	
283 Auditor’s report	
288 Independent Auditor’s report	

If excluded companies nonetheless appear in externally managed funds, the manager will be asked to explain the situation. Managers who are unable to provide a satisfactory explanation within a reasonable time or who fail to demonstrate willingness to satisfy Gjensidige’s ethical guidelines will not be given new investment mandates. Gjensidige’s CIO decides in each case whether the violation is severe enough for existing investments to be terminated.

Gjensidige considers good relations with external managers to be very important, as this can give us greater influence on underlying companies than we can achieve directly.

This must be seen in light of the structure of the investment portfolio, where the majority of the funds are under external management and only a small proportion are direct investments. The SRI work is summed up by the table below.

The work carried out is proportionate to the share of our investments that largely entail following up external fund managers, bond investments in the match portfolio and real estate investments in Oslo Areal.

CONTENT

3

About this report

4

The year that passed

6

Key figures and alternative performance measures

11

Chair letter

14

CEO letter

Chapter 1 – This is us

Chapter 2 – Creating added value in Gjensidige

49

Creating value for our stakeholders

We create a sense of security

53

A safer society because we understand risk

54

Risk strategy and risk management

58

Damage prevention – the most sustainable approach

62

Sustainable products and services

64

Our social commitment

Climate and the environment

67

Our climate and environmental commitment

70

Climate-related financial disclosures (TCFD)

81

We create value in partnership with our suppliers

Our engaged employees

84

Engaged employees

89

Senior group management

Responsible investments

95

Our asset management

Responsible risk management and control

102

Risk understanding and corporate governance lead to long-term value

103

Gjensidige’s Board of Directors comprises broad expertise

109

Ethical operations

114

Corporate governance

120

Our commitment to our owners and creditors

Chapter 3 – Value created in 2020

Chapter 4 – Financial statements and notes

282

Declaration from the Board and CEO

283

Auditor’s report

288

Independent Auditor’s report

Chapter 2 – Creating added value in Gjensidige - Our asset management

Direct investments		External asset managers	
Equities	Bonds	Real estate	All asset classes
Negative screening based on own exclusion list.	Negative screening based on own exclusion list.	The BREEAM NOR environmental classification system is used for new buildings, complete renovations and partially for buildings in use.	Negative screening based on own exclusion list.
Active ownership We endeavour to influence companies through dialogue where we consider it expedient.	Active ownership Sustainability is a part of all credit analyses that form the basis for investments in corporate bonds, and in the ongoing dialogue with companies and the dialogue prior to share issues.	Active ownership Through Oslo Areal, Gjensidige invests in green buildings and locations, particularly located near public transport hubs.	Proponent for changing investment mandates and individual investments that are not in accordance with Gjensidige’s investment policy.

CONTENT

- 3 About this report
- 4 The year that passed
- 6 Key figures and alternative performance measures
- 11 Chair letter
- 14 CEO letter
- Chapter 1 – This is us**
- Chapter 2 – Creating added value in Gjensidige**
 - 49 Creating value for our stakeholders
 - We create a sense of security**
 - 53 A safer society because we understand risk
 - 54 Risk strategy and risk management
 - 58 Damage prevention – the most sustainable approach
 - 62 Sustainable products and services
 - 64 Our social commitment
 - Climate and the environment**
 - 67 Our climate and environmental commitment
 - 70 Climate-related financial disclosures (TCFD)
 - 81 We create value in partnership with our suppliers
 - Our engaged employees**
 - 84 Engaged employees
 - 89 Senior group management
 - Responsible investments**
 - 95 Our asset management
 - Responsible risk management and control**
 - 102 Risk understanding and corporate governance lead to long-term value
 - 103 Gjensidige’s Board of Directors comprises broad expertise
 - 109 Ethical operations
 - 114 Corporate governance
 - 120 Our commitment to our owners and creditors
- Chapter 3 – Value created in 2020**
- Chapter 4 – Financial statements and notes**
 - 282 Declaration from the Board and CEO
 - 283 Auditor’s report
 - 288 Independent Auditor’s report

Chapter 2 – Creating added value in Gjensidige - Our asset management

Climate risk and emissions in investment activities

Financial climate risk is considered to be the risk associated with unanticipated effects of climate changes that leads to changes in valuations of financial assets.

The Task Force on Climate-related Financial Disclosures (TCFD) has identified three risk categories. The biggest financial climate risk for Gjensidige’s investment portfolio is assumed to arise in the transition to a low-emission society where climate regulation, more stringent emission requirements, a relative change in cost between old and new technologies and changes in market preferences can affect the value of investments. Details concerning these assessments are described in the section Climate-related financial disclosures (TCFD). Through the year, Gjensidige has also made use of external tools such as the Paris Agreement Capital Transition Assessment (PACTA) to gain a better understanding of and quantify climate risk in our investment portfolio.

In accordance with our own internal sustainability goals, and the recommendations of the TCFD and the UN Environmental Programme Financial Initiative (UNEP FI), Gjensidige wishes to measure and report greenhouse gas emissions from the investment portfolio. Measurement and reporting of emissions will give us information about the source of the emissions and where Gjensidige can direct efforts to reduce its climate footprint. In the long term, this can be used to evaluate the effect of Gjensidige’s internal work in the sustainability area. Based on a compilation of reported figures and estimates developed by Trucost, we were able to measure the weighted average carbon intensity of our portfolio of listed shares for 2020, in addition to previously reported emissions from real estate investments. With 2020 as the base year, we also have a benchmark

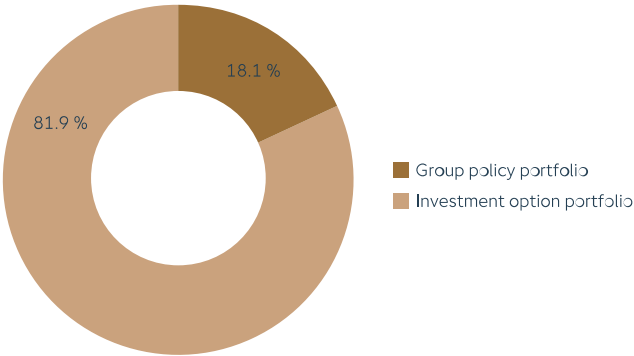
for the future development of the equity portfolio. For details, see the section “Results of our commitment to responsible investments”.

Management of client assets in Gjensidige Pensjonsforsikring (GPF)

GPF manages assets on behalf of its customers. Its main products are group occupational pensions, which are defined-contribution schemes with pertaining risk coverage, management of pension capital certificates and paid-up policies, individual unit-linked pension and individual disability pension. Total assets under management at 31 December 2020 amounted to NOK 42 billion.

The portfolios are divided into the group policy portfolio, which is intended to cover actuarial liabilities where GPF carries the financial risk; the unit-linked portfolio, where customers carry the financial risk; and the corporate portfolio, consisting of the company’s equity and subordinated loans.

Customer portfolio as at 31.12.2020



CONTENT

- 3 About this report
- 4 The year that passed
- 6 Key figures and alternative performance measures
- 11 Chair letter
- 14 CEO letter

Chapter 1 – This is us

Chapter 2 – Creating added value in Gjensidige

- 49 Creating value for our stakeholders
- We create a sense of security
- 53 A safer society because we understand risk
- 54 Risk strategy and risk management
- 58 Damage prevention – the most sustainable approach
- 62 Sustainable products and services
- 64 Our social commitment

Climate and the environment

- 67 Our climate and environmental commitment
- 70 Climate-related financial disclosures (TCFD)
- 81 We create value in partnership with our suppliers

Our engaged employees

- 84 Engaged employees
- 89 Senior group management

Responsible investments

- 95 Our asset management

Responsible risk management and control

- 102 Risk understanding and corporate governance lead to long-term value
- 103 Gjensidige’s Board of Directors comprises broad expertise
- 109 Ethical operations
- 114 Corporate governance
- 120 Our commitment to our owners and creditors

Chapter 3 – Value created in 2020

Chapter 4 – Financial statements and notes

- 282 Declaration from the Board and CEO
- 283 Auditor’s report
- 288 Independent Auditor’s report

Chapter 2 – Creating added value in Gjensidige - Our asset management

The purpose of the asset management is to achieve a competitive return for the pension profiles included in the unit-linked portfolio, and to meet obligations to customers in the group policy portfolio, while considering GPF’s appetite and capacity for risk.

GPF is an independent asset manager, and the asset allocation in the unit-linked portfolio only uses funds managed by external investment managers. We make all decisions concerning strategy, asset classes, portfolio construction, manager selection and risk management.

GPF follows the Group’s policy for responsible investments and cooperates with the Group’s investment centre.

The selection of investment managers for the customer portfolios is based on a comprehensive selection process carried out by the investment centre on assignment for and in cooperation with GPF. All external investment managers are required to have a clear policy for responsible investment integrated in their processes. All the funds included in the customer portfolios are screened against Gjensidige’s exclusion list on a quarterly basis.

The follow-up of investment managers follows internal Gjensidige guidelines. Any breaches of the exclusion list by investment managers who are only used in GPF’s customer portfolios and not Gjensidige’s own portfolios will be followed up by GPF.

The pension profiles and funds customers can choose are labelled with the Morningstar Sustainability Rating (if applicable). GPF aims to establish regular carbon reporting for its asset management in 2021.

CONTENT

- 3 About this report
- 4 The year that passed
- 6 Key figures and alternative performance measures
- 11 Chair letter
- 14 CEO letter
- Chapter 1 – This is us**
- Chapter 2 – Creating added value in Gjensidige**
 - 49 Creating value for our stakeholders
 - We create a sense of security**
 - 53 A safer society because we understand risk
 - 54 Risk strategy and risk management
 - 58 Damage prevention – the most sustainable approach
 - 62 Sustainable products and services
 - 64 Our social commitment
 - Climate and the environment**
 - 67 Our climate and environmental commitment
 - 70 Climate-related financial disclosures (TCFD)
 - 81 We create value in partnership with our suppliers
 - Our engaged employees**
 - 84 Engaged employees
 - 89 Senior group management
 - Responsible investments**
 - 95 Our asset management
 - Responsible risk management and control**
 - 102 Risk understanding and corporate governance lead to long-term value
 - 103 Gjensidige’s Board of Directors comprises broad expertise
 - 109 Ethical operations
 - 114 Corporate governance
 - 120 Our commitment to our owners and creditors
- Chapter 3 – Value created in 2020**
- Chapter 4 – Financial statements and notes**
 - 282 Declaration from the Board and CEO
 - 283 Auditor’s report
 - 288 Independent Auditor’s report



Responsible risk management and control

Correct risk pricing is the most important thing we do, with regard to profitability, the company’s financial strength and our responsibility to society.

CONTENT

3

About this report

4

The year that passed

6

Key figures and alternative performance measures

11

Chair letter

14

CEO letter

Chapter 1 – This is us

Chapter 2 – Creating added value in Gjensidige

49

Creating value for our stakeholders

We create a sense of security

53

A safer society because we understand risk

54

Risk strategy and risk management

58

Damage prevention – the most sustainable approach

62

Sustainable products and services

64

Our social commitment

Climate and the environment

67

Our climate and environmental commitment

70

Climate-related financial disclosures (TCFD)

81

We create value in partnership with our suppliers

Our engaged employees

84

Engaged employees

89

Senior group management

Responsible investments

95

Our asset management

Responsible risk management and control

102

Risk understanding and corporate governance lead to long-term value

103

Gjensidige’s Board of Directors comprises broad expertise

109

Ethical operations

114

Corporate governance

120

Our commitment to our owners and creditors

Chapter 3 – Value created in 2020

Chapter 4 – Financial statements and notes

282

Declaration from the Board and CEO

283

Auditor’s report

288

Independent Auditor’s report

Risk understanding and corporate governance lead to long-term value

Risk management is at the core of our business. We have a robust framework and procedures to ensure that we only take on risks we understand, to an extent we can handle. Our Code of Conduct shall ensure that we stay well within the norms the society expects of us.

The Board is elected by an independent Nomination Committee and has overall responsibility for ensuring that the Group is managed responsibly, including responsibility for finances, the environment, social conditions and compliance with laws and regulations. This entails ensuring that the work on risk management and internal control is organised, documented and reported on in an expedient manner. The Board has appointed three sub-committees, and all board members are dedicated to one of these committees. The board committees are preparatory and are tasked with exploring matters in depth and enabling the Board to monitor the financial reporting process and the systems for internal control and risk management. In addition, a remuneration committee assists the Board on matters relating to remuneration.

The Board has adopted the Company’s strategy with sustainability as the foundation for all activities. The Board has also adopted policies to be able to monitor goal attainment and compliance with internal rules and external legislation, and the management reports on the status of this on a quarterly basis.

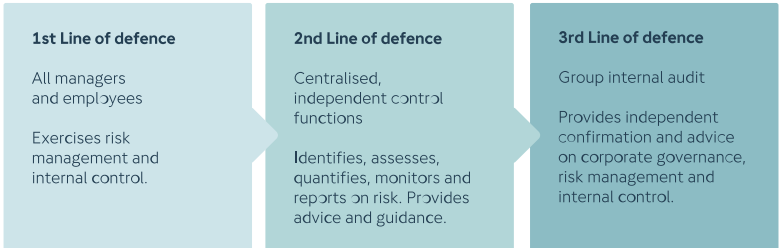
The established governance structure applies to finances, the environment, social conditions and compliance with laws and regulations. The governance structure is described in more detail in the section on ‘Corporate governance’, in Note 3 to the accounts and in the section ‘Risk strategy and risk management’.

The remuneration of executive personnel is linked to value creation over time, reflects responsibilities and expertise and is based on measureable outcomes. This is described in more detail in Note 8 to the accounts and in the section ‘Corporate governance’.

Corporate governance and control of different types of risk

Gjensidige adheres to the principle of three lines of defence to ensure good risk management and control.

The Group’s second-line functions are independent of its operational activities and submit their reports directly to the CEO and the Board or the Board committees. The control functions are also responsible for organising and ensuring a comprehensive and ongoing process for risk assessments and follow-up.



CONTENT

- 3 About this report
- 4 The year that passed
- 6 Key figures and alternative performance measures
- 11 Chair letter
- 14 CEO letter
- Chapter 1 – This is us**
- Chapter 2 – Creating added value in Gjensidige**
 - 49 Creating value for our stakeholders
 - We create a sense of security**
 - 53 A safer society because we understand risk
 - 54 Risk strategy and risk management
 - 58 Damage prevention – the most sustainable approach
 - 62 Sustainable products and services
 - 64 Our social commitment
 - Climate and the environment**
 - 67 Our climate and environmental commitment
 - 70 Climate-related financial disclosures (TCFD)
 - 81 We create value in partnership with our suppliers
 - Our engaged employees**
 - 84 Engaged employees
 - 89 Senior group management
 - Responsible investments**
 - 95 Our asset management
 - Responsible risk management and control**
 - 102 Risk understanding and corporate governance lead to long-term value
 - 103 Gjensidige’s Board of Directors comprises broad expertise
 - 109 Ethical operations
 - 114 Corporate governance
 - 120 Our commitment to our owners and creditors
- Chapter 3 – Value created in 2020**
- Chapter 4 – Financial statements and notes**
 - 282 Declaration from the Board and CEO
 - 283 Auditor’s report
 - 288 Independent Auditor’s report

Chapter 2 – Creating added value in Gjensidige - Gjensidige’s Board of Directors comprises broad expertise

Gjensidige’s Board of Directors comprises broad expertise

Gisele Marchand – Chair

Gisele Marchand (1958) holds an MBA from Copenhagen Business School.

Marchand was elected Chair of the Board in 2018, and has been a member of Gjensidige’s Board of Directors since 2010. She is Chair of the Remuneration Committee and a member of the Risk Committee.

Marchand is a board member and Chair of the Audit Committee in Norgesgruppen ASA and Chair of the Board of Norgesgruppen Finans Holding AS. Furthermore, she is a member of the Board of Selvaag Bolig ASA, where she is also a member of the Remuneration Committee and Chair of the Audit Committee. She is a board member of Eiendomsspar AS, Victoria Eiendom AS, Scatec Solar ASA, where she is also a member of the Audit Committee, and Chair of the Board of Boligbygg Oslo KF. She is a member of Entra Eiendom AS’s Nomination Committee. She has also previously been a member of a number of other boards, including Norske Skog ASA and Oslo Børs AS.

Marchand has previously been CEO of the law firm Haavind AS, Eksportfinans ASA, the Norwegian Public Service Pension Fund, and the Bates Group and Executive Vice President at Den norske Bank, with responsibility for retail and commercial customers in Norway.

Marchand has extensive management experience from the financial sector, in addition to insurance expertise through many years on Gjensidige Forsikring’s Board. Marchand also has broad expertise in sustainable development from several different sectors.

Gisele Marchand is independent of key employees, main business partners and the main shareholder.



Marchand is up for re-election to the Board in 2021.
Number of shares in Gjensidige: See Note 8.

CONTENT

- 3 About this report
- 4 The year that passed
- 6 Key figures and alternative performance measures
- 11 Chair letter
- 14 CEO letter
- Chapter 1 – This is us
- Chapter 2 – Creating added value in Gjensidige
 - 49 Creating value for our stakeholders
 - We create a sense of security
 - 53 A safer society because we understand risk
 - 54 Risk strategy and risk management
 - 58 Damage prevention – the most sustainable approach
 - 62 Sustainable products and services
 - 64 Our social commitment
 - Climate and the environment
 - 67 Our climate and environmental commitment
 - 70 Climate-related financial disclosures (TCFD)
 - 81 We create value in partnership with our suppliers
 - Our engaged employees
 - 84 Engaged employees
 - 89 Senior group management
 - Responsible investments
 - 95 Our asset management
 - Responsible risk management and control
 - 102 Risk understanding and corporate governance lead to long-term value
 - 103 Gjensidige’s Board of Directors comprises broad expertise
 - 109 Ethical operations
 - 114 Corporate governance
 - 120 Our commitment to our owners and creditors
- Chapter 3 – Value created in 2020
- Chapter 4 – Financial statements and notes
 - 282 Declaration from the Board and CEO
 - 283 Auditor’s report
 - 288 Independent Auditor’s report

Chapter 2 – Creating added value in Gjensidige - Gjensidige’s Board of Directors comprises broad expertise



Eivind Elnan – Board member

Eivind Elnan (1974) has been a member of Gjensidige’s Board of Directors since 2017. He holds an MSc in Industrial Economics and Technology Management (sivilingeniør) from the Norwegian University of Science and Technology (NTNU).

Elnan is Chair of the Board of AX Innovasjon AS, Industrivegen 10 Verdal AS and FPS Holding AS. Elnan is also a member of the board of the Gjensidige Foundation.

Elnan has founded and built up several technology companies, including Securo AS and Hypoxic Technologies AS, which in 2017 become part of the German Wagner Group, and where he is now the general manager.

Elnan has previous work experience from Securo AS, Innherred Vekst AS and Accenture and other firms.

Eivind Elnan is independent of key employees and main business partners.

Elnan is up for re-election to the Board in 2021.

Number of shares in Gjensidige: See Note 8.



Tor Magne Lønnum – Board member

Tor Magne Lønnum (1967) was elected to the Board for the first time in 2020.

Lønnum is a registered public accountant from BI Norwegian Business School, and holds the exam for state-authorised public accountants from the Norwegian School of Economics (NHH), as well as an Executive Master of Business and Administration from the University of Bristol and Ecole Nationale des Ponts et Chaussées. Lønnum is a member of the board of Recover Nordic. He is currently CFO of Falck A/S.

Lønnum has experience as Chair of the Board of Lindorff, and a board member of TGS Nopec Geophysical Company ASA, Bakkafrøst and SR Bank. He has previous experience as CFO of Aimia Inc., Tryg as and Tryg Forsikring as. Lønnum also has experience as Manager in KPMG as, CFO and EVP for Strategy and Group Development of Gjensidige NOR Forsikring and as CFO of Gjensidige Forsikring ASA.

Tor Magne Lønnum is independent of key employees, main business partners and the main shareholder.

Lønnum is up for re-election to the Board in 2021.

Number of shares in Gjensidige: See Note 8.

CONTENT

- 3 About this report
- 4 The year that passed
- 6 Key figures and alternative performance measures
- 11 Chair letter
- 14 CEO letter
- Chapter 1 – This is us
- Chapter 2 – Creating added value in Gjensidige
 - 49 Creating value for our stakeholders
 - We create a sense of security
 - 53 A safer society because we understand risk
 - 54 Risk strategy and risk management
 - 58 Damage prevention – the most sustainable approach
 - 62 Sustainable products and services
 - 64 Our social commitment
 - Climate and the environment
 - 67 Our climate and environmental commitment
 - 70 Climate-related financial disclosures (TCFD)
 - 81 We create value in partnership with our suppliers
 - Our engaged employees
 - 84 Engaged employees
 - 89 Senior group management
 - Responsible investments
 - 95 Our asset management
 - Responsible risk management and control
 - 102 Risk understanding and corporate governance lead to long-term value
 - 103 Gjensidige’s Board of Directors comprises broad expertise
 - 109 Ethical operations
 - 114 Corporate governance
 - 120 Our commitment to our owners and creditors
- Chapter 3 – Value created in 2020
- Chapter 4 – Financial statements and notes
 - 282 Declaration from the Board and CEO
 - 283 Auditor’s report
 - 288 Independent Auditor’s report

Chapter 2 – Creating added value in Gjensidige - Gjensidige’s Board of Directors comprises broad expertise



Gunnar Robert Sellæg – Board member

Gunnar Robert Sellæg (1973) was elected to the Board for the first time in 2020, and is also a member of the Remuneration Committee.

Sellæg holds an MSc degree (sivilingeniør) with the emphasis on process control from the Department of Chemical Engineering at the Norwegian University of Science and Technology (NTNU) / the Norwegian Institute of Technology (NTH).

He is Chair of the Board of Catenda AS, Mimiro AS, Dogu-SalesScreen AS, Inspira AS and NewGenerationCommunication AS and a member of the board of NTE ASA and Amedia AS.

Sellæg has broad experience of startups, digital initiatives, innovation and internationalisation, including services such as WiMP/Tidal, E24, Min Sky and Appear.in/Whereby. He has held various positions at Schibsted, including as CEO of Aftenposten Multimedia AS, CEO of Aspiro AB, and Chief Product Officer and EVP Markets at Telenor Group ASA. In 2017, he was one of the three entrepreneurs who started Spring Capital Polaris, where he is currently partner and investor.

Gunnar Robert Sellæg represents the Gjensidige Foundation and is independent of key employees and main business partners.

Sellæg is up for re-election to the Board in 2021.

Number of shares in Gjensidige: See Note 8.



Vibeke Krag – Board member

Vibeke Krag (1962) has been a member of Gjensidige’s Board of Directors since 2018.

Krag has a master’s degree in law (cand.jur.) from the University of Copenhagen, and a Board Leadership Masterclass from Copenhagen Business School.

She is a member of the board of Nykredit A/S, Nykredit Realkredit A/S, Forenet Kredit and Konkurrencerådet (the Danish competition authority), appointed by the Danish government. Krag is also on the Board of Representatives of the Danish pension group ATP, and a member of the board of several small public institutions. She is also a member of the Nomination Committee for the University of Copenhagen.

Krag has broad management experience, legal expertise and extensive expertise and experience in insurance. She also has considerable experience of board work in a number of companies in the insurance, finance and energy sectors as well as public boards and committees.

Vibeke Krag is independent of key employees, main business partners and the main shareholder.

Krag is up for re-election in 2021.

Number of shares in Gjensidige: See Note 8.

CONTENT

- 3 About this report
- 4 The year that passed
- 6 Key figures and alternative performance measures
- 11 Chair letter
- 14 CEO letter
- Chapter 1 – This is us**
- Chapter 2 – Creating added value in Gjensidige**
 - 49 Creating value for our stakeholders
 - We create a sense of security**
 - 53 A safer society because we understand risk
 - 54 Risk strategy and risk management
 - 58 Damage prevention – the most sustainable approach
 - 62 Sustainable products and services
 - 64 Our social commitment
 - Climate and the environment**
 - 67 Our climate and environmental commitment
 - 70 Climate-related financial disclosures (TCFD)
 - 81 We create value in partnership with our suppliers
 - Our engaged employees**
 - 84 Engaged employees
 - 89 Senior group management
 - Responsible investments**
 - 95 Our asset management
 - Responsible risk management and control**
 - 102 Risk understanding and corporate governance lead to long-term value
 - 103 Gjensidige’s Board of Directors comprises broad expertise
 - 109 Ethical operations
 - 114 Corporate governance
 - 120 Our commitment to our owners and creditors
- Chapter 3 – Value created in 2020**
- Chapter 4 – Financial statements and notes**
 - 282 Declaration from the Board and CEO
 - 283 Auditor’s report
 - 288 Independent Auditor’s report

Chapter 2 – Creating added value in Gjensidige - Gjensidige’s Board of Directors comprises broad expertise



Ellen Kristin Enger – Board member

Ellen Kristin Enger (1963) was elected employee representative to Gjensidige’s Board of Directors in 2020.

She works as a certified insurance adviser in accident and health insurance at Gjensidige Forsikring.

Enger has worked in Gjensidige Forsikring since 1986. She is also Gjensidige Forsikring’s chief union representative.

Enger is a member of the board of Gjensidige Pensjonskasse.

She is up for re-election to the Board in 2022.

Number of shares in Gjensidige: See Note 8.



Hilde Merete Nafstad – Board member

Hilde Merete Nafstad (1963) has been a member of Gjensidige’s Board of Directors since 2017.

Nafstad holds an MBA degree (siviløkonom) from BI Norwegian Business School.

Nafstad is a member of the board of the Gjensidige Foundation, and holds several directorships in Equinor’s international subsidiaries.

Nafstad is VP of Finance and Control at Equinor. She has previously held several senior positions at Equinor (formerly Statoil), Norsk Hydro, Saga Petroleum and the Ministry of Petroleum and Energy.

Hilde Merete Nafstad is independent of key employees and main business partners.

She is up for re-election to the Board in 2021.

Number of shares in Gjensidige: See Note 8.

CONTENT

- 3 About this report
- 4 The year that passed
- 6 Key figures and alternative performance measures
- 11 Chair letter
- 14 CEO letter

Chapter 1 – This is us

Chapter 2 – Creating added value in Gjensidige

- 49 Creating value for our stakeholders

We create a sense of security

- 53 A safer society because we understand risk
- 54 Risk strategy and risk management
- 58 Damage prevention – the most sustainable approach
- 62 Sustainable products and services
- 64 Our social commitment

Climate and the environment

- 67 Our climate and environmental commitment
- 70 Climate-related financial disclosures (TCFD)
- 81 We create value in partnership with our suppliers

Our engaged employees

- 84 Engaged employees
- 89 Senior group management

Responsible investments

- 95 Our asset management

Responsible risk management and control

- 102 Risk understanding and corporate governance lead to long-term value
- 103 Gjensidige's Board of Directors comprises broad expertise
- 109 Ethical operations
- 114 Corporate governance
- 120 Our commitment to our owners and creditors

Chapter 3 – Value created in 2020

Chapter 4 – Financial statements and notes

- 282 Declaration from the Board and CEO
- 283 Auditor's report
- 288 Independent Auditor's report

Chapter 2 – Creating added value in Gjensidige - Gjensidige's Board of Directors comprises broad expertise



Ruben Pettersen – Board member

Ruben Petersen (1988) was elected employee representative to Gjensidige's Board of Directors in 2020.

Pettersen holds a bachelor's degree in business and administration from Trondheim Økonomiske Høgskole.

He has worked in Gjensidige Forsikring since 2013. He is the main employee representative for the Private division and chief safety representative at Gjensidige Forsikring.

Pettersen is up for re-election to the Board in 2022.

Number of shares in Gjensidige: See Note 8.



Terje Seljeseth – Board member

Terje Seljeseth (1960) has been a member of Gjensidige's Board of Directors since 2018.

ADB candidate/IT from Oslo Computer College (Datahøgskolen i Oslo) and a degree in mathematics/informatics from the University of Oslo.

Seljeseth works on investments and analytics at Blommenholm Industrier, the biggest owner of Schibsted, with a controlling interest. He is a member of the board of Schibsted's subsidiary Adevinta, Headhunter.ru in Russia and TX Markets in Switzerland, and Chair of the Board of Videocation.no AS. He held the position of CEO of Schibsted for many years and was responsible for developing Schibsted Classified Media (now Adevinta) and the business area Products and Technology.

He has also been CEO of FINN.no and held various technology positions at Aftenposten AS and Telenor Media AS.

Seljeseth is independent of key employees, main business partners and the main shareholder.

Seljeseth is up for re-election in 2021.

Number of shares in Gjensidige: See Note 8.

CONTENT

- 3 About this report
- 4 The year that passed
- 6 Key figures and alternative performance measures
- 11 Chair letter
- 14 CEO letter
- Chapter 1 – This is us**
- Chapter 2 – Creating added value in Gjensidige**
 - 49 Creating value for our stakeholders
 - We create a sense of security**
 - 53 A safer society because we understand risk
 - 54 Risk strategy and risk management
 - 58 Damage prevention – the most sustainable approach
 - 62 Sustainable products and services
 - 64 Our social commitment
 - Climate and the environment**
 - 67 Our climate and environmental commitment
 - 70 Climate-related financial disclosures (TCFD)
 - 81 We create value in partnership with our suppliers
 - Our engaged employees**
 - 84 Engaged employees
 - 89 Senior group management
 - Responsible investments**
 - 95 Our asset management
 - Responsible risk management and control**
 - 102 Risk understanding and corporate governance lead to long-term value
 - 103 Gjensidige’s Board of Directors comprises broad expertise
 - 109 Ethical operations
 - 114 Corporate governance
 - 120 Our commitment to our owners and creditors
- Chapter 3 – Value created in 2020**
- Chapter 4 – Financial statements and notes**
 - 282 Declaration from the Board and CEO
 - 283 Auditor’s report
 - 288 Independent Auditor’s report

Chapter 2 – Creating added value in Gjensidige - Gjensidige’s Board of Directors comprises broad expertise



Sebastian Buur Gabe Kristiansen
– Board member

Sebastian Buur Gabe Kristiansen (1987) joined Gjensidige’s Board of Directors as an employee representative in 2020.

He is the union representative for Forsikringsforbundet at Gjensidige Forsikring in Denmark.

Gabe Kristiansen has a financial degree in insurance, pension and secured credit from Niels Brock in Copenhagen, and supplementary education from the Danish Insurance Academy.

Gabe Kristiansen has held various positions at both Alka Forsikring and If. At Gjensidige, he has worked on claims processing and system development.

Gabe Kristiansen is up for re-election to the Board in 2021.

Number of shares in Gjensidige: See Note 8.

CONTENT

- 3 About this report
- 4 The year that passed
- 6 Key figures and alternative performance measures
- 11 Chair letter
- 14 CEO letter
- Chapter 1 – This is us**
- Chapter 2 – Creating added value in Gjensidige**
 - 49 Creating value for our stakeholders
 - We create a sense of security**
 - 53 A safer society because we understand risk
 - 54 Risk strategy and risk management
 - 58 Damage prevention – the most sustainable approach
 - 62 Sustainable products and services
 - 64 Our social commitment
 - Climate and the environment**
 - 67 Our climate and environmental commitment
 - 70 Climate-related financial disclosures (TCFD)
 - 81 We create value in partnership with our suppliers
 - Our engaged employees**
 - 84 Engaged employees
 - 89 Senior group management
 - Responsible investments**
 - 95 Our asset management
 - Responsible risk management and control**
 - 102 Risk understanding and corporate governance lead to long-term value
 - 103 Gjensidige’s Board of Directors comprises broad expertise
 - 109 Ethical operations
 - 114 Corporate governance
 - 120 Our commitment to our owners and creditors
- Chapter 3 – Value created in 2020**
- Chapter 4 – Financial statements and notes**
 - 282 Declaration from the Board and CEO
 - 283 Auditor’s report
 - 288 Independent Auditor’s report

Chapter 2 – Creating added value in Gjensidige - Ethical operations

Ethical operations

Gjensidige is completely dependent on the trust of our surroundings to carry out our social mission, namely safeguarding lives, health and assets. Ethics are essential in this context.

Read more about Code-of Conduct at www.gjensidige.no and Appendix 2 "Selected governing documents".

Gjensidige depends on the trust of customers, suppliers, the authorities, shareholders and society at large to be able to run its business. The Company's Code of Conduct shall ensure that all employees act in a way that maintains trust in the Company. All Gjensidige's activities must stand up to public scrutiny.

Areas subject to strict follow-up of compliance

Data protection (GDPR)

Gjensidige processes personal data in accordance with the provisions of the Personal Data Act and the General Data Protection Regulation (GDPR). The group policy and instructions for the processing of personal data set out detailed requirements and principles for ensuring compliance with the statutory requirements. Gjensidige's employees are bound by a statutory duty of secrecy about all matters relating to our customers. Data protection training is mandatory for all employees and is also a part of the introductory programme for new employees. Access to personal data shall only be granted to employees who need it in the course of their work. The Company shall not obtain other personal data than it needs for the specific purposes for which they are processed. Personal data shall only be used and



stored for as long as this is necessary for the purposes, and must then be erased, unless special requirements for storage are authorised by law.

The respective EVPs have overriding responsibility for the processing of personal data and internal control relating thereto. Other managers are responsible for ensuring that employees who have access to personal data have the competence and other qualifications required to comply with the applicable personal data regulations and the Company's internal guidelines for data protection.

Gjensidige has data protection officers whose main task is to inform and advise the Company's management on the Company's obligations under data protection legislation, and to inform and advise employees who process personal data. The data protection officers monitor compliance with external and internal regulations and are in contact with the Norwegian Data Protection Authority, and with customers and employees who have queries about the processing of personal data.

Customers and others Gjensidige processes personal data about can request access to the information stored about them at any time, and they can demand that incorrect information be corrected. Requests

CONTENT

- 3 About this report
- 4 The year that passed
- 6 Key figures and alternative performance measures
- 11 Chair letter
- 14 CEO letter
- Chapter 1 – This is us**
- Chapter 2 – Creating added value in Gjensidige**
 - 49 Creating value for our stakeholders
 - We create a sense of security**
 - 53 A safer society because we understand risk
 - 54 Risk strategy and risk management
 - 58 Damage prevention – the most sustainable approach
 - 62 Sustainable products and services
 - 64 Our social commitment
 - Climate and the environment**
 - 67 Our climate and environmental commitment
 - 70 Climate-related financial disclosures (TCFD)
 - 81 We create value in partnership with our suppliers
 - Our engaged employees**
 - 84 Engaged employees
 - 89 Senior group management
 - Responsible investments**
 - 95 Our asset management
 - Responsible risk management and control**
 - 102 Risk understanding and corporate governance lead to long-term value
 - 103 Gjensidige’s Board of Directors comprises broad expertise
 - 109 Ethical operations
 - 114 Corporate governance
 - 120 Our commitment to our owners and creditors
- Chapter 3 – Value created in 2020**
- Chapter 4 – Financial statements and notes**
 - 282 Declaration from the Board and CEO
 - 283 Auditor’s report
 - 288 Independent Auditor’s report

Chapter 2 – Creating added value in Gjensidige - Ethical operations

for access may be rejected in special cases following a concrete assessment, for example in connection with the investigation of insurance fraud. Our privacy statement is available at gjensidige.no. It describes how we handle personal data.

Information security

Information security is about protecting information both electronically and physically. The main focus is to strike a balance between confidentiality, integrity and access to information. Gjensidige’s business operations are largely about processing and managing information, which means that good information security is essential to maintaining our customers’ trust and the Group’s reputation and competitiveness.

Based on the security policy adopted by the Board, an information security management system has been established pursuant to ISO/IEC27001/2, which regulates requirements of information security at Gjensidige. The security requirements are published in both Norwegian and English on the Group’s intranet pages and are accessible to all employees. Group Security is also coordinates work on Gjensidige’s security culture and crisis preparedness work. The department is organised under Group Risk Management and Control.

IT Security is organised as a dedicated department under Technology and Infrastructure and has executive responsibility for all technical security measures, access control and security monitoring of systems and infrastructure.

Active membership of the Information Security Forum (ISF) and Nordic Financial CERT helps to ensure updated expertise and capacity to be able to monitor cyber risk in general and the financial sector in particular.

Good business practice

Gjensidige is subject to laws and regulations that set out requirements for consumer protection, and is concerned with safeguarding consumer interests through, among other things, information and advice to customers, the expertise of our employees and a good product development process.

Ethical and customer-friendly business operations

Gjensidige shall have a corporate culture where each individual employee exercises good judgement. Our value creation shall take place in accordance with our Code of Conduct, which is described in a number of policy documents adopted by the Board.

Our Code of Conduct describes our values and underlines that all our activities must stand up to public scrutiny. Together with other documents, the Code of Conduct describes what is acceptable conduct and requires all employees to behave in a respectful, considerate and generally polite manner in relation to colleagues, competitors, customers and others.

Our internal regulations include a prohibition against role conflicts that can prevent impartial conduct in relation to customers, suppliers, shareholders or other business connections.

The risk of criminal offences and violations of our Code of Conduct is monitored as part of our internal control system. The Board has chief responsibility for risk management and internal control, and the CEO is responsible for the implementation. Our most important risk areas and internal control are reviewed annually by the Board. Risk management and internal control are described in more detail in the section ‘Risk strategy and risk management’ and in Note 3.

CONTENT

3 About this report
4 The year that passed
6 Key figures and alternative performance measures
11 Chair letter
14 CEO letter

Chapter 1 – This is us

Chapter 2 – Creating added value in Gjensidige

49 Creating value for our stakeholders
We create a sense of security
53 A safer society because we understand risk
54 Risk strategy and risk management
58 Damage prevention – the most sustainable approach
62 Sustainable products and services
64 Our social commitment

Climate and the environment

67 Our climate and environmental commitment
70 Climate-related financial disclosures (TCFD)
81 We create value in partnership with our suppliers

Our engaged employees

84 Engaged employees
89 Senior group management

Responsible investments

95 Our asset management

Responsible risk management and control

102 Risk understanding and corporate governance lead to long-term value
103 Gjensidige’s Board of Directors comprises broad expertise
109 Ethical operations
114 Corporate governance
120 Our commitment to our owners and creditors

Chapter 3 – Value created in 2020

Chapter 4 – Financial statements and notes

282 Declaration from the Board and CEO
283 Auditor’s report
288 Independent Auditor’s report

Chapter 2 – Creating added value in Gjensidige - Ethical operations

Complaints handling

Gjensidige has established a complaints system whereby customer complaints can be considered at three levels.

- Level 1: The customer’s case officer.
- Level 2: The customer ombudsman (the Company’s internal complaints board). The customer ombudsman service is staffed by highly experienced claims settlement personnel, who can take a fresh look at the case without being influenced by the original case officer’s personal assessment.
- Level 3: The Norwegian Financial Services Complaints Board (Finansklagenemnda), which is a joint complaints board for the whole insurance industry that comprises representatives of the consumer authorities, the financial industry and independent experts. The composition ensures that the independent representatives decide the outcome of cases in which the consumer authorities and the financial industry disagree.

Notification channel

Gjensidige shall have a low threshold for reporting unpleasant matters. Employees who wish to raise such matters can contact their manager, the HR department, their HSE manager, an employee representative or the safety delegate. Everyone has a duty to report criminal matters, or situations where life or health is at risk. A poster with instructions on procedures for whistleblowing is easily accessible on our intranet site.

We have notification channels in all countries we operate in. In Norway, whistleblowing is facilitated through two electronic mailboxes that are also accessible in all our other locations:

- An internal mailbox for reporting ethics-related matters
- An external notification channel for reporting irregularities and malpractices, corruption, money laundering etc.

Notifications addressed to the internal mailbox are dealt with by the Company’s HR department based on clear procedures.

Notifications of irregularities or malpractices are dealt with by Gjensidige’s Internal Investigation Unit. The department carries out a preliminary investigation or assessment based on the content of the notification. If the assessment uncovers matters that warrant criticism, the HR department will take over the case, assess it and decide which sanctions to impose. The CEO will decide whether to report employees to the police.

Relevant matters are reported to the Group’s risk committee and the Board.

Whistleblowers are protected by law and the Company’s internal regulations, and employees who report such matters shall not be subjected to reprisals. Notifications addressed to the external mailbox are in principle anonymous, unless the whistleblower chooses to give their name. Employees may submit notifications to this mailbox anonymously, as may customers, suppliers and other external stakeholders.

CONTENT

- 3 About this report
- 4 The year that passed
- 6 Key figures and alternative performance measures
- 11 Chair letter
- 14 CEO letter
- Chapter 1 – This is us**
- Chapter 2 – Creating added value in Gjensidige**
 - 49 Creating value for our stakeholders
 - We create a sense of security**
 - 53 A safer society because we understand risk
 - 54 Risk strategy and risk management
 - 58 Damage prevention – the most sustainable approach
 - 62 Sustainable products and services
 - 64 Our social commitment
 - Climate and the environment**
 - 67 Our climate and environmental commitment
 - 70 Climate-related financial disclosures (TCFD)
 - 81 We create value in partnership with our suppliers
 - Our engaged employees**
 - 84 Engaged employees
 - 89 Senior group management
 - Responsible investments**
 - 95 Our asset management
 - Responsible risk management and control**
 - 102 Risk understanding and corporate governance lead to long-term value
 - 103 Gjensidige’s Board of Directors comprises broad expertise
 - 109 Ethical operations
 - 114 Corporate governance
 - 120 Our commitment to our owners and creditors
- Chapter 3 – Value created in 2020**
- Chapter 4 – Financial statements and notes**
 - 282 Declaration from the Board and CEO
 - 283 Auditor’s report
 - 288 Independent Auditor’s report

Chapter 2 – Creating added value in Gjensidige - Ethical operations

Anti-corruption

Gjensidige does not accept any forms of corruption. Corruption is in breach of our Code of Conduct and can have major consequences for both our employees and the Company. We therefore focus on awareness-raising and preventive activities. Gjensidige has been and shall continue to be a company in which everything we do must stand up to public scrutiny.

For Gjensidige, the risk of corruption will largely be related to the Company’s sale of insurance and investment advice to the private and public sector, entering into agreements and the procurement of goods and services. Our definition of corruption follows from the Norwegian Penal Code:

‘... any person who for himself/herself or others demands, receives or accepts an offer of an improper advantage in connection with the conduct of a position, an office or performance of an assignment, or gives or offers any person an improper advantage in connection with the conduct of a position, an office or performance of an assignment.’

The work on combating corruption requires clearly defined rules and active enforcement of the rules.

Gjensidige’s internal regulations state that the Company has zero tolerance for corruption and anything resembling corruption. The regulations consist of instructions and a group policy adopted by the Board. The group policy for corporate social responsibility, the group policy on the Code of Conduct, the group policy on specific ethical guidelines relating to hospitality activities and guidelines on welfare measures, seminars and gifts are also relevant in this context.

Gjensidige does not allow giving or receiving bribes or facilitation payments. The same applies to gifts that can be regarded as improper. The rules apply to managers and employees at all levels of the Company, also in countries where Norwegian law does not apply. Special rules have been stipulated for employees with responsibility for relations with customers and suppliers.

Our anti-corruption programme consists of three main elements:

- 1. Preventive activities
- 2. Control and detection
- 3. Follow-up and sanctions

Preventive activities include clear definitions and rules, clear authorisations, risk mapping, training and information material.

Control and detection include audits, compliance activities, notification/whistleblowing, reporting and internal investigation. Follow-up and sanctions take place in accordance with policies and instructions, and are decided by HR and, ultimately, the CEO. The programme gives a detailed description of what is meant by corruption, examples of acceptable and unacceptable behaviour, and assignments intended to contribute to reflection on difficult situations.

It is not permitted to accept gifts worth more than NOK 500. Regardless of the gift’s value, it must not be accepted if it means that the employee’s impartiality or independence can be placed in doubt. All gifts and hospitality activities must be registered in the Company’s gift and hospitality register.

CONTENT

- 3 About this report
- 4 The year that passed
- 6 Key figures and alternative performance measures
- 11 Chair letter
- 14 CEO letter

Chapter 1 – This is us

Chapter 2 – Creating added value in Gjensidige

- 49 Creating value for our stakeholders
- We create a sense of security**
- 53 A safer society because we understand risk
- 54 Risk strategy and risk management
- 58 Damage prevention – the most sustainable approach
- 62 Sustainable products and services
- 64 Our social commitment

Climate and the environment

- 67 Our climate and environmental commitment
- 70 Climate-related financial disclosures (TCFD)
- 81 We create value in partnership with our suppliers

Our engaged employees

- 84 Engaged employees
- 89 Senior group management

Responsible investments

- 95 Our asset management

Responsible risk management and control

- 102 Risk understanding and corporate governance lead to long-term value
- 103 Gjensidige’s Board of Directors comprises broad expertise
- 109 Ethical operations
- 114 Corporate governance
- 120 Our commitment to our owners and creditors

Chapter 3 – Value created in 2020

Chapter 4 – Financial statements and notes

- 282 Declaration from the Board and CEO
- 283 Auditor’s report
- 288 Independent Auditor’s report

Chapter 2 – Creating added value in Gjensidige - Ethical operations

All managers are responsible for establishing procedures and processes in their area of responsibility in order to prevent and uncover irregularities and fraudulent acts, including corruption. The Internal Investigation Unit is tasked with uncovering corruption, and it is responsible for investigating concrete cases where improper conduct is suspected. The unit shall also contribute to establishing and developing procedures and processes that can prevent and uncover such matters.

The rules are available at gjensidige.no, on the intranet and in e-learning courses, and managers shall contribute to ensuring that employees are aware of the rules. The purpose is to prevent and help to put a stop to activities that may entail a breach of the regulations at an early stage.

All new employees in the Group participate in an introductory course at which ethics and corruption are on the agenda. Gjensidige does not make donations to politicians, political parties or organisations with a mainly political agenda.

Money laundering and financing of terrorism

Gjensidige is obliged to take a risk-based approach to money laundering and financing of terrorism in relation to its customers, based on the customer relationship and the type of products and transactions involved. In practice, this means that we carry out a risk assessment in connection with the sale of insurance to new and existing customers, and with the payment of claims. The risk assessment is comprehensive and is based on characteristics of the customer, the customer relationship, the product, the transaction and other matters of relevance.

All customers are checked regularly against sanction lists and lists of politically exposed persons. The risk assessment may result in more extensive customer due diligence measures. Clear guidelines have been drawn up for when such measures shall be initiated, and how to handle a situation when it arises. If measures fail to clarify the situation, the Company will carry out further investigations in order to clarify whether the transaction can be carried out. The investigations are carried out by the Company’s investigation department, which comprises employees who have previously worked in the police force and have expertise in and experience of investigation. In cases where there is a suspicion of money laundering or financing of terrorism, and control measures have failed to clarify the suspicion, Gjensidige will report the matter as a suspicious transaction to the Norwegian National Authority for Investigation and Prosecution of Economic and Environmental Crime (Økokrim). If a suspicion of money laundering or financing of terrorism cannot be clarified, the Company will not enter into the insurance contract or settle the claim, to the extent that such sanctions are permitted by law.

A solid defence against money laundering is not only necessary because it is regulated by law. In the insurance business, money laundering often goes hand in hand with insurance fraud. At Gjensidige, we consider the fight against money laundering as a natural part of good risk selection, based on the principle ‘know your customers’. The money laundering policy has been adopted by the Board, and a risk assessment focusing on money laundering is presented to the Board and the senior group management once a year. The importance of combating money laundering is clearly communicated at all levels.

Employees who have contact with customers undergo thorough training in money laundering regulations and procedures. This applies in all parts of the Group.

CONTENT

- 3 About this report
- 4 The year that passed
- 6 Key figures and alternative performance measures
- 11 Chair letter
- 14 CEO letter
- Chapter 1 – This is us
- Chapter 2 – Creating added value in Gjensidige
 - 49 Creating value for our stakeholders
 - We create a sense of security
 - 53 A safer society because we understand risk
 - 54 Risk strategy and risk management
 - 58 Damage prevention – the most sustainable approach
 - 62 Sustainable products and services
 - 64 Our social commitment
 - Climate and the environment
 - 67 Our climate and environmental commitment
 - 70 Climate-related financial disclosures (TCFD)
 - 81 We create value in partnership with our suppliers
 - Our engaged employees
 - 84 Engaged employees
 - 89 Senior group management
 - Responsible investments
 - 95 Our asset management
 - Responsible risk management and control
 - 102 Risk understanding and corporate governance lead to long-term value
 - 103 Gjensidige’s Board of Directors comprises broad expertise
 - 109 Ethical operations
 - 114 Corporate governance
 - 120 Our commitment to our owners and creditors
- Chapter 3 – Value created in 2020
- Chapter 4 – Financial statements and notes
 - 282 Declaration from the Board and CEO
 - 283 Auditor’s report
 - 288 Independent Auditor’s report

Chapter 2 – Creating added value in Gjensidige - Corporate governance

Corporate governance

Good corporate governance is important to ensure value creation over time, and to increase trust in the Company. Our statement on corporate governance is based on the Norwegian Code of Practice for Corporate Governance, adopted by the Norwegian Corporate Governance Board (NUES). This section is structured in accordance with the Code of Practice.

1. Statement on corporate governance

This statement is based on the principle of ‘comply or explain’. There are no major deviations. However, in line with the requirements of the Code of Practice, we nonetheless include a statement on each point in accordance with the Code of Practice of 17 October 2018. Minor deviations are noted and explained.

2. The business

The Articles of Association describe the object of the business and set clear limits for its content. Gjensidige is a financial services group, and is subject to the restrictions and rules set out in the Financial Undertakings Act. Within this framework, Gjensidige primarily operates as a general insurance group in the Nordic countries and the Baltic states. In Norway, the Group is also engaged in life and pension insurance.

The Board sets clear objectives for the business with a view to creating value for shareholders. The objectives take the surrounding world into account, including sustainability. The objectives are described in the section ‘Gjensidige’s goals’. They are revised and adopted on an annual basis.

Gjensidige’s goals, strategies and risk appetite are reviewed on an ongoing basis, and at least once a year.

The Board works on strategic priorities throughout the year, and tests the assumptions on which Gjensidige’s corporate strategy and underlying strategies are based, for the purpose of necessary adjustment. This takes place in connection with the Board’s strategy seminar in June, and towards the end of the year.

3. Equity and dividends

The Board has a clearly communicated solvency and dividend policy adapted to the Company’s objectives, strategy and risk appetite. It is available at www.gjensidige.no. The policy emphasises an annual cash dividend, and that any excess capital will not be retained by the Company, but will be disbursed to the shareholders over time.

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 defined in relation to Gjensidige’s actual exposure at all times, and it has therefore invested considerable resources in the Group’s own internal model, which provides continuous, qualified 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 been approved by the Financial Supervisory Authority, subject to some additional conditions. The Board has also decided that Gjensidige

CONTENT

- 3 About this report
- 4 The year that passed
- 6 Key figures and alternative performance measures
- 11 Chair letter
- 14 CEO letter
- Chapter 1 – This is us**
- Chapter 2 – Creating added value in Gjensidige**
 - 49 Creating value for our stakeholders
 - We create a sense of security**
 - 53 A safer society because we understand risk
 - 54 Risk strategy and risk management
 - 58 Damage prevention – the most sustainable approach
 - 62 Sustainable products and services
 - 64 Our social commitment
 - Climate and the environment**
 - 67 Our climate and environmental commitment
 - 70 Climate-related financial disclosures (TCFD)
 - 81 We create value in partnership with our suppliers
 - Our engaged employees**
 - 84 Engaged employees
 - 89 Senior group management
 - Responsible investments**
 - 95 Our asset management
 - Responsible risk management and control**
 - 102 Risk understanding and corporate governance lead to long-term value
 - 103 Gjensidige’s Board of Directors comprises broad expertise
 - 109 Ethical operations
 - 114 Corporate governance
 - 120 Our commitment to our owners and creditors
- Chapter 3 – Value created in 2020**
- Chapter 4 – Financial statements and notes**
 - 282 Declaration from the Board and CEO
 - 283 Auditor’s report
 - 288 Independent Auditor’s report

Chapter 2 – Creating added value in Gjensidige - Corporate governance

shall meet the requirements for an A-rating, which also has implications for its final solvency and capital decisions.

It is considered expedient for the Board to be authorised by the 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 must be decided by the General Meeting, and it will apply until the next annual general meeting, no longer, however, than until 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 programme and remuneration schemes for employees, and partly so that shares can be used as consideration in connection with the acquisition of businesses or for subsequent sale or cancellation. Such authorisation must be decided 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, no longer, however, than until 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.

Reference is made to the items to be considered by the General Meeting for more information and for the conditions that are set.

Deviation: The Code of Practice recommends that the grounds for such authorisations should be explained and that they should be 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 and transactions with related parties

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. Waiving of this 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 utilises the authorisations it has been granted. The Board’s transactions in own shares must always comply with the arm’s length principle and be on ordinary market terms. Transactions between related parties and group companies must take place on commercial terms, and on the basis of an independent evaluation if the transaction is not immaterial.

CONTENT

- 3 About this report
- 4 The year that passed
- 6 Key figures and alternative performance measures
- 11 Chair letter
- 14 CEO letter
- Chapter 1 – This is us**
- Chapter 2 – Creating added value in Gjensidige**
 - 49 Creating value for our stakeholders
 - We create a sense of security**
 - 53 A safer society because we understand risk
 - 54 Risk strategy and risk management
 - 58 Damage prevention – the most sustainable approach
 - 62 Sustainable products and services
 - 64 Our social commitment
 - Climate and the environment**
 - 67 Our climate and environmental commitment
 - 70 Climate-related financial disclosures (TCFD)
 - 81 We create value in partnership with our suppliers
 - Our engaged employees**
 - 84 Engaged employees
 - 89 Senior group management
 - Responsible investments**
 - 95 Our asset management
 - Responsible risk management and control**
 - 102 Risk understanding and corporate governance lead to long-term value
 - 103 Gjensidige’s Board of Directors comprises broad expertise
 - 109 Ethical operations
 - 114 Corporate governance
 - 120 Our commitment to our owners and creditors
- Chapter 3 – Value created in 2020**
- Chapter 4 – Financial statements and notes**
 - 282 Declaration from the Board and CEO
 - 283 Auditor’s report
 - 288 Independent Auditor’s report

Chapter 2 – Creating added value in Gjensidige - Corporate governance

5. Shares and negotiability

There are no provisions in the Company’s Articles of Association that limit the right to own, trade or vote for shares in the Company.

6. General meetings

The annual general meeting is an important arena for all shareholders.

Because there are so many shareholders in Gjensidige, it is not possible in practice to hold a physical meeting where they can all participate. A considerable amount of work is therefore put into preparing items and facilitating powers of attorney and the possibility to vote without attending the physical meeting. The meeting is streamed live on the Company’s website.

Prior to the meeting, the shareholders have ample opportunity to contact the Company to clarify matters or to get help to raise items at the meeting. More information is available on our website.

The Chair of the Board opens the general meeting in accordance with the Company’s Articles of Association. The General Meeting elects the chair of the meeting.

Because of the coronavirus pandemic, the meeting in 2020 was held without the possibility of physical attendance by shareholders, in line with the official infection control advice that prevailed at the time.

The Board is aware that the Code of Practice recommends that it should be made possible to vote for individual candidates to the Board and Nomination Committee. Elections are demanding in financial undertakings, partly because of official suitability requirements and partly because of the requirements of the Board’s

combined expertise, i.e. to ensure a functioning board with broad expertise. For Gjensidige, where one shareholder owns more than 60 per cent of the shares, it is not the formal election itself at the general meeting that represents a challenge, but the preparations for the election. The Board underlines that elections require an extensive process. All shareholders can submit proposals for candidates, and the Nomination Committee contacts the biggest shareholders in writing. All submitted views are taken into account. The Board considers this work to be very important to the Company’s business, position and further development.

Deviation: The Code of Practice recommends that it should be made possible to vote for individual candidates to the Board and Nomination Committee. Elections are demanding in financial undertakings, partly because of official suitability requirements and partly because of the requirements of the Board’s combined expertise. The election is therefore organised such that the General Meeting votes on the Nomination Committee’s overall recommendation.

7. Nomination Committee

The Company has a Nomination Committee, as provided for in the Articles of Association, comprising four to six members. The General Meeting elects the chair and members, and stipulates the committee’s remuneration.

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 and the Nomination Committee and proposing the remuneration of the members of these bodies, as well as the

CONTENT

- 3 About this report
- 4 The year that passed
- 6 Key figures and alternative performance measures
- 11 Chair letter
- 14 CEO letter

Chapter 1 – This is us

Chapter 2 – Creating added value in Gjensidige

- 49 Creating value for our stakeholders
- We create a sense of security**
- 53 A safer society because we understand risk
- 54 Risk strategy and risk management
- 58 Damage prevention – the most sustainable approach
- 62 Sustainable products and services
- 64 Our social commitment

Climate and the environment

- 67 Our climate and environmental commitment
- 70 Climate-related financial disclosures (TCFD)
- 81 We create value in partnership with our suppliers

Our engaged employees

- 84 Engaged employees
- 89 Senior group management

Responsible investments

- 95 Our asset management

Responsible risk management and control

- 102 Risk understanding and corporate governance lead to long-term value
- 103 Gjensidige’s Board of Directors comprises broad expertise
- 109 Ethical operations
- 114 Corporate governance
- 120 Our commitment to our owners and creditors

Chapter 3 – Value created in 2020

Chapter 4 – Financial statements and notes

- 282 Declaration from the Board and CEO
- 283 Auditor’s report
- 288 Independent Auditor’s report

Chapter 2 – Creating added value in Gjensidige - Corporate governance

remuneration of the Board’s select committees. In financial undertakings, the General Meeting elects the Chair of the Board. The Chair is elected from among the shareholder-elected board members. One of the board members elected from among the employees therefore takes part in discussions and decisions on the recommendation for Chair of the Board. This is by our own choice, and it is in accordance with the principle of workplace democracy that generally prevails in Norway.

The Nomination Committee also submits a recommendation for the election of the auditor to ensure that this election is also independent of the Board. The Board’s Audit Committee has a right to state its opinion in that connection.

The Nomination Committee is easily 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.

8. Board of Directors

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.

At least two of the shareholder-elected members are independent of the Company’s main shareholder. The Company’s main shareholder, the Gjensidige Foundation, assumes that the Chair of the Board shall be independent of the Gjensidige Foundation and have the same relationship to all shareholders. No executive personnel or representatives of business associates are members of the Board. The shareholder-elected board members are elected by the General Meeting, and in accordance with the Articles of Association, for one

year at a time. The employee representatives are elected for two years at a time. The Nomination Committee encourages board members to own shares in the Company.

9. The work of the Board

The Board plans nine pre-arranged board meetings per year, including at least one two-day strategy seminar. Between March and September, the board meetings were held via Teams. Four extraordinary meetings were also held via Teams in 2020. Good and efficient procedures have been established for extraordinary board meetings.

In accordance with the law, the Board has established three board committees made up of the Company’s board members – the Remuneration Committee, the Audit Committee and the Risk Committee. The committees’ mandates are based on a Group perspective. The board committees are preparatory committees and do not have the power to make decisions. In line with the Code of Practice, the majority of the Audit Committee’s members are independent of the Company. In the Board’s experience, the introduction of board committees has improved its work, and has led to deeper and stronger involvement in the business’s challenges and initiatives.

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 – the Risk Management function, the Compliance function, the Actuary function and the Internal Audit function. Those involved are all employees of the Company. The internal auditor – the head of the Internal Audit function – is appointed by the Board, which also decides the auditor’s salary, and has a special position as the Board’s most important

CONTENT

- 3 About this report
- 4 The year that passed
- 6 Key figures and alternative performance measures
- 11 Chair letter
- 14 CEO letter
- Chapter 1 – This is us**
- Chapter 2 – Creating added value in Gjensidige**
 - 49 Creating value for our stakeholders
 - We create a sense of security**
 - 53 A safer society because we understand risk
 - 54 Risk strategy and risk management
 - 58 Damage prevention – the most sustainable approach
 - 62 Sustainable products and services
 - 64 Our social commitment
 - Climate and the environment**
 - 67 Our climate and environmental commitment
 - 70 Climate-related financial disclosures (TCFD)
 - 81 We create value in partnership with our suppliers
 - Our engaged employees**
 - 84 Engaged employees
 - 89 Senior group management
 - Responsible investments**
 - 95 Our asset management
 - Responsible risk management and control**
 - 102 Risk understanding and corporate governance lead to long-term value
 - 103 Gjensidige’s Board of Directors comprises broad expertise
 - 109 Ethical operations
 - 114 Corporate governance
 - 120 Our commitment to our owners and creditors
- Chapter 3 – Value created in 2020**
- Chapter 4 – Financial statements and notes**
 - 282 Declaration from the Board and CEO
 - 283 Auditor’s report
 - 288 Independent Auditor’s report

Chapter 2 – Creating added value in Gjensidige - Corporate governance

control officer. The others are appointed by the CEO. The functions are described in more detail in Note 3. The Board emphasises that these functions have a close relationship with the Board through board work and reporting, and, in particular, the work in the board committees.

The Board has adopted rules of procedure for its work, and works on the basis of an annual plan. Transparency and room for input to the Board are given emphasis. The board members have effective access to material relevant to their board work through the Admincontrol portal.

If the Chair of the Board has been directly or indirectly involved in a matter, another board member has chaired the meeting instead. If a board member is disqualified on grounds of partiality, he/she cannot be involved in consideration of the matter in question, and must leave the board room and is excluded from involvement in the matter.

The Board carries out an annual self-evaluation, with or without external help. The Nomination Committee has access to the evaluation. It also holds discussions with the Board and the Company’s management on their work and the expertise needed to meet the challenges that are expected to arise in the longer term.

10. Risk management and internal control

The Board complies with the Code of Practice in its work on risk management and internal control. The Company’s most important risk areas and the internal control system are continuously reviewed.

The work on internal control is based on the COSO principles, which comprise three lines of defence. They are the management’s own control measures (first line), the Compliance and Risk Management

functions’ control measures (second line) and the Internal Audit (third line). Gjensidige is first and foremost an insurance group. The independent actuary function is therefore an important and necessary part of the Board’s work, as a control function for actuarial tasks, including assessment of the technical provisions.

The accounting department has established processes for good internal control, and focuses on having 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 the Board’s opinion, the control environment is good and functions as intended. The frameworks for the assessment of risk – identification and qualification of risks – are continuously quantified and evaluated.

Control activities and the coordination of the different control environments are adopted annually by and in consultation with the Board. The Board’s Audit Committee is responsible for information, communication and risk monitoring.

In connection with risk management, the Board adopts annual risk limits in light of the Company’s future plans, financial strength and the capital plan communicated to the shareholders. See Note 3 for more information.

The Board’s report on CSR and sustainability is integrated in this report. Consideration for society at large is an integral part of Gjensidige’s strategy and a precondition for long-term value creation.

CONTENT

- 3 About this report
- 4 The year that passed
- 6 Key figures and alternative performance measures
- 11 Chair letter
- 14 CEO letter
- Chapter 1 – This is us**
- Chapter 2 – Creating added value in Gjensidige**
 - 49 Creating value for our stakeholders
 - We create a sense of security**
 - 53 A safer society because we understand risk
 - 54 Risk strategy and risk management
 - 58 Damage prevention – the most sustainable approach
 - 62 Sustainable products and services
 - 64 Our social commitment
 - Climate and the environment**
 - 67 Our climate and environmental commitment
 - 70 Climate-related financial disclosures (TCFD)
 - 81 We create value in partnership with our suppliers
 - Our engaged employees**
 - 84 Engaged employees
 - 89 Senior group management
 - Responsible investments**
 - 95 Our asset management
 - Responsible risk management and control**
 - 102 Risk understanding and corporate governance lead to long-term value
 - 103 Gjensidige’s Board of Directors comprises broad expertise
 - 109 Ethical operations
 - 114 Corporate governance
 - 120 Our commitment to our owners and creditors
- Chapter 3 – Value created in 2020**
- Chapter 4 – Financial statements and notes**
 - 282 Declaration from the Board and CEO
 - 283 Auditor’s report
 - 288 Independent Auditor’s report

Chapter 2 – Creating added value in Gjensidige - Corporate governance

11. Remuneration of the Board

The Board’s remuneration is decided by the General Meeting on the Nomination Committee’s recommendation, and is described in Note 8.

None of the board members have share options or other incentives issued by the Company. Reference is made to the Nomination Committee’s presentation, assessment and proposal, which are available on the Company’s website www.gjensidige.no.

12. Remuneration of executive personnel

The Board has adopted guidelines for a remuneration scheme that applies to executive personnel. It is presented to the General Meeting each year, together with a report on any deviations that have taken place since the previous annual general meeting. The statement is available in the case documents at www.gjensidige.no and also in Note 8.

The guidelines help to ensure good alignment between 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.

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 is published at www.gjensidige.no. The IR policy also regulates the Company’s contact with shareholders.

14. Corporate takeovers

Guidelines have been adopted for how the Board shall respond to any takeover bids. The guidelines are in accordance with the Code of Practice.

The Board points out that the Gjensidige Foundation owns more than 60 per cent of the shares, and that a takeover bid process would therefore be unusual. However, 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 his/her plan for the performance of the audit each year. The plan is initially discussed by the Board’s Audit Committee, and is also seen in conjunction with other internal control and risk management plans. The plan is considered at a board meeting with the external auditor in attendance. The external auditor plays an important role, and it is his/her task to confirm to the General Meeting that the accounts adopted by the Board are correct. 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.

It is primarily the Audit Committee and the Company’s management that are in continuous contact with the external auditor. The Nomination Committee is tasked with evaluating the external auditor’s overall contribution, and recommending election or re-election. 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.

CONTENT

- 3 About this report
- 4 The year that passed
- 6 Key figures and alternative performance measures
- 11 Chair letter
- 14 CEO letter

Chapter 1 – This is us

Chapter 2 – Creating added value in Gjensidige

- 49 Creating value for our stakeholders

We create a sense of security

- 53 A safer society because we understand risk
- 54 Risk strategy and risk management
- 58 Damage prevention – the most sustainable approach
- 62 Sustainable products and services
- 64 Our social commitment

Climate and the environment

- 67 Our climate and environmental commitment
- 70 Climate-related financial disclosures (TCFD)
- 81 We create value in partnership with our suppliers

Our engaged employees

- 84 Engaged employees
- 89 Senior group management

Responsible investments

- 95 Our asset management

Responsible risk management and control

- 102 Risk understanding and corporate governance lead to long-term value
- 103 Gjensidige's Board of Directors comprises broad expertise
- 109 Ethical operations
- 114 Corporate governance
- 120 Our commitment to our owners and creditors

Chapter 3 – Value created in 2020

Chapter 4 – Financial statements and notes

- 282 Declaration from the Board and CEO
- 283 Auditor's report
- 288 Independent Auditor's report

Chapter 2 – Creating added value in Gjensidige - Our commitment to our owners and creditors

Our commitment to our owners and creditors

Gjensidige shall make sure that the financial market participants have a sufficient base for valuation of the Group and engage in dialogue with owners, potential investors, analysts and other market participants. Gjensidige targets high and stable nominal dividends to its shareholders, and have a payout-ratio over time of at least 80 per cent of the profit after tax. Over time, Gjensidige will also pay out excess capital.

Gjensidige shall have an open dialogue with all financial market stakeholders, and follows the Oslo Børs Code of Practice for IR. The IR Policy adopted by the Board is available at www.gjensidige.no/investor. We shall ensure that participants in the financial markets have a sufficient base for valuation of the Group by providing simultaneous access to equal, accurate, clear and relevant information at all times. The information must be consistent and well-balanced. As a rule, we do not disclose specific guiding for the Group's future financial performance.

Each quarter, we meet with investors and analysts to discuss our results and business operations. A member of Gjensidige's Investor Relations team usually attends these meetings, possibly together with the CEO and/or the CFO, or another relevant executive from the Company.

Covid-19 led to changes in our contact with investors in 2020. From and including March, the meetings were largely conducted either by video or telephone. The same applied to conferences and other seminars. A high frequency of meetings was maintained through the year, and the level of service and degree of information remained at a high level despite the lack of physical meetings.

Brokers and investors voted Gjensidige the winner of the Stockman Award in 2020. The Norwegian Society of Financial Analysts gives the Stockman Award to the listed company considered to have performed best in terms of strategic investor communication – as assessed by the market participants. The best strategic investor communication entails disclosing good, relevant information about one's own business to the financial market, and publishing the best annual and interim reports based on financial analysis principles. Gjensidige scored high on the following criteria:

- Equal treatment of market participants
- A clear and long-term strategy
- Clear financial targets and dividend policy
- Annual accounts with notes, and Board of Directors' report

The award is an important recognition of our work and motivates us to continue our dedication to focus on communicating clear, correct and relevant information to the financial market.

CONTENT

- 3 About this report
- 4 The year that passed
- 6 Key figures and alternative performance measures
- 11 Chair letter
- 14 CEO letter

Chapter 1 – This is us

Chapter 2 – Creating added value in Gjensidige

- 49 Creating value for our stakeholders
- We create a sense of security**
- 53 A safer society because we understand risk
- 54 Risk strategy and risk management
- 58 Damage prevention – the most sustainable approach
- 62 Sustainable products and services
- 64 Our social commitment

Climate and the environment

- 67 Our climate and environmental commitment
- 70 Climate-related financial disclosures (TCFD)
- 81 We create value in partnership with our suppliers

Our engaged employees

- 84 Engaged employees
- 89 Senior group management

Responsible investments

- 95 Our asset management

Responsible risk management and control

- 102 Risk understanding and corporate governance lead to long-term value
- 103 Gjensidige’s Board of Directors comprises broad expertise
- 109 Ethical operations
- 114 Corporate governance
- 120 Our commitment to our owners and creditors

Chapter 3 – Value created in 2020

Chapter 4 – Financial statements and notes

- 282 Declaration from the Board and CEO
- 283 Auditor’s report
- 288 Independent Auditor’s report

Chapter 2 – Creating added value in Gjensidige - Our commitment to our owners and creditors

Return on the Gjensidige share

The Gjensidige share yielded a total return for the shareholders of 11 per cent in 2020. Oslo Børs recorded a total return of 5 per cent during the same period. Since the Company was listed on the stock exchange in December 2010, the Gjensidige share has yielded a total return of 549 per cent. The average number of shares traded daily on Oslo Børs was around 500,000 in 2020, and the share is among the 25 most liquid shares listed on the stock exchange. In addition, a substantial number of shares are traded in other marketplaces.

Financial calendar 2021	
24 March 2021	Annual general meeting
22 April 2021	Presentation of first quarter results
14 July 2021	Presentation of second quarter results
20 October 2021	Presentation of third quarter results

Dividend and dividend policy

Gjensidige pursues a shareholder-friendly capital and dividend policy, and the Gjensidige share is and should be a dividend-paying share. Gjensidige targets high and stable nominal dividends to its shareholders, and a pay-out ratio over time of at least 80 per cent of the profit after tax expense. When determining the size of the dividend, the expected future capital needs will be taken into account. Over time, Gjensidige will also pay out excess capital.

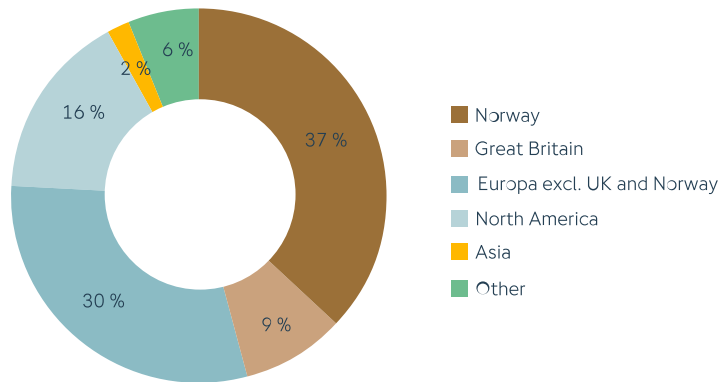
The board of Gjensidige Forsikring ASA decided to postpone the annual general meeting in 2020, originally scheduled for March 26. The postponement was based on a letter from the Ministry of Finance to Finanstilsynet (The financial supervisory authority of Norway) where they expressed an expectation that all financial institutions refrained the distribution of dividends to the great uncertainty regarding the economic development in light of the Covid-19 situation was reduced. This despite Gjensidige's very strong financial position at the time. The General Meeting was held virtually on 25 May. The board was authorized to pay out dividends when conditions again allowed, and a dividend of NOK 6,125.0 million was paid out in September. This comprised of NOK 3,625.0 million based on the profit for 2019, and NOK 2,500.0 million representing the distribution of excess capital. The Gjensidige Foundation's share of the dividend amounted to NOK 3.8 billion.

CONTENT

- 3 About this report
- 4 The year that passed
- 6 Key figures and alternative performance measures
- 11 Chair letter
- 14 CEO letter
- Chapter 1 – This is us**
- Chapter 2 – Creating added value in Gjensidige**
 - 49 Creating value for our stakeholders
 - We create a sense of security**
 - 53 A safer society because we understand risk
 - 54 Risk strategy and risk management
 - 58 Damage prevention – the most sustainable approach
 - 62 Sustainable products and services
 - 64 Our social commitment
 - Climate and the environment**
 - 67 Our climate and environmental commitment
 - 70 Climate-related financial disclosures (TCFD)
 - 81 We create value in partnership with our suppliers
 - Our engaged employees**
 - 84 Engaged employees
 - 89 Senior group management
 - Responsible investments**
 - 95 Our asset management
 - Responsible risk management and control**
 - 102 Risk understanding and corporate governance lead to long-term value
 - 103 Gjensidige’s Board of Directors comprises broad expertise
 - 109 Ethical operations
 - 114 Corporate governance
 - 120 Our commitment to our owners and creditors
- Chapter 3 – Value created in 2020**
- Chapter 4 – Financial statements and notes**
 - 282 Declaration from the Board and CEO
 - 283 Auditor’s report
 - 288 Independent Auditor’s report

Chapter 2 – Creating added value in Gjensidige - Our commitment to our owners and creditors

Wide geographical distribution of shareholders, with a strong national base ¹



The Board proposes a dividend of NOK 3,700.0 million based on the profit for 2020, corresponding to NOK 7.40 per share. This corresponds to a pay-out ratio of 75 percent of profit after tax expense. The dividend for the 2020 financial year will be adopted by the General Meeting on 24 March 2021. The adopted dividend will be distributed to those registered as shareholders on the date of the meeting. The Gjensidige share will be traded ex dividend on 25 March 2021, the settlement date will be 26 March 2021 and the dividend will be disbursed on 7 April 2021.

In addition, the board has approved the distribution of excess capital of NOK 1,200.0 million. This corresponds to NOK 2.40 per share. This decision is in line with the authorization the board received from the

¹ As of 31 Dec. 2020, excl. Gjensidigestiftelsen

General Meeting in 2020. The payment was made on 4 February 2021.

The Gjensidige Foundation’s share of the proposed and declared dividend amounts to NOK 3.0 billion. Pursuant to the Foundation’s statutes, the dividend relating to the profit for the year will be passed on to Gjensidige’s general insurance customers in Norway. The customer dividend will be adopted by the Foundation’s General Meeting in the second quarter of 2021.

Ownership

At year-end 2020, Gjensidige had approximately 35,000 shareholders. The 20 biggest owners represented a total of 85.1 per cent of the shares in the Company.

Gjensidigestiftelsen shall have a leading and long-term ownership in Gjensidige and contribute to ensuring stable and predictable ownership. The foundation’s statutes establish that its ownership interest in Gjensidige shall amount to at least 50.1 per cent. According to the ownership policy, the goal is an ownership fraction that exceeds 60/40 over time. Gjensidigestiftelsen has expressed willingness to consider a reduced ownership fraction in the event of any acquisitions or capital increases that are in accordance with Gjensidige’s overall strategy.

The foundation manages ownership of Gjensidige on behalf of Gjensidige’s general insurance customers in Norway. It has an ownership policy that focuses on high value creation over time, and expects a competitive dividend.

CONTENT

- 3 About this report
- 4 The year that passed
- 6 Key figures and alternative performance measures
- 11 Chair letter
- 14 CEO letter

Chapter 1 – This is us

Chapter 2 – Creating added value in Gjensidige

- 49 Creating value for our stakeholders
- We create a sense of security**
- 53 A safer society because we understand risk
- 54 Risk strategy and risk management
- 58 Damage prevention – the most sustainable approach
- 62 Sustainable products and services
- 64 Our social commitment

Climate and the environment

- 67 Our climate and environmental commitment
- 70 Climate-related financial disclosures (TCFD)
- 81 We create value in partnership with our suppliers

Our engaged employees

- 84 Engaged employees
- 89 Senior group management

Responsible investments

- 95 Our asset management

Responsible risk management and control

- 102 Risk understanding and corporate governance lead to long-term value
- 103 Gjensidige’s Board of Directors comprises broad expertise
- 109 Ethical operations
- 114 Corporate governance
- 120 Our commitment to our owners and creditors

Chapter 3 – Value created in 2020

Chapter 4 – Financial statements and notes

- 282 Declaration from the Board and CEO
- 283 Auditor’s report
- 288 Independent Auditor’s report

Chapter 2 – Creating added value in Gjensidige - Our commitment to our owners and creditors

20 largest shareholders 31 December 2020 ¹		Per cent
1	Gjensidigestiftelsen	62.24
2	Folketrygdfondet	4.14
3	Deutsche Bank	3.58
4	BlackRock Inc	3.04
5	Nordea	1.36
6	State Street Corporation	1.11
7	Svenska Handelsbanken Group	1.08
8	The Vanguard Group, Inc	1.00
9	Danske Bank	0.95
10	ORIX Corporation	0.92
11	Scotia Bank	0.87
12	Storebrand Investments	0.77
13	Societe Generale	0.68
14	BNP Paribas Group	0.61
15	KLP Kapitalforvaltning	0.57
16	DNB Asset Mgt	0.54
17	APG Asset Mgt	0.44
18	Arctic Asset Mgt	0.43
19	UBS Group AG	0.40
20	Government of China	0.34

¹ The list of shareholders is based on an analysis of the register of shareholders in the Norwegian Central Depository (VPS) as at 31 December 2020, carried out by Orient Capital Ltd. The analysis maps the owners behind the nominee accounts. There is no guarantee that the list is correct.

CONTENT

- 3 About this report
- 4 The year that passed
- 6 Key figures and alternative performance measures
- 11 Chair letter
- 14 CEO letter
- Chapter 1 – This is us**
- Chapter 2 – Creating added value in Gjensidige**
- Chapter 3 – Value created in 2020**
 - A safer society**
 - 126 Results of our commitment to a safer society
 - Climate and the environment**
 - 132 Results of our commitment to the climate and environment
 - Engaged employees**
 - 140 Results of our commitment to engaged employees
 - Responsible investments**
 - 147 Results of our commitment to responsible investments
 - Good management and control**
 - 153 Results of our commitment to management and control
 - Financial result**
 - 159 Financial result
 - 179 Strategy and outlook
- Chapter 4 – Financial statements and notes**
 - 282 Declaration from the Board and CEO
 - 283 Auditor’s report
 - 288 Independent Auditor’s report
- Appendix**
 - 290 GRI Content Index and Board of Directors Report
 - 296 Selected governing documents
 - 297 Description of ratings and whom we support
 - 298 Statement on equality
 - 304 Certificates and guarantees
 - 310 Climate accounts own operations



Chapter 3

Value created in 2020

Even though Covid-19 had an impact on Gjensidige on most counts, it has been rewarding to experience how we mobilised in a time of uncertainty. We committed ourselves in the national effort and worked to create a sense of safety. Both for our customers and our employees – who delivered above all expectations from their home offices.

CONTENT

- 3 About this report
- 4 The year that passed
- 6 Key figures and alternative performance measures
- 11 Chair letter
- 14 CEO letter
- Chapter 1 – This is us**
- Chapter 2 – Creating added value in Gjensidige**
- Chapter 3 – Value created in 2020**
 - A safer society**
 - 126 Results of our commitment to a safer society
 - Climate and the environment**
 - 132 Results of our commitment to the climate and environment
 - Engaged employees**
 - 140 Results of our commitment to engaged employees
 - Responsible investments**
 - 147 Results of our commitment to responsible investments
 - Good management and control**
 - 153 Results of our commitment to management and control
 - Financial result**
 - 159 Financial result
 - 179 Strategy and outlook
- Chapter 4 – Financial statements and notes**
 - 282 Declaration from the Board and CEO
 - 283 Auditor’s report
 - 288 Independent Auditor’s report
- Appendix**
 - 290 GRI Content Index and Board of Directors Report
 - 296 Selected governing documents
 - 297 Description of ratings and whom we support
 - 298 Statement on equality
 - 304 Certificates and guarantees
 - 310 Climate accounts own operations

Value created in 2020

A safer society

Our role as a sustainable, damage preventing problem solver means we do everything we can to prevent different types of damages relating to life and health, assets, the environment, and society at large. We do this through damage prevention measures, by developing sustainable products and services – and by engaging ourselves in important matters.



CONTENT

3

About this report

4

The year that passed

6

Key figures and alternative performance measures

11

Chair letter

14

CEO letter

Chapter 1 – This is us

Chapter 2 – Creating added value in Gjensidige

Chapter 3 – Value created in 2020

A safer society

126

Results of our commitment to a safer society

Climate and the environment

132

Results of our commitment to the climate and environment

Engaged employees

140

Results of our commitment to engaged employees

Responsible investments

147

Results of our commitment to responsible investments

Good management and control

153

Results of our commitment to management and control

Financial result

159

Financial result

179

Strategy and outlook

Chapter 4 – Financial statements and notes

282

Declaration from the Board and CEO

283

Auditor's report

288

Independent Auditor's report

Appendix

290

GRI Content Index and Board of Directors Report

296

Selected governing documents

297

Description of ratings and whom we support

298

Statement on equality

304

Certificates and guarantees

310

Climate accounts own operations

Results of our commitment to a safer society

We work on a number of measures to achieve our goal of becoming a damage-preventing problem-solver that contributes to a safer society. We grant discounts to customers who implement damage prevention measures and to ensure that customers have access to products and services that provide financial security. A safer society is also about taking care of people who are left out of society, and Gjensidige has long contributed to this aim by supporting various social causes, especially those targeting children and young people.

UN SDG	Sustainability goal	Status of measures 2020
3 GOOD HEALTH AND WELL-BEING 8 DECENT WORK AND ECONOMIC GROWTH 11 SUSTAINABLE CITIES AND COMMUNITIES 13 CLIMATE ACTION	Damage reduction measures Help to improve knowledge about sustainability and damage prevention. Risk reduction measures entitle customers to discounts. Contribute to at least 1,000 media reports on damage prevention each year.	Forward-looking analysis as the basis for damage prevention Climate risk analysed and used as basis for new damage prevention initiatives. Shared claims data with the public authorities. Risk reduction measures included in the risk pricing. Effect of risk reduction discounts for the Norwegian portfolio: NOK 1.4 million (8 per cent on average). Sponsored the Zero Conference 2020. First allocations for damage prevention measures from the sustainability fund for agriculture. A total of 1,450 reports related to damage prevention in Norway and 1,197 in Denmark.

CONTENT

3

About this report

4

The year that passed

6

Key figures and alternative performance measures

11

Chair letter

14

CEO letter

Chapter 1 – This is us

Chapter 2 – Creating added value in Gjensidige

Chapter 3 – Value created in 2020

A safer society

126

Results of our commitment to a safer society

Climate and the environment

132

Results of our commitment to the climate and environment

Engaged employees

140

Results of our commitment to engaged employees

Responsible investments

147

Results of our commitment to responsible investments

Good management and control

153

Results of our commitment to management and control

Financial result

159

Financial result

179

Strategy and outlook

Chapter 4 – Financial statements and notes

282

Declaration from the Board and CEO

283

Auditor’s report

288

Independent Auditor’s report

Appendix

290

GRI Content Index and Board of Directors Report

296

Selected governing documents

297

Description of ratings and whom we support

298

Statement on equality

304

Certificates and guarantees

310

Climate accounts own operations

Chapter 3 – Value created in 2020 - Results of our commitment to a safer society

UN SDG	Sustainability goal	Status of measures 2020
   	Sustainable products and services By the end of 2025, we will have arrangements in place to enable customers to make sustainable choices in motor, property, leisure and accident and health insurance.	Innovative products to mitigate new risks - Established greener household content and travel insurance with climate compensation for young people. - Established scheme whereby customers receive 5 per cent dividend when rebuilding to become BREEAM certified. 'Braive' self-help psychologist service particularly relevant during the Covid-19 pandemic. 'Back to work' partnership with Unicare - Increased use of digital consultations with doctors, psychologists and vets.
  	Social commitment Collaborations with non-profit organisations in all the countries we operate in to contribute to: - a warmer society - work experience and good integration of at least four full-time equivalents/persons per year - ensuring children and young people have equal opportunities	Contributed considerable funds to society and enhanced investment in mental health - Earmarked NOK 25 million for the prevention of mental health problems among young people over a period of 3–5 years. - Made donations to charitable causes and sponsored activities for children and young people. - Renewed our sponsorship agreement with the Norwegian Handball Association and the top division in women's football in Denmark, and launched "Drømmelaget" ("The Dream team"). - Cooperation with the Norwegian Labour and Welfare Administration (NAV) to help people who have dropped out of the labour market. - Enhanced follow-up to ensure our suppliers meet labour rights requirements. - Considerable tax contribution in all countries we operate in.

CONTENT

3

About this report

4

The year that passed

6

Key figures and alternative performance measures

11

Chair letter

14

CEO letter

Chapter 1 – This is us

Chapter 2 – Creating added value in Gjensidige

Chapter 3 – Value created in 2020

A safer society

126

Results of our commitment to a safer society

Climate and the environment

132

Results of our commitment to the climate and environment

Engaged employees

140

Results of our commitment to engaged employees

Responsible investments

147

Results of our commitment to responsible investments

Good management and control

153

Results of our commitment to management and control

Financial result

159

Financial result

179

Strategy and outlook

Chapter 4 – Financial statements and notes

282

Declaration from the Board and CEO

283

Auditor’s report

288

Independent Auditor’s report

Appendix

290

GRI Content Index and Board of Directors Report

296

Selected governing documents

297

Description of ratings and whom we support

298

Statement on equality

304

Certificates and guarantees

310

Climate accounts own operations

Chapter 3 – Value created in 2020 - Results of our commitment to a safer society

Effect of our efforts – damage prevention important to society

In 2020, Gjensidige carried out a considerable number of damage prevention measures for individual customers directly and through information in different channels, such as news media, social media and our own websites. Below is more about some of the measures implemented in 2020:

- Collaboration with the Norwegian Computing Centre: We combine our claims data with recognised climate models that give good insight into how increased precipitation may affect the scope of damage in Norway up until 2100. The tool is being further developed to improve the prediction of future events and losses, which will also benefit our customers and society.
- New assessments of the risk of fire in modular buildings are disclosed to "Byggskade" in Denmark. A fire prevention initiative ('Stop branden') was launched in 2020 in cooperation with Østifterne and Nykredit and will be maintained for the duration of our partnership.
- Conducted slightly fewer physical inspections as a result of Covid-19.
- Digital advice on damage prevention: Gjensidige's own website gjensidige.no/godtforberedt has 2.46 million page views that generated 35.670 positive feedbacks from the public regarding the help they received.

Risk assessments of major risks

	Norway		Denmark	
	2020	2019	2020	2019
Risk checks	4232	3000	1500	2000
Physical inspections ¹	500	1000	1900	2500
Electrical inspections with thermal imaging ^{2,3}	-	3000	1000	400
Sustainability fund ³	57	IA	IA	IA

- 1 Carried out risk inspections for all new agricultural policies in Denmark.
- 2 Grants for damage prevention in Denmark past five years: NOK 8.7 million. Carried out approx. 4,000 electrical inspections with thermal imaging.
- 3 The sustainability fund has financed electrical inspections with thermal imaging for farmers and members of the Norwegian Farmers' Union in the amount of approx. NOK 1 million.

Damage prevention focus in the media

	Norway		Denmark	
	2020	2019	2020	2019
Media stories on damage prevention	1450	1719	1197	1009
Godtforberedt.no	2.5 million	1.8 million		

CONTENT

- 3 About this report
- 4 The year that passed
- 6 Key figures and alternative performance measures
- 11 Chair letter
- 14 CEO letter

Chapter 1 – This is us

Chapter 2 – Creating added value in Gjensidige

Chapter 3 – Value created in 2020

- A safer society
 - 126 Results of our commitment to a safer society
- Climate and the environment
 - 132 Results of our commitment to the climate and environment
- Engaged employees
 - 140 Results of our commitment to engaged employees
- Responsible investments
 - 147 Results of our commitment to responsible investments
- Good management and control
 - 153 Results of our commitment to management and control
- Financial result
 - 159 Financial result
 - 179 Strategy and outlook
- Chapter 4 – Financial statements and notes
 - 282 Declaration from the Board and CEO
 - 283 Auditor’s report
 - 288 Independent Auditor’s report
- Appendix
 - 290 GRI Content Index and Board of Directors Report
 - 296 Selected governing documents
 - 297 Description of ratings and whom we support
 - 298 Statement on equality
 - 304 Certificates and guarantees
 - 310 Climate accounts own operations

Chapter 3 – Value created in 2020 - Results of our commitment to a safer society

Effect of our efforts – Sustainability of products and services

Many sustainability elements are already built into the terms of our insurance policies. This is described in the section ‘Creating added value in Gjensidige – sustainable products and services’. Some of the new products and services that were developed/launched in 2020 are mentioned below.

Property

- The insurance terms of our Innbo UNG (household contents) and Reise UNG (travel) policies have been altered so that Gjensidige now compensates for emissions that follow from claims compensated under the policies. Carbon offsets are documented in the appendix ‘Climate certificate Gjensidige 2020_Young content and travel’
- The terms and conditions for commercial property and housing associations have been expanded in 2020 to include an environmental dividend in the event of loss. If customers choose to rebuild buildings to become BREEAM-NOR certified to a “Very Good” standard or better, they achieve an environmental dividend as an extra payment of five per cent of the compensation amount.

Health

- ‘Back to work’ – partnership with Unicare to help companies with follow-up of and adaptations for employees on sick leave. Employees receive offer of mapping and follow-up early on as a prevention measure that aims to prevent disability.
- The Braive self-help psychologist service has been launched for commercial customers, and 5,500 employees had access to the

service in 2020. Some two-thirds of those who used the service blamed stress at work and Covid-19. In 2020 the number of private customers who used Braive was 3,436.

Effect of our efforts – social commitment
Our involvement in sport made an important contribution to activities among children and young people in 2020.

Read about our activities in the section ‘Our social commitment’.

- Gjensidige renewed its agreement with the Norwegian Handball Federation and will be the main sponsor of the national women’s handball team for four more years. The first agreement was signed in 1991, which means that 2021 marks our 30th anniversary as sponsor.
- We also renewed our agreement with the Norwegian Athletics Association, for which we are the main sponsor, with a duration of four years. To increase our involvement in athletics, Gjensidige entered into an agreement with Karsten Warholm in January 2020.
- Renewed our sponsorship agreement with the top division in women’s football in Denmark, and launched the “Drømmelaget” (“Dream team”).

Contributions were made to non-profit organisations in this unusual year also – to help those who need it the most

- Earmarked NOK 25 million for the prevention of mental health problems among young people over a period of 3–5 years.
- This year’s Christmas donation from Gjensidige and its employees went to the Red Cross’s mental health work.

CONTENT

3

About this report

4

The year that passed

6

Key figures and alternative performance measures

11

Chair letter

14

CEO letter

Chapter 1 – This is us

Chapter 2 – Creating added value in Gjensidige

Chapter 3 – Value created in 2020

A safer society

126

Results of our commitment to a safer society

Climate and the environment

132

Results of our commitment to the climate and environment

Engaged employees

140

Results of our commitment to engaged employees

Responsible investments

147

Results of our commitment to responsible investments

Good management and control

153

Results of our commitment to management and control

Financial result

159

Financial result

179

Strategy and outlook

Chapter 4 – Financial statements and notes

282

Declaration from the Board and CEO

283

Auditor’s report

288

Independent Auditor’s report

Appendix

290

GRI Content Index and Board of Directors Report

296

Selected governing documents

297

Description of ratings and whom we support

298

Statement on equality

304

Certificates and guarantees

310

Climate accounts own operations

Chapter 3 – Value created in 2020 - Results of our commitment to a safer society

- Gjensidige has continued to support the Church City Mission’s work through the ‘neighbourhood initiative’, and employees from all over Norway took part in the knitting campaign for a warmer society.
- Donated DKK 1.3 million to the Red Cross in Denmark in cooperation with our customers, and participated in their ‘Christmas relay race’.
- Established cooperation with NAV in Norway to help people with gaps in their CV to enter the labour market. The number of people employed through the scheme in 2020 was 4.
- Made a substantial donation to the Norwegian Cancer Society.

Direct and indirect taxes paid

- Gjensidige has adopted a new group policy on taxes and will continue to take responsibility and contribute to society by paying indirect and direct taxes. Insurance companies are not required to calculate outgoing VAT, and cannot therefore make deductions for incoming VAT. Incentives have been established in our procurement processes to encourage the use of local craftsmen who pay taxes. This is also intended to counteract unnecessary repairs and social dumping.

Direct and indirect taxes paid locally

	2020		2019	
	Tax paid	Employer's Nat. Ins. Contributions	Tax paid	Employer's Nat. Ins. Contributions
Norway	1086.5	322.7	720.6	318.3
Denmark	100.9	144.1	74.6	123.6
Sweden	5.1	56.5	1.1	52.9
Baltics	2.9	12.5	1.6	11.6
Sum	1185.3	535.8	797.9	506.4

See also Note 9 on tax.

New measures 2021

- Expanded partnership with the Norwegian Computing Centre to include topography and physical risk for the purpose of further developing damage prevention measures for customers and public authorities.
- Further develop risk checks with a view to creating good customer experiences and promoting new damage prevention measures.
- Pilot project with external company in Demark involving the use of geodata to map the risk of water damage in at-risk areas and the possibility of damage prevention measures.

CONTENT

- 3 About this report
- 4 The year that passed
- 6 Key figures and alternative performance measures
- 11 Chair letter
- 14 CEO letter

Chapter 1 – This is us

Chapter 2 – Creating added value in Gjensidige

Chapter 3 – Value created in 2020

- A safer society**
126 Results of our commitment to a safer society
- Climate and the environment**
132 Results of our commitment to the climate and environment
- Engaged employees**
140 Results of our commitment to engaged employees
- Responsible investments**
147 Results of our commitment to responsible investments
- Good management and control**
153 Results of our commitment to management and control
- Financial result**
159 Financial result
179 Strategy and outlook

Chapter 4 – Financial statements and notes

- 282 Declaration from the Board and CEO
- 283 Auditor’s report
- 288 Independent Auditor’s report

Appendix

- 290 GRI Content Index and Board of Directors Report
- 296 Selected governing documents
- 297 Description of ratings and whom we support
- 298 Statement on equality
- 304 Certificates and guarantees
- 310 Climate accounts own operations

Value created in 2020

Climate and the environment

It is important for us to deliver good claims settlements. Digitalisation has made the settlement process far more efficient. With the help of climate accounts for claims processes, we can also choose settlement processes that leave the smallest possible climate footprint.



CONTENT

3

About this report

4

The year that passed

6

Key figures and alternative performance measures

11

Chair letter

14

CEO letter

Chapter 1 – This is us

Chapter 2 – Creating added value in Gjensidige

Chapter 3 – Value created in 2020

A safer society

126

Results of our commitment to a safer society

Climate and the environment

132

Results of our commitment to the climate and environment

Engaged employees

140

Results of our commitment to engaged employees

Responsible investments

147

Results of our commitment to responsible investments

Good management and control

153

Results of our commitment to management and control

Financial result

159

Financial result

179

Strategy and outlook

Chapter 4 – Financial statements and notes

282

Declaration from the Board and CEO

283

Auditor's report

288

Independent Auditor's report

Appendix

290

GRI Content Index and Board of Directors Report

296

Selected governing documents

297

Description of ratings and whom we support

298

Statement on equality

304

Certificates and guarantees

310

Climate accounts own operations

Results of our commitment to the climate and environment

We have set ambitious goals for our sustainability work and are working on measures to reduce our own climate footprint and ensure more sustainable claims settlements. Collaboration with suppliers to ensure increased reuse and promote the circular economy is key. Automation of claims settlements will help to ensure efficient and good customer experiences.

UN SDG	Sustainability goal	Status of measures 2020
	Reduce our own climate footprint - We will keep reducing our climate footprint, and it is our ambition to become a climate neutral business by 2030. - Reducing carbon intensity, year by year.	Climate neutrality in own operations in 2020 - Reduction in greenhouse gas emissions from our own operations. Carbon intensity reduced from 0.29 in 2019 to 0.08 in 2020. - Compensated for emissions by purchasing Golden Standard carbon offsets. - Signed TCFD (Task Force on Climate-related Financial Disclosures).



CONTENT

3

About this report

4

The year that passed

6

Key figures and alternative performance measures

11

Chair letter

14

CEO letter

Chapter 1 – This is us

Chapter 2 – Creating added value in Gjensidige

Chapter 3 – Value created in 2020

A safer society

126

Results of our commitment to a safer society

Climate and the environment

132

Results of our commitment to the climate and environment

Engaged employees

140

Results of our commitment to engaged employees

Responsible investments

147

Results of our commitment to responsible investments

Good management and control

153

Results of our commitment to management and control

Financial result

159

Financial result

179

Strategy and outlook

Chapter 4 – Financial statements and notes

282

Declaration from the Board and CEO

283

Auditor’s report

288

Independent Auditor’s report

Appendix

290

GRI Content Index and Board of Directors Report

296

Selected governing documents

297

Description of ratings and whom we support

298

Statement on equality

304

Certificates and guarantees

310

Climate accounts own operations

Chapter 3 – Value created in 2020 - Results of our commitment to the climate and environment

UN SDG	Sustainability goal	Status of measures 2020
   	Sustainable claims settlements - Gjensidige will help to reduce our customers' climate footprint. - By the end of 2025, we will have arrangements in place to enable customers to make sustainable choices in motor, property, leisure and accident and health insurance. - Our claims settlements shall be sustainable by 2030. We will ensure this through concrete measures and customer dialogue to achieve reductions in green-house gas emissions, climate adaptation and the circular economy. - Reducing carbon intensity, year by year.	Continuous efforts to also reduce the carbon intensity of our claims processes: - Reduction in carbon intensity of claims processes from 1.7 in 2019 to 1.2 in 2020. - Increased proportion of suppliers followed up to ensure compliance with our environmental requirements. - Initiated pilot projects with the aim of increasing reuse of car parts and increase the proportion of repairs.
 	Digital transformation - Market-leading digital advisory and support services. - By January 2025, we will provide information about sustainable solutions to customers in all the countries we operate in. - Ninety-five per cent of our customers shall be 'paperless' by 2025.	Increasing degree of digitalised claims processes free up time for customers who need extra help - Eighty per cent digital (paperless) customers. In Norway - Eighty per cent digital claims reports in Norway. - Initiated video surveys of properties to reduce the need for travel. - Initiated more sensor technology pilots to reduce the risk of damage to buildings.

CONTENT

3

About this report

4

The year that passed

6

Key figures and alternative performance measures

11

Chair letter

14

CEO letter

Chapter 1 – This is us

Chapter 2 – Creating added value in Gjensidige

Chapter 3 – Value created in 2020

A safer society

126

Results of our commitment to a safer society

Climate and the environment

132

Results of our commitment to the climate and environment

Engaged employees

140

Results of our commitment to engaged employees

Responsible investments

147

Results of our commitment to responsible investments

Good management and control

153

Results of our commitment to management and control

Financial result

159

Financial result

179

Strategy and outlook

Chapter 4 – Financial statements and notes

282

Declaration from the Board and CEO

283

Auditor’s report

288

Independent Auditor’s report

Appendix

290

GRI Content Index and Board of Directors Report

296

Selected governing documents

297

Description of ratings and whom we support

298

Statement on equality

304

Certificates and guarantees

310

Climate accounts own operations

Chapter 3 – Value created in 2020 - Results of our commitment to the climate and environment

Effect of our efforts - Reduce our own climate footprint

We have achieved a reduction in greenhouse gas emissions from our own operations through, among other measures:

- Renewed certification as Eco-lighthouse (Miljøfyrtårn) for four offices.
- A 78 per cent reduction in air travel, mainly as a consequence of Covid-19.
- A 70 per cent reduction in greenhouse gas emissions relating to market-based energy consumption as a result of certificates of origin for clean energy.
- Installed new energy system to balance out consumption peaks in the head office, in addition to new snow-melting system.
- Carbon offsets purchased to compensate for greenhouse gas emissions from our own operations in 2020. See the appendix 'Carbon offsets and certificates of origin for 2020'.
- Waste recycled in accordance with Eco-lighthouse requirements.
- A total of 84 per cent of discarded computers reused in cooperation with supplier (80 per cent in 2019). Mobile phones are reused in the organisation as far as possible, and the rest are safely disposed of.
- Gjensidige did not cause illegal emissions or receive fines or other sanctions relating to the environment in 2020.

Applied DEFRA 2020 Greenhouse gas reporting: conversion factors 2020. Department for Business, Energy & Industrial Strategy, and NVE (2020) Electricity disclosure. The Norwegian Directorate of Water Resources and Energy. IEAGHG codes used for electricity consumption outside Norway.

Carbon intensity – own operations				
		2020	2019	Change
CO ₂ e from own operations	Tonnes	2,043	7,038	(4,995)
Earned premiums	NOK million	27,161	24,650	2,510
Intensity		0.1	0.3	(0.2)

Emissions per employee ¹				
(kg)		2020	2019	Change as %
Scope 1	Direct emissions	131.8	126.0	5
Scope 2	Energy	389.7	1,268.9	(69.3)
Scope 3	Business travel	51.4	521.2	(90.0)
	Food waste	0.1		
	Paper	0.1		
	Electronics	0.0		
	Residual waste	0.3		
Total		573.4	1,916.1	(70)

1) Employees measured as full time equivalents (FTE). Further specification in climate account Appendix 6.

Effect of our efforts - Sustainable claims settlements

Sustainable claims settlements are about ensuring the highest possible repair rate, more recycling of materials and promoting the circular economy. This is essential in our follow-up of the suppliers we use to repair damage. At the same time, we are concerned with ensuring that all suppliers safeguard their employees' health, safety, and environment, and comply with labour rights requirements. The most important measures in 2020 are described below:

CONTENT

3

About this report

4

The year that passed

6

Key figures and alternative performance measures

11

Chair letter

14

CEO letter

Chapter 1 – This is us

Chapter 2 – Creating added value in Gjensidige

Chapter 3 – Value created in 2020

A safer society

126

Results of our commitment to a safer society

Climate and the environment

132

Results of our commitment to the climate and environment

Engaged employees

140

Results of our commitment to engaged employees

Responsible investments

147

Results of our commitment to responsible investments

Good management and control

153

Results of our commitment to management and control

Financial result

159

Financial result

179

Strategy and outlook

Chapter 4 – Financial statements and notes

282

Declaration from the Board and CEO

283

Auditor’s report

288

Independent Auditor’s report

Appendix

290

GRI Content Index and Board of Directors Report

296

Selected governing documents

297

Description of ratings and whom we support

298

Statement on equality

304

Certificates and guarantees

310

Climate accounts own operations

Chapter 3 – Value created in 2020 - Results of our commitment to the climate and environment

- Increased use of materials in claims settlement processes by 623 tonnes compared to 2019. The change is due to an increase in frequency claims property, especially consumption of wood, plastic and paint. This also explains the increase in waste compared to 2019.
- Decrease in total Carbon emissions of 9,834 tonnes compared to 2019.
- Decrease in the number of scrapped cars in 2020 compared with 2019. This results in lower consumption of plastics, steel, and aluminium, all of which have high carbon conversion factors, something which in itself explains a decrease in CO₂-equivalents of 10,727 tonnes.
- A change in the DEFRA code for aluminium leads to a carbon emissions-decrease of 29 per cent.
- The share of reuse in motor claims is relatively unchanged from 2019, but several pilots have been initiated to increase the share in 2021.
- In general, the climate footprint of materials – including both manufacturing and transport – surpasses the climate footprint of waste. We keep on evaluating and updating methods for the calculation of the climate footprint, in addition to the footprint in terms of use of resources, to strengthen our contribution to a circular economy.
- The model for calculating product footprints is described in the section ‘Climate-related financial disclosures (TCFD)’.

Carbon intensity – Claims processes				
	Unit	2020	2019	Change
Emissions from claims processes	Tonnes	31,689	41,523	(9,834)
Earned premiums	NOK million	27,161	24,650	2,510
Intensity	Tonnes/ NOK million	1.2	1.7	(0.5)

To reduce the use of materials, we have implemented initiatives in all the countries we operate in to see which measures are most effective in reducing greenhouse gas emissions. Examples of initiatives:

Property/movable property

- Compensated for emissions from the claims processes for household contents insurance for young people: 1,050 tonnes of carbon emissions, by purchasing Gold Standard carbon offsets. See Appendix ‘Climate certificate Gjensidige 2020_Young content and travel’.
- New requirements for environmentally certified materials in connection with damage to property in Denmark.
- Several new initiatives implemented as dedicated projects to increase the proportion of repairs, retain residual value and reuse, as well as handling/recycling objects that cannot be repaired in an environmentally acceptable manner. For example, initiated pilot project for bicycle repairs in partnership with Panter Verdisikring and Oslo Prison.
- Consumption of materials related to property claims increased, but calculated carbon emissions decreased. This was due to a change in the claims mix, with less fire, which is relatively less carbon-intensive, and more water damage.

CONTENT

3	About this report
4	The year that passed
6	Key figures and alternative performance measures
11	Chair letter
14	CEO letter
Chapter 1 – This is us	
Chapter 2 – Creating added value in Gjensidige	
Chapter 3 – Value created in 2020	
A safer society	
126	Results of our commitment to a safer society
Climate and the environment	
132	Results of our commitment to the climate and environment
Engaged employees	
140	Results of our commitment to engaged employees
Responsible investments	
147	Results of our commitment to responsible investments
Good management and control	
153	Results of our commitment to management and control
Financial result	
159	Financial result
179	Strategy and outlook
Chapter 4 – Financial statements and notes	
282	Declaration from the Board and CEO
283	Auditor’s report
288	Independent Auditor’s report
Appendix	
290	GRI Content Index and Board of Directors Report
296	Selected governing documents
297	Description of ratings and whom we support
298	Statement on equality
304	Certificates and guarantees
310	Climate accounts own operations

Chapter 3 – Value created in 2020 - Results of our commitment to the climate and environment

Motor

- Reuse of car parts has long been a priority and is still of central importance. New projects have been initiated to increase the use of used car parts, reduce the number of scrapped cars (condemnation), increase the use of car window repairs and increase the repair rate in accordance with our sustainable repairs model – ‘Smart Repair’.
- Slight increase in high-frequency motor claims of 0.4 per cent.
- Reduced the number of scrapped cars by 4 per cent, which makes a big contribution to reducing carbon emissions in the climate accounts for claims.

Scope 3 in the claims processes – carbon emissions per country and product

Material consumption						
Property	2020		2019		Change as %	
	Tonnes	Tonnes of CO ₂ e	Tonnes	Tonnes of CO ₂ e	Tonnes	Tonnes of CO ₂ e
Norway	6,534	5,381	6,046	7,378	8	(27)
Sweden	708	500	225	223	215	124
Danmark	956	514	865	558	11	(8)
Total property	8,198	6,395	7,136	8,159	15	(22)
Motor						
Norway	3,311	16,108	3,679	21,811	(10)	(26)
Sweden	682	3,155	604	3,302	13	(4)
Danmark	1,117	5,562	1,267	7,794	(12)	(29)
Total motor	5,110	24,825	5,550	32,907	(8)	(25)
Total	13,308	31,220	12,686	41,066	5	(24)

Scope 3 in the claims processes – carbon emissions per country and product

Waste						
Property	2020		2019		Change as %	
	Tonnes	Tonnes of CO ₂ e	Tonnes	Tonnes of CO ₂ e	Tonnes	Tonnes of CO ₂ e
Norway	7,223	154	7,020	150	3	3
Sweden	762	16	58	4	1,214	300
Denmark	955	20	859	18	11	11
Total property	8,940	190	7,937	172	13	10
Motor						
Norway	8,038	171	8,258	185	(3)	(8)
Sweden	1,692	36	1,722	38	(2)	(5)
Denmark	3,392	72	2,814	62	21	16
Total motor	13,122	279	12,794	285	3	(2)
Total	22,062	469	20,731	457	6	3

Reuse of materials		Norway		Sweden		Denmark	
		2020	2019	2020	2019	2020	2019
Share of car repairs with used spare parts	Per cent	1.3	1.2	11.1	12.5	3.0	3.1

CONTENT

3

About this report

4

The year that passed

6

Key figures and alternative performance measures

11

Chair letter

14

CEO letter

Chapter 1 – This is us

Chapter 2 – Creating added value in Gjensidige

Chapter 3 – Value created in 2020

A safer society

126

Results of our commitment to a safer society

Climate and the environment

132

Results of our commitment to the climate and environment

Engaged employees

140

Results of our commitment to engaged employees

Responsible investments

147

Results of our commitment to responsible investments

Good management and control

153

Results of our commitment to management and control

Financial result

159

Financial result

179

Strategy and outlook

Chapter 4 – Financial statements and notes

282

Declaration from the Board and CEO

283

Auditor’s report

288

Independent Auditor’s report

Appendix

290

GRI Content Index and Board of Directors Report

296

Selected governing documents

297

Description of ratings and whom we support

298

Statement on equality

304

Certificates and guarantees

310

Climate accounts own operations

Chapter 3 – Value created in 2020 - Results of our commitment to the climate and environment

Circular materials		2020	2019
Aluminium	tonnes	3,265	3,183
	tonnes CO ₂ e	70	69
Steel	tonnes	6,523	6,488
	tonnes CO ₂ e	140	139

Waste

- Waste emissions make up a relatively small proportion of the products' CO₂-equivalents, but account for a substantial amount in tonnes. In the countries Gjensidige operates in, arrangements are in place for responsible management and recycling in public waste management schemes.
- Scrapped cars are sold to professional car breakers who decompose and resell car parts and materials such as steel and aluminium, which are then used as input in new products. For example:
 - 3,265 tonnes of aluminium resold to partners
 - 6,523 tonnes of steel resold to partners
 - Waste from water and fire damage handled with the help of our partners, subject to stringent environmental requirements.

Follow-up of suppliers

New measures to reduce suppliers' need for transport in connection with damage repair, and requirement to switch to electric/hybrid cars

- All new suppliers shall sign a self-declaration of compliance with the 10 UN Global Compact principles for responsible business.
- Sixty-five per cent increase in the number of suppliers subject to special follow-up of sustainability. We use the results to ensure that our suppliers comply with our requirements for responsible business. The suppliers must document that they take steps to improve areas identified for improvement, in relation to both the environment and working conditions. They must also document satisfactory management and control.
- All material procurements are made locally. This means that, as far as possible, our partners/suppliers are available in the area where a need has arisen, or a loss occurred. No suppliers have been excluded based on screening, but everyone receives feedback on areas for improvement based on scores for ESG status reporting.

Development in supplier follow-up in compliance with sustainability requirements

Key figures procurement in 2020	Unit	2020	2019
Share of procurements from suppliers with external sustainability evaluation	Per cent	31	21
Number of ICT-suppliers audited	Number	2	4
Share of suppliers who have signed sustainability self declaration	Per cent	94	85

CONTENT

3

About this report

4

The year that passed

6

Key figures and alternative performance measures

11

Chair letter

14

CEO letter

Chapter 1 – This is us

Chapter 2 – Creating added value in Gjensidige

Chapter 3 – Value created in 2020

A safer society

126

Results of our commitment to a safer society

Climate and the environment

132

Results of our commitment to the climate and environment

Engaged employees

140

Results of our commitment to engaged employees

Responsible investments

147

Results of our commitment to responsible investments

Good management and control

153

Results of our commitment to management and control

Financial result

159

Financial result

179

Strategy and outlook

Chapter 4 – Financial statements and notes

282

Declaration from the Board and CEO

283

Auditor’s report

288

Independent Auditor’s report

Appendix

290

GRI Content Index and Board of Directors Report

296

Selected governing documents

297

Description of ratings and whom we support

298

Statement on equality

304

Certificates and guarantees

310

Climate accounts own operations

Chapter 3 – Value created in 2020 - Results of our commitment to the climate and environment

Key indicator		2020	2019
Percentage of digital customers	Percentage	80	77
Percentage of digital claims settlements ¹	Percentage	80	73
Percentage of straight-through processing ¹	Percentage	17	15
Customer satisfaction	Points	79	78

¹ Norway

New measures 2021

- Initiate pilot projects to increase the proportion of car window repairs and the use of smart repair methods.
- Further develop the product areas to promote more sustainable claims settlements.
- Increase the number of top-rated suppliers based on reported status and measures implemented to ensure sustainable operations.
- Project in cooperation with suppliers in Denmark, focusing on less demolition and thereby less waste and fewer materials for reconstruction.

CONTENT

- 3 About this report
- 4 The year that passed
- 6 Key figures and alternative performance measures
- 11 Chair letter
- 14 CEO letter
- Chapter 1 – This is us**
- Chapter 2 – Creating added value in Gjensidige**
- Chapter 3 – Value created in 2020**
 - A safer society**
 - 126 Results of our commitment to a safer society
 - Climate and the environment**
 - 132 Results of our commitment to the climate and environment
 - Engaged employees**
 - 140 Results of our commitment to engaged employees
 - Responsible investments**
 - 147 Results of our commitment to responsible investments
 - Good management and control**
 - 153 Results of our commitment to management and control
 - Financial result**
 - 159 Financial result
 - 179 Strategy and outlook
- Chapter 4 – Financial statements and notes**
 - 282 Declaration from the Board and CEO
 - 283 Auditor’s report
 - 288 Independent Auditor’s report
- Appendix**
 - 290 GRI Content Index and Board of Directors Report
 - 296 Selected governing documents
 - 297 Description of ratings and whom we support
 - 298 Statement on equality
 - 304 Certificates and guarantees
 - 310 Climate accounts own operations

Value created in 2020

Engaged employees

In our work towards a more sustainable society, we are dependent on motivated, committed employees. We achieve this by cultivating diversity and encouraging regular, concrete feedback on what works well – and what could improve.



CONTENT

- 3 About this report
- 4 The year that passed
- 6 Key figures and alternative performance measures
- 11 Chair letter
- 14 CEO letter

Chapter 1 – This is us

Chapter 2 – Creating added value in Gjensidige

Chapter 3 – Value created in 2020

- A safer society**
 - 126 Results of our commitment to a safer society
- Climate and the environment**
 - 132 Results of our commitment to the climate and environment
- Engaged employees**
 - 140 Results of our commitment to engaged employees
- Responsible investments**
 - 147 Results of our commitment to responsible investments
- Good management and control**
 - 153 Results of our commitment to management and control
- Financial result**
 - 159 Financial result
 - 179 Strategy and outlook

Chapter 4 – Financial statements and notes

- 282 Declaration from the Board and CEO
- 283 Auditor’s report
- 288 Independent Auditor’s report

Appendix

- 290 GRI Content Index and Board of Directors Report
- 296 Selected governing documents
- 297 Description of ratings and whom we support
- 298 Statement on equality
- 304 Certificates and guarantees
- 310 Climate accounts own operations

Results of our commitment to engaged employees

Gjensidige’s work in 2020 was strongly affected by Covid-19. Most of our employees spent most of the year working from home. Many experienced periods with an unusually high workload due to customers in great need of assistance. We nonetheless saw employee engagement increasing throughout the year.

UN SDG	Sustainability goal	Status of measures 2020
 	Engaged employees Further develop our culture for building expertise and generating new ideas and perspectives, to ensure our employees are also relevant in the future. Have engaged and motivated employees and achieve top results in the employee satisfaction survey.	Our employees and managers have coped well with the unusual year that was 2020 - Through the pandemic, we have tested, learnt and changed the way we work and lead and have succeeded in delivering some very good results. - Sickness absence has been stable throughout the pandemic, and the management has made active efforts to safeguard our employees’ health and safety. - Increased employee engagement, and total score among the top ten per cent in the industry benchmark to our supplier Peakon. - Partnership with NHH, BI and AFF to meet future need for expertise. - Comprehensive training programme, 65 per cent online, to ensure competence development during the pandemic.

CONTENT

3

About this report

4

The year that passed

6

Key figures and alternative performance measures

11

Chair letter

14

CEO letter

Chapter 1 – This is us

Chapter 2 – Creating added value in Gjensidige

Chapter 3 – Value created in 2020

A safer society

126

Results of our commitment to a safer society

Climate and the environment

132

Results of our commitment to the climate and environment

Engaged employees

140

Results of our commitment to engaged employees

Responsible investments

147

Results of our commitment to responsible investments

Good management and control

153

Results of our commitment to management and control

Financial result

159

Financial result

179

Strategy and outlook

Chapter 4 – Financial statements and notes

282

Declaration from the Board and CEO

283

Auditor’s report

288

Independent Auditor’s report

Appendix

290

GRI Content Index and Board of Directors Report

296

Selected governing documents

297

Description of ratings and whom we support

298

Statement on equality

304

Certificates and guarantees

310

Climate accounts own operations

Chapter 3 – Value created in 2020 - Results of our commitment to engaged employees

Effect of our efforts – engaged employees

Figures presented below apply to Norway, Sweden and Denmark. If the figures also include the Baltics, this is indicated positively.

HR work in an unusual year

Gjensidige has had three focus areas during the Covid-19 crisis: to take social responsibility and prevent the spread of infection, to create a sense of security for our employees and to maintain growth and profitable operations. With security as an important objective, the HR Department facilitated new forms of management and work from a distance. We have followed the official advice, monitored the infection trend closely and contributed to managing the office occupancy rate (see table). We have had serious outbreaks that have been rapidly contained, and a low rate of infection.

The strange year that was 2020 provides opportunity for learning about management, cooperation and workplace requirements. We at Gjensidige will take these lessons with us, actively test and learn more and use the experience gained to design a new normal for working at Gjensidige.

Read more about our work in the section 'Engaged employees'.

Health, safety and the environment (HSE)

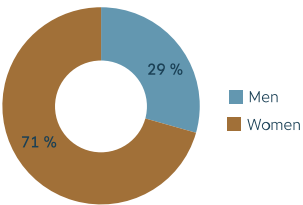
Gjensidige gives high priority to health, safety and working environment issues. Some of the most important HSE measures implemented in 2020 include:

- Internal programme 'Fokus' has been performed to boost the working environment and reduce sickness absence at the Private

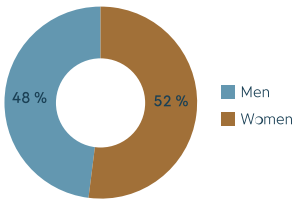
Customer Centre. We see a tendency towards reduced sickness absence and increased engagement after the programme.

- HSE survey conducted in the Nordic region in December 2020. High score for employees' satisfaction with the company's health, safety and environmental work.
- Six health and safety audits carried out: two in Norway, two in Sweden and two in Denmark.
- Sickness absence remained stable throughout the year, with a slight, but positive reduction towards the end of the year.
- Women have higher sickness absence than men in society otherwise.
- The Diversity and Equality Committee held four meetings in 2020 and deals with reported cases of discrimination.

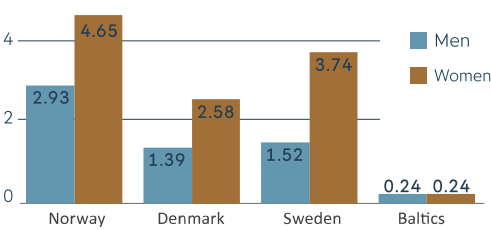
Parental leave 2020
Per cent number of days absent



Parental leave 2020
Per cent number of employees absent



Sickness absence 2020
Per cent



CONTENT

- 3 About this report
- 4 The year that passed
- 6 Key figures and alternative performance measures
- 11 Chair letter
- 14 CEO letter

Chapter 1 – This is us

Chapter 2 – Creating added value in Gjensidige

Chapter 3 – Value created in 2020

- A safer society
 - 126 Results of our commitment to a safer society
- Climate and the environment
 - 132 Results of our commitment to the climate and environment
- Engaged employees
 - 140 Results of our commitment to engaged employees
- Responsible investments
 - 147 Results of our commitment to responsible investments
- Good management and control
 - 153 Results of our commitment to management and control
- Financial result
 - 159 Financial result
 - 179 Strategy and outlook

Chapter 4 – Financial statements and notes

- 282 Declaration from the Board and CEO
- 283 Auditor’s report
- 288 Independent Auditor’s report

Appendix

- 290 GRI Content Index and Board of Directors Report
- 296 Selected governing documents
- 297 Description of ratings and whom we support
- 298 Statement on equality
- 304 Certificates and guarantees
- 310 Climate accounts own operations

Chapter 3 – Value created in 2020 - Results of our commitment to engaged employees

The following are examples of special measures implemented during the pandemic:

- Infection control equipment and home office equipment made available to employees.
- Offer of digital ergonomic home workstation assessment.
- Low-threshold psychosocial support available through the occupational health service.
- Offer of webinars on distance management and mental health.

My Voice – monthly measurement of engagement

The new engagement survey ‘My Voice’ was introduced in November 2019. We have thereby gone from annual measurements to continuous development and learning through monthly engagement surveys. My Voice is an operative management tool, and most of our managers use the tool actively.

- We have a response rate of 89, which is high. Gjensidige’s engagement score has been stable and high throughout the year. At the end of November 2020, we had a score of 8.5, on a scale from 0 to 10, an improvement of 0.3 percentage points from February, before the pan-demic, and an increase of 0.6 percentage points from November 2019.
- Gjensidige is in the top 10 per cent in the finance industry benchmark to our supplier Peakon. In 2020, we achieved the highest engagement score Gjensidige has recorded in recent years, with increases across all the divisions.
- Questions concerning the coronavirus situation have given us insight into employees’ experience of information, security, cooperation and efficiency. For these factors, the score fluctuated between 8.8 and 9.2 from March until the end of the year. These monthly surveys gave us valuable information already a few weeks after the crisis broke out. This enabled the crisis

management team and local managers to act quickly and make adjustments.

Gjensidige one step ahead of expertise challenges

Attracting, developing and retaining highly competent employees is important to maintain profitability over time. Strategic partnerships with research and educational institutions are part of this effort.

- NHH’s new Digital Innovation for Growth (DIG) centre is a research collaboration where Gjensidige is one of the strategic partners.
- A strategic partnership agreement with BI Norwegian Business School will lead to raised awareness of Gjensidige as a potential employer among students. Gjensidige’s employees also contribute with advice for the purpose of further development and design of various study programmes. Gjensidige gains access to research, courses and programmes through BI’s Executive Education
- Partnership with NHH and AFF to ensure relevant, up-to-date management development to match future needs.

Our learning philosophy

Seventy per cent through practical application at work, 20 per cent through social learning, 10 per cent through traditional courses. Some examples of learning initiatives:

- A total of 451 new advisers authorised as sellers of accident and health insurance, in accordance with Finance Norway’s guidelines.
- Competence-raising measures established to close critical skills gap for analysts in six countries. Ten modules and 150 employees.

CONTENT

3 About this report
4 The year that passed
6 Key figures and alternative performance measures
11 Chair letter
14 CEO letter

Chapter 1 – This is us

Chapter 2 – Creating added value in Gjensidige

Chapter 3 – Value created in 2020

A safer society
126 Results of our commitment to a safer society

Climate and the environment
132 Results of our commitment to the climate and environment

Engaged employees
140 Results of our commitment to engaged employees

Responsible investments
147 Results of our commitment to responsible investments

Good management and control
153 Results of our commitment to management and control

Financial result
159 Financial result
179 Strategy and outlook

Chapter 4 – Financial statements and notes

282 Declaration from the Board and CEO
283 Auditor’s report
288 Independent Auditor’s report

Appendix
290 GRI Content Index and Board of Directors Report
296 Selected governing documents
297 Description of ratings and whom we support
298 Statement on equality
304 Certificates and guarantees
310 Climate accounts own operations

Chapter 3 – Value created in 2020 - Results of our commitment to engaged employees

- In Denmark, 70 managers and 40 super-users have completed an extensive change management programme that includes the use of gamification to ensure successful implementation of the new core system.
- New agility training established for management and employee development.
- Successful pilot for new Assessment programme, to professionalise talent and succession development.
- Established and received good feedback on Scandinavian mentor programme for managers and talents.
- Both physical and digital training sessions organised by the Gjensidige Customer and Brand School. Employees have completed 6,874 hours of training at the school, and 28,825 hours online. In addition, frontline customer staff have completed a total of 20,050 hours of training.

A number of other competence-raising measures are also carried out in the organisation, such as participation in external courses, conferences and webinars, and many different activities relating to organised and non-organised training, job shadowing etc. We are making efforts to shift the development and follow-up of employees towards an even more continuous process, where employees themselves have a large say in their own development.

Effect of measures in 2020:

- In the engagement survey ‘My Voice’, employees emphasise the Company’s development possibilities as a strength. A stable high score (8.2 in November 2020) is among the top five per cent in the Finance category.
- Universum ranked Gjensidige as Norway’s most attractive employer in the insurance industry, and Gjensidige was also named ‘climber of the year’ by working IT professionals, climbing from number 59 to number 34 in just one year.

- For the third year running, we recruited employees for an internal executive education programme for insurance specialists. Many good applicants from both Norway and Denmark.
- The number of internships was reduced to eight new places for the 2020/2021 academic year due to the pandemic, but on the positive side, we received a record number of applications totalling almost 1,000.
- Eighteen managers would like to receive students for internships in the 2021/2022 academic year. The number of departments involved is higher than ever before.
- We have recruited eight students for summer internships in technical positions for summer 2021. This will be the first year we offer this type of summer programme to students.

Equality and diversity work

Gjensidige aims to develop a broad diversity among its employees and utilise this to create added business value. By drawing on each other’s knowledge, skills, competencies and experience as a source of development and innovation, we can improve our ability to develop and deliver the services and products customers need and ask for. Diversity and an inclusive corporate culture shall help Gjensidige to become a more attractive, socially responsible employer for different stakeholders.

- In the course of the year, we have certified two diversity managers under the auspices of Seema and Standard Norge.
- We have further formalised our cooperation with NAV through the project ‘Vi inkluderer’ (‘We include’), as part of the national initiative to promote inclusion. The following are examples of some of our culture-building activities: webinar on gender and sexuality competence-raising initiative (‘Rosa Kompetanse’),

CONTENT

3

About this report

4

The year that passed

6

Key figures and alternative performance measures

11

Chair letter

14

CEO letter

Chapter 1 – This is us

Chapter 2 – Creating added value in Gjensidige

Chapter 3 – Value created in 2020

A safer society

126

Results of our commitment to a safer society

Climate and the environment

132

Results of our commitment to the climate and environment

Engaged employees

140

Results of our commitment to engaged employees

Responsible investments

147

Results of our commitment to responsible investments

Good management and control

153

Results of our commitment to management and control

Financial result

159

Financial result

179

Strategy and outlook

Chapter 4 – Financial statements and notes

282

Declaration from the Board and CEO

283

Auditor's report

288

Independent Auditor's report

Appendix

290

GRI Content Index and Board of Directors Report

296

Selected governing documents

297

Description of ratings and whom we support

298

Statement on equality

304

Certificates and guarantees

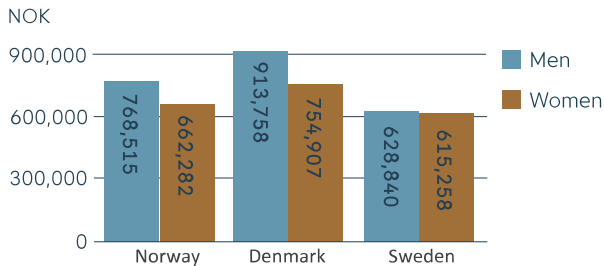
310

Climate accounts own operations

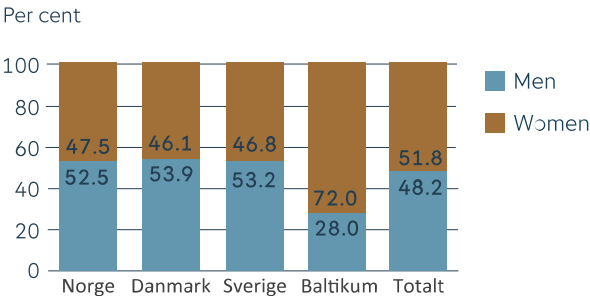
Chapter 3 – Value created in 2020 - Results of our commitment to engaged employees

- podcast about diversity, best practice interviews on Gjensidige TV and intranet.
- Various internal initiatives to avoid unconscious discrimination. For example, job advertisement requirements have been reduced to the minimum, and the words used in advertisements shall be as gender-neutral as possible.
 - Equality in My Voice: Throughout 2020, the claim ‘People from all backgrounds are treated fairly at Gjensidige’ has returned a stable high score. The score in November 2020 was 9.1, up from 8.8 in November 2019. We keep a close eye on this score, as we work to ensure that all our employees are treated fairly regardless of their background.

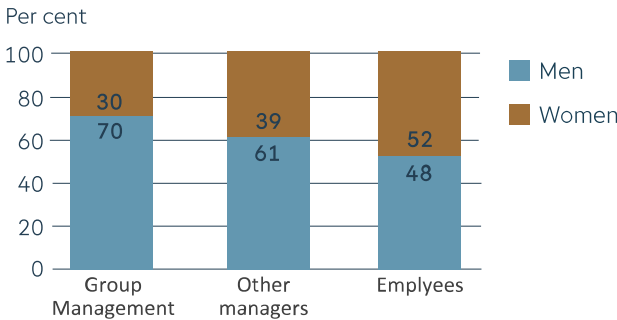
Average salary (NOK)



Gender balance per country



Gender balance employees



Labour rights (ILO) and cooperation with union representatives

Freedom of association is an important principle for Gjensidige. A large proportion of our employees are covered by collective agreements.

Inclusive Workplace enterprise

Several activities have been carried out to support inclusive working life. This is explained in a separate appendix to this annual report.

CONTENT

- 3 About this report
- 4 The year that passed
- 6 Key figures and alternative performance measures
- 11 Chair letter
- 14 CEO letter

Chapter 1 – This is us

Chapter 2 – Creating added value in Gjensidige

Chapter 3 – Value created in 2020

A safer society

- 126 Results of our commitment to a safer society

Climate and the environment

- 132 Results of our commitment to the climate and environment

Engaged employees

- 140 Results of our commitment to engaged employees

Responsible investments

- 147 Results of our commitment to responsible investments

Good management and control

- 153 Results of our commitment to management and control

Financial result

- 159 Financial result
- 179 Strategy and outlook

Chapter 4 – Financial statements and notes

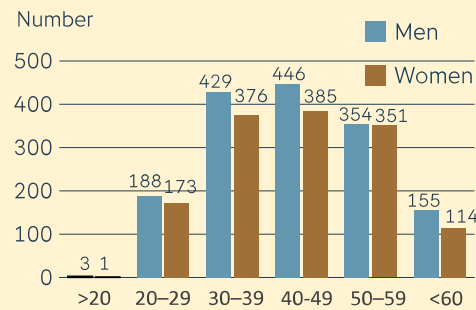
- 282 Declaration from the Board and CEO
- 283 Auditor's report
- 288 Independent Auditor's report

Appendix

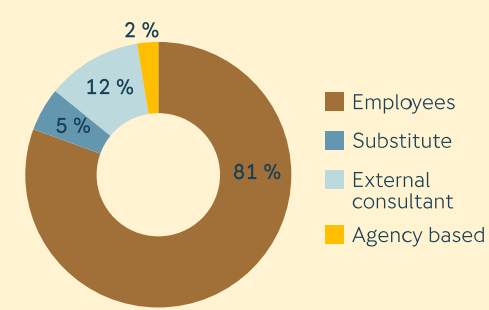
- 290 GRI Content Index and Board of Directors Report
- 296 Selected governing documents
- 297 Description of ratings and whom we support
- 298 Statement on equality
- 304 Certificates and guarantees
- 310 Climate accounts own operations

Chapter 3 – Value created in 2020 - Results of our commitment to engaged employees

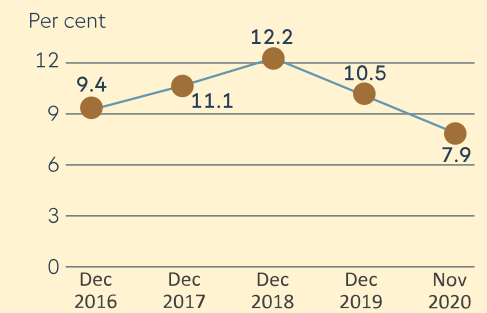
Age distribution



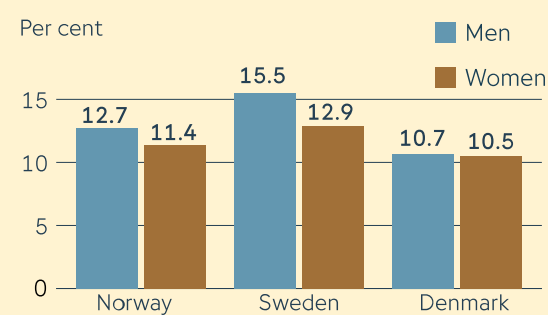
Employment relationship 2020



Turnover

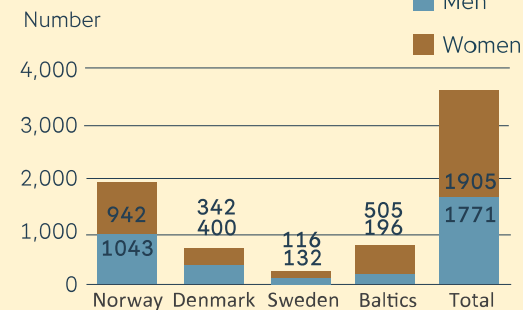


Employees' pay as share of CEO pay ¹

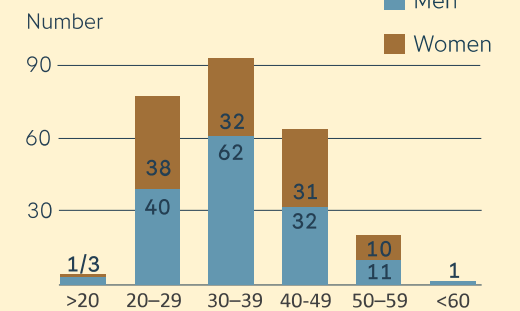


¹ Employees' average pay (executive vice presidents and their immediate subordinates not included) as a share of CEO pay.

Employees per country



New employees 2020



CONTENT

- 3 About this report
- 4 The year that passed
- 6 Key figures and alternative performance measures
- 11 Chair letter
- 14 CEO letter

Chapter 1 – This is us

Chapter 2 – Creating added value in Gjensidige

Chapter 3 – Value created in 2020

- A safer society**
 - 126 Results of our commitment to a safer society
- Climate and the environment**
 - 132 Results of our commitment to the climate and environment
- Engaged employees**
 - 140 Results of our commitment to engaged employees
- Responsible investments**
 - 147 Results of our commitment to responsible investments
- Good management and control**
 - 153 Results of our commitment to management and control
- Financial result**
 - 159 Financial result
 - 179 Strategy and outlook

Chapter 4 – Financial statements and notes

- 282 Declaration from the Board and CEO
- 283 Auditor’s report
- 288 Independent Auditor’s report

Appendix

- 290 GRI Content Index and Board of Directors Report
- 296 Selected governing documents
- 297 Description of ratings and whom we support
- 298 Statement on equality
- 304 Certificates and guaranteees
- 310 Climate accounts own operations



Value created in 2020

Responsible investments

Responsible investments are about striking a balance between the environment, social responsibility and profitability in our asset management. We make systematic efforts to ensure that our investments are managed properly and sustainably.

CONTENT

3

About this report

4

The year that passed

6

Key figures and alternative performance measures

11

Chair letter

14

CEO letter

Chapter 1 – This is us

Chapter 2 – Creating added value in Gjensidige

Chapter 3 – Value created in 2020

A safer society

126

Results of our commitment to a safer society

Climate and the environment

132

Results of our commitment to the climate and environment

Engaged employees

140

Results of our commitment to engaged employees

Responsible investments

147

Results of our commitment to responsible investments

Good management and control

153

Results of our commitment to management and control

Financial result

159

Financial result

179

Strategy and outlook

Chapter 4 – Financial statements and notes

282

Declaration from the Board and CEO

283

Auditor’s report

288

Independent Auditor’s report

Appendix

290

GRI Content Index and Board of Directors Report

296

Selected governing documents

297

Description of ratings and whom we support

298

Statement on equality

304

Certificates and guarantees

310

Climate accounts own operations

Results of our commitment to responsible investments

We make systematic efforts to ensure that the management of our investments contributes to a more sustainable world. The Group’s investment strategy and policy for responsible investments ensure a good, sustainable return on the funds invested. In 2020, Gjensidige signed the six UN PRI principles for responsible investments, which entails a greater obligation to integrate ESG perspectives in all parts of capital management and increasingly contribute to the development of this focus area, internally and externally.

UN SDG	Sustainability goal	Status of measures 2020
	Exclude companies we believe are in breach of international standards through the UN Global Compact and Inhumane Weapons Convention. We implement ESG assessments in our analyses and exercise active ownership in dialogue with companies, external investment managers and other investors.	Increased focus on ESG in our investments • Signed UN PRI. • Certified one building to BREEAM-NOR Excellent standard, and working to achieve BREEAM In-Use certification of a further two. • Carried out climate risk analyses of the portfolio. • Measured the carbon footprint of the equity and property portfolio.

CONTENT

3

About this report

4

The year that passed

6

Key figures and alternative performance measures

11

Chair letter

14

CEO letter

Chapter 1 – This is us

Chapter 2 – Creating added value in Gjensidige

Chapter 3 – Value created in 2020

A safer society

126

Results of our commitment to a safer society

Climate and the environment

132

Results of our commitment to the climate and environment

Engaged employees

140

Results of our commitment to engaged employees

Responsible investments

147

Results of our commitment to responsible investments

Good management and control

153

Results of our commitment to management and control

Financial result

159

Financial result

179

Strategy and outlook

Chapter 4 – Financial statements and notes

282

Declaration from the Board and CEO

283

Auditor’s report

288

Independent Auditor’s report

Appendix

290

GRI Content Index and Board of Directors Report

296

Selected governing documents

297

Description of ratings and whom we support

298

Statement on equality

304

Certificates and guarantees

310

Climate accounts own operations

Chapter 3 – Value created in 2020 - Results of our commitment to responsible investments

Effect of our efforts

In 2020, it was decided to exclude 12 companies from Gjensidige’s investment portfolio, while 8 previously excluded companies were removed from the exclusion list. One of the companies that was taken off the list was due to mergers and acquisitions. The remaining companies were removed from the list due to changes in behaviour following pressure from investors, authorities and other stakeholders. At year-end 2020, a total of 107 companies had been excluded and one placed on the observation list, compared with 103 excluded companies at the start of the year. They break down as follows based on the reason for exclusion (a company can be excluded for several reasons):

Number of exclusions based on reasons

Labour rights	Corruption	Human rights	Environment	Weapons production
6	11	27	24	45

In 2020, we contacted nine external investment managers about 15 companies in their portfolios that were on the list of excluded companies or companies under observation. Our dialogue with external managers resulted in a decision to sell a management mandate that did not meet our ESG requirements. In addition, one mandate was replaced by another one with satisfactory ESG guidelines.

In 2020, Gjensidige signed UN PRI as an asset owner, and the Group’s policies and instructions were revised to reflect this. The Board approved a group policy that, in addition to exclusions, also introduces a requirement for ESG and climate risk analyses in all investment decisions, and to exercise active ownership in both direct investments and in relation to external investment managers. Our focus going forward will be on developing and incorporating several of the UN PRI recommendations, and thereby also improving the basis for external reporting.

Real estate investments are made through the real estate company Oslo Areal, a company that engages in property development and management in the Oslo area and invests in environmentally friendly buildings near public transport hubs. The company uses the BREEAM-NOR environmental classification system for new buildings and complete restorations. No properties were sold or bought during the year. Grenseveien 78 achieved BREEAM-NOR Excellent certification in 2020. Work has been carried out to achieve BREEAM In-Use certification for two more buildings in 2020, and an additional three or four in 2021. Oslo Areal actively follows up the portfolio, and, because few people have occupied the buildings in 2020 due to Covid-19, energy consumption has been considerably reduced. The possibility of installing solar panels on our buildings has been looked into, and will be considered in one or two buildings in 2021. Some of the properties have undergone an energy efficiency test to identify potential energy saving measures, and this work will continue in 2021. We are part of an Enova project on regional reuse networks, the goal of which is to map and create a marketplace for second-hand material in connection with renovation or demolition. The strategy outlines specific targets for energy consumption, renovation and greenhouse gas reduction, with pertaining measures to attain the targets. They will be followed up and updated.

CONTENT

3

About this report

4

The year that passed

6

Key figures and alternative performance measures

11

Chair letter

14

CEO letter

Chapter 1 – This is us

Chapter 2 – Creating added value in Gjensidige

Chapter 3 – Value created in 2020

A safer society

126

Results of our commitment to a safer society

Climate and the environment

132

Results of our commitment to the climate and environment

Engaged employees

140

Results of our commitment to engaged employees

Responsible investments

147

Results of our commitment to responsible investments

Good management and control

153

Results of our commitment to management and control

Financial result

159

Financial result

179

Strategy and outlook

Chapter 4 – Financial statements and notes

282

Declaration from the Board and CEO

283

Auditor’s report

288

Independent Auditor’s report

Appendix

290

GRI Content Index and Board of Directors Report

296

Selected governing documents

297

Description of ratings and whom we support

298

Statement on equality

304

Certificates and guarantees

310

Climate accounts own operations

Chapter 3 – Value created in 2020 - Results of our commitment to responsible investments

Climate parameters responsible investments

Parameter	2019	2020	Target
Weighted carbon intensity, equities: tonnes of CO ₂ e per NOK 1 mill. in sales revenue (compared with benchmark) ¹	New	11.1 (17.8)	N/A
Carbon footprint Property: tonnes in total / kg of CO ₂ e per m ² ²	1564 / 8.5	1366 / 7.4	2025: 7.68 kg CO ₂ e /m ²
Proportion of properties with environmental certification as proportion of square metres (BREEAM)	17%	21%	2025: 100 %
Number of companies excluded from the investment portfolio	103	107	N/A
External managers with companies on Gjensidige's exclusion list / proportion followed up	11 / 100%	9 / 100%	100 % followed up

1 The figures are as of 30 Sept. and apply to listed shares. The figures indicate average carbon intensity (WACI). Scope 1-2

2 Scope 1-3

Financial consequences of climate risk

The biggest financial climate risk for Gjensidige’s investment portfolio is assumed to arise in the transition to a low-emission society where climate regulation, more stringent emission requirements, a different cost situation and changes in market preferences can affect the value of investments. Through the year, we have conducted several analyses of the portfolio to better understand the climate risk it represents. Among them is the scenario analysis PACTA from 2° Investing Initiative, the results of which were used in scenario analyses for insurance companies developed by Bank of England (BoE). The purpose of the analysis was to better understand the risk of exposure to sectors and technologies with a negative and positive transition risk, and then to include physical risk at sector level in the BoE analysis. The sector exposure for Gjensidige’s investment portfolio at year-end 2020 is shown in the table on the next page.

We consider the oil and gas industry and parts of the power supply sector to be associated with the greatest risk. Oil and gas-related activities account for 1.1 per cent of the investment portfolio. The exposure to oil and gas-related activities is primarily related to unlisted equity investments, where the sector makes up approx. 30 per cent of the exposure. In the electric utilities category, which makes up 9.9 per cent of the portfolio, Gjensidige is largely invested in bonds in Norwegian hydropower plants. We consider the climate risk associated with these investments to be considerably lower than in the rest of the power supply sector. These considerations are confirmed by the results of the scenario analyses, where the exposure to Norwegian power producers contribute to a positive climate risk. Transition risk will also depend on how quickly alternative backstop technologies, legislation and regulations develop. In the short term, the EU Green Deal and the actions and requirements associated with

CONTENT

3

About this report

4

The year that passed

6

Key figures and alternative performance measures

11

Chair letter

14

CEO letter

Chapter 1 – This is us

Chapter 2 – Creating added value in Gjensidige

Chapter 3 – Value created in 2020

A safer society

126

Results of our commitment to a safer society

Climate and the environment

132

Results of our commitment to the climate and environment

Engaged employees

140

Results of our commitment to engaged employees

Responsible investments

147

Results of our commitment to responsible investments

Good management and control

153

Results of our commitment to management and control

Financial result

159

Financial result

179

Strategy and outlook

Chapter 4 – Financial statements and notes

282

Declaration from the Board and CEO

283

Auditor’s report

288

Independent Auditor’s report

Appendix

290

GRI Content Index and Board of Directors Report

296

Selected governing documents

297

Description of ratings and whom we support

298

Statement on equality

304

Certificates and guarantees

310

Climate accounts own operations

Chapter 3 – Value created in 2020 - Results of our commitment to responsible investments

it, can be one of the catalysts of such transition risk, and it is therefore monitored closely.

Industry sector exposure

Industry Sector	Distribution
Agriculture, forestry and fishing	0.1 %
Oil and Gas	1.1 %
Manufacturing	4.1 %
Electricity production and supply	9.9 %
Construction	0.1 %
Service activities	5.2 %
Transportation and storage	0.7 %
Financial activities	44.7 %
Real estate activities	17.4 %
Public administration	13.9 %
- of which sovereign/government-guaranteed/supranational	10.6 %
Not classified	2.8 %
Totalt	100.0 %

The table includes investments in funds, shares, derivatives and bonds. These have been classified using the industry classification standard (NACE). Directly owned property through Oslo Areal is included in property operations. Bank deposits are included in financial undertakings.

The physical risk associated with Gjensidige's investments mainly concerns properties in Oslo Areal. More specifically 19 properties, all in a central location in Oslo and Stavanger, which make up a considerable proportion of the investment portfolio. Although the properties are concentrated in the same geographical area, the physical risk is deemed to be low. The property investments are considered to be equipped to withstand transition risk, as a result of strict energy requirements and other regulations. The remaining part of the investment portfolio is deemed to be well diversified and does not entail any concentrated risk over and above systematic risk.

Considerable uncertainty is attached to these assessments, which are purely qualitative. Going forward, the assessment of financial risk will be improved through better greenhouse gas emissions data and scenario analyses. However, we consider the framework for doing this for reporting purposes to still be at the development stage. Work is also being carried out to define quantitative targets for financial risk to support the qualitative assessment. This will make it possible to single out the positive opportunities associated with downside risks and more easily define degrees of risk exposure.

CONTENT

- 3 About this report
- 4 The year that passed
- 6 Key figures and alternative performance measures
- 11 Chair letter
- 14 CEO letter

Chapter 1 – This is us

Chapter 2 – Creating added value in Gjensidige

Chapter 3 – Value created in 2020

- A safer society
 - 126 Results of our commitment to a safer society
- Climate and the environment
 - 132 Results of our commitment to the climate and environment
- Engaged employees
 - 140 Results of our commitment to engaged employees
- Responsible investments
 - 147 Results of our commitment to responsible investments
- Good management and control
 - 153 Results of our commitment to management and control
- Financial result
 - 159 Financial result
 - 179 Strategy and outlook

Chapter 4 – Financial statements and notes

- 282 Declaration from the Board and CEO
- 283 Auditor’s report
- 288 Independent Auditor’s report

Appendix

- 290 GRI Content Index and Board of Directors Report
- 296 Selected governing documents
- 297 Description of ratings and whom we support
- 298 Statement on equality
- 304 Certificates and guarantees
- 310 Climate accounts own operations

Chapter 3 – Value created in 2020 - Results of our commitment to responsible investments

Carbon emissions from investment activities

The 2020 report will be the first time Gjensidige reports on the carbon intensity of listed shares and property in the investment portfolio. The carbon intensity of equities is reported as the weighted average carbon intensity, in line with the TCFD’s recommendations. To enable reporting, estimates from S&P Trucost Ltd have been used in addition to reported data, to increase the coverage. The carbon footprint of equities compared with the global benchmark index is shown in the table above. A coverage of at least 75 per cent is recommended for carbon footprinting, and the portfolio has a coverage of 96 per cent. As we start to gain a historical basis, the portfolio’s carbon footprint will help us to assess whether the investment portfolio supports the Group’s goal of reducing carbon emissions.

For property investments, Oslo Areal reports greenhouse gas emissions in accordance with the GHG Protocol. The most recently reported emissions show a decrease from 8.5 kg/m² to 7.4 kg/m² in 2020 for emissions from Scope 1–3. The reduction of 1.1 kg/m² is primarily due to a lower level of activity in the buildings due to Covid-19, and must be considered temporary. In accordance with our strategy, energy efficiency measures have also been implemented for several properties to contribute to a permanently lower carbon intensity. The property portfolio in Oslo Areal makes up 9 per cent of Gjensidige’s total investment portfolio. Gjensidige makes active efforts to encourage investment managers and companies to improve their reporting of emissions.

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New measures in 2021

- Continuous efforts are made to improve existing processes and new measures in the area of responsible investments. We can exert the greatest influence through active dialogue on ESG criteria with our external fund managers, and incorporate ESG requirements in the mandates we establish. As well as investments in individual companies and investment mandates, the dialogue will concern the investment managers’ exercise of ownership, reporting of ESG criteria and their work on the UN Sustainable Development Goals. In general, we will make efforts to incorporate more of the UN PRI recommendations where relevant.
- There is a focus on further improvement and analysis of our carbon footprint and development of scenario analyses of climate risk.
- Gjensidige Pensjonsforsikring is working on new pension products with a more clearly defined ESG profile, which is considered especially important in light of the introduction of the ‘own pension account’ scheme.
- Investments that to an even greater extent aim to resolve the current climate challenges through infrastructure investments in renewable energy are considered on an ongoing basis.
- Oslo Areal is part of an Enova project on regional reuse networks, the goal of which is to map and create a marketplace for second-hand material in connection with renovation or demolition.

CONTENT

- 3 About this report
- 4 The year that passed
- 6 Key figures and alternative performance measures
- 11 Chair letter
- 14 CEO letter

Chapter 1 – This is us

Chapter 2 – Creating added value in Gjensidige

Chapter 3 – Value created in 2020

- A safer society**
126 Results of our commitment to a safer society
- Climate and the environment**
132 Results of our commitment to the climate and environment
- Engaged employees**
140 Results of our commitment to engaged employees
- Responsible investments**
147 Results of our commitment to responsible investments
- Good management and control**
153 Results of our commitment to management and control

- Financial result**
159 Financial result
179 Strategy and outlook

Chapter 4 – Financial statements and notes

- 282 Declaration from the Board and CEO
- 283 Auditor’s report
- 288 Independent Auditor’s report

Appendix

- 290 GRI Content Index and Board of Directors Report
- 296 Selected governing documents
- 297 Description of ratings and whom we support
- 298 Statement on equality
- 304 Certificates and guarantees
- 310 Climate accounts own operations

Value created in 2020

Good management and control

Gjensidige has sophisticated risk models for the purpose of ensuring correct risk pricing. We have increased our focus on climate risk and devised scenarios for the future risk of damage in collaboration with Norwegian Computing Center. We are also concerned with ethical operations and work actively to combat corruption and money laundering. On a daily basis, we make sure that we attend to systems and privacy protection for our customers and employees.



CONTENT

3

About this report

4

The year that passed

6

Key figures and alternative performance measures

11

Chair letter

14

CEO letter

Chapter 1 – This is us

Chapter 2 – Creating added value in Gjensidige

Chapter 3 – Value created in 2020

A safer society

126

Results of our commitment to a safer society

Climate and the environment

132

Results of our commitment to the climate and environment

Engaged employees

140

Results of our commitment to engaged employees

Responsible investments

147

Results of our commitment to responsible investments

Good management and control

153

Results of our commitment to management and control

Financial result

159

Financial result

179

Strategy and outlook

Chapter 4 – Financial statements and notes

282

Declaration from the Board and CEO

283

Auditor's report

288

Independent Auditor's report

Appendix

290

GRI Content Index and Board of Directors Report

296

Selected governing documents

297

Description of ratings and whom we support

298

Statement on equality

304

Certificates and guarantees

310

Climate accounts own operations

Results of our commitment to management and control

Understanding risk and pricing it correctly is Gjensidige’s core competence, and the Group uses advanced risk models. Climate change can impact our risk exposure and create new risks. Good risk management is essential to delivering value for our stakeholders. Ethical values and attitudes are the fundamental of our culture and business operations.

UN SDG	Sustainability goal	Status of measures 2020
 	Good business governance Our business must be characterised by properness and accountability, with effective risk management and good internal control, which will contribute to improvements in products, services, and processes. Beyond compliance with external regulations and internal rules, decisions and actions must be in line with Gjensidige’s values and Code of Conduct, in such a way that values are preserved for customers, owners, employees and society at large.	Further developed risk models and risk management - Devised scenario for expected water damage up until 2100, and improved pricing of climate risk in our products. - No serious incidents in 2020 relating to information security, GDPR, corruption or money laundering. - We have gathered and strengthened our second-line functions to ensure clearer independence and increased efficiency. - Strengthened IT risk management.

CONTENT

3

About this report

4

The year that passed

6

Key figures and alternative performance measures

11

Chair letter

14

CEO letter

Chapter 1 – This is us

Chapter 2 – Creating added value in Gjensidige

Chapter 3 – Value created in 2020

A safer society

126

Results of our commitment to a safer society

Climate and the environment

132

Results of our commitment to the climate and environment

Engaged employees

140

Results of our commitment to engaged employees

Responsible investments

147

Results of our commitment to responsible investments

Good management and control

153

Results of our commitment to management and control

Financial result

159

Financial result

179

Strategy and outlook

Chapter 4 – Financial statements and notes

282

Declaration from the Board and CEO

283

Auditor’s report

288

Independent Auditor’s report

Appendix

290

GRI Content Index and Board of Directors Report

296

Selected governing documents

297

Description of ratings and whom we support

298

Statement on equality

304

Certificates and guarantees

310

Climate accounts own operations

Chapter 3 – Value created in 2020 - Results of our commitment to management and control

Enhanced forward-looking risk management
Management of climate risk in the insurance operations

- Devised scenario for expected water damage up until 2100 is prepared in cooperation with the Norwegian Computing Centre. The scenario is based on historical loss data and recognised climate models. The scenarios provide valuable information about the type of water damage we can expect in future, and valuable insight into the development in scope of damage and where we can expect the damage to occur – all the way down to the building level. This gives us a unique opportunity to implement damage prevention measures that can reduce the scope of damage.
- Gjensidige makes information available to the public authorities, so that they can make use of this knowledge in connection with the planning and zoning of new developments, as well as mitigating measures in built-up areas.
- Gjensidige has updated tariffs based on the results of the scenario, and continuously monitors physical risk to ensure correct risk pricing for our customers.
- The social impact of established and new products and services is described in the section ‘Our products and services’.

New measures 2021

- Further develop risk assessment of customers/objects in relation to climate risk (physical, liability and transition risks)
- Complete topography project in the first quarter 2021.

Climate risk (physical) – Expected increase in claims 2030–2100
Main findings from the project with the Norwegian Computing Centre:

- Loss projections based on climate model data up until 2100 show that total claims payments will increase in most of the country. While some counties will see a gradual increase throughout the period, others will have a relatively flat or negative development up until 2050, followed by an increase.
- For Norway as a whole, the claims development is expected to be fairly stable up until 2050, before it is expected to increase by 40 per cent towards 2100.
- In the former counties of Hedmark, Buskerud, Vestfold, Telemark and Vest-Agder, an increase in total claims payments of approximately 50 per cent is expected towards the end of the century.

Natural peril claims in Norway in accordance with market share from the Norwegian Natural Perils Pool

NOK mill.	2016	2017	2018	2019	2020
Storms	87	49.4	64.9	78.2	79.8
Storm surges	1.6	1	0.6	1.3	24.9
Floods	14.2	99.8	41.8	23.5	23.5
Landslides/avalanches	7.4	32	19.6	16.2	250.5
Earthquakes	0.2	0	0.1	-	-
Total	110.3	182.2	127	119.2	378.8

CONTENT

3 About this report
4 The year that passed
6 Key figures and alternative performance measures
11 Chair letter
14 CEO letter

Chapter 1 – This is us

Chapter 2 – Creating added value in Gjensidige

Chapter 3 – Value created in 2020

A safer society
126 Results of our commitment to a safer society

Climate and the environment
132 Results of our commitment to the climate and environment

Engaged employees
140 Results of our commitment to engaged employees

Responsible investments
147 Results of our commitment to responsible investments

Good management and control
153 Results of our commitment to management and control

Financial result
159 Financial result
179 Strategy and outlook

Chapter 4 – Financial statements and notes

282 Declaration from the Board and CEO
283 Auditor’s report
288 Independent Auditor’s report

Appendix

290 GRI Content Index and Board of Directors Report
296 Selected governing documents
297 Description of ratings and whom we support
298 Statement on equality
304 Certificates and guarantees
310 Climate accounts own operations

Chapter 3 – Value created in 2020 - Results of our commitment to management and control

Customer complaints in an unusual year

- The Customer Ombudsman saw an increase in complaints of 7.7 per cent from the year before, as a result of a rise in travel insurance claims relating to Covid-19.
- In the Private division, there was an increase in complaints of 7.6 per cent. As many as 81 per cent of the complaints were considered within two weeks, compared with 82 per cent in 2019.
- The Commercial division saw an increase in complaints of 8 per cent from 2019. As many as 78 per cent of the complaints were considered within two weeks, compared with 61 per cent in 2019.

Compliance with stringent privacy requirements (GDPR)

- There were no serious personal data breaches in Gjensidige Forsikring ASA in 2020.

Information security more important than ever

- Gjensidige has modern security solutions that support remote work for all employees. The infrastructure only permits employees to log on from units owned by Gjensidige, and all activity on the Group’s infrastructure is monitored by the external and internal security centres.
- Phishing activity targeting the Group’s users has increased considerably during Covid-19, but has not led to any incidents of significance.
- All employees have undergone security training through introduction courses, e-learning courses and information through internal collaborative platforms.
- All Gjensidige’s service providers must fulfil requirements document and be satisfactorily compliant to the Group’s security requirements. All documents from suppliers are checked and a more extensive control is also carried out for business-critical service providers.

CONTENT

3 About this report
4 The year that passed
6 Key figures and alternative performance measures
11 Chair letter
14 CEO letter

Chapter 1 – This is us

Chapter 2 – Creating added value in Gjensidige

Chapter 3 – Value created in 2020

A safer society
126 Results of our commitment to a safer society

Climate and the environment
132 Results of our commitment to the climate and environment

Engaged employees
140 Results of our commitment to engaged employees

Responsible investments
147 Results of our commitment to responsible investments

Good management and control
153 Results of our commitment to management and control

Financial result
159 Financial result
179 Strategy and outlook

Chapter 4 – Financial statements and notes

282 Declaration from the Board and CEO
283 Auditor’s report
288 Independent Auditor’s report

Appendix

290 GRI Content Index and Board of Directors Report
296 Selected governing documents
297 Description of ratings and whom we support
298 Statement on equality
304 Certificates and guarantees
310 Climate accounts own operations

Chapter 3 – Value created in 2020 - Results of our commitment to management and control

Training and follow-up of compliance with ethical requirements

- In the performance appraisal interview, all employees must state whether they have experienced ethical dilemmas and confirm to their line manager that they are familiar with the ethical framework (Code of Conduct).
- All new employees must confirm that they have familiarised themselves with the Code of Conduct and carry out necessary training.
- The introduction programme for new employees includes the following compulsory e-learning courses
 - The Gjensidige Experience
 - Information security
 - Ethics, please
 - Data protection
 - Money laundering
 - Sustainability
- The introduction day for all new employees includes an ethics course.
- Ethics course for all new managers.
- Status of compliance with Code-of-Conduct is included in the six-monthly senior management follow-up, ‘People Review’.
- Joined the the FinAut authorisation scheme, where all sellers/advisers must pass two knowledge tests: one digital test in ethical dilemmas and one practical test.

Whistleblowing

Gjensidige has several notification channels for employees and external parties:

- All employees are encouraged to notify their immediate superior or the unit responsible for the matter the report concerns, as well as through the external notification channel.
- All matters can also be reported to line managers, the chief/local safety delegate, the HR department, Group Compliance, the Internal Investigation Unit or the corporate health service
- If the notification receives no response, employees are encouraged to escalate the matter to the senior group management or the Board.

Anti-corruption

- Our anti-corruption program now includes a comprehensive description that has been made available to all employees. The programme is revised on an annual basis.
- Updated risk mapping for all business areas. Quarterly reporting on corruption indicators, including procurements under agreements as a proportion of total procurements.
- Quarterly reporting of irregularities and fraudulent acts has been included in the quarterly reporting to the Board.

Anti-money laundering

- Completed 8,748 fraud checks in 2020, which is 82 more than 2019. Fraud checks are important to uncover possible money laundering.
- Updated the anti-money laundering program.

CONTENT

- 3 About this report
- 4 The year that passed
- 6 Key figures and alternative performance measures
- 11 Chair letter
- 14 CEO letter
- Chapter 1 – This is us
- Chapter 2 – Creating added value in Gjensidige
- Chapter 3 – Value created in 2020
 - A safer society
 - 126 Results of our commitment to a safer society
 - Climate and the environment
 - 132 Results of our commitment to the climate and environment
 - Engaged employees
 - 140 Results of our commitment to engaged employees
 - Responsible investments
 - 147 Results of our commitment to responsible investments
 - Good management and control
 - 153 Results of our commitment to management and control
 - Financial result
 - 159 Financial result
 - 179 Strategy and outlook
- Chapter 4 – Financial statements and notes
 - 282 Declaration from the Board and CEO
 - 283 Auditor’s report
 - 288 Independent Auditor’s report
- Appendix
 - 290 GRI Content Index and Board of Directors Report
 - 296 Selected governing documents
 - 297 Description of ratings and whom we support
 - 298 Statement on equality
 - 304 Certificates and guarantees
 - 310 Climate accounts own operations

Chapter 3 – Value created in 2020 - Results of our commitment to management and control

Overview of key indicators related to good management and control

Topic	Key indicator	2020	2019
	Number of incidents in the notification channel	39	114
Ethics	Number of cases of harassment and discrimination reported via the notification channel	0	0
	Number of cases under internal investigation	49	65
	Total number of fraud checks	8,748	8,666
	Number of court cases relating to corruption	0	0
Anti-corruption	Proportion of procurements covered by agreements ¹	94%	85%
Customer complaints	Number of customer complaints	1,183	1,095
	Proportion of complaints upheld	23%	28%
	Proportion of complaints upheld by Financial Services Complaints Board	26%	26%
Anti-money laundering	Number of customer due diligence	114	14
	Proportion of court cases relating to money laundering	0	0
	Number of incidents reported to the authorities – Økokrim	24	10
Personal data	Number of incidents reported to the authorities	52	57
Information security	Number of internal audits	14	16
	Number of external audits	2	4
Fines	Amount	0	0

1 Proportion of purchases with an underlying framework agreement that has a requirement for a declaration of social responsibility.

CONTENT

- 3 About this report
- 4 The year that passed
- 6 Key figures and alternative performance measures
- 11 Chair letter
- 14 CEO letter

Chapter 1 – This is us

Chapter 2 – Creating added value in Gjensidige

Chapter 3 – Value created in 2020

- A safer society**
126 Results of our commitment to a safer society
- Climate and the environment**
132 Results of our commitment to the climate and environment
- Engaged employees**
140 Results of our commitment to engaged employees
- Responsible investments**
147 Results of our commitment to responsible investments
- Good management and control**
153 Results of our commitment to management and control
- Financial result**
159 Financial result
179 Strategy and outlook

Chapter 4 – Financial statements and notes

- 282 Declaration from the Board and CEO
- 283 Auditor’s report
- 288 Independent Auditor’s report

Appendix

- 290 GRI Content Index and Board of Directors Report
- 296 Selected governing documents
- 297 Description of ratings and whom we support
- 298 Statement on equality
- 304 Certificates and guarantees
- 310 Climate accounts own operations

Value created in 2020

Financial result

Gjensidige achieved strong results in a year characterised by the Covid-19 pandemic. The company met all financial targets except for a slight shortcoming on the return on equity.



CONTENT

- 3 About this report
- 4 The year that passed
- 6 Key figures and alternative performance measures
- 11 Chair letter
- 14 CEO letter
- Chapter 1 – This is us**
- Chapter 2 – Creating added value in Gjensidige**
- Chapter 3 – Value created in 2020**
 - A safer society**
 - 126 Results of our commitment to a safer society
 - Climate and the environment**
 - 132 Results of our commitment to the climate and environment
 - Engaged employees**
 - 140 Results of our commitment to engaged employees
 - Responsible investments**
 - 147 Results of our commitment to responsible investments
 - Good management and control**
 - 153 Results of our commitment to management and control
 - Financial result**
 - 159 Financial result
 - 179 Strategy and outlook
- Chapter 4 – Financial statements and notes**
 - 282 Declaration from the Board and CEO
 - 283 Auditor’s report
 - 288 Independent Auditor’s report
- Appendix**
 - 290 GRI Content Index and Board of Directors Report
 - 296 Selected governing documents
 - 297 Description of ratings and whom we support
 - 298 Statement on equality
 - 304 Certificates and guarantees
 - 310 Climate accounts own operations

Chapter 3 – Value created in 2020 - Financial result

Financial result

Strong retention, effective pricing measures, good cost control and favourable claims development resulted in the highest full year result (excluding gains on sales of Gjensidige Bank) in the Group’s history. Gjensidige has a strong capital position and the outlook remains good. The Board proposes a regular dividend of NOK 7.40 per share and declares a special dividend of NOK 2.40 per share.

Statement concerning the annual accounts

Gjensidige reports consolidated financial information pursuant to International Financial Reporting Standards (IFRS). In accordance with the requirements of Norwegian accounting legislation, the Board confirms that the requirements for the going concern assumption have been met and that the annual accounts have been prepared on this basis. The preparation of the accounts and application of the chosen accounting principles involve using assessments and estimates and necessitate the application of assumptions that affect the carrying amount of assets and liabilities, income and expenses. The estimates and the pertaining assumptions are based on experience and other factors. The uncertainty associated with this means that the actual figures may deviate from the estimates. Insurance liabilities in particular are associated with this type of uncertainty.

Gjensidige Forsikring Group recorded a profit before tax expense of NOK 6,341.7 million (7,753.8) for the period. The corresponding result for 2019 included a gain on the sale of Gjensidige Bank of NOK 1.6 billion.

The profit from general insurance operations measured by the underwriting result was NOK 5,075.6 million (4,036.4), corresponding to a combined ratio of 81.3 (83.6).

The landslide at Gjerdrum in Norway in December, defined as a natural peril event, incurred a large loss of NOK 180.4 million net of reinsurance, of which NOK 150.4 million was allocated to the Corporate Centre and the rest to the Private and Commercial segments. The reinstatement premium on the reinsurance programme amounted to NOK 24.7 million, recorded in the Corporate Centre. The net effect of the event on the Group’s combined ratio was 0.7 percentage points.

The Covid-19 pandemic had a positive impact on the Group’s claims, estimated at approximately NOK 296 million, corresponding to 1.1 percentage points on the loss ratio. Claims related to cancellations and home transportation increased significantly and were mainly allocated to the Corporate Centre. The negative effect was offset by less travel activity and less driving. In addition, premium growth in Denmark and the Baltics were subdued related to travel insurance for both segments.

The income tax expense amounted to NOK 1,387.8 million (1,197.6), resulting in an effective tax rate of 21.9 per cent (15.4). The effective tax rate was impacted by realised and unrealised gains and losses on equity investments in the EEA.

The profit after tax expense from continuing and discontinued operations was NOK 4,953.9 million (6,593.8) and the corresponding earnings per share were NOK 9.91 (13.19).

CONTENT

- 3 About this report
- 4 The year that passed
- 6 Key figures and alternative performance measures
- 11 Chair letter
- 14 CEO letter

Chapter 1 – This is us

Chapter 2 – Creating added value in Gjensidige

Chapter 3 – Value created in 2020

- A safer society
- 126 Results of our commitment to a safer society

- Climate and the environment
- 132 Results of our commitment to the climate and environment

- Engaged employees
- 140 Results of our commitment to engaged employees

- Responsible investments
- 147 Results of our commitment to responsible investments

- Good management and control
- 153 Results of our commitment to management and control

- Financial result
- 159 Financial result
- 179 Strategy and outlook

Chapter 4 – Financial statements and notes

- 282 Declaration from the Board and CEO
- 283 Auditor’s report
- 288 Independent Auditor’s report

- Appendix
- 290 GRI Content Index and Board of Directors Report
- 296 Selected governing documents
- 297 Description of ratings and whom we support
- 298 Statement on equality
- 304 Certificates and guarantees
- 310 Climate accounts own operations

Chapter 3 – Value created in 2020 - Financial result

Earned premiums from general insurance increased by 10.2 per cent to NOK 27,160.5 million (24,650.4) for the year. Measured in local currency, the premiums increased by 7.5 per cent. The underwriting result increased due to higher premiums following solid renewals and effective and differentiated pricing measures, which in addition to more favourable weather conditions for motor in Norway during the first quarter and the Covid-19 impact mentioned above, resulted in a 4.5 percentage point improvement in the underlying frequency loss ratio. This was partly offset by higher large losses, lower run-off gains and higher operating expenses.

Earned premiums in the Private segment increased by 6.3 per cent, which together with a significantly lower underlying frequency loss ratio resulted in a higher underwriting result.

Earned premiums in the Commercial segment increased by 9.4 per cent. Strong growth combined with an improved underlying frequency loss ratio resulted in an increased underwriting result.

The Danish segment recorded an increase of 9.4 per cent in earned premiums measured in local currency. Underlying growth was 5.3 per cent. The underwriting result improved, driven by a lower underlying frequency loss ratio in combination with the solid premium growth.

Earned premiums in the Swedish segment were up 3.0 per cent measured in local currency. The underwriting result was stable.

Earned premiums in the Baltic segment decreased by 4.2 per cent measured in local currency. The underwriting result increased, mainly due to currency effects.

The Pension segment generated a lower profit for the period, driven by lower insurance income and higher operating expenses.

The return on financial assets was 2.2 per cent (4.1) or NOK 1,341.7 million (2,306.4). The lower return was mainly due to the Covid-19 pandemic which caused a significant downturn in the financial markets towards the end of the first quarter, resulting in negative returns for most asset classes. Significant intervention by central banks and fiscal policy measures drove the market recovery during the rest of the year, resulting in positive returns for the year as a whole.

Expenses for research and development have not been charged to income in Gjensidige’s consolidated accounts in 2020 or 2019. Nor have such expenses been capitalised during these two financial years.

Important events in 2020

The Covid-19 pandemic

Covid-19 affected all the countries Gjensidige operates in for large parts of 2020. Uncertainty about how the pandemic would develop and the authorities’ measures to reduce the spread of the virus in the population have affected decisions and operational processes throughout the year. During this period, our number one priority has been to protect the health and safety of our employees, customers, business partners and other stakeholders. We implemented many measures during the year, including home office for most employees and stringent travel restrictions. We have accelerated our digital transformation to be able to maintain a high level of customer service and keep other important business functions operational.

Thanks to the impressive effort of our highly skilled employees, we ensured good operations and a high level of customer service throughout the year.

CONTENT

- 3 About this report
- 4 The year that passed
- 6 Key figures and alternative performance measures
- 11 Chair letter
- 14 CEO letter

Chapter 1 – This is us

Chapter 2 – Creating added value in Gjensidige

Chapter 3 – Value created in 2020

- A safer society**
- 126 Results of our commitment to a safer society

- Climate and the environment**
- 132 Results of our commitment to the climate and environment

- Engaged employees**
- 140 Results of our commitment to engaged employees

- Responsible investments**
- 147 Results of our commitment to responsible investments

- Good management and control**
- 153 Results of our commitment to management and control

- Financial result**
- 159 Financial result
- 179 Strategy and outlook

Chapter 4 – Financial statements and notes

- 282 Declaration from the Board and CEO
- 283 Auditor’s report
- 288 Independent Auditor’s report

- Appendix**
- 290 GRI Content Index and Board of Directors Report
- 296 Selected governing documents
- 297 Description of ratings and whom we support
- 298 Statement on equality
- 304 Certificates and guarantees
- 310 Climate accounts own operations

Chapter 3 – Value created in 2020 - Financial result

Capital and balance sheet optimisation

Gjensidige works continuously on balance sheet and capital optimisation in order to ensure attainment of the Group’s financial targets, as well as an efficient capital structure and sufficient financial flexibility.

The Board of Gjensidige Forsikring ASA decided to postpone the annual general meeting that was scheduled for 26 March. The decision was based on a letter from the Ministry of Finance to the Financial Supervisory Authority of Norway, expressing expectations of all financial undertakings to refrain from distributing dividend until the economic certainty caused by Covid-19 had been reduced. This was despite Gjensidige’s very strong financial position at the time. The annual general meeting took place as a digital meeting on 25 May. The Board was authorised to distribute dividend when conditions permitted, and a dividend of NOK 6,125.0 million was paid in September. Of this amount, NOK 3,625.0 million was related to the profit for 2019, and NOK 2,500.0 million to the distribution of excess capital. This is in line with our dividend policy, the aim of which is to pay a high and stable nominal dividend in addition to distributing excess capital over time.

The Board has proposed a dividend based on the profit for 2020 of NOK 3,700 million, corresponding to NOK 7.40 per share. This corresponds to a pay-out ratio of 75 per cent of the Group’s profit after tax. In addition, the Board has decided to distribute excess capital in the amount of NOK 1,200 million. That corresponds to NOK 2.40 per share. The decision is in line with the authorisation granted to the Board by the General Meeting in 2020. The payment was made on 4 February 2021.

At year-end 2020, the remaining capacity to issue Tier 1 loans amounted to between NOK 2.4 and NOK 2.9 billion, and Tier 2 loans to NOK 1.2 billion. Gjensidige will consider the possibility of issuing further loans contingent on satisfactory market terms. In addition, other balance sheet and capital optimisation measures will be continuously assessed.

Strong reputation, high customer satisfaction and loyalty

Gjensidige has a strong reputation and brand in Norway. For the 29th year in a row, Ipsos has conducted a profile survey that maps the population’s attitudes to large Norwegian companies. Once again, Gjensidige had the best reputation in the financial sector, and came sixth place overall. We also had the best reputation in the category ‘corporate social responsibility and ethics’ in the financial sector.

Customer satisfaction surveys show that Gjensidige’s customers continued to be very satisfied throughout 2020. The customer satisfaction rate again showed positive development and increased from 78 in 2019 to 79 in 2020. The rate recorded in the Private segment was the best ever. Satisfaction is highest among customers who have reported a claim or been in dialogue with Gjensidige for other reasons. One explanation for this development is that we have been very accessible and provided good service throughout the year, despite the ongoing pandemic.

Customer satisfaction is high in Gjensidige Norway, which confirms high satisfaction with our services. About 85 per cent of premiums in the Private segment come from private customers who are members of an affinity or loyalty programme. These customers often show even stronger loyalty than the average. Our most loyal insurance customers are those who have the most products.

CONTENT

- 3 About this report
- 4 The year that passed
- 6 Key figures and alternative performance measures
- 11 Chair letter
- 14 CEO letter
- Chapter 1 – This is us
- Chapter 2 – Creating added value in Gjensidige
- Chapter 3 – Value created in 2020
 - A safer society
 - 126 Results of our commitment to a safer society
 - Climate and the environment
 - 132 Results of our commitment to the climate and environment
 - Engaged employees
 - 140 Results of our commitment to engaged employees
 - Responsible investments
 - 147 Results of our commitment to responsible investments
 - Good management and control
 - 153 Results of our commitment to management and control
 - Financial result
 - 159 Financial result
 - 179 Strategy and outlook
- Chapter 4 – Financial statements and notes
 - 282 Declaration from the Board and CEO
 - 283 Auditor’s report
 - 288 Independent Auditor’s report
- Appendix
 - 290 GRI Content Index and Board of Directors Report
 - 296 Selected governing documents
 - 297 Description of ratings and whom we support
 - 298 Statement on equality
 - 304 Certificates and guarantees
 - 310 Climate accounts own operations

Chapter 3 – Value created in 2020 - Financial result

There is still a potential for developing longer-lasting customer relationships in both the private and commercial markets outside Norway.

New core system

Gjensidige is developing a new core system for general insurance. A new joint group core system will provide better opportunities for the business segments to share best practices, to develop new products and price models more quickly, and will make it easier to establish ecosystems of products and services in cooperation with other players. The new core system will also help to increase cost-efficiency and secure our competitiveness also in the longer term. The investment in the new core system is expected to be managed within with the current cost ratio target.

The system was implemented in the Danish segment in 2020 and we expect it to be taken into use in the first quarter 2021.

Unique customer dividend model in Norway

The arrangement whereby Gjensidige’s biggest owner, the Gjensidige Foundation, pays dividend to our customers, is unique. Every year since the Company was listed on the stock exchange, Gjensidige has paid customer dividend to its Norwegian general insurance customers based on how much they pay in insurance premiums. During this period, customers have received an annual amount corresponding to 11–16 per cent of their premium. We measure customers’ awareness of the customer dividend on an ongoing basis. In the fourth quarter 2020, 90 per cent of customers were aware of the customer dividend model and 79 per cent stated that the model contributed to their wanting to continue as customers. Awareness of the customer dividend system among potential customers was 60 per cent.

Good cooperation with partners

Gjensidige has many years’ experience of partnership agreements. Distribution in cooperation with our partners is an important part of the business model in all the Group’s geographic locations and segments. Our partnership agreements are usually structured so that the customer dialogue takes place directly with Gjensidige. Gjensidige works closely with its strategic partners, and good management of partnership agreements will be given priority also in the time ahead.

Gjensidige has negotiated a new five-year agreement with 11 of 15 mutual fire insurers. The negotiations went on for most of the year, and a key element was to facilitate an operational model that enables the fire insurers and Gjensidige to effectively meet future challenges and maintain local competitiveness. Gjensidige has established dedicated offices in areas where the agreements were not renewed.

In 2020, Gjensidige acquired an ownership interest in Mimiro, a technology company developing a digital ecosystem for the agricultural industry. The move must be seen in conjunction with our ambition to become a damage-preventing problem-solver for our customers. Through Mimiro, we will be able to offer our agricultural customers digital services that can help them ensure optimal production and prevent damages.

In October, it became clear that the distribution partnership between Gjensidige and Nykredit will end when the agreement expires, with effect from 1 May 2021. The cooperation with Nykredit has been based on referrals, and insurance contracts have been entered into directly with Gjensidige. Gjensidige is a well-established player in the Danish market and will implement targeted measures to maintain and improve customer retention in Denmark. The termination of the agreement provides for the possibility of collaborating with new

CONTENT

- 3 About this report
- 4 The year that passed
- 6 Key figures and alternative performance measures
- 11 Chair letter
- 14 CEO letter

Chapter 1 – This is us

Chapter 2 – Creating added value in Gjensidige

Chapter 3 – Value created in 2020

- A safer society
 - 126 Results of our commitment to a safer society
- Climate and the environment
 - 132 Results of our commitment to the climate and environment
- Engaged employees
 - 140 Results of our commitment to engaged employees
- Responsible investments
 - 147 Results of our commitment to responsible investments
- Good management and control
 - 153 Results of our commitment to management and control

- Financial result
 - 159 Financial result
 - 179 Strategy and outlook

Chapter 4 – Financial statements and notes

- 282 Declaration from the Board and CEO
- 283 Auditor’s report
- 288 Independent Auditor’s report

Appendix

- 290 GRI Content Index and Board of Directors Report
- 296 Selected governing documents
- 297 Description of ratings and whom we support
- 298 Statement on equality
- 304 Certificates and guarantees
- 310 Climate accounts own operations

Chapter 3 – Value created in 2020 - Financial result

partners in the Danish banking sector, and we will continue our efforts to identify attractive partners that can further strengthen our position in Denmark.

Land slide at Gjerdrum

The land slide at Gjerdrum in December 2020 is a national tragedy and the worst slide we have experienced in Norway in decades. Our response to the situation was immediate and swift, with our customers well-being being our first priority. Company representatives from Gjensidige were at the site shortly after the slide to assist our customers, and we made sure to have ample capacity and readiness at our customer centres for those who had been impacted.

The slide is defined as a natural perils event by the Norwegian Natural Perils Pool, which operates as a clearing central allocating claims among the different insurance companies according to their national market shares for fire insurance. The current estimate for total claims through the pool is 900 million kroner. Being a member of the pool, we will cover our share of these claims, corresponding to 24.3 per cent market share last year, net of the fire mutuals’ share of the pool. We will also cover claims from the event which are not part of the pool arrangement. Thanks to our reinsurance programme, our net claims recorded in the fourth quarter amounted to 180.4 million.

The Gjerdrum land slide is a strong reminder of the importance of continuous efforts to analyse climate effects and gain a deeper understanding of such risk to mitigate the significant impacts on human lives and properties. We expect enhanced focus on risk assessment going forward, both from property developers and regulators. And we will continue to co-operate with the municipalities by sharing our knowledge on damage prevention.

Financial position and capital base

The Group’s equity amounted to NOK 25,284.5 million (26,192.2) at the end of the year. The return on equity for the year was 19.2 per cent (28.2). The solvency margins at the end of the year were:

- Approved Partial Internal Model : 198.0 per cent
- Own Partial Internal Model : 247.5 per cent

The solvency margins are calculated net of the NOK 4,900.0 million kroner in dividends proposed or declared by the Board.

The Group has a robust solvency position and Gjensidige believes that the Covid-19 pandemic will not have an impact on the Group’s ability to continue as a going concern.

Gjensidige has an ‘A’ rating from Standard & Poor’s.

Off-balance sheet commitments and derivatives

As part of the Group’s investment activities, an agreement has been entered into for the investment of up to NOK 582.8 million (590.5) in loan funds with secured loans and various private equity and property fund investments, in addition to the amounts recognised in the balance sheet. In addition, Oslo Areal has a credit facility of a total of NOK 4 billion, of which NOK 2.4 billion (2.4) had been used as of 31 December 2020.

CONTENT

3	About this report
4	The year that passed
6	Key figures and alternative performance measures
11	Chair letter
14	CEO letter
Chapter 1 – This is us	
Chapter 2 – Creating added value in Gjensidige	
Chapter 3 – Value created in 2020	
A safer society	
126	Results of our commitment to a safer society
Climate and the environment	
132	Results of our commitment to the climate and environment
Engaged employees	
140	Results of our commitment to engaged employees
Responsible investments	
147	Results of our commitment to responsible investments
Good management and control	
153	Results of our commitment to management and control
Financial result	
159	Financial result
179	Strategy and outlook
Chapter 4 – Financial statements and notes	
282	Declaration from the Board and CEO
283	Auditor’s report
288	Independent Auditor’s report
Appendix	
290	GRI Content Index and Board of Directors Report
296	Selected governing documents
297	Description of ratings and whom we support
298	Statement on equality
304	Certificates and guarantees
310	Climate accounts own operations

Chapter 3 – Value created in 2020 - Financial result

Profit performance Group		
NOK millions	2020	2019
General Insurance Private	2,757.4	2,025.1
General Insurance Commercial	2,096.6	1,729.8
General Insurance Denmark	800.5	599.3
General Insurance Sweden	76.1	75.9
General Insurance Baltics	67.7	60.9
Corporate Centre - costs related to owner	(331.2)	(317.7)
Corporate Centre - reinsurance ²	(391.5)	(136.9)
Underwriting result general insurance ¹	5,075.6	4,036.4
Pension	166.8	196.9
Financial result from the investment portfolio ¹	1,341.7	2,306.4
Amortisation and impairment losses of excess value – intangible assets	(182.1)	(256.4)
Other items	(60.2)	1,470.5
Profit/(loss) before tax expense ³	6,341.7	7,753.8
Alternative performance measures		
Large losses ^{1 4}	955.6	635.0
Run-off gains/(losses) ¹	1,122.3	1,363.2
Loss ratio ¹	66.8 %	68.9 %
Underlying frequency loss ratio ^{1 5}	67.4 %	71.8 %
Cost ratio ¹	14.5 %	14.7 %
Combined ratio ¹	81.3 %	83.6 %

¹ Defined as an alternative performance measure (APM). APMs are described at www.gjensidige.no/reporting in a document named APMs Gjensidige Forsikring Group 2020.

² Large losses in excess of NOK 30.0 million are charged to the Corporate Centre, while claims of less than NOK 30.0 million are charged to the segment in which the large losses occur. As a main rule, the Baltics segment has a retention level of EUR 0.5 million, while the Swedish segment has a retention level of NOK 10 million. Large losses allocated to the Corporate Centre amounted to NOK 431.1 million (163.4). Accounting items related to reinsurance are also included.

³ The profit before tax expense is presented for the continuing operation.

⁴ Large losses = loss events in excess of NOK 10.0 million.

⁵ Underlying frequency loss ratio = claims incurred etc. excluding large losses and run-off gains/(losses) divided by earned premiums.

CONTENT

3

About this report

4

The year that passed

6

Key figures and alternative performance measures

11

Chair letter

14

CEO letter

Chapter 1 – This is us

Chapter 2 – Creating added value in Gjensidige

Chapter 3 – Value created in 2020

A safer society

126

Results of our commitment to a safer society

Climate and the environment

132

Results of our commitment to the climate and environment

Engaged employees

140

Results of our commitment to engaged employees

Responsible investments

147

Results of our commitment to responsible investments

Good management and control

153

Results of our commitment to management and control

Financial result

159

Financial result

179

Strategy and outlook

Chapter 4 – Financial statements and notes

282

Declaration from the Board and CEO

283

Auditor’s report

288

Independent Auditor’s report

Appendix

290

GRI Content Index and Board of Directors Report

296

Selected governing documents

297

Description of ratings and whom we support

298

Statement on equality

304

Certificates and guarantees

310

Climate accounts own operations

Chapter 3 – Value created in 2020 - Financial result

Cash flow

Gjensidige is primarily an insurance company in which investments are part of the operational cash flow and therefore largely affected by strategic decisions. The Company’s ability to self-finance investments is good. The net cash flow from operational activities mainly consists of payments in the form of premiums, net payments made/received in connection with buying and selling securities, plus payments in the form of claims settlement costs, purchases of reinsurance, administration expenses and tax. The net cash flow from operational activities was NOK 7,350.8 million (negative 1,235.7) in 2020. The positive cash flow in 2020 can be explained by incoming premiums exceeding the Group’s payments. The negative cash flow in 2019 can largely be explained by the settlement of financial assets.

The net cash flow from investment activities mainly consists of payments made/received in connection with the acquisition of subsidiaries and associated companies, owner-occupied property, plant and equipment, plus dividend from associated companies and joint ventures. The net cash flow from investment activities in 2020 was minus NOK 513.2 million (4,823.4). The decrease is due to proceeds from the sale of Gjensidige Bank in 2019.

The net cash flow from financing activities mainly consists of payments made/received in connection with external debt financing and the payment of dividend to shareholders. The net cash flow from financing activities in 2020 was minus NOK 6,454.7 million (minus 4,002.0). The negative cash flow in 2020 and 2019 is due to the payment of dividend.

Goal attainment – financial and operational targets

Financial targets

Metric	Target	Delivered 2020
Combined ratio ¹	86-89 % ²	81.3 %
Cost ratio ¹	<15 %	14.5 %
Solvency margin (PIM)	150-200 %	198%
ROE after tax ¹	>20 % ³	19.2 %
UW result outside Norway	NOK 750 million (in 2022) ⁴	NOK 740 million
Dividends	Nominal high and stable Payout ratio >80 % over time	NOK 7.40 per share, 75 % pay-out

¹ Defined as an alternative performance measure (APM). APMs are described at www.gjensidige.no/reporting in a document named APMs Gjensidige Forsikring Group 2020.

² Assuming annual run-off gains ~NOK 1 billion through 2022. Corresponds to 90-93 per cent given zero run-off gains post 2022.

³ Corresponds to >16 per cent given zero run-off gains post 2022.

⁴ Excluding run-off.

CONTENT

3 About this report

4 The year that passed

6 Key figures and alternative performance measures

11 Chair letter

14 CEO letter

Chapter 1 – This is us

Chapter 2 – Creating added value in Gjensidige

Chapter 3 – Value created in 2020

A safer society

126 Results of our commitment to a safer society

Climate and the environment

132 Results of our commitment to the climate and environment

Engaged employees

140 Results of our commitment to engaged employees

Responsible investments

147 Results of our commitment to responsible investments

Good management and control

153 Results of our commitment to management and control

Financial result

159 Financial result

179 Strategy and outlook

Chapter 4 – Financial statements and notes

282 Declaration from the Board and CEO

283 Auditor’s report

288 Independent Auditor’s report

Appendix

290 GRI Content Index and Board of Directors Report

296 Selected governing documents

297 Description of ratings and whom we support

298 Statement on equality

304 Certificates and guarantees

310 Climate accounts own operations

Chapter 3 – Value created in 2020 - Financial result

Gjensidige met financial targets on all metrics except for a slight shortcoming on the return on equity.

The combined ratio was 81.3 per cent – significantly better than the target range of 86 – 89 per cent, thanks to very strong performance in Norway and Denmark. The Covid-situation contributed positively with 1.1 percentage points on the loss ratio. Large losses came in slightly below the expectation for the year, while run-off gains were broadly in line with the planned releases.

The cost ratio was 14.5 per cent. Adjusted for the Baltics segment, it was 13.9 per cent.

Gjensidige has a solid capital position with a year-end 2020 solvency margin at 198 per cent, adjusted for both the proposed regular and declared special dividends, in total amounting to NOK 4,900 million.

Return on equity was 19.2 per cent, reflecting the strong results in addition to the weak financial result in the first quarter in combination with a very high solvency ratio through much of the year.

Underwriting results outside Norway, excluding run-off gains, came to 740 million kroner, just below the 2022 target of 750 million. We expect some volatility in results for our Swedish and Baltic businesses, however we still expect to meet our target for the three segments in total in 2022.

Operational targets

Metric	Status 2020	Target 2022
Customer satisfaction (CSI)	79	> 78, Group
Customer retention	90 per cent	> 90 per cent, Norway
	79 per cent	> 85 per cent, outside Norway
Sales effectiveness	+ 10 per cent	+ 10 per cent, Group
Automated tariffs	52 per cent	100 per cent, Group
Digital claims reporting	80 per cent	80 per cent, Norway
Claims straight-through processing	17 per cent	64 per cent, Norway
Claims cost	NOK 483 million	Reduce by NOK 500 million, Group

Operational targets are important to improve the competitive position and ensure future profitability for Gjensidige.

CONTENT

- 3 About this report
- 4 The year that passed
- 6 Key figures and alternative performance measures
- 11 Chair letter
- 14 CEO letter

Chapter 1 – This is us

Chapter 2 – Creating added value in Gjensidige

Chapter 3 – Value created in 2020

- A safer society
 - 126 Results of our commitment to a safer society
- Climate and the environment
 - 132 Results of our commitment to the climate and environment
- Engaged employees
 - 140 Results of our commitment to engaged employees
- Responsible investments
 - 147 Results of our commitment to responsible investments
- Good management and control
 - 153 Results of our commitment to management and control
- Financial result
 - 159 Financial result
 - 179 Strategy and outlook

Chapter 4 – Financial statements and notes

- 282 Declaration from the Board and CEO
- 283 Auditor’s report
- 288 Independent Auditor’s report

Appendix

- 290 GRI Content Index and Board of Directors Report
- 296 Selected governing documents
- 297 Description of ratings and whom we support
- 298 Statement on equality
- 304 Certificates and guarantees
- 310 Climate accounts own operations

Chapter 3 – Value created in 2020 - Financial result

Group customer satisfaction score climbed further and above the target set for 2022, with the highest score ever for Private and a continued high level for Commercial. One of the factors driving this is the very high availability and good service provided to customers during the pandemic.

Retention levels in Norway remained at a very high level. Retention outside Norway has a potential to improve.

Sales effectiveness was up 10 per cent, compared with our baseline year 2017. The improvement reflects higher sales in the Private segment, but there was higher sales effectiveness also in the other segments.

The share of automated tariffs increased as further products and insurance covers were included in this new methodology, allowing for significantly faster response to changing market dynamics. Efforts will continue to add all products relevant for tariffs in the methodology within 2022.

Digital claims reporting climbed to the targeted level of 80 per cent during 2020, due to ongoing efforts to improve both the customer experience with the digital solutions as well as effective measures aimed at increasing customers' motivation to report claims online. The Covid-19 situation also contributed to the development. The share of claims handled fully automatically increased to 17 per cent in 2020. The development was somewhat negatively impacted by some Corona related claims having been handled manually. Efforts to develop these digital services will continue going forward.

Costs related to claims processes were reduced further, to a total of NOK 483 million kroner, particularly driven by improvements in insurance fraud and process optimisation.

CONTENT

- 3 About this report
- 4 The year that passed
- 6 Key figures and alternative performance measures
- 11 Chair letter
- 14 CEO letter

Chapter 1 – This is us

Chapter 2 – Creating added value in Gjensidige

Chapter 3 – Value created in 2020

- A safer society
- 126 Results of our commitment to a safer society

- Climate and the environment
- 132 Results of our commitment to the climate and environment

- Engaged employees
- 140 Results of our commitment to engaged employees

- Responsible investments
- 147 Results of our commitment to responsible investments

- Good management and control
- 153 Results of our commitment to management and control

- Financial result
- 159 Financial result
- 179 Strategy and outlook

Chapter 4 – Financial statements and notes

- 282 Declaration from the Board and CEO
- 283 Auditor’s report
- 288 Independent Auditor’s report

- Appendix
- 290 GRI Content Index and Board of Directors Report
- 296 Selected governing documents
- 297 Description of ratings and whom we support
- 298 Statement on equality
- 304 Certificates and guarantees
- 310 Climate accounts own operations

Chapter 3 – Value created in 2020 - Financial result

General Insurance Private

The underwriting result was NOK 2,757.4 million (2,025.1). The increase was driven by higher earned premiums and a significantly lower underlying frequency loss ratio. The combined ratio was 70.8 (77.2).

Earned premiums increased to NOK 9,433.6 million (8,872.4). Adjusted for the transfer of a product insurance portfolio to the Danish segment, the increase was 6.7 per cent. Price increases for motor and property insurance, as well as accident and health insurance were the main drivers of the increase in earned premiums. Gjensidige maintained a strong position in the market. Competitiveness remains good and the number of customers increased.

Claims incurred amounted to NOK 5,450.7 million (5,682.6). The loss ratio improved to 57.8 (64.0), driven by a 7.4 percentage point improvement in the underlying frequency loss ratio. Both the motor and property insurance lines recorded improved profitability due to effective pricing measures. Motor insurance was also positively impacted by more favourable weather conditions in the first quarter.

The Covid-19 situation had a positive impact on claims, estimated at approximately NOK 240 million, corresponding to 2.5 percentage points on the loss ratio. This was primarily related to less driving and low travel activity. The travel insurance line was significantly impacted by higher claims in the first quarter, but reinsurance coverage limited net claims incurred.

Operating expenses amounted to NOK 1,225.5 million (1,164.7). The cost ratio was 13.0 (13.1).

Profit performance Private		
NOK millions	2020	2019
Earned premiums	9,433.6	8,872.4
Claims incurred etc.	(5,450.7)	(5,682.6)
Operating expenses	(1,225.5)	(1,164.7)
Underwriting result	2,757.4	2,025.1
Amortisation and impairment losses of excess value – intangible assets	(29.2)	(26.6)
Large losses ¹	89.0	38.9
Run-off gains/(losses) ¹	438.0	467.3
Loss ratio ¹	57.8 %	64.0 %
Underlying frequency loss ratio ¹	61.5 %	68.9 %
Cost ratio ¹	13.0 %	13.1 %
Combined ratio ¹	70.8 %	77.2 %

1 Defined as an alternative performance measure (APM). APMs are described at www.gjensidige.no/reporting in a document named APMs Gjensidige Forsikring Group 2020.

CONTENT

- 3 About this report
- 4 The year that passed
- 6 Key figures and alternative performance measures
- 11 Chair letter
- 14 CEO letter

Chapter 1 – This is us

Chapter 2 – Creating added value in Gjensidige

Chapter 3 – Value created in 2020

- A safer society
 - 126 Results of our commitment to a safer society
- Climate and the environment
 - 132 Results of our commitment to the climate and environment
- Engaged employees
 - 140 Results of our commitment to engaged employees
- Responsible investments
 - 147 Results of our commitment to responsible investments
- Good management and control
 - 153 Results of our commitment to management and control
- Financial result
 - 159 Financial result
 - 179 Strategy and outlook

Chapter 4 – Financial statements and notes

- 282 Declaration from the Board and CEO
- 283 Auditor’s report
- 288 Independent Auditor’s report

Appendix

- 290 GRI Content Index and Board of Directors Report
- 296 Selected governing documents
- 297 Description of ratings and whom we support
- 298 Statement on equality
- 304 Certificates and guarantees
- 310 Climate accounts own operations

Chapter 3 – Value created in 2020 - Financial result

General Insurance Commercial

The underwriting result was NOK 2,096.6 million (1,729.8). The increase was mainly due to significantly higher earned premiums and an improved underlying frequency loss ratio. The combined ratio was 76.5 (78.8).

Earned premiums increased to NOK 8,929.0 million (8,164.1), driven by effective pricing measures, solid renewals and portfolio growth. All the main product lines recorded higher earned premiums. Claims incurred amounted to NOK 5,943.9 million (5,608.6). The loss ratio improved to 66.6 (68.7), mainly driven by a 3.2 percentage point decrease in the underlying frequency loss ratio and a lower level of large losses, partly offset by lower run-off gains. Pricing and re-underwriting measures, particularly for the motor and property insurance lines, were the main drivers of this improvement.

The Covid-19 situation had a positive impact on claims, estimated at approximately NOK 119 million, corresponding to 1.3 percentage points on the loss ratio. This was primarily related to less driving of commercial vehicles and less travel activity.

Operating expenses amounted to NOK 888.4 million (825.7), corresponding to a cost ratio of 9.9 (10.1).

Profit performance Commercial		
NOK millions	2020	2019
Earned premiums	8,929.0	8,164.1
Claims incurred etc.	(5,943.9)	(5,608.6)
Operating expenses	(888.4)	(825.7)
Underwriting result	2,096.6	1,729.8
Large losses ¹	255.7	355.4
Run-off gains/(losses) ¹	444.4	617.0
Loss ratio ¹	66.6 %	68.7 %
Underlying frequency loss ratio ¹	68.7 %	71.9 %
Cost ratio ¹	9.9 %	10.1 %
Combined ratio ¹	76.5 %	78.8 %

1 Defined as an alternative performance measure (APM). APMs are described at www.gjensidige.no/reporting in a document named APMs Gjensidige Forsikring Group 2020.

CONTENT

3

About this report

4

The year that passed

6

Key figures and alternative performance measures

11

Chair letter

14

CEO letter

Chapter 1 – This is us

Chapter 2 – Creating added value in Gjensidige

Chapter 3 – Value created in 2020

A safer society

126

Results of our commitment to a safer society

Climate and the environment

132

Results of our commitment to the climate and environment

Engaged employees

140

Results of our commitment to engaged employees

Responsible investments

147

Results of our commitment to responsible investments

Good management and control

153

Results of our commitment to management and control

Financial result

159

Financial result

179

Strategy and outlook

Chapter 4 – Financial statements and notes

282

Declaration from the Board and CEO

283

Auditor’s report

288

Independent Auditor’s report

Appendix

290

GRI Content Index and Board of Directors Report

296

Selected governing documents

297

Description of ratings and whom we support

298

Statement on equality

304

Certificates and guarantees

310

Climate accounts own operations

Chapter 3 – Value created in 2020 - Financial result

General Insurance Denmark

The underwriting result was NOK 800.5 million (599.3). The improvement was mainly driven by an increase in earned premiums, and a lower underlying frequency loss ratio. The combined ratio was 86.5 (87.9).

Earned premiums amounted to NOK 5,910.2 million (4,960.1). Measured in local currency, earned premiums increased by 9.4 per cent, mainly due to portfolio growth and solid renewals in the commercial lines. Adjusted for the discontinuation of a quota share reinsurance contract and a product portfolio that was relocated from Private back to the Danish segment, the underlying growth in local currency was 5.3 per cent. Lower demand for travel insurance had a significant negative impact on premium growth.

Claims incurred amounted to NOK 4,250.2 million (3,642.0). The loss ratio decreased to 71.9 (73.4), driven by a 3.8 percentage point improvement in the underlying frequency loss ratio, partly offset by lower run-off gains and higher large losses. The Covid-19 situation had a positive impact on claims, estimated at approximately NOK 124 million, corresponding to 2.1 percentage points on the loss ratio. This was primarily related to the motor and travel insurance lines. Effective pricing measures in the commercial lines also contributed to the improvement in the underlying frequency loss ratio.

Operating expenses amounted to NOK 859.5 million (718.8). The cost ratio was 14.5 (14.5). The cost ratio was stable despite lower commissions from the discontinued quota share.

Profit performance Denmark		
NOK millions	2020	2019
Earned premiums	5,910.2	4,960.1
Claims incurred etc.	(4,250.2)	(3,642.0)
Operating expenses	(859.5)	(718.8)
Underwriting result	800.5	599.3
Amortisation and impairment losses of excess value – intangible assets	(69.3)	(142.9)
Large losses ¹	149.2	77.3
Run-off gains/(losses) ¹	128.7	174.9
Earned premiums in local currency (DKK) ¹	4,106.6	3,759.6
Loss ratio ¹	71.9 %	73.4 %
Underlying frequency loss ratio ¹	71.6 %	75.4 %
Cost ratio ¹	14.5 %	14.5 %
Combined ratio ¹	86.5 %	87.9 %

1 Defined as an alternative performance measure (APM). APMs are described at www.gjensidige.no/reporting in a document named APMs Gjensidige Forsikring Group 2020.

CONTENT

- 3 About this report
- 4 The year that passed
- 6 Key figures and alternative performance measures
- 11 Chair letter
- 14 CEO letter

Chapter 1 – This is us

Chapter 2 – Creating added value in Gjensidige

Chapter 3 – Value created in 2020

- A safer society
- 126 Results of our commitment to a safer society

- Climate and the environment
- 132 Results of our commitment to the climate and environment

- Engaged employees
- 140 Results of our commitment to engaged employees

- Responsible investments
- 147 Results of our commitment to responsible investments

- Good management and control
- 153 Results of our commitment to management and control

- Financial result
- 159 Financial result
- 179 Strategy and outlook

Chapter 4 – Financial statements and notes

- 282 Declaration from the Board and CEO
- 283 Auditor’s report
- 288 Independent Auditor’s report

Appendix

- 290 GRI Content Index and Board of Directors Report
- 296 Selected governing documents
- 297 Description of ratings and whom we support
- 298 Statement on equality
- 304 Certificates and guarantees
- 310 Climate accounts own operations

Chapter 3 – Value created in 2020 - Financial result

General Insurance Sweden

The underwriting result was stable at NOK 76.1 million (75.9). The combined ratio was 95.2 (94.6).

Earned premiums increased to NOK 1,592.0 million (1,405.8). Measured in local currency, earned premiums increased by 3.0 per cent, reflecting price and volume growth in the commercial lines, partly offset by lower volumes in the private lines.

Claims incurred amounted to NOK 1,209.9 million (1,058.6). The loss ratio increased to 76.0 (75.3), mainly driven by a 0.5 percentage point increase in the underlying frequency loss ratio. The Covid-19 situation had a negative impact on claims, estimated at approximately NOK 23 million, corresponding to 1.4 percentage point on the loss ratio. This was primarily related to payment protection insurance, partly offset by a slightly positive impact on motor claims due to less driving.

Operating expenses increased to NOK 306.0 million (271.3). The cost ratio was 19.2 (19.3).

Profit performance Sweden		
NOK millions	2020	2019
Earned premiums	1,592.0	1,405.8
Claims incurred etc.	(1,209.9)	(1,058.6)
Operating expenses	(306.0)	(271.3)
Underwriting result	76.1	75.9
Amortisation and impairment losses of excess value – intangible assets	(67.5)	(63.9)
Large losses ¹	30.0	-
Run-off gains/(losses) ¹	62.5	31.6
Earned premiums in local currency (SEK) ¹	1,556.1	1,511.0
Loss ratio ¹	76.0 %	75.3 %
Underlying frequency loss ratio ¹	78.0 %	77.5 %
Cost ratio ¹	19.2 %	19.3 %
Combined ratio ¹	95.2 %	94.6 %

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CONTENT

3

About this report

4

The year that passed

6

Key figures and alternative performance measures

11

Chair letter

14

CEO letter

Chapter 1 – This is us

Chapter 2 – Creating added value in Gjensidige

Chapter 3 – Value created in 2020

A safer society

126

Results of our commitment to a safer society

Climate and the environment

132

Results of our commitment to the climate and environment

Engaged employees

140

Results of our commitment to engaged employees

Responsible investments

147

Results of our commitment to responsible investments

Good management and control

153

Results of our commitment to management and control

Financial result

159

Financial result

179

Strategy and outlook

Chapter 4 – Financial statements and notes

282

Declaration from the Board and CEO

283

Auditor’s report

288

Independent Auditor’s report

Appendix

290

GRI Content Index and Board of Directors Report

296

Selected governing documents

297

Description of ratings and whom we support

298

Statement on equality

304

Certificates and guarantees

310

Climate accounts own operations

Chapter 3 – Value created in 2020 - Financial result

General Insurance Baltics

The underwriting result increased to NOK 67.7 million (60.9), mainly driven by currency effects. The combined ratio was 94.2 (94.6).

Earned premiums amounted to NOK 1,175.7 million (1,126.9). Measured in local currency, earned premiums decreased by 4.2 per cent, reflecting lower volume in the travel and general third-party liability insurance lines and lower prices for motor insurance due to fierce competition. This was reinforced by the Covid-19 situation.

Claims incurred amounted to NOK 767.2 million (728.7). The loss ratio increased to 65.3 (64.7), due to lower run-off gains partly offset by a 1.5 percentage point improvement in the underlying frequency loss ratio. The latter was mainly due to favourable weather conditions in the first quarter. The Covid-19 situation had a positive impact on claims estimated at approximately NOK 20 million, corresponding to 1.8 percentage point on the loss ratio. This was primarily related to motor and travel claims.

Operating expenses amounted to NOK 340.7 million (337.3). The cost ratio was 29.0 (29.9), the decrease reflecting cost saving initiatives.

Profit performance Baltics		
NOK millions	2020	2019
Earned premiums	1,175.7	1,126.9
Claims incurred etc.	(767.2)	(728.7)
Operating expenses	(340.7)	(337.3)
Underwriting result	67.7	60.9
Amortisation and impairment losses of excess value – intangible assets	(16.0)	(14.7)
Large losses ¹	0.5	-
Run-off gains/(losses) ¹	13.4	35.8
Earned premiums in local currency (EUR) ¹	109.6	114.4
Loss ratio ¹	65.3 %	64.7 %
Underlying frequency loss ratio ¹	66.4 %	67.8 %
Cost ratio ¹	29.0 %	29.9 %
Combined ratio ¹	94.2 %	94.6 %

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CONTENT

- 3 About this report
- 4 The year that passed
- 6 Key figures and alternative performance measures
- 11 Chair letter
- 14 CEO letter
- Chapter 1 – This is us
- Chapter 2 – Creating added value in Gjensidige
- Chapter 3 – Value created in 2020
 - A safer society
 - 126 Results of our commitment to a safer society
 - Climate and the environment
 - 132 Results of our commitment to the climate and environment
 - Engaged employees
 - 140 Results of our commitment to engaged employees
 - Responsible investments
 - 147 Results of our commitment to responsible investments
 - Good management and control
 - 153 Results of our commitment to management and control
 - Financial result
 - 159 Financial result
 - 179 Strategy and outlook
- Chapter 4 – Financial statements and notes
 - 282 Declaration from the Board and CEO
 - 283 Auditor’s report
 - 288 Independent Auditor’s report
- Appendix
 - 290 GRI Content Index and Board of Directors Report
 - 296 Selected governing documents
 - 297 Description of ratings and whom we support
 - 298 Statement on equality
 - 304 Certificates and guarantees
 - 310 Climate accounts own operations

Chapter 3 – Value created in 2020 - Financial result

Pension

The profit before tax expense was NOK 166.8 million (196.9). The decrease was mainly due to lower insurance income and higher operating expenses. The Covid-19 pandemic had a minor impact on the company’s results for the period, apart from the effects from movements in interest rates and market prices.

Administration fees were NOK 158.1 million (152.3). Insurance income was NOK 81.3 million (111.4). The main reason for the decrease was the positive risk result last year relating to the paid-up policies.

Management income increased to NOK 182.4 million (167.2) as a result of increased assets under management.

Operating expenses increased to NOK 291.1 million (275.6), mainly driven by higher depreciation as a result of a shorter depreciation timeframe for IT-investments. A higher head count in response to the growing business volume also had an impact on operating expenses.

Net financial income, including returns on both the group policy portfolio and the corporate portfolio, amounted to NOK 36.0 million (41.5). The decrease was due to non-recurring gains from divestments last year.

The recognised return on the paid-up policy portfolio was 3.5 per cent (4.3). The average annual interest guarantee was 3.4 per cent.

Assets under management increased by NOK 5,026.5 million from year-end 2019. Total pension assets under management amounted to NOK 42,361.7 million (37,335.1) including the group policy portfolio of NOK 7,664.1 million (7,204.2).

Profit performance Pension		
NOK millions	2020	2019
Administration fees	158.1	152.3
Insurance income	81.3	111.4
Management income etc.	182.4	167.2
Operating expenses	(291.1)	(275.6)
Net operating income	130.7	155.3
Net financial income	36.0	41.5
Profit/(loss) before tax expense	166.8	196.9
Operating margin ¹	31.0 %	36.1 %
Recognised return on the paid-up policy portfolio ²	3.5 %	4.3 %
Value-adjusted return on the paid-up policy portfolio ³	3.0 %	4.7 %

1 Defined as an alternative performance measure (APM). APMs are described at www.gjensidige.no/reporting in a document named APMs Gjensidige Forsikring Group 2020.

2 Recognised return on the paid-up policy portfolio = realised return on the portfolio.

3 Value-adjusted return on the paid-up policy portfolio = total return on the portfolio.

CONTENT

- 3 About this report
- 4 The year that passed
- 6 Key figures and alternative performance measures
- 11 Chair letter
- 14 CEO letter
- Chapter 1 – This is us
- Chapter 2 – Creating added value in Gjensidige
- Chapter 3 – Value created in 2020
 - A safer society
 - 126 Results of our commitment to a safer society
 - Climate and the environment
 - 132 Results of our commitment to the climate and environment
 - Engaged employees
 - 140 Results of our commitment to engaged employees
 - Responsible investments
 - 147 Results of our commitment to responsible investments
 - Good management and control
 - 153 Results of our commitment to management and control
 - Financial result
 - 159 Financial result
 - 179 Strategy and outlook
- Chapter 4 – Financial statements and notes
 - 282 Declaration from the Board and CEO
 - 283 Auditor’s report
 - 288 Independent Auditor’s report
- Appendix
 - 290 GRI Content Index and Board of Directors Report
 - 296 Selected governing documents
 - 297 Description of ratings and whom we support
 - 298 Statement on equality
 - 304 Certificates and guarantees
 - 310 Climate accounts own operations

Chapter 3 – Value created in 2020 - Financial result

Management of financial assets and properties

The Group’s investment portfolio includes all investment funds in the Group, except for investment funds in the Pension segment. The investment portfolio is split into two parts: a match portfolio and a free portfolio. The match portfolio is intended to correspond to the Group’s technical provisions. It is invested in fixed-income instruments that match the duration and currency of the technical provisions. The free portfolio consists of various assets. The allocation of assets in this portfolio must be seen in conjunction with the Group’s capitalisation and risk capacity, as well as the Group’s risk appetite at all times. Results from the use of derivatives for tactical and risk management purposes are assigned to the respective asset classes. Currency risk in the investment portfolio is generally hedged close to 100 per cent, within a permitted range of +/- 10 per cent per currency.

The Covid-19 pandemic led to a significant downturn in the financial markets towards the end of the first quarter, resulting in a broad decline in most asset classes. Significant intervention by central banks and fiscal policy measures drove the market recovery during the rest of the year.

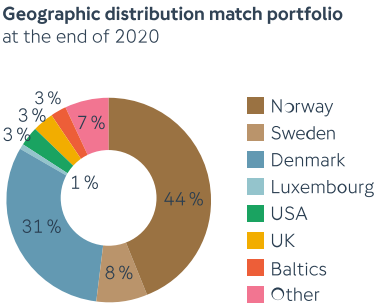
At the end of the period, the investment portfolio totalled NOK 58.9 billion (59.1). The financial result for the year was NOK 1,341.7 million (2,306.4), which corresponds to a return on total assets of 2.2 per cent (4.1).

Match portfolio

The match portfolio amounted to NOK 36.4 billion (34.1). The portfolio yielded a return of 1.2 per cent (2.8), excluding changes in the value of bonds recognised at amortised cost, reflecting the lower interest rate level as well as the market movements in the first

quarter. Bonds recognised at amortised cost amounted to NOK 15.4 billion (14.9). Unrealised excess value amounted to NOK 1.0 billion (0.5) at the end of the period.

The reinvestment rate for new investments in the portfolio of bonds held at amortised cost was approximately 3.0 per cent on average for the year, while the reinvestment rate in the fourth quarter was approximately 2.0 per cent. The running yield on the portfolio of bonds held at amortised cost was 3.4 per cent at the end of the period. The average duration of the match portfolio was 3.4 years. The average term to maturity for the corresponding insurance liabilities was 4.0 years.



The distribution of counterparty risk and credit rating is shown in the charts on the next page. Securities without an official credit rating amounted to NOK 7.7 billion (8.0). Of these securities, 11.9 per cent (4.3) were issued by Norwegian savings banks, while the remainder were mostly issued by Norwegian power producers and distributors, property companies, industry and municipalities. Bonds with a coupon linked to the development of the Norwegian consumer price index accounted for 2.4 per cent (2.5) of the match portfolio. The geographical distribution of the match portfolio is shown in the chart above.

CONTENT

- 3 About this report
- 4 The year that passed
- 6 Key figures and alternative performance measures
- 11 Chair letter
- 14 CEO letter

Chapter 1 – This is us

Chapter 2 – Creating added value in Gjensidige

Chapter 3 – Value created in 2020

- A safer society
 - 126 Results of our commitment to a safer society
- Climate and the environment
 - 132 Results of our commitment to the climate and environment
- Engaged employees
 - 140 Results of our commitment to engaged employees
- Responsible investments
 - 147 Results of our commitment to responsible investments
- Good management and control
 - 153 Results of our commitment to management and control
- Financial result
 - 159 Financial result
 - 179 Strategy and outlook

Chapter 4 – Financial statements and notes

- 282 Declaration from the Board and CEO
- 283 Auditor’s report
- 288 Independent Auditor’s report

Appendix

- 290 GRI Content Index and Board of Directors Report
- 296 Selected governing documents
- 297 Description of ratings and whom we support
- 298 Statement on equality
- 304 Certificates and guarantees
- 310 Climate accounts own operations

Chapter 3 – Value created in 2020 - Financial result

Free portfolio

The free portfolio amounted to NOK 22.5 billion (25.0) at the end of the year. The return was 3.6 per cent (6.0), reflecting market developments, as well as a general de-risking of the portfolio in the first quarter, followed by some re-risking thereafter.

Fixed-income instruments

The fixed-income instruments in the free portfolio amounted to NOK 12.3 billion (14.2), of which fixed income – short duration investments accounted for NOK 5.0 billion (6.8). The rest of the portfolio was invested in Norwegian government bonds and international bonds (investment grade, high yield and convertible bonds). The total fixed-income portfolio yielded a return of 4.2 per cent (4.4).

At the end of the period, the average duration in the portfolio was approximately 4.7 years. The distribution of counterparty risk and credit rating is shown in charts on this page. Securities

without an official credit rating amounted to NOK 2.4 billion (3.5). Of these securities, 17.4 per cent (10.1) were issued by Norwegian savings banks, while the remainder were mostly issued by industry and municipalities. The geographical distribution of the fixed-income instruments in the free portfolio is shown in the chart below.

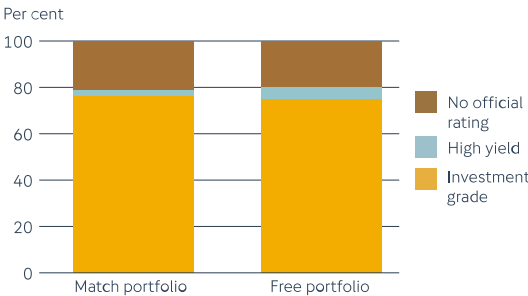
Equity portfolio

The total equity holding at the end of the period was NOK 3.6 billion (4.3), of which NOK 2.4 billion (3.0) consisted of current equities and NOK 1.2 billion (1.2) of PE funds. The return on current equities was 0.6 per cent (15.6). The weak performance was mainly driven by market turbulence and de-risking in the first quarter. PE funds yielded a return of minus 7.7 per cent (plus 6.9), mainly driven by weak performance of funds with exposure to the oil sector.

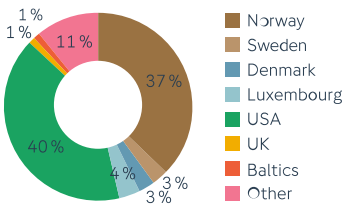
Property portfolio

At the end of the period, the exposure to commercial real estate in the portfolio was NOK 5.1 billion (4.8). The property portfolio yielded a return of 7.8 per cent (8.0).

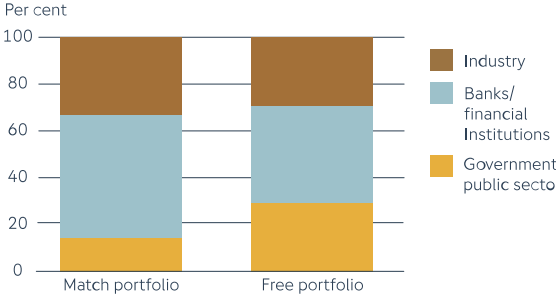
Credit rating fixed income instruments at the end of 2020



Geographic distribution fixed income instruments in free portfolio



Counterparty risk fixed income instruments at the end of 2020



CONTENT

3	About this report
4	The year that passed
6	Key figures and alternative performance measures
11	Chair letter
14	CEO letter
Chapter 1 – This is us	
Chapter 2 – Creating added value in Gjensidige	
Chapter 3 – Value created in 2020	
A safer society	
126	Results of our commitment to a safer society
Climate and the environment	
132	Results of our commitment to the climate and environment
Engaged employees	
140	Results of our commitment to engaged employees
Responsible investments	
147	Results of our commitment to responsible investments
Good management and control	
153	Results of our commitment to management and control
Financial result	
159	Financial result
179	Strategy and outlook
Chapter 4 – Financial statements and notes	
282	Declaration from the Board and CEO
283	Auditor’s report
288	Independent Auditor’s report
Appendix	
290	GRI Content Index and Board of Directors Report
296	Selected governing documents
297	Description of ratings and whom we support
298	Statement on equality
304	Certificates and guarantees
310	Climate accounts own operations

Chapter 3 – Value created in 2020 - Financial result

Financial assets and properties						
	Return in per cent		Result		Carrying amount 31.12	
NOK millions	2020	2019	2020	2019	2020	2019
Match portfolio						
Money market	1.9	1.8	93.4	90.5	4,948.9	4,818.7
Bonds at amortised cost ¹	3.6	5.0	541.8	771.7	15,360.2	14,916.1
Current bonds ²	(1.3)	0.6	(206.6)	89.9	16,071.5	14,327.1
Match portfolio total	1.2	2.8	428.6	952.1	36,380.6	34,062.0
Free portfolio						
Money market	0.9	1.0	72.3	58.2	4,987.0	6,812.3
Other bonds ³	7.6	4.9	429.5	230.8	5,187.6	4,552.9
High yield bonds ⁴	(7.5)	10.5	(36.2)	105.4	402.3	1,101.8
Convertible bonds ⁴	11.6	12.3	172.6	168.1	1,680.8	1,725.3
Current equities ⁵	0.6	15.6	14.6	444.7	2,390.3	3,047.3
PE funds	(7.7)	6.9	(92.8)	91.6	1,206.3	1,232.3
Properties	7.8	8.0	384.4	373.6	5,128.5	4,803.9
Other ⁶	(2.4)	(12.1)	(31.4)	(118.3)	1,524.0	1,716.8
Free portfolio total	3.6	6.0	913.1	1,354.3	22,506.8	24,992.4
Financial result from the investment portfolio ⁷	2.2	4.1	1,341.7	2,306.4	58,887.4	59,054.4
Financial income in Pension			36.0	41.5		
Interest expense on subordinated debt Gjensidige Forsikring ASA			(29.6)	(36.5)		
Interest expense on the lease liability			(29.6)	(31.5)		
Realised gains on subsidiaries			-	1,580.3		
Net income from investments			1,318.5	3,860.3		

1 The item includes discounting effects of the insurance liabilities in Denmark and Sweden, and a mismatch between interest rate adjustments on the liability side in Denmark and the corresponding interest rate hedge. Investments include mortgage, sovereign and corporate bonds, investment grade bond funds and loan funds containing secured debt.

2 The item includes investment grade and current bonds. Investment grade and emerging market bonds are investments in internationally diversified funds that are externally managed.

3 Investments in internationally diversified funds that are externally managed.

4 Investments mainly in internationally diversified funds that are externally managed. The equity risk exposure is reduced by NOK 354.6 million due to derivatives.

5 The item includes currency hedging related to Gjensidige Sweden, Denmark and Baltics, lending, paid-in capital in Gjensidige Pensjonskasse, profit/loss effects from a total return swap with Gjensidige Pensjonskasse, hedge funds, commodities and finance-related expenses.

6 Defined as an alternative performance measure (APM). APMs are described at www.gjensidige.no/reporting in a document named APMs Gjensidige Forsikring Group 2020.

7 The content of these items is identical as the previous items named Money market. The name change is related to the expected entrance of EU regulation 2017/1131 on money market funds into Norwegian law early 2021. The regulation involves a strict definition of money market instruments and, although concerning funds, is expected to restrict what one can label "Money market".

CONTENT

- 3 About this report
- 4 The year that passed
- 6 Key figures and alternative performance measures
- 11 Chair letter
- 14 CEO letter

Chapter 1 – This is us

Chapter 2 – Creating added value in Gjensidige

Chapter 3 – Value created in 2020

- A safer society**
- 126 Results of our commitment to a safer society
- Climate and the environment**
- 132 Results of our commitment to the climate and environment
- Engaged employees**
- 140 Results of our commitment to engaged employees
- Responsible investments**
- 147 Results of our commitment to responsible investments
- Good management and control**
- 153 Results of our commitment to management and control
- Financial result**
- 159 Financial result
- 179 Strategy and outlook

Chapter 4 – Financial statements and notes

- 282 Declaration from the Board and CEO
- 283 Auditor’s report
- 288 Independent Auditor’s report

Appendix

- 290 GRI Content Index and Board of Directors Report
- 296 Selected governing documents
- 297 Description of ratings and whom we support
- 298 Statement on equality
- 304 Certificates and guarantees
- 310 Climate accounts own operations

Chapter 3 – Value created in 2020 - Financial result

Events after the balance sheet date

At a board meeting on 21 January 2021, it was decided to pay a dividend of NOK 2.40 per share, in total NOK 1.2 billion, based on the authorisation granted to the Board. The dividend is related to the 2019 accounts and constitutes the payment of excess capital. The payment was made on 4 February 2021.

Other than that, no significant events have occurred after the balance sheet date.

Changes in framework conditions/regulations

Solvency position

In 2018, Gjensidige was granted approval by the Financial Supervisory Authority to use a partial internal model to calculate regulatory capital requirements. The model that was approved was more conservative than the model Gjensidige originally applied for. The Financial Supervisory Authority set as a condition that the standard formula would be used to calculate the risk of storms, and the standard formula’s correlation between market and insurance risk. In addition, the Authority’s conditions entail somewhat higher capital requirements for market risk and insurance risk than Gjensidige originally applied for. The complaint submitted by Gjensidige Forsikring ASA and the Gjensidige Forsikring Group concerning the Authority’s decision on the calibration of market risk was partially upheld in the third quarter 2020. The change means a reduction of the total solvency capital requirement of approximately NOK 0.2 billion, based on the solvency capital requirement on 30 September 2020. Gjensidige believes that the partial internal model, without the conditions imposed by the Financial Supervisory Authority, provides a better representation of risk and will continue working for approval of Gjensidige’s own version of the partial internal model.

IFRS 17 Insurance Contracts

Gjensidige has started work on implementing the new accounting standard IFRS 17 Insurance Contracts, which is expected to enter into force on 1 January 2023. The standard will affect the Group’s accounts by introducing material changes to the measurement and presentation of income and expenses. For further information, see Note 1 on accounting principles.

Allocation of the profit before other income and expenses

The Group’s profit from continued and discontinued operations amounted to NOK 4,953.9 million. The Board has adopted a dividend policy that forms the basis for the dividend proposal submitted to the General Meeting. The Board proposes a dividend of NOK 3,700 million for the 2020 financial year. This corresponds to NOK 7.40 per share, based on the profit for 2020. On 4 February 2021, a dividend of NOK 1,200 million was paid based on the profit for 2019. That corresponded to NOK 2.40 per share and represented the distribution of excess capital.

The ordinary dividend corresponds to a pay-out ratio of 75 per cent of the Group’s profit after tax.

Gjensidige’s capitalisation is adapted at all times to the Group’s adopted strategic goals and appetite for risk. The Group shall maintain its financial freedom of action in parallel with strong capital discipline that supports the Group’s targeted return on equity.

CONTENT

- 3 About this report
- 4 The year that passed
- 6 Key figures and alternative performance measures
- 11 Chair letter
- 14 CEO letter

Chapter 1 – This is us

Chapter 2 – Creating added value in Gjensidige

Chapter 3 – Value created in 2020

- A safer society
 - 126 Results of our commitment to a safer society
- Climate and the environment
 - 132 Results of our commitment to the climate and environment
- Engaged employees
 - 140 Results of our commitment to engaged employees
- Responsible investments
 - 147 Results of our commitment to responsible investments
- Good management and control
 - 153 Results of our commitment to management and control
- Financial result
 - 159 Financial result
 - 179 Strategy and outlook

Chapter 4 – Financial statements and notes

- 282 Declaration from the Board and CEO
- 283 Auditor’s report
- 288 Independent Auditor’s report

Appendix

- 290 GRI Content Index and Board of Directors Report
- 296 Selected governing documents
- 297 Description of ratings and whom we support
- 298 Statement on equality
- 304 Certificates and guarantees
- 310 Climate accounts own operations

Chapter 3 – Value created in 2020 - Financial result

It is proposed that the parent company's profit before other components of income and expense of NOK 4,489.7 million be allocated as follows:

NOK millions	
Dividend paid and proposed	4,900.0
Transferred to/(from) undistributable reserves	(10.9)
Transferred to/(from) other retained earnings	(399.4)
Allocated	4,489.7

Other comprehensive income and expense as presented in the income statement are not included in the allocation of profit.

The Board has decided to pay employees of Gjensidige Forsikring ASA a collective bonus corresponding to NOK 30,000, including holiday pay, per full-time employee. The bonus is based on the underwriting result, market share development and customer satisfaction. In addition, the Board has, on a discretionary basis, considered development in the organisation, engagement, expertise and the Company's profit for the year seen in relation to the dividend policy. The Board wishes to thank each individual employee for their contribution to Gjensidige's results in 2020.

CONTENT

3 About this report
4 The year that passed
6 Key figures and alternative performance measures
11 Chair letter
14 CEO letter

Chapter 1 – This is us

Chapter 2 – Creating added value in Gjensidige

Chapter 3 – Value created in 2020

A safer society
126 Results of our commitment to a safer society

Climate and the environment
132 Results of our commitment to the climate and environment

Engaged employees
140 Results of our commitment to engaged employees

Responsible investments
147 Results of our commitment to responsible investments

Good management and control
153 Results of our commitment to management and control

Financial result
159 Financial result
179 Strategy and outlook

Chapter 4 – Financial statements and notes

282 Declaration from the Board and CEO
283 Auditor’s report
288 Independent Auditor’s report

Appendix

290 GRI Content Index and Board of Directors Report
296 Selected governing documents
297 Description of ratings and whom we support
298 Statement on equality
304 Certificates and guarantees
310 Climate accounts own operations

Chapter 3 – Value created in 2020 - Strategy and outlook

Strategy and outlook

The Group’s annual financial and solvency targets through 2022 are as follows:

- A combined ratio of between 86 and 89 per cent (undiscounted)
 - Corresponding to 90 to 93 per cent given zero run-off gains
 - Average annual run-off gains of approximately NOK 1 billion are still expected through 2022
- A cost ratio <15 per cent
- A solvency margin based on the Partial Internal Model (both the regulatory approved model and the model with internal calibration) of between 150 and 200 per cent
 - To support an ‘A’ rating, stable regular dividends over time, financial flexibility for smaller acquisitions and organic growth not financed through retained earnings, as well as providing a buffer for regulatory changes.
- Return on equity after tax > 20 per cent
 - Corresponding to > 16 per cent excluding run-off gains

These are financial targets and should not be regarded as guidance for any specific quarter or year. Unexpected circumstances relating to the weather, the proportion of large losses and run-off gains or losses could contribute to a combined ratio that is above or below the annual target range.

Gjensidige’s ambition is to become the most customer-oriented general insurance company in the Nordic region. The Group’s priority is to retain its strong and unique position in Norway and to continue improving its profitability outside Norway. Furthermore, the Group will focus on ensuring continued capital discipline, including delivering attractive returns to shareholders. A fundamental prerequisite for

long term value creation is sustainable choices and solutions. The top three priorities are contributing to a safer society, reduced CO₂ emissions and responsible investments.

Geopolitical uncertainty, low interest rates and financial challenges in several key economies reflect an uncertain economic situation. As for the rest of the world, the pandemic has had a significant impact on the economies in Gjensidige’s markets. However, there has been a strong rebound, particularly in the Nordics, thanks to large stimulus packages and gradual easing of restrictions. Although there is still considerable uncertainty, the forecast for economic activity in Gjensidige’s markets is encouraging. The risk of pressure on insurance volumes in the wake of the pandemic is thus lower than initially expected.

Organic growth is expected to be in line with nominal GDP growth in Gjensidige’s market areas in the Nordic and Baltic countries over time. On a Group level, near term growth is expected to be higher. In addition, profitable growth will be achieved by pursuing a disciplined acquisition strategy, as has been done successfully in the past.

The Covid-19 pandemic outbreak had a significant impact on the financial result in the first quarter of 2020, while the impact on Gjensidige’s insurance operations so far has been slightly positive, reflecting lower activity. In general, although restrictions and recommendations affect daily life, we expect stable activity in our markets and claims at normal levels. However, with the ongoing travel restrictions, we expect a lower level of claims for travel insurance in the near future.

CONTENT

3

About this report

4

The year that passed

6

Key figures and alternative performance measures

11

Chair letter

14

CEO letter

Chapter 1 – This is us

Chapter 2 – Creating added value in Gjensidige

Chapter 3 – Value created in 2020

A safer society

126

Results of our commitment to a safer society

Climate and the environment

132

Results of our commitment to the climate and environment

Engaged employees

140

Results of our commitment to engaged employees

Responsible investments

147

Results of our commitment to responsible investments

Good management and control

153

Results of our commitment to management and control

Financial result

159

Financial result

179

Strategy and outlook

Chapter 4 – Financial statements and notes

282

Declaration from the Board and CEO

283

Auditor’s report

288

Independent Auditor’s report

Appendix

290

GRI Content Index and Board of Directors Report

296

Selected governing documents

297

Description of ratings and whom we support

298

Statement on equality

304

Certificates and guarantees

310

Climate accounts own operations

Chapter 3 – Value created in 2020 - Strategy and outlook

In the next few years it is expected that Gjensidige’s business model and the market participants will broadly stay the same. Gjensidige has different positions and preconditions for further growth and development in the different segments and geographies. Best practices will be implemented across segments and borders where natural and expedient. Profitability will be prioritised over growth.

A key strategic priority for the next few years is maintaining and cultivating the direct customer relationship. Gjensidige aims to achieve greater relevance and create sales opportunities by offering customers a broader value proposition than ever before – in terms of both services and products, alone or in partnership with other providers. The goal is to become an even better and more relevant partner for customers – a problem-solver with a stronger focus on claims prevention – and thereby further strengthening the customer relationship.

Continued investments in technology and data are key to reducing costs and achieving enhanced functionality and flexibility. This is necessary to enable more flexible partner integration and product modularity. The launch of next generation tariffs and CRM and investments in a new core system and IT infrastructure are important in order to succeed in becoming an analytics-driven company. This will result in better customer experiences, more efficient operations and create sufficient capacity for innovation. Gjensidige has started the process of developing and configuring its new core IT system. The investment is expected to be handled within the current cost ratio target, and will be made step-by-step, starting with Denmark.

Gjensidige has a robust investment strategy, although returns are affected by challenging market conditions.

The Group has high capital buffers in relation to internal risk models, statutory solvency requirements and its target rating. The Board considers the Group’s capital situation and financial strength to be very strong.

There is always considerable uncertainty associated with the assessment of future developments. However, the Board remains confident in Gjensidige’s ability to deliver solid earnings- and dividend growth over time.

CONTENT

- 3 About this report
- 4 The year that passed
- 6 Key figures and alternative performance measures
- 11 Chair letter
- 14 CEO letter

Chapter 1 – This is us

Chapter 2 – Creating added value in Gjensidige

Chapter 3 – Value created in 2020

Chapter 4 – Financial statements and notes

Gjensidige Forsikring Group

Gjensidige Forsikring ASA

- 282 Declaration from the Board and CEO
- 283 Auditor's report
- 288 Independent Auditor's report

Appendix

- 290 GRI Content Index and Board of Directors Report
- 296 Selected governing documents
- 297 Description of ratings and whom we support
- 298 Statement on equality
- 304 Certificates and guarantees
- 310 Climate accounts own operations

Chapter 4

Financial statements and notes

The report contains financial statements and notes for the Gjensidige Forsikring Group and the parent company Gjensidige Forsikring ASA respectively.

CONTENT	
3	About this report
4	The year that passed
6	Key figures and alternative performance measures
11	Chair letter
14	CEO letter
Chapter 1 – This is us	
Chapter 2 – Creating added value in Gjensidige	
Chapter 3 – Value created in 2020	
Chapter 4 – Financial statements and notes	
Gjensidige Forsikring Group	
182	Consolidated income statement
183	Consolidated statement of comprehensive income
184	Consolidated statement of financial position
185	Consolidated statement of changes in equity
186	Consolidated statement of cash flows
187	Note 1 Accounting policies
195	Note 2 Use of estimates
196	Note 3 Risk and capital management
211	Note 4 Segment information
212	Note 5 Investments in associates and joint ventures
213	Note 6 Net income from investments
214	Note 7 Expenses
215	Note 8 Salaries and remuneration
218	Note 9 Tax
219	Note 10 Pension
223	Note 11 Goodwill and intangible assets
225	Note 12 Owner-occupied and right-off-use property, plant and equipment
227	Note 13 Financial assets and liabilities
232	Note 14 Shares and similar interests
233	Note 15 Loans and receivables
234	Note 16 Insurance-related liabilities and reinsurers’ share
235	Note 17 Equity
236	Note 18 Hybrid capital
237	Note 19 Provisions and other liabilities
238	Note 20 Related party transactions
239	Note 21 Contingent liabilities
239	Note 22 Share-based payment
241	Note 23 Events after the balance sheet date
241	Note 24 Earnings per share
Gjensidige Forsikring ASA	
282	Declaration from the Board and CEO
283	Auditor’s report
288	Assurance integrated report
Appendix	
290	GRI Content Index and Board of Directors Report
296	Selected governing documents
297	Description of ratings and whom we support
298	Statement on equality
304	Certificates and guarantees
310	Climate accounts own operations

Consolidated income statement

NOK millions	Notes	1.1.-31.12.2020	1.1.-31.12.2019
Operating income			
Earned premiums from general insurance		27,160.5	24,650.4
Earned premiums from pension		913.8	880.0
Other income including eliminations		185.6	171.6
Total operating income	4	28,259.9	25,702.0
Net income from investments			
Results from investments in associates and joint ventures	5	338.8	309.2
Interest income and dividend etc. from financial assets		1,006.4	1,043.4
Net changes in fair value on investments (incl. property)		(279.7)	1,453.7
Net realised gain and loss on investments		469.6	1,282.9
Interest expenses and expenses related to investments		(216.7)	(228.8)
Total net income from investments	6	1,318.5	3,860.3
Total operating income and net income from investments		29,578.4	29,562.2
Claims			
Claims incurred etc. from general insurance		(18,133.5)	(16,978.6)
Claims incurred etc. from pension		(674.5)	(616.3)
Total claims		(18,808.0)	(17,594.9)
Operating expenses			
Operating expenses from general insurance		(3,951.4)	(3,635.4)
Operating expenses from pension		(291.1)	(275.6)
Other operating expenses		(4.1)	(46.2)
Amortisation and impairment losses of excess value - intangible assets		(182.1)	(256.4)
Total operating expenses	7	(4,428.7)	(4,213.6)
Total expenses		(23,236.6)	(21,808.5)
Profit/(loss) before tax expense	4	6,341.7	7,753.8
Tax expense	9	(1,387.8)	(1,197.6)
Profit/(loss) from continuing operations		4,953.9	6,556.1
Profit/(loss) from discontinued operations			37.6
Profit/(loss) from continuing and discontinued operations		4,953.9	6,593.8
Profit/(loss) attributable to:			
Owners of the company continuing operations		4,953.8	6,556.1
Owners of the company discontinued operations			37.6
Non-controlling interests		0.1	0.1
Total		4,953.9	6,593.8
Earnings per share from continuing and discontinued operations, NOK (basic and diluted)	24	9.91	13.19
Earnings per share from continuing operations, NOK (basic and diluted)	24	9.91	13.11

CONTENT	
3	About this report
4	The year that passed
6	Key figures and alternative performance measures
11	Chair letter
14	CEO letter
Chapter 1 – This is us	
Chapter 2 – Creating added value in Gjensidige	
Chapter 3 – Value created in 2020	
Chapter 4 – Financial statements and notes	
Gjensidige Forsikring Group	
182	Consolidated income statement
183	Consolidated statement of comprehensive income
184	Consolidated statement of financial position
185	Consolidated statement of changes in equity
186	Consolidated statement of cash flows
187	Note 1 Accounting policies
195	Note 2 Use of estimates
196	Note 3 Risk and capital management
211	Note 4 Segment information
212	Note 5 Investments in associates and joint ventures
213	Note 6 Net income from investments
214	Note 7 Expenses
215	Note 8 Salaries and remuneration
218	Note 9 Tax
219	Note 10 Pension
223	Note 11 Goodwill and intangible assets
225	Note 12 Owner-occupied and right-off-use property, plant and equipment
227	Note 13 Financial assets and liabilities
232	Note 14 Shares and similar interests
233	Note 15 Loans and receivables
234	Note 16 Insurance-related liabilities and reinsurers’ share
235	Note 17 Equity
236	Note 18 Hybrid capital
237	Note 19 Provisions and other liabilities
238	Note 20 Related party transactions
239	Note 21 Contingent liabilities
239	Note 22 Share-based payment
241	Note 23 Events after the balance sheet date
241	Note 24 Earnings per share
Gjensidige Forsikring ASA	
282	Declaration from the Board and CEO
283	Auditor’s report
288	Assurance integrated report
Appendix	
290	GRI Content Index and Board of Directors Report
296	Selected governing documents
297	Description of ratings and whom we support
298	Statement on equality
304	Certificates and guarantees
310	Climate accounts own operations

Consolidated statement of comprehensive income

NOK millions	Notes	1.1.-31.12.2020	1.1.-31.12.2019
Profit/(loss)		4,953.9	6,593.8
Other comprehensive income			
Other comprehensive income that will not be reclassified subsequently to profit or loss			
Remeasurements of the net defined benefit liability/asset	10	(112.2)	(117.1)
Share of other comprehensive income of associates and joint ventures		(1.4)	
Tax on other comprehensive income that will not be reclassified subsequently to profit or loss	9	28.0	29.3
Total other comprehensive income that will not be reclassified subsequently to profit or loss		(85.5)	(87.9)
Other comprehensive income that will be reclassified subsequently to profit or loss			
Exchange differences from foreign operations		436.3	(67.3)
Tax on other comprehensive income that will be reclassified subsequently to profit or loss	9	(67.2)	17.1
Total other comprehensive income that will be reclassified subsequently to profit or loss		369.1	(50.2)
Total other comprehensive income of continuing operations		283.5	(138.1)
Comprehensive income from continuing and discontinued operations		5,237.4	6,455.7
Comprehensive income attributable to:			
Owners of the company continuing operations		5,237.3	6,418.0
Owners of the company discontinued operations			37.6
Non-controlling interests		0.1	0.1
Total		5,237.4	6,455.7

CONTENT	
3	About this report
4	The year that passed
6	Key figures and alternative performance measures
11	Chair letter
14	CEO letter
Chapter 1 – This is us	
Chapter 2 – Creating added value in Gjensidige	
Chapter 3 – Value created in 2020	
Chapter 4 – Financial statements and notes	
Gjensidige Forsikring Group	
182	Consolidated income statement
183	Consolidated statement of comprehensive income
184	Consolidated statement of financial position
185	Consolidated statement of changes in equity
186	Consolidated statement of cash flows
187	Note 1 Accounting policies
195	Note 2 Use of estimates
196	Note 3 Risk and capital management
211	Note 4 Segment information
212	Note 5 Investments in associates and joint ventures
213	Note 6 Net income from investments
214	Note 7 Expenses
215	Note 8 Salaries and remuneration
218	Note 9 Tax
219	Note 10 Pension
223	Note 11 Goodwill and intangible assets
225	Note 12 Owner-occupied and right-off-use property, plant and equipment
227	Note 13 Financial assets and liabilities
232	Note 14 Shares and similar interests
233	Note 15 Loans and receivables
234	Note 16 Insurance-related liabilities and reinsurers' share
235	Note 17 Equity
236	Note 18 Hybrid capital
237	Note 19 Provisions and other liabilities
238	Note 20 Related party transactions
239	Note 21 Contingent liabilities
239	Note 22 Share-based payment
241	Note 23 Events after the balance sheet date
241	Note 24 Earnings per share
Gjensidige Forsikring ASA	
282	Declaration from the Board and CEO
283	Auditor's report
288	Assurance integrated report
Appendix	
290	GRI Content Index and Board of Directors Report
296	Selected governing documents
297	Description of ratings and whom we support
298	Statement on equality
304	Certificates and guarantees
310	Climate accounts own operations

Consolidated statement of financial position

NOK millions	Notes	31.12.2020	31.12.2019
Assets			
Goodwill	11	3,773.4	3,554.6
Other intangible assets	11	1,132.4	1,124.8
Investments in associates and joint ventures	5	3,760.2	3,318.6
Owner-occupied and right-of-use property, plant and equipment	12	1,149.6	1,264.9
Pension assets	10	338.5	244.3
Financial assets			
Interest-bearing receivables from joint ventures	5, 13	2,365.6	2,401.4
Financial derivatives	13	1,294.3	934.1
Shares and similar interests	13, 14	5,526.1	6,551.6
Bonds and other securities with fixed income	13	30,968.9	30,992.4
Bonds held to maturity	13	151.9	210.7
Loans and receivables	13, 15	20,934.7	19,963.3
Assets in life insurance with investment options	13	34,586.4	29,989.4
Receivables related to direct operations and reinsurance	13	7,702.7	7,097.6
Other receivables	13, 15	565.0	1,192.0
Cash and cash equivalents	13	2,861.1	2,419.5
Other assets			
Deferred tax assets	9	20.7	21.2
Reinsurers' share of insurance-related liabilities in general insurance, gross	16	1,062.0	1,072.5
Prepaid expenses and earned, not received income		118.3	53.2
Total assets		118,312.0	112,405.9
Equity and liabilities			
Equity			
Share capital		1,000.0	1,000.0
Share premium		1,430.0	1,430.0
Natural perils capital		2,612.9	2,676.3
Guarantee scheme provision		715.5	676.3
Other equity		19,525.4	20,409.0
Total equity attributable to owners of the company		25,283.8	26,191.6
Non-controlling interests		0.7	0.6
Total equity	17	25,284.5	26,192.2
Insurance liabilities			
Premium reserve in life insurance		7,364.1	6,896.1
Provision for unearned premiums, gross, in general insurance	16	11,314.5	10,499.1
Claims provision, gross	16	28,534.3	28,164.8
Other technical provisions		419.2	410.4
Financial liabilities			
Subordinated debt	13, 18	1,498.8	1,498.4
Financial derivatives	13	767.4	641.0
Liabilities in life insurance with investment options	13	34,586.4	29,989.4
Other financial liabilities	13, 19	2,777.3	2,735.4
Liabilities related to direct insurance and reinsurance	13	783.4	709.4
Other liabilities			
Pension liabilities	10	716.8	610.6
Lease liability	12	1,016.4	1,125.1
Other provisions	19	300.7	297.3
Current tax	9	1,559.9	1,046.1
Deferred tax liabilities	9	956.2	1,168.6
Accrued expenses and received, not earned income	19	432.0	422.0
Total liabilities		93,027.5	86,213.7
Total equity and liabilities		118,312.0	112,405.9

CONTENT	
3	About this report
4	The year that passed
6	Key figures and alternative performance measures
11	Chair letter
14	CEO letter
Chapter 1 – This is us	
Chapter 2 – Creating added value in Gjensidige	
Chapter 3 – Value created in 2020	
Chapter 4 – Financial statements and notes	
Gjensidige Forsikring Group	
182	Consolidated income statement
183	Consolidated statement of comprehensive income
184	Consolidated statement of financial position
185	Consolidated statement of changes in equity
186	Consolidated statement of cash flows
187	Note 1 Accounting policies
195	Note 2 Use of estimates
196	Note 3 Risk and capital management
211	Note 4 Segment information
212	Note 5 Investments in associates and joint ventures
213	Note 6 Net income from investments
214	Note 7 Expenses
215	Note 8 Salaries and remuneration
218	Note 9 Tax
219	Note 10 Pension
223	Note 11 Goodwill and intangible assets
225	Note 12 Owner-occupied and right-off-use property, plant and equipment
227	Note 13 Financial assets and liabilities
232	Note 14 Shares and similar interests
233	Note 15 Loans and receivables
234	Note 16 Insurance-related liabilities and reinsurers’ share
235	Note 17 Equity
236	Note 18 Hybrid capital
237	Note 19 Provisions and other liabilities
238	Note 20 Related party transactions
239	Note 21 Contingent liabilities
239	Note 22 Share-based payment
241	Note 23 Events after the balance sheet date
241	Note 24 Earnings per share
Gjensidige Forsikring ASA	
282	Declaration from the Board and CEO
283	Auditor’s report
288	Assurance integrated report
Appendix	
290	GRI Content Index and Board of Directors Report
296	Selected governing documents
297	Description of ratings and whom we support
298	Statement on equality
304	Certificates and guarantees
310	Climate accounts own operations

Consolidated statement of changes in equity

NOK millions	Share capital	Own shares	Share premium	Other paid-in capital	Perpetual Tier 1 capital	Exchange differences	Re-measurement of the net defined benefit liab./asset	Other earned equity	Total equity
Equity as at 31.12.2018 attributable to owners of the company	1,000.0	(0.1)	1,430.0	64.7	1,445.3	616.0	(1,974.6)	21,263.3	23,844.7
Non-controlling interests									0.5
Equity as at 31.12.2018									23,845.2
Adjustment on initial application of IFRS 16								(61.4)	(61.4)
Equity as at 1.1.2019									23,783.8
1.1.-31.12.2019									
Comprehensive income									
Profit/(loss) (the controlling interests' share)					53.9			6,539.8	6,593.7
Total other comprehensive income				(0.0)		(50.1)	(87.9)		(138.1)
Comprehensive income				(0.0)	53.9	(50.1)	(87.9)	6,539.8	6,455.6
Transactions with owners of the company									
Own shares		0.0						(9.2)	(9.2)
Dividend								(3,549.9)	(3,549.9)
Remeasurement of the net defined benefit liability/asset of liquidated companies							4.4	(4.4)	
Equity-settled share-based payment transactions				4.8				4.6	9.4
Perpetual Tier 1 capital					(445.5)			(0.6)	(446.2)
Perpetual Tier 1 capital - interest paid					(51.4)				(51.4)
Total transactions with owners of the company		0.0		4.8	(496.9)		4.4	(3,559.6)	(4,047.3)
Equity as at 31.12.2029 attributable to the owners of the company	1,000.0	(0.0)	1,430.0	69.5	1,002.3	565.9	(2,058.1)	24,182.1	26,191.6
Non-controlling interests									0.6
Equity as at 31.12.2019									26,192.2
1.1.-31.12.2020									
Comprehensive income									
Profit/(loss) (the controlling interests' share)					45.8			4,908.0	4,953.8
Total other comprehensive income				0.5		368.6	(84.1)	(1.4)	283.5
Comprehensive income				0.5	45.8	368.6	(84.1)	4,906.6	5,237.3
Transactions with owners of the company									
Own shares		0.0						(13.1)	(13.0)
Dividend								(6,124.9)	(6,124.9)
Equity-settled share-based payment transactions				13.3					13.3
Perpetual Tier 1 capital					0.6			(0.6)	
Perpetual Tier 1 capital - interest paid					(46.5)				(46.5)
Total transactions with owners of the company		0.0		13.3	(45.8)			(6,138.6)	(6,171.0)
Accounting policy change in Oslo Areal AS								25.9	25.9
Equity as at 31.12.2020 attributable to the owners of the company	1,000.0	(0.0)	1,430.0	83.3	1,002.2	934.5	(2,142.2)	22,976.1	25,283.8
Non-controlling interests									0.7
Equity as at 31.12.2020									25,284.5

See note 17 for further information about the equity items.

CONTENT	
3	About this report
4	The year that passed
6	Key figures and alternative performance measures
11	Chair letter
14	CEO letter
Chapter 1 – This is us	
Chapter 2 – Creating added value in Gjensidige	
Chapter 3 – Value created in 2020	
Chapter 4 – Financial statements and notes	
Gjensidige Forsikring Group	
182	Consolidated income statement
183	Consolidated statement of comprehensive income
184	Consolidated statement of financial position
185	Consolidated statement of changes in equity
186	Consolidated statement of cash flows
187	Note 1 Accounting policies
195	Note 2 Use of estimates
196	Note 3 Risk and capital management
211	Note 4 Segment information
212	Note 5 Investments in associates and joint ventures
213	Note 6 Net income from investments
214	Note 7 Expenses
215	Note 8 Salaries and remuneration
218	Note 9 Tax
219	Note 10 Pension
223	Note 11 Goodwill and intangible assets
225	Note 12 Owner-occupied and right-off-use property, plant and equipment
227	Note 13 Financial assets and liabilities
232	Note 14 Shares and similar interests
233	Note 15 Loans and receivables
234	Note 16 Insurance-related liabilities and reinsurers’ share
235	Note 17 Equity
236	Note 18 Hybrid capital
237	Note 19 Provisions and other liabilities
238	Note 20 Related party transactions
239	Note 21 Contingent liabilities
239	Note 22 Share-based payment
241	Note 23 Events after the balance sheet date
241	Note 24 Earnings per share
Gjensidige Forsikring ASA	
282	Declaration from the Board and CEO
283	Auditor’s report
288	Assurance integrated report
Appendix	
290	GRI Content Index and Board of Directors Report
296	Selected governing documents
297	Description of ratings and whom we support
298	Statement on equality
304	Certificates and guarantees
310	Climate accounts own operations

Consolidated statement of cash flows

NOK millions	1.1.-31.12.2020	1.1.-31.12.2019
Cash flow from operating activities		
Premiums paid, net of reinsurance	32,866.1	30,499.5
Claims paid, net of reinsurance	(18,943.3)	(19,365.9)
Net payment of loans to customers		827.8
Net payment of deposits from customers		(589.9)
Payment of interest from customers		279.5
Payment of interest to customers		(15.0)
Net receipts/payments of premium reserve transfers	(2,804.8)	(2,143.7)
Net receipts/payments from financial assets	1,138.4	(5,822.9)
Operating expenses paid, including commissions	(3,746.1)	(4,089.7)
Taxes paid	(1,185.3)	(797.8)
Net other receipts/payments	9.8	(17.4)
Net cash flow from operating activities	7,334.7	(1,235.7)
Cash flow from investing activities		
Net receipts/payments from sale/acquisition of subsidiaries, associates and joint ventures		5,261.9
Net receipts/payments on sale/acquisition of owner-occupied property, plant and equipment and intangible assets	(513.2)	(438.5)
Net cash flow from investing activities	(513.2)	4,823.4
Cash flow from financing activities		
Payment of dividend	(6,124.9)	(3,549.9)
Net receipts/payments on subordinated debt incl. interest	(45.5)	(47.5)
Net receipts/payments on loans to credit institutions		(140.9)
Net receipts/payments on other short-term liabilities		52.9
Net receipts/payments on interest on funding activities		(61.6)
Net receipts/payments on sale/acquisition of own shares	(13.0)	(9.2)
Repayment of lease liabilities	(178.9)	(161.6)
Payment of interest related to lease liabilities	(29.9)	(32.2)
Tier 1 interest payments	(46.5)	(52.1)
Net cash flow from financing activities	(6,438.6)	(4,002.0)
Net cash flow	383.0	(414.2)
Cash and cash equivalents at the start of the year	2,419.5	2,839.9
Net cash flow	383.0	(414.2)
Effect of exchange rate changes on cash and cash equivalents	58.6	(6.1)
Cash and cash equivalents at the end of the year	2,861.1	2,419.5
Specification of cash and cash equivalents		
Cash and deposits with credit institutions ¹	2,861.1	2,419.5
Total cash and cash equivalents	2,861.1	2,419.5
¹ Including source-deductible tax account	89.1	82.6
Cash flow from discontinued operations		
Net cash flow from operating activities		(7.0)
Net cash flow from investing activities		(318.8)
Net cash flow from financing activities		(150.8)
Total cash flow from discontinued operations		(476.6)

Reconciliation of changes in liabilities from financing activities is found in note 13.

CONTENT

3

About this report

4

The year that passed

6

Key figures and alternative performance measures

11

Chair letter

14

CEO letter

Chapter 1 – This is us

Chapter 2 – Creating added value in Gjensidige

Chapter 3 – Value created in 2020

Chapter 4 – Financial statements and notes

Gjensidige Forsikring Group

182 Consolidated income statement

183 Consolidated statement of comprehensive income

184 Consolidated statement of financial position

185 Consolidated statement of changes in equity

186 Consolidated statement of cash flows

187 Note 1 Accounting policies

195 Note 2 Use of estimates

196 Note 3 Risk and capital management

211 Note 4 Segment information

212 Note 5 Investments in associates and joint ventures

213 Note 6 Net income from investments

214 Note 7 Expenses

215 Note 8 Salaries and remuneration

218 Note 9 Tax

219 Note 10 Pension

223 Note 11 Goodwill and intangible assets

225 Note 12 Owner-occupied and right-off-use property, plant and equipment

227 Note 13 Financial assets and liabilities

232 Note 14 Shares and similar interests

233 Note 15 Loans and receivables

234 Note 16 Insurance-related liabilities and reinsurers’ share

235 Note 17 Equity

236 Note 18 Hybrid capital

237 Note 19 Provisions and other liabilities

238 Note 20 Related party transactions

239 Note 21 Contingent liabilities

239 Note 22 Share-based payment

241 Note 23 Events after the balance sheet date

241 Note 24 Earnings per share

Gjensidige Forsikring ASA

282 Declaration from the Board and CEO

283 Auditor’s report

288 Assurance integrated report

Appendix

290 GRI Content Index and Board of Directors Report

296 Selected governing documents

297 Description of ratings and whom we support

298 Statement on equality

304 Certificates and guarantees

310 Climate accounts own operations

Notes

1. Accounting policies

Reporting entity

Gjensidige Forsikring ASA is a publicly listed company domiciled in Norway. The company’s head office is located at Schweigaardsgate 21, Oslo, Norway. The consolidated financial statements of the Gjensidige Forsikring Group (Gjensidige) as at and for the year ended 31 December 2020 comprise Gjensidige Forsikring ASA and its subsidiaries and Gjensidige’s interests in associates and joint ventures. The activities of Gjensidige consist of general insurance and pension. Gjensidige does business in Norway, Sweden, Denmark, Latvia, Lithuania and Estonia.

The accounting policies applied in the consolidated financial statements are described below. The policies are used consistently throughout Gjensidige with the exception of one difference that is permitted in accordance with IFRS 4 about insurance contracts. See description under the section Claims provision, gross.

Basis of preparation

Statement of compliance

The consolidated financial statements have been prepared in accordance with IFRSs endorsed by EU, and interpretations that should be adopted as of 31 December 2020, Norwegian disclosure requirements as set out in the Accounting Act as at 31 December 2020 and additional disclosure requirements in accordance with the Norwegian Financial Reporting Regulations for Non-Life Insurance Companies (FOR 2015-12-18-1775) pursuant to the Norwegian Accounting Act.

New standards adopted

Gjensidige has not implemented any new standards with effect from 1 January 2020.

New standards and interpretations not yet adopted

A number of new standards, changes to standards and interpretations have been issued for financial years beginning after 1 January 2020. They have not been applied when preparing these consolidated financial statements. Those that may be relevant to Gjensidige are mentioned below. Gjensidige does not plan early implementation of these standards.

IFRS 9 Financial instruments (2014) in the insurance operations
IFRS 9 addresses the accounting for financial instruments and is effective for annual periods beginning on or after 1 January 2018. See also the section below about delayed implementation. The standard introduces new requirements for the classification and measurement of financial assets, including a new expected loss model for the recognition of impairment losses, and changed requirements for hedge accounting.

IFRS 9 contains three primary measurement categories for financial assets: amortised cost, fair value through other comprehensive income, and fair value through profit or loss. Financial assets will be classified as either at amortised cost, at fair value through other comprehensive income, or at fair value through profit or loss, depending on how they are managed and which contractual cash flow properties they have. IFRS 9 introduces a new requirement in connection with financial liabilities earmarked at fair value, where changes in fair value that can be attributed to the liabilities' credit risk are presented in other comprehensive income rather than over profit or loss.

Impairment provisions according to IFRS 9 shall be measured using an expected loss model, instead of an incurred loss model as in IAS 39. The impairment rules in IFRS 9 will be applicable to all financial assets measured at amortised cost and interest

rate instruments at fair value through other comprehensive income. In addition, loan commitments, financial guarantee contracts and lease receivables are within the scope of the standard. The measurement of the provision for expected credit losses on financial assets depends on whether the credit risk has increased significantly since initial recognition. At initial recognition and if the credit risk has not increased significantly, the provision shall equal 12-month expected credit losses. If the credit risk has increased significantly, the provision shall equal lifetime expected credit losses. This dual approach replaces today’s collective impairment model.

Amendments to IFRS 4 Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (2016)

The amendments to IFRS 4 permit entities that predominantly undertake insurance activities the option to defer the effective date of IFRS 9 until 1 January 2023. The effect of such a deferral is that the entities concerned may continue to report under the existing standard, IAS 39 Financial Instruments. In addition, the insurance sector of a financial conglomerate is allowed to defer the application of IFRS 9 until 1 January 2023, where all of the following conditions are met:

- no financial instruments are transferred between the insurance sector and any other sector of the financial conglomerate other than financial instruments that are measured at fair value with changes in fair value recognised through the profit of loss account by both sectors involved in such transfers;
- the financial conglomerate states in the consolidated financial statements which insurance entities in the group are applying IAS 39;
- disclosures requested by IFRS 7 are provided separately for the insurance sector applying IAS 39 and for the rest of the group applying IFRS 9.

Gjensidige is a financial conglomerate that mainly has business within insurance and has therefore decided to make use of this exception.

IFRS 17 Insurance Contracts (2017)

IFRS 17 Insurance Contracts was published on May 18, 2017 with effect from 1 January 2021. IFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts and supersedes IFRS 4 Insurance contracts. The new standard applies to insurance contracts issued, to all reinsurance contracts and to investment contracts with discretionary participating features provided the entity also issues insurance contracts. The standard defines the level of aggregation to be used for measuring the insurance contract liabilities and the related profitability. IFRS 17 requires identifying portfolios of insurance contracts, which comprise contracts that are subject to similar risks and are managed together. Each portfolio of insurance contracts issued shall be divided into three groups:

- contracts that are onerous at initial recognition;
- contracts that at initial recognition have no significant possibility of becoming onerous subsequently;
- and the remaining contracts in the portfolio.

Contracts that are issued more than one year apart should not be in the same group.

IFRS 17 requires a general measurement model based on the following “building blocks”:

CONTENT

- 3 About this report
- 4 The year that passed
- 6 Key figures and alternative performance measures
- 11 Chair letter
- 14 CEO letter

Chapter 1 – This is us

Chapter 2 – Creating added value in Gjensidige

Chapter 3 – Value created in 2020

Chapter 4 – Financial statements and notes

Gjensidige Forsikring Group

182	Consolidated income statement
183	Consolidated statement of comprehensive income
184	Consolidated statement of financial position
185	Consolidated statement of changes in equity
186	Consolidated statement of cash flows
187	Note 1 Accounting policies
195	Note 2 Use of estimates
196	Note 3 Risk and capital management
211	Note 4 Segment information
212	Note 5 Investments in associates and joint ventures
213	Note 6 Net income from investments
214	Note 7 Expenses
215	Note 8 Salaries and remuneration
218	Note 9 Tax
219	Note 10 Pension
223	Note 11 Goodwill and intangible assets
225	Note 12 Owner-occupied and right-off-use property, plant and equipment
227	Note 13 Financial assets and liabilities
232	Note 14 Shares and similar interests
233	Note 15 Loans and receivables
234	Note 16 Insurance-related liabilities and reinsurers’ share
235	Note 17 Equity
236	Note 18 Hybrid capital
237	Note 19 Provisions and other liabilities
238	Note 20 Related party transactions
239	Note 21 Contingent liabilities
239	Note 22 Share-based payment
241	Note 23 Events after the balance sheet date
241	Note 24 Earnings per share

Gjensidige Forsikring ASA

282	Declaration from the Board and CEO
283	Auditor’s report
288	Assurance integrated report

Appendix

290	GRI Content Index and Board of Directors Report
296	Selected governing documents
297	Description of ratings and whom we support
298	Statement on equality
304	Certificates and guarantees
310	Climate accounts own operations

Gjensidige Forsikring Group

- probability-weighted estimates of future cash flows, an adjustment to reflect the time value of money and the financial risks associated with those future cash flows, and a risk adjustment for non-financial risk.
- the Contractual Service Margin (CSM).

At the end of each subsequent reporting period the carrying amount of a group of insurance contracts is remeasured to be the sum of:

- the liability for remaining coverage; which comprices the fulfilment cash flows related to future services and the CSM at that date;
- and the liability for incurred claims, which is measured as the fulfilment cash flows related to past services at that date.

A simplified Premium Allocation Approach (PAA) is permitted for the measurement of the liability for the remaining coverage if it provides a measurement that is not materially different from the general model or if the coverage period is one year or less. With the PAA, the liability for remaining coverage corresponds to premiums received at initial recognition less acquisition costs. However, the general model remains applicable for the measurement of incurred claims.

Insurance revenue, insurance service expenses and insurance finance income of expenses will be presented separately in the income statement. The standard will have an effect on the group's financial statements, significantly changing the measurement and presentation of income and expenses. Calculations are carried out to determine the effects this will have on the financial statements.

IASB has decided to defer the effective date of IFRS 17 to the reporting period beginning on January 1 2023.

Based on our preliminary assessments and on the basis of Gjensidige's current operations, other amendments to standards and interpretation statements will not have a significant effect.

Basis of measurement

The consolidated financial statements have been prepared based on the historical cost principle with the following exceptions

- derivatives are measured at fair value
- financial instruments at fair value through profit or loss are measured at fair value

Functional and presentation currency

Functional currency

Functional currency is determined for each company in Gjensidige, based on the currency within the primary economic environment where each company operates. Transactions in the company's accounts are measured in the subsidiary's functional currency. Transactions in foreign currency are translated to functional currency based on the day rate at the transaction date. At the end of each reporting period, monetary items in foreign currency are translated at the closing rate, non-monetary items are measured at historical cost translated at the time of the transaction and non-monetary items denominated in foreign currency at fair value are translated at the exchange rates prevailing at the date of calculation of fair value. Exchange rate differences are recognised continuously in the income statement during the accounting period.

Presentation currency

The consolidated financial statements are presented in NOK. The mother company and the different branches have respectively Norwegian, Swedish, Danish kroner and Euro as functional currency.

For companies with other functional currencies, balance sheet items are translated at the exchange rate at the balance sheet date, including excess values on acquisition, and profit and loss

accounts at an annual average rate. Exchange rate differences are recognised in other comprehensive income.

In case of loss of control, significant influence or joint control, accumulated exchange rate differences that are recognised in other comprehensive income related to investments attributable to controlling interests, are recognised in the income statement.

Exchange gains and losses arising from a monetary item receivable from or payable to a foreign operation, the settlement of which is neither planned nor likely in the foreseeable future, are considered to form a part of the net investment in the foreign operation and are recognised in other comprehensive income.

Goodwill arising on the acquisition of a foreign operation and fair value adjustments of the carrying amount of assets and liabilities arising on the acquisition of the foreign operation are treated as assets and liabilities in the functional currency of the foreign operation.

All financial information is presented in NOK, unless otherwise stated.

Due to rounding differences, figures and percentages may not add up to the total.

Segment reporting

The operating segments are determined based on Gjensidige's internal organisational management structure and the internal financial reporting structure to the chief operating decision maker. In Gjensidige Forsikring Group, the Senior Group Management is responsible for evaluating and following up the performance of the segments and is considered the chief operating decision maker. Gjensidige reports on six operating segments, which are independently managed by managers responsible for the respective segments depending on the products and services offered, distribution and settlement channels, brands and customer profiles. Identification of the segments is based on the existence of segment managers who report directly to the Senior Group Management/CEO and who are responsible for the performance of the segment under their charge.

Based on this Gjensidige reports the following operating segments

- General insurance Private
- General insurance Commercial
- General insurance Denmark
- General insurance Sweden
- General insurance Baltics
- Pension

The recognition and measurement principles for Gjensidige's segment reporting are based on the IFRS principles adopted in the consolidated financial statements.

Inter-segment pricing is determined on arm's length distance.

Consolidation policies

Subsidiaries

Subsidiaries are entities controlled by Gjensidige Forsikring. Gjensidige Forsikring controls an investee when it is exposed, or has the rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. If the Group has the majority of voting rights in an entity, the entity is presumably a subsidiary of the Group. The Group evaluates all relevant facts and circumstances in order to evaluate whether the Group has control of the entity in which it is invested. Among other things, ownership, voting rights, ownership structure and relative strengths, as well as options controlled by the Group and shareholder agreements or other agreements.

CONTENT

- 3 About this report
- 4 The year that passed
- 6 Key figures and alternative performance measures
- 11 Chair letter
- 14 CEO letter

Chapter 1 – This is us

Chapter 2 – Creating added value in Gjensidige

Chapter 3 – Value created in 2020

Chapter 4 – Financial statements and notes

Gjensidige Forsikring Group

182	Consolidated income statement
183	Consolidated statement of comprehensive income
184	Consolidated statement of financial position
185	Consolidated statement of changes in equity
186	Consolidated statement of cash flows
187	Note 1 Accounting policies
195	Note 2 Use of estimates
196	Note 3 Risk and capital management
211	Note 4 Segment information
212	Note 5 Investments in associates and joint ventures
213	Note 6 Net income from investments
214	Note 7 Expenses
215	Note 8 Salaries and remuneration
218	Note 9 Tax
219	Note 10 Pension
223	Note 11 Goodwill and intangible assets
225	Note 12 Owner-occupied and right-off-use property, plant and equipment
227	Note 13 Financial assets and liabilities
232	Note 14 Shares and similar interests
233	Note 15 Loans and receivables
234	Note 16 Insurance-related liabilities and reinsurers’ share
235	Note 17 Equity
236	Note 18 Hybrid capital
237	Note 19 Provisions and other liabilities
238	Note 20 Related party transactions
239	Note 21 Contingent liabilities
239	Note 22 Share-based payment
241	Note 23 Events after the balance sheet date
241	Note 24 Earnings per share

Gjensidige Forsikring ASA

282	Declaration from the Board and CEO
283	Auditor’s report
288	Assurance integrated report

Appendix

290	GRI Content Index and Board of Directors Report
296	Selected governing documents
297	Description of ratings and whom we support
298	Statement on equality
304	Certificates and guarantees
310	Climate accounts own operations

Gjensidige Forsikring Group

The result, as well as each component in other comprehensive income, is attributable to the Group and to non-controlling interests, although this results in deficits of non-controlling interests. If necessary, the accounts of subsidiaries are adjusted to be in line with the Group’s accounting policies.

Associates and joint ventures

Gjensidige has investments in associates and joint ventures.

Associates are entities in which Gjensidige has a significant, but not a controlling or joint control, influence over the financial and operational management. Normally this will apply when Gjensidige has between 20 and 50 per cent of the voting power of another entity.

Joint ventures are defined as companies where there exists a contractual agreement giving joint control together with one or more parties. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. The Group’s joint venture has investment properties that are accounted for at fair value.

Associates and joint ventures are accounted for using the equity method, and initial recognition is at cost. Any goodwill is reduced with impairment losses. The investor’s share of the investee’s profit or loss and amortisation of excess value is recognised in the investor’s profit or loss. Distributions received from an investee reduce the carrying amount of the investment.

The Group’s share of earnings from investments in associates and joint ventures is presented on a separate line in the income statement. Changes in other income and expenses in these investments are included in other income and expenses. Correspondingly, the group’s share of recognitions directly to equity in the underlying investment is presented in the Group’s equity statement.

See note 5 for a further description of Gjensidige’s joint venture.

Transactions eliminated on consolidation

Intra-group balances and transactions, and unrealised income and expenses arising from intra-group transactions, are eliminated in the consolidated financial statements. Unrealised gains arising from transactions with equity accounted companies are eliminated against the investment to the extent of Gjensidige’s interest. Unrealised losses are eliminated in the same way, but only to the extent that there is no evidence of impairment.

Business combinations

Business combinations are accounted for by applying the acquisition method. The cost of the business combination is the fair value at the date of exchange of assets acquired, liabilities incurred, and equity instruments issued by Gjensidige, in exchange for control of the acquired company, and any expenses directly attributable to the business combination.

The purchase price allocation of the business combination changes if there is new information about the fair value applicable per date for acquisition of control. The allocation can be changed up to 12 months after the acquisition date (if the purchase price allocation that was completed at the acquisition date was preliminary). Non-controlling interests are calculated on the non-controlling interests of identifiable assets and liabilities or at fair value.

Goodwill is calculated as the sum of the purchase price and book value of non-controlling interest and fair value of previously owned interests, less the net value of identifiable assets and liabilities calculated at the acquisition date.

If the fair value of net assets in the business combination exceeds the purchase price (negative goodwill), the difference is recognised immediately at the acquisition date.

Cash flow statement

Cash flows from operating activities are presented according to the direct method, which gives information about material classes and payments.

Operational activities are primary activities within each of the Group’s business areas. Investment activities include the purchase and sale of assets that are not considered cash equivalents, and which are not included in the Group’s primary activities. Financing activities include raising and repaying loans, as well as collecting and servicing equity.

Cash and bank deposits with maturity less than three months ahead are considered cash. Certificates and bonds with a similar short residual maturity are not classified as cash equivalents.

Recognition of revenue and expenses

Operating income and operating expenses consist of income and expenses in relation to the business in the different business areas, see below.

Earned premiums from general insurance

Insurance premiums are recognised over the term of the policy. Earned premiums from general insurance consist of gross premiums written and ceded reinsurance premiums.

Gross premiums written include all amounts Gjensidige has received or is owed for insurance contracts where the insurance period starts before the end of the accounting period. At the end of the period provisions are recorded, and premiums written that relate to subsequent periods are adjusted for.

Ceded reinsurance premiums reduce gross premiums written and are adjusted for according to the insurance period. Premiums for inward reinsurance are classified as gross premiums written and are earned according to the insurance period.

Earned premiums from pension

Earned premiums from pension consist of earned risk premium and administration expenses in relation to the insurance contracts.

Claims incurred

Claims incurred consist of gross paid claims less reinsurers’ share, in addition to a change in provision for claims, gross, also less reinsurers’ share. Direct and indirect claims processing costs are included in claims incurred. The claims incurred contain run-off gains/losses on previous years’ claims provisions.

Operating expenses

Operating expenses consist of salaries and administration and sales costs.

Net income from investments

Financial income consists of interest income on financial investments, dividend received, realised gains related to financial assets, change in fair value of financial assets at fair value through profit or loss, and gains on financial derivatives. Interest income on interest rate instruments is recognised in profit or loss using the effective interest method.

Financial expenses consist of interest expenses on loans that are not part of the banking operations, realised losses related to financial assets, change in fair value of financial assets at fair value through profit or loss, recognised impairment on financial assets and recognised loss on financial derivatives. All expenses related to loans measured at amortised cost are recognised in profit or loss using the effective interest method.

CONTENT

3

About this report

4

The year that passed

6

Key figures and alternative performance measures

11

Chair letter

14

CEO letter

Chapter 1 – This is us

Chapter 2 – Creating added value in Gjensidige

Chapter 3 – Value created in 2020

Chapter 4 – Financial statements and notes

Gjensidige Forsikring Group

182

Consolidated income statement

183

Consolidated statement of comprehensive income

184

Consolidated statement of financial position

185

Consolidated statement of changes in equity

186

Consolidated statement of cash flows

187

Note 1 Accounting policies

195

Note 2 Use of estimates

196

Note 3 Risk and capital management

211

Note 4 Segment information

212

Note 5 Investments in associates and joint ventures

213

Note 6 Net income from investments

214

Note 7 Expenses

215

Note 8 Salaries and remuneration

218

Note 9 Tax

219

Note 10 Pension

223

Note 11 Goodwill and intangible assets

225

Note 12 Owner-occupied and right-off-use property, plant and equipment

227

Note 13 Financial assets and liabilities

232

Note 14 Shares and similar interests

233

Note 15 Loans and receivables

234

Note 16 Insurance-related liabilities and reinsurers’ share

235

Note 17 Equity

236

Note 18 Hybrid capital

237

Note 19 Provisions and other liabilities

238

Note 20 Related party transactions

239

Note 21 Contingent liabilities

239

Note 22 Share-based payment

241

Note 23 Events after the balance sheet date

241

Note 24 Earnings per share

Gjensidige Forsikring ASA

282

Declaration from the Board and CEO

283

Auditor’s report

288

Assurance integrated report

Appendix

290

GRI Content Index and Board of Directors Report

296

Selected governing documents

297

Description of ratings and whom we support

298

Statement on equality

304

Certificates and guarantees

310

Climate accounts own operations

Tangible assets

Owner-occupied property, plant and equipment

Recognition and measurement

Items of owner-occupied property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the item. In cases where equipment or significant items have different useful lives, they are accounted for as separate components.

Owner-occupied property is defined as property that is used by Gjensidige for conducting its business.

Subsequent costs

Subsequent costs are recognised in the asset’s carrying amount when it is probable that the future economic benefits associated with the asset will flow to Gjensidige, and the cost of the asset can be measured reliably. If the subsequent cost is a replacement cost for part of an item of owner-occupied property, plant and equipment, the cost is capitalized and the carrying amount of what has been replaced is derecognised. Repairs and maintenances are recognised in profit or loss in the period in which they are incurred.

Depreciation

Each component of owner-occupied property, plant and equipment are depreciated using the straight-line method over estimated useful life. Land, leisure houses and cottages are not depreciated. The estimated useful lives for the current and comparative periods are as follows, with technical installations having the highest depreciation rate

- owner-occupied property10-50 years
- right-of-use property2-10 years
- plant and equipment3-10 years
- right-of-use plant and equipment1-3 years

Depreciation method, expected useful life and residual values are reassessed annually. An impairment loss is recognised if the carrying amount of an asset is less than the recoverable amount.

Leases

Gjensidige recognises all identifiable lease agreements as a lease liability and a corresponding right-of-use asset, with the following exemptions:

- short-term leases (defined as 12 months or less)
- low value assets

For these leases, Gjensidige recognises the lease payments as other operating expenses in the statement of profit or loss when they incur.

The lease liability is initially measured at the present value of the lease payments for the right to use the underlying asset during the lease term. The lease term represents the non-cancellable period of the lease, together with periods covered by an option to extend the lease when Gjensidige is reasonably certain to exercise this option, and periods covered by an option to terminate the lease if Gjensidige is reasonably certain not to exercise that option.

Gjensidige applies a single discount rate to a portfolio of leases with reasonably similar characteristics (for example similar remaining lease term).

The lease liability is subsequently measured by increasing the carrying amount to reflect the interest on the lease liability, reducing the carrying amount to reflect the lease payments made and subsequent measurement of the carrying amount to reflect any reassessment of lease modifications, or to reflect adjustments in lease payments due to an adjustment in an index or rate.

The lease liability is shown in a separate line in the statement of financial position.

The right-of-use asset is initially measured at cost, comprising the amount of the initial measurement of the lease liability, plus any down payment.

The right-of-use asset is subsequently measured at cost less accumulated depreciation and impairment losses. Depreciations are according to IAS 16 Property, Plant and Equipment, except that the right-of-use asset is depreciated over the earlier of the lease term and the remaining useful life of the right-of-use asset. IAS 36 Impairment of Assets applies to determine whether the right-of-use asset is impaired and to account for any impairment loss identified.

The right-of-use asset is included in the accounting line Owner-occupied property, plant and equipment.

The interest effect of discounting the lease liability is presented separately from the depreciation charge for the right-of-use asset. The depreciation expense is presented with other depreciations, whereas the interest effect of discounting is presented in the line Expenses related to investments and interest expenses.

Intangible assets

Goodwill

Goodwill acquired in a business combination represents cost price of the acquisition in excess of Gjensidige’s share of the net fair value of identifiable assets, liabilities and contingent liabilities in the acquired entity at the time of acquisition. Goodwill is recognised initially at cost and subsequently measured at cost less accumulated impairment losses.

For investments accounted for according to the equity method, carrying amount of goodwill is included in the carrying amount of the investment.

Other intangible assets

Other intangible assets which consist of customer relationships, trademarks, internally developed software and other intangible assets that are acquired separately or as a group are recognised at historical cost less accumulated amortisation and accumulated impairment losses. New intangible assets are capitalized only if future economic benefits associated with the asset are probable and the cost of the asset can be measured reliably.

Development expenditures (both internally and externally generated) is capitalized only if the development expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and Gjensidige intends to and has sufficient resources to complete the development and to use or sell the asset.

Amortisation

Intangible assets, other than goodwill is amortised on a straight-line basis over the estimated useful life, from the date that they are available for use. The estimated useful lives for the current and comparative periods are as follows

- customer relationships5–10 years
- internally developed software5–8 years
- other intangible assets1–10 years

The amortisation period and amortisation method are reassessed annually. An impairment loss is recognised if the carrying amount of an asset is less than the recoverable amount.

Impairment of non-financial assets

Indicators of impairment of the carrying amount of tangible and intangible assets are assessed at each reporting date. If such indicators exist, then recoverable amount of an assets or a cash generating unit is estimated. Indicators that are assessed as

CONTENT

- 3 About this report
- 4 The year that passed
- 6 Key figures and alternative performance measures
- 11 Chair letter
- 14 CEO letter

Chapter 1 – This is us

Chapter 2 – Creating added value in Gjensidige

Chapter 3 – Value created in 2020

Chapter 4 – Financial statements and notes

Gjensidige Forsikring Group

182	Consolidated income statement
183	Consolidated statement of comprehensive income
184	Consolidated statement of financial position
185	Consolidated statement of changes in equity
186	Consolidated statement of cash flows
187	Note 1 Accounting policies
195	Note 2 Use of estimates
196	Note 3 Risk and capital management
211	Note 4 Segment information
212	Note 5 Investments in associates and joint ventures
213	Note 6 Net income from investments
214	Note 7 Expenses
215	Note 8 Salaries and remuneration
218	Note 9 Tax
219	Note 10 Pension
223	Note 11 Goodwill and intangible assets
225	Note 12 Owner-occupied and right-off-use property, plant and equipment
227	Note 13 Financial assets and liabilities
232	Note 14 Shares and similar interests
233	Note 15 Loans and receivables
234	Note 16 Insurance-related liabilities and reinsurers’ share
235	Note 17 Equity
236	Note 18 Hybrid capital
237	Note 19 Provisions and other liabilities
238	Note 20 Related party transactions
239	Note 21 Contingent liabilities
239	Note 22 Share-based payment
241	Note 23 Events after the balance sheet date
241	Note 24 Earnings per share

Gjensidige Forsikring ASA

282	Declaration from the Board and CEO
283	Auditor’s report
288	Assurance integrated report

Appendix

290	GRI Content Index and Board of Directors Report
296	Selected governing documents
297	Description of ratings and whom we support
298	Statement on equality
304	Certificates and guarantees
310	Climate accounts own operations

Gjensidige Forsikring Group

significant by Gjensidige and might trigger testing for an impairment loss are as follows

- significant reduction in earnings in relation to historical or expected future earnings
- significant changes in Gjensidige's use of assets or overall strategy for the business
- significant negative trends for the industry or economy
- other external and internal indicators

Goodwill is tested for impairment annually. The annual testing of goodwill is performed in the third quarter.

Recoverable amount is the greater of the fair value less costs to sell and value in use. In assessing value in use, estimated future cash flows are discounted to present value using a pre-tax discount rate that reflects the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets generating cash inflows that are largely independent of cash inflows from other assets or groups of assets (cash-generating unit). Goodwill is allocated to the cash-generating unit expecting to benefit from the business combination.

Impairment losses are recognised in profit or loss if the carrying amount of an asset or cash-generating unit exceeds its estimated recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated first to the carrying amount of goodwill and then proportionally to the carrying amount of each asset in the cash-generating unit. Previously recognised impairment losses are for assets except for goodwill, reversed if the prerequisites for impairment losses are no longer present. Impairment losses will only be reversed if the recoverable amount does not exceed the amount that would have been the carrying amount at the time of the reversal if the impairment loss had not been recognised.

Impairment losses recognised for goodwill will not be reversed in a subsequent period. On disposal of a cash generating unit, the goodwill attributable will be included in the determination of the gain or loss on disposal.

Technical provisions

Provision for unearned premiums, gross

The provision for unearned premiums, gross reflects the accrual of premiums written. The provision corresponds to the unearned portions of the premiums written. No deduction is made for any expenses before the premiums written are accrued.

Claims provision, gross

The claims provision comprises provisions for anticipated future claims payments in respect of claims incurred, but not fully settled at the reporting date. These include both claims that have been reported (RBNS – reported but not settled) and those that have not yet been reported (IBNR – incurred but not reported). The provisions related to reported claims are assessed individually by the Claims Department, while the IBNR provisions are calculated based on empirical data for the time it takes from a loss or claim occurring (date of loss) until it is reported (date reported). Based on experience and the development of the portfolio, a statistical model is prepared to calculate the scope of post-reported claims. The appropriateness of the model is measured by calculating the deviation between earlier post-reported claims and post-reported claims estimated by the model.

Claims provisions are not normally discounted. For contracts with annuity payments over a long horizon, discounting is performed. IFRS 4 permits the use of different policies within Gjensidige in this area.

Claims provisions contain an element that is to cover administrative expenses incurred in settling claims.

Adequacy test

A yearly adequacy test is performed to verify that the level of the provisions is sufficient compared to Gjensidige's liabilities. Current estimates for future claims payments for Gjensidige's insurance liabilities at the reporting date, as well as related cash flows, are used to perform the test. This includes both claims incurred before the reporting date (claims provisions) and claims that will occur from the reporting date until the next annual renewal (premium provisions). Any negative discrepancy between the original provision and the liability adequacy test will entail provision for insufficient premium level.

Provisions for life insurance

Technical provisions regarding life insurance in Gjensidige Pensjonsforsikring are premium reserve and additional provision.

The technical provisions related to the unit linked contracts are determined by the market value of the financial assets. The unit linked contracts portfolio is not exposed to investment risk related to the customer assets since the customers are not guaranteed any return. In addition, there is a portfolio of annuity contracts which have an average 3.4 per cent annually guaranteed return on assets.

Reinsurers’ share of insurance-related liabilities in general insurance, gross

Reinsurers' share of insurance-related liabilities in general insurance, gross is classified as an asset in the balance sheet. Reinsurers' share of provision for unearned premiums, gross and reinsurers' share of claims provision, gross are included in reinsurers' share of insurance-related liabilities in general insurance, gross. The reinsurers' share is less expected losses on claims based on objective evidence of impairment losses.

Financial instruments

Financial instruments are classified in one of the following categories

- at fair value through profit or loss
- investments held to maturity
- loans and receivables
- financial derivatives
- financial liabilities at amortised cost
- financial liabilities classified as equity

Recognition and derecognition

Financial assets and liabilities are recognised when Gjensidige becomes a party to the instrument's contractual terms. Initial recognition is at fair value. For instruments that are not derivatives or measured at fair value through profit or loss, transaction expenses that are directly attributable to the acquisition or issuance of the financial asset or the financial liability, are included. Normally initial recognition will be equal to the transaction price. Subsequent to initial recognition the instruments are measured as described below.

Financial assets are derecognised when the contractual rights to cash flows from the financial asset expire, or when Gjensidige transfers the financial asset in a transaction where all or practically all the risk and rewards related to ownership of the assets are transferred.

At fair value through profit or loss

Financial assets and liabilities are classified at fair value through profit or loss if they are held for trading or are designated as such upon initial recognition. All financial assets and liabilities can be designated at fair value through profit or loss if

- the classification reduces a mismatch in measurement or recognition that would have arisen otherwise as a result of different rules for the measurement of assets and liabilities
- the financial assets are included in a portfolio that is measured and evaluated regularly at fair value

CONTENT

3

About this report

4

The year that passed

6

Key figures and alternative performance measures

11

Chair letter

14

CEO letter

Chapter 1 – This is us

Chapter 2 – Creating added value in Gjensidige

Chapter 3 – Value created in 2020

Chapter 4 – Financial statements and notes

Gjensidige Forsikring Group

182

Consolidated income statement

183

Consolidated statement of comprehensive income

184

Consolidated statement of financial position

185

Consolidated statement of changes in equity

186

Consolidated statement of cash flows

187

Note 1 Accounting policies

195

Note 2 Use of estimates

196

Note 3 Risk and capital management

211

Note 4 Segment information

212

Note 5 Investments in associates and joint ventures

213

Note 6 Net income from investments

214

Note 7 Expenses

215

Note 8 Salaries and remuneration

218

Note 9 Tax

219

Note 10 Pension

223

Note 11 Goodwill and intangible assets

225

Note 12 Owner-occupied and right-off-use property, plant and equipment

227

Note 13 Financial assets and liabilities

232

Note 14 Shares and similar interests

233

Note 15 Loans and receivables

234

Note 16 Insurance-related liabilities and reinsurers’ share

235

Note 17 Equity

236

Note 18 Hybrid capital

237

Note 19 Provisions and other liabilities

238

Note 20 Related party transactions

239

Note 21 Contingent liabilities

239

Note 22 Share-based payment

241

Note 23 Events after the balance sheet date

241

Note 24 Earnings per share

Gjensidige Forsikring ASA

282

Declaration from the Board and CEO

283

Auditor’s report

288

Assurance integrated report

Appendix

290

GRI Content Index and Board of Directors Report

296

Selected governing documents

297

Description of ratings and whom we support

298

Statement on equality

304

Certificates and guarantees

310

Climate accounts own operations

Gjensidige Forsikring Group

Transaction expenses are recognised in profit or loss when they incur. Financial assets at fair value through profit or loss are measured at fair value at the reporting date. Changes in fair value are recognised in profit or loss.

The category at fair value through profit or loss comprise the classes shares and similar interests, bonds and other fixed income securities, loans, interest-bearing liabilities and liabilities in life insurance with investment options.

Investments held to maturity
Investments held to maturity are non-derivative financial assets with payments that are fixed, or which can be determined in addition to a fixed maturity date, in which a business has intentions and ability to hold to maturity with the exception of

- those that the business designates as at fair value through profit or loss at initial recognition
- those that meet the definition of loans and receivables

Investments held to maturity are measured at amortised cost using the effective interest method, less any impairment losses.

The category investments held to maturity comprises the class bonds held to maturity.

Loans and receivables
Loans and receivables are non-derivative financial assets with payments that are fixed or determinable. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Interest-free loans are issued to finance fire alarm systems within agriculture for loss prevention purposes. These loans are repaid using the discount granted on the main policy when the alarm system is installed.

The category loans and receivables comprise the classes obligations classified as loans and receivables, loans, receivables related to direct operations and reinsurance, other receivablesand cash and cash equivalents.

Financial derivatives
Financial derivatives are used in the management of exposure to equities, bonds and foreign exchange in order to achieve the desired level of risk and return. The instruments are used both for trading purposes and for hedging of other balance sheet items. Any trading of financial derivatives is subject to strict limitations.

Gjensidige uses financial derivatives, amongst other to hedge foreign currency exchanges arising from the ownership of foreign subsidiaries with other functional currency.

Transaction expenses are recognised in profit or loss when they incur. Subsequent to initial recognition financial derivatives are measured at fair value and changes in fair value are recognised in profit or loss.

The category financial derivatives comprise the class financial derivatives at fair value through profit or loss.

Hedge accounting
Hedge accounting is applied on the largest branches and subsidiaries. Gains and losses on the hedging instrument relating to the effective portion of the hedge are recognised in other comprehensive income, while any gains or losses relating to the ineffective portion are recognised in profit or loss. If subsidiaries are disposed of, the cumulative value of such gains and losses recognised in other comprehensive income is transferred to profit or loss. Where hedge accounting is not implemented, this implies a divergent treatment of the hedged object and the hedge instrument used. Hedge accounting of surplus capital in the Baltics was implemented in 2020.

Financial liabilities at amortised cost
Financial liabilities are measured at amortised cost using the effective interest method. When the time horizon of the financial liability’s due time is quite near in time the nominal interest rate is used when measuring amortised cost.

The category financial liabilities at amortised cost comprises subordinated debt, interest-bearing liabilities, other financial liabilities and liabilities related to direct insurance reinsurance.

Financial liabilities classified as equity
Gjensidige has perpetual tier 1 capital accounted for as equity. The instruments are perpetual, but the principal can be repaid on specific dates, for the first time five years after it was issued. The agreed terms meet the requirements in the EU's CRR/Solvency II regulations and the instruments are included in Gjensidige's Tier 1 capital for solvency purposes. These regulatory requirements mean that Gjensidige has a unilateral right not to repay interest or the principal to the investors. As a consequence of these terms, the instruments do not meet the requirement for a liability in IAS 32 and are therefore presented on the line perpetual Tier 1 capital under equity. Further, it implies that the interest is not presented under Total interest expenses but as a reduction in other equity.

Other items classified as equity
Natural perils capital and guarantee scheme provision are accounted for as equity because the funds belong to the group. As a consequence, they do not meet the requirement for liability in IAS 32 and are therefore presented as funds within equity.

Definition of fair value
Subsequent to initial recognition, investments at fair value through profit or loss are measured at the amount each asset/liability can be settled to in an orderly transaction between market participants at the measurements date.

Different valuation techniques and methods are used to estimate fair value depending on the type of financial instruments and to which extent they are traded in active markets. For financial instruments traded in active markets, listed market prices or traders' prices are used, while for financial instruments not traded in an active market, fair value is determined using appropriate valuation methods.

For further description of fair value, see note 13.

Definition of amortised cost
Subsequent to initial recognition, investments held to maturity, loans and receivables and financial liabilities that are not measured at fair value are measured at amortised cost using the effective interest method. When calculating effective interest rate, future cash flows are estimated, and all contractual terms of the financial instrument are taken into consideration. Fees paid or received between the parties in the contract and transaction costs that are directly attributable to the transaction, are included as an integral component of determining the effective interest rate.

Impairment of financial assets
Loans, receivables and investments held to maturity
For financial assets that are not measured at fair value, an assessment of whether there is objective evidence that there has been a reduction in the value of a financial asset or group of assets is made on each reporting date. Objective evidence might be information about credit report alerts, defaults, issuer or borrower suffering significant financial difficulties, bankruptcy or observable data indicating that there is a measurable reduction in future cash flows from a group of financial assets, even though the reduction cannot yet be linked to an individual asset.

An assessment is first made to whether objective evidence of impairment of financial assets that are individually significant exists. Financial assets that are not individually significant or that are assessed individually, but not impaired, are assessed in

CONTENT

- 3 About this report
- 4 The year that passed
- 6 Key figures and alternative performance measures
- 11 Chair letter
- 14 CEO letter

Chapter 1 – This is us

Chapter 2 – Creating added value in Gjensidige

Chapter 3 – Value created in 2020

Chapter 4 – Financial statements and notes

Gjensidige Forsikring Group

182	Consolidated income statement
183	Consolidated statement of comprehensive income
184	Consolidated statement of financial position
185	Consolidated statement of changes in equity
186	Consolidated statement of cash flows
187	Note 1 Accounting policies
195	Note 2 Use of estimates
196	Note 3 Risk and capital management
211	Note 4 Segment information
212	Note 5 Investments in associates and joint ventures
213	Note 6 Net income from investments
214	Note 7 Expenses
215	Note 8 Salaries and remuneration
218	Note 9 Tax
219	Note 10 Pension
223	Note 11 Goodwill and intangible assets
225	Note 12 Owner-occupied and right-off-use property, plant and equipment
227	Note 13 Financial assets and liabilities
232	Note 14 Shares and similar interests
233	Note 15 Loans and receivables
234	Note 16 Insurance-related liabilities and reinsurers’ share
235	Note 17 Equity
236	Note 18 Hybrid capital
237	Note 19 Provisions and other liabilities
238	Note 20 Related party transactions
239	Note 21 Contingent liabilities
239	Note 22 Share-based payment
241	Note 23 Events after the balance sheet date
241	Note 24 Earnings per share

Gjensidige Forsikring ASA

282	Declaration from the Board and CEO
283	Auditor’s report
288	Assurance integrated report

Appendix

290	GRI Content Index and Board of Directors Report
296	Selected governing documents
297	Description of ratings and whom we support
298	Statement on equality
304	Certificates and guarantees
310	Climate accounts own operations

Gjensidige Forsikring Group

groups with respect to impairment. Assets with similar credit risk characteristics are grouped together.

If there is objective evidence that the asset is impaired, impairment loss is calculated as the difference between the carrying amount of the asset and the present value of estimated future cash flows discounted at the original effective interest rate. The loss is recognised in profit or loss.

Impairment losses are reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. The reversal shall not result in the carrying amount of the financial asset exceeding the amount of the amortised cost if the impairment had not been recognised at the time the loss was reversed. Reversal of previous losses on impairment is recognised in profit or loss.

Dividend

Dividend from investments is recognised when the Group has an unconditional right to receive the dividend. Proposed dividend is recognised as a liability from the point in time when the General Meeting approves the payment of the dividend.

Provisions

Provisions are recognised when Gjensidige has a legal or constructive obligation as a result of a past event, it is probable that this will entail the payment or transfer of other assets to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Information about contingent assets are disclosed where an inflow of economic benefits is probable. Information about a contingent liability is disclosed unless the possibility of an outflow of resources is remote.

Provision for restructuring are recognised when Gjensidige has approved a detailed and formal restructuring plan which has commenced or has been announced. Provisions are not made for future expenses attributed to the operations.

Events after the balance sheet date

New information after the balance sheet date of Gjensidige's financial position at the balance sheet date is taken into account in the financial statement. Events after the balance sheet date that do not affect the company's financial position at the balance sheet date, but which will affect the company's financial position in the future, are disclosed if this is material.

Pensions

Pension liabilities are assessed at the present value of future pension benefits that are recognised as accrued at the reporting date. Future pension benefits are calculated on the basis of expected salary at the retirement date. Pension assets are valued at fair value. Net pension liability is the difference between the present value of future pension benefits and the fair value of the pension assets. Employer's social security cost is recognised during the period under which an underfunding occurs. Net pension liability is shown in the balance sheet on the line Pension liabilities. Any overfunding is recognised to the extent that it is likely that the overfunding can be utilised. An overfunding in a funded plan cannot be offset against an underfunding in an unfunded plan. If there is a net overfunding in the funded plan, it is recognised as Pension assets.

The period's pension cost (service cost) and net interest expense (income) are recognised in the income statement and are presented as an operating cost in the income statement. Net interest expense is calculated using the discount rate for the liability at the beginning of the period of the net liability. Net interest expense therefore consists of interest on the obligation and return on the assets.

Deviations between estimated pension liability and estimated value of pension assets in the previous financial year and

actuarial pension liability and fair value of pension assets at the beginning of the year are recognised in other comprehensive income. These will never be reclassified through profit or loss.

Gains and losses on curtailment or settlement of a defined benefit plan are recognised in the income statement at the time of the curtailment or settlement.

Deductible grants to defined contribution plans are recognised as employee expenses in the income statement when accrued.

Share-based payment

Gjensidige has a share saving program for employees and a share-based remuneration scheme for senior executives. The share savings program is an arrangement with settlement in shares, while the remuneration scheme is an arrangement with settlement in both shares and cash.

The share-based payment arrangements are measured at fair value at the time of allocation and is not changed afterwards. Fair value is accrued over the period during which employees acquire the right to receive the shares. Share-based payment arrangements which are recovered immediately are recognised as expenses at the time of allocation. Vesting conditions are taken into account by adjusting the number of equity instruments included in the measurement of the transaction amount so that, ultimately, the amount recognised shall be based on the number of equity instruments that eventually vest. Non-vesting conditions and possible market conditions are reflected in the measurement of fair value, and no adjustment of the amount charged as expenses is done upon failing to meet such conditions.

The cost of share-based transactions with employees is recognised as an expense over the average recovery period. For arrangements that are settled in shares, the value of the allocated shares in the period is recognised as a salary expense in the income statement with a corresponding increase in other paid-in equity. For arrangements settled in cash, which is only applicable for Gjensidige's obligation to withhold an amount for the employees' tax liability and transfer this amount in cash to the tax authorities on behalf of the employee, the value of the options granted is recognised as a salary expense in the income statement with a corresponding increase in other paid-in equity. . Employers' social security costs are calculated based on the fair value of the shares on each balance sheet date. The amount is recognised in the income statement over the expected vesting period and accrued according to IAS 37.

Share-based payment arrangements settled by one of the shareholders in the ultimate mother company is also recognised as a share-based payment transaction with settlement in equity.

See note 22 for a further description of Gjensidige's share-based payment arrangements and their measurement method.

Tax

Income tax expense comprises the total of current tax and deferred tax.

Current tax

Current tax is tax payable on the taxable profit for the year, based on tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax

Deferred tax is determined based on differences between the carrying amount and the amounts used for taxation purposes, of assets and liabilities at the reporting date. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that they can be offset by future taxable income. If deferred tax arises in connection with the initial recognition of a liability or asset

CONTENT

3	About this report
4	The year that passed
6	Key figures and alternative performance measures
11	Chair letter
14	CEO letter
Chapter 1 – This is us	
Chapter 2 – Creating added value in Gjensidige	
Chapter 3 – Value created in 2020	
Chapter 4 – Financial statements and notes	
Gjensidige Forsikring Group	
182	Consolidated income statement
183	Consolidated statement of comprehensive income
184	Consolidated statement of financial position
185	Consolidated statement of changes in equity
186	Consolidated statement of cash flows
187	Note 1 Accounting policies
195	Note 2 Use of estimates
196	Note 3 Risk and capital management
211	Note 4 Segment information
212	Note 5 Investments in associates and joint ventures
213	Note 6 Net income from investments
214	Note 7 Expenses
215	Note 8 Salaries and remuneration
218	Note 9 Tax
219	Note 10 Pension
223	Note 11 Goodwill and intangible assets
225	Note 12 Owner-occupied and right-off-use property, plant and equipment
227	Note 13 Financial assets and liabilities
232	Note 14 Shares and similar interests
233	Note 15 Loans and receivables
234	Note 16 Insurance-related liabilities and reinsurers’ share
235	Note 17 Equity
236	Note 18 Hybrid capital
237	Note 19 Provisions and other liabilities
238	Note 20 Related party transactions
239	Note 21 Contingent liabilities
239	Note 22 Share-based payment
241	Note 23 Events after the balance sheet date
241	Note 24 Earnings per share
Gjensidige Forsikring ASA	
282	Declaration from the Board and CEO
283	Auditor’s report
288	Assurance integrated report
Appendix	
290	GRI Content Index and Board of Directors Report
296	Selected governing documents
297	Description of ratings and whom we support
298	Statement on equality
304	Certificates and guarantees
310	Climate accounts own operations

Gjensidige Forsikring Group

acquired in a transaction that is not a business combination, and it does not affect the financial or taxable profit or loss at the time of the transaction, then it will not be recognised.

Deferred tax liabilities are recognised for temporary differences resulting from investments in subsidiaries and associates, except in cases where Gjensidige is able to control the reversal of temporary differences, and it is probable that the temporary difference will not be reversed in foreseeable future. Deferred tax assets that arise from deductible temporary differences for such investments are only recognised to the extent that it is probable that there will be sufficient taxable income to utilise the asset from the temporary difference, and they are expected to reverse in the foreseeable future.

Recognition

Current tax and deferred tax are recognised as an expense or income in the income statement, with the exception of deferred tax on items that are recognised in other comprehensive income, where the tax is recognised in other comprehensive income, or in cases where deferred tax arises as a result of a business combination. For business combinations, deferred tax is calculated on the difference between fair value of the acquired assets and liabilities and their carrying amount. Goodwill is recognised without provision for deferred tax.

Related party transactions

Intra-group balances and transactions are eliminated in preparing the consolidated financial statements.

The provider of intra-group services, that are not considered core activities, will as a main rule, allocate its incurred net costs (all costs included) based on a Cost Plus method, which includes direct and indirect costs, as well as a mark-up for profit.

Identified functions that are categorized as core activities will be charged out with a reasonable mark up or alternatively at market price if identifiable, comparable prices exist.

Transactions with affiliated companies

The Fire Mutuals operate as agents on behalf of Gjensidige. For these services commission is paid. The Fire Mutuals are also independent insurance companies with fire and natural damage on their own account. Gjensidige provides various services to support this insurance operation. For these services and to reinsure the Fire Mutuals' fire insurance Gjensidige receives payment based on arm’s length distance.

Non-current assets held for sale and discontinued operations

A discontinued operation is a part of Gjensidige that either has been disposed of or is classified as held for sale and:

- represents a separate major line of business or geographical area of operations,
- is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations or
- is a subsidiary acquired exclusively with a view to resale.

Assets that meet the criteria to be classified as held for sale are measured at the lower of its carrying amount and fair value less costs to sell.

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. For this to be the case, the asset must be available for immediate sale in its present condition. The management must be committed to a plan to sell the asset, which is expected to qualify for recognition as a completed sale within one year from the date of classification.

When Gjensidige is committed to a plan to sell, which involves loss of control of a subsidiary, all the assets and liabilities fo that subsidiary shall be classified as held for sale when the criteria above is met, regardless of whether Gjensidige will retain a non-controlling interest in its former subsidiary after the sale.

Profit after tax expense from discontinued operations is presented on a separate line in the consolidated income statement. Comparative figures will be restated. Net cash flows attributable to discontinued operations will be presented on separate lines in the consolidated statement of cash flows. Comparative figures will be restated. Assets and liabilities held for sale will be presented as separate lines in the statement of financial position. Comparative figures will not be restated.

CONTENT

3

About this report

4

The year that passed

6

Key figures and alternative performance measures

11

Chair letter

14

CEO letter

Chapter 1 – This is us

Chapter 2 – Creating added value in Gjensidige

Chapter 3 – Value created in 2020

Chapter 4 – Financial statements and notes

Gjensidige Forsikring Group

182

Consolidated income statement

183

Consolidated statement of comprehensive income

184

Consolidated statement of financial position

185

Consolidated statement of changes in equity

186

Consolidated statement of cash flows

187

Note 1 Accounting policies

195

Note 2 Use of estimates

196

Note 3 Risk and capital management

211

Note 4 Segment information

212

Note 5 Investments in associates and joint ventures

213

Note 6 Net income from investments

214

Note 7 Expenses

215

Note 8 Salaries and remuneration

218

Note 9 Tax

219

Note 10 Pension

223

Note 11 Goodwill and intangible assets

225

Note 12 Owner-occupied and right-off-use property, plant and equipment

227

Note 13 Financial assets and liabilities

232

Note 14 Shares and similar interests

233

Note 15 Loans and receivables

234

Note 16 Insurance-related liabilities and reinsurers’ share

235

Note 17 Equity

236

Note 18 Hybrid capital

237

Note 19 Provisions and other liabilities

238

Note 20 Related party transactions

239

Note 21 Contingent liabilities

239

Note 22 Share-based payment

241

Note 23 Events after the balance sheet date

241

Note 24 Earnings per share

Gjensidige Forsikring ASA

282

Declaration from the Board and CEO

283

Auditor’s report

288

Assurance integrated report

Appendix

290

GRI Content Index and Board of Directors Report

296

Selected governing documents

297

Description of ratings and whom we support

298

Statement on equality

304

Certificates and guarantees

310

Climate accounts own operations

2. Use of estimates

The preparation of the financial statements under IFRS and the application of the adopted accounting policies require that management make assessments, prepare estimates and apply assumptions that affect the carrying amounts of assets and liabilities, income and expenses. The estimates and the associated assumptions are based on experience and other factors that are assessed as being justifiable based on the underlying conditions. Actual figures may deviate from these estimates. The estimates and associated prerequisites are reviewed regularly. Changes in accounting estimates are recognised in the period the estimates are revised if the change only affects this period, or both in the period the estimates change and in future periods if the changes affect both the existing and future periods.

Assumptions and major sources of estimation uncertainty that have a significant risk of resulting in a material adjustment to the carrying amount of insurance-related liabilities within the next financial year are discussed below.

Insurance-related liabilities

Use of estimates in calculation of insurance-related liabilities is primarily applicable for claims provisions.

Insurance products are divided in general into two main categories; lines with short or long settlement periods. The

settlement period is defined as the length of time that passes after a loss or injury occurs (date of loss) until the claim is reported and then paid and settled. Short-tail lines are e.g. property insurance, while long-tail lines primarily involve accident and health insurances. The uncertainty in short-tail lines of business is linked primarily to the size of the loss.

For long-tail lines, the risk is linked to the fact that the ultimate claim costs must be estimated based on experience and empirical data. For certain lines within accident and health insurances, it may take ten to 15 years before all the claims that occurred in a calendar year are reported to the company. In addition, there will be many instances where information reported in a claim is inadequate to calculate a correct provision. This may be due to ambiguity concerning the causal relationship and uncertainty about the injured party’s future work capacity etc. Many personal injury claims are tried in the court system, and over time the level of compensation for such claims has increased. This will also be of consequence to claims that occurred in prior years and have not yet been settled. The risk linked to provisions for lines related to insurances of the person is thus affected by external conditions. To reduce this risk, the company calculates its claims liability based on various methods and follows up that the registered provisions linked to ongoing claims cases are updated at all times based on the current calculation rules. See note 3 and note 16.

CONTENT

3	About this report
4	The year that passed
6	Key figures and alternative performance measures
11	Chair letter
14	CEO letter
Chapter 1 – This is us	
Chapter 2 – Creating added value in Gjensidige	
Chapter 3 – Value created in 2020	
Chapter 4 – Financial statements and notes	
Gjensidige Forsikring Group	
182	Consolidated income statement
183	Consolidated statement of comprehensive income
184	Consolidated statement of financial position
185	Consolidated statement of changes in equity
186	Consolidated statement of cash flows
187	Note 1 Accounting policies
195	Note 2 Use of estimates
196	Note 3 Risk and capital management
211	Note 4 Segment information
212	Note 5 Investments in associates and joint ventures
213	Note 6 Net income from investments
214	Note 7 Expenses
215	Note 8 Salaries and remuneration
218	Note 9 Tax
219	Note 10 Pension
223	Note 11 Goodwill and intangible assets
225	Note 12 Owner-occupied and right-off-use property, plant and equipment
227	Note 13 Financial assets and liabilities
232	Note 14 Shares and similar interests
233	Note 15 Loans and receivables
234	Note 16 Insurance-related liabilities and reinsurers' share
235	Note 17 Equity
236	Note 18 Hybrid capital
237	Note 19 Provisions and other liabilities
238	Note 20 Related party transactions
239	Note 21 Contingent liabilities
239	Note 22 Share-based payment
241	Note 23 Events after the balance sheet date
241	Note 24 Earnings per share
Gjensidige Forsikring ASA	
282	Declaration from the Board and CEO
283	Auditor's report
288	Assurance integrated report
Appendix	
290	GRI Content Index and Board of Directors Report
296	Selected governing documents
297	Description of ratings and whom we support
298	Statement on equality
304	Certificates and guarantees
310	Climate accounts own operations

3. Risk and capital management

Introduction

Gjensidige's core business is general insurance, and the risk related to non-life and health insurance risk is therefore a major part of the risk Gjensidige is exposed to. Gjensidige is also exposed to life insurance risk through its operations in Gjensidige Pensjonsforsikring AS. Financial risk is also a material risk for the group.

In this note, the effects of Covid-19 will be described first. Then the business structure and the risk management system are presented. Thereafter the different risks and management of these risks will be described. Finally, the capital requirement for these risks and the capital management will be described.

Covid-19

The outbreak of the corona virus, Covid-19, and the measures taken to limit infection have affected the results for the financial year 2020. All effects of Covid-19 are considered to be within what one with a certain probability can expect to occur. The risk is mainly related to market risk, insurance risk and operational risk. Based on current information, the internal model is considered to capture the risk related to Covid-19. Alternative scenarios have been implemented to assess possible downside scenarios related to Covid-19, and Gjensidige is considered to be well capitalized to handle risk related to Covid-19.

The insurance business

For the insurance business as a whole, Covid-19 has resulted in improved underwriting results. Despite increased claim payments for travel insurance, will lower activity in society generally lead to fewer claims.

Investments

Gjensidige was affected by the economic fall in the financial markets in the 1st quarter of 2020, but the rest of year gave positive investment results. Gjensidige is still exposed to negative market movements, but the risk level with the current asset allocation is moderate compared to the adopted limits and capacity. The risk is lower than at the beginning of the year. Risk management is operated as before with dynamic management based on market development and the portfolio's return.

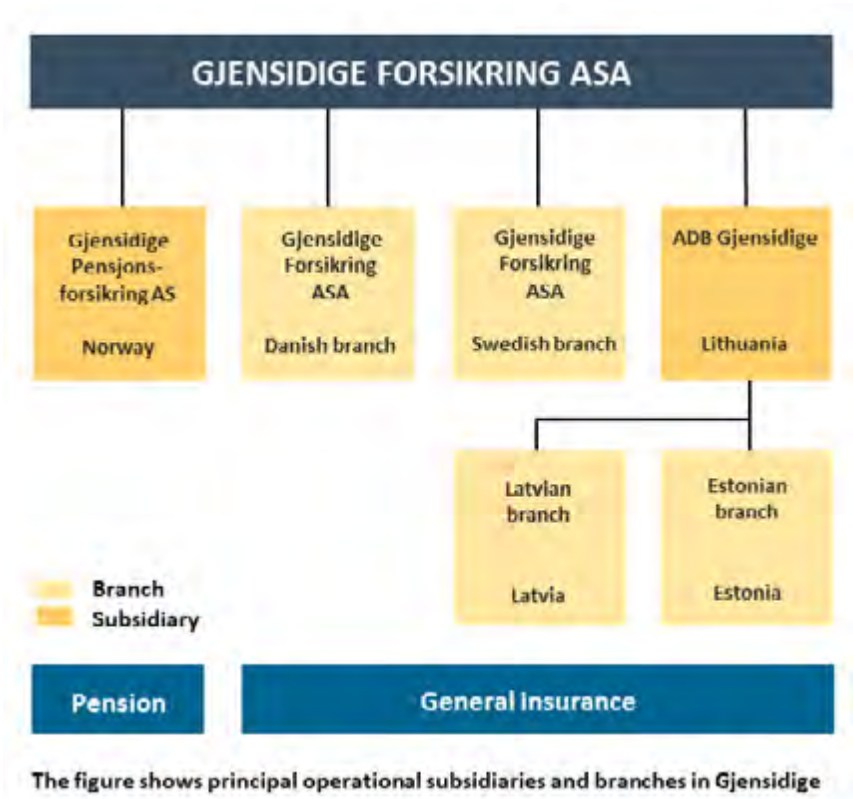
Operational performance

The majority of employees have worked at home offices throughout the Covid-19 period. The operation of the Group has been more or less normal throughout the period after the outbreak of Covid-19. At the beginning of the shutdown, there were very many claims related to travel insurance that led to increased treatment time, and there were some less significant technical challenges that arose that were resolved relatively quickly. Now there is more or less normal operation of all operations in the group, and there is reason to believe that the operation will function as normal also going forward, even if the government measures are prolonged. If employees should become infected and ill from Covid-19, crisis plans have been prepared, and the group's crisis management has been in full operation throughout the Covid-19 period.

Business structure

Gjensidige's business structure is shown in Figure 1.

Figure 1 – Business structure

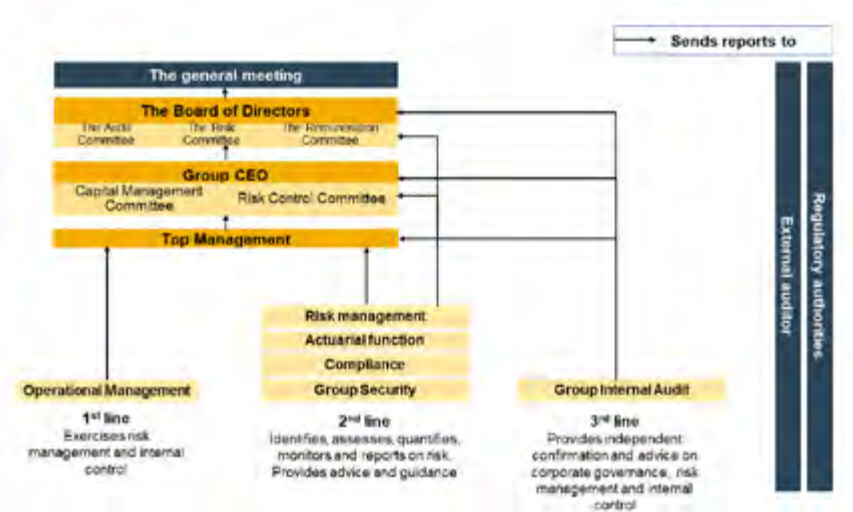


Operation, development, procurement and follow-up of vendors related to information and communication technology services are carried out in the subsidiary Gjensidige Business Services AB.

Risk management system

The risk management system is organised with three lines and is an integral part of corporate governance.

Figure 2 – The risk management system is organised with three lines



The Board has the overall responsibility for ensuring that the level is within the approved risk appetite and shall thus supervise and utilize the risk management that takes place in the group. The board adopts an overall risk appetite for the most important risks areas in the Group. As part of this work, it ensures that necessary governing documents and procedures are in place.

The Board has established an audit committee and a risk committee consisting of chosen Board members. The audit committee is tasked with preparing the Board's monitoring of the financial reporting process, the effectiveness of the systems for internal control and risk management, as well as the Company's internal audit function. The risk committee is a preparatory committee that is to assess the group companies' ability and desire to take risk, as well as to ensure a clear connection between overall strategy, risk management and capital planning.

CONTENT

- 3 About this report
- 4 The year that passed
- 6 Key figures and alternative performance measures
- 11 Chair letter
- 14 CEO letter

Chapter 1 – This is us

Chapter 2 – Creating added value in Gjensidige

Chapter 3 – Value created in 2020

Chapter 4 – Financial statements and notes

Gjensidige Forsikring Group

182	Consolidated income statement
183	Consolidated statement of comprehensive income
184	Consolidated statement of financial position
185	Consolidated statement of changes in equity
186	Consolidated statement of cash flows
187	Note 1 Accounting policies
195	Note 2 Use of estimates
196	Note 3 Risk and capital management
211	Note 4 Segment information
212	Note 5 Investments in associates and joint ventures
213	Note 6 Net income from investments
214	Note 7 Expenses
215	Note 8 Salaries and remuneration
218	Note 9 Tax
219	Note 10 Pension
223	Note 11 Goodwill and intangible assets
225	Note 12 Owner-occupied and right-off-use property, plant and equipment
227	Note 13 Financial assets and liabilities
232	Note 14 Shares and similar interests
233	Note 15 Loans and receivables
234	Note 16 Insurance-related liabilities and reinsurers’ share
235	Note 17 Equity
236	Note 18 Hybrid capital
237	Note 19 Provisions and other liabilities
238	Note 20 Related party transactions
239	Note 21 Contingent liabilities
239	Note 22 Share-based payment
241	Note 23 Events after the balance sheet date
241	Note 24 Earnings per share

Gjensidige Forsikring ASA

282	Declaration from the Board and CEO
283	Auditor’s report
288	Assurance integrated report

Appendix

290	GRI Content Index and Board of Directors Report
296	Selected governing documents
297	Description of ratings and whom we support
298	Statement on equality
304	Certificates and guarantees
310	Climate accounts own operations

Gjensidige Forsikring Group

The aim of both committees is to strengthen and increase the efficiency of the Board's discussions and contribute to improvements in the future. In addition, a remuneration committee assists the Board in remuneration matters. Gjensidige Forsikring ASA has established strategies, policies and more detailed guidelines, routines and authorisation rules for main risk areas. Group policies are subject to approval by the Board of each company within the Group based on local legislation.

The CEO has an overall responsibility for the ongoing risk management of the group.

The Group's capital management committee is a body for monitoring and allocating capital for the entire group and has an advisory role regarding the assessment and proposal of changes in use of capital. The Group's Risk Control Committee is a body for the Groups risk management and internal control and shall assist in monitoring the group's risk situation, risk management and internal control. Both committees are chaired by the Group CEO. Furthermore, a sustainability council has been established headed by the Chief Sustainability Officer (CSO). This is an interdisciplinary body that ensures a comprehensive and uniform approach to sustainability issues in the group. Relevant issues related to sustainability are addressed from the sustainability committee to the Capital Management Committee or Risk Control Committee respectively.

Responsibility for the day to day risk management is delegated to the responsible line managers who must ensure that risk management and internal control system is established within their areas of responsibility and that relevant risk management activities are carried out. Furthermore, the individual manager shall ensure that risk owners are designated and that necessary measures are implemented.

All employees must within their areas contribute to the achievement of corporate goals and to risk management in line with established guidelines. There are established procedures and guidelines that must be followed, and risk management and internal control is therefore performed as a part of the employee's daily work. Some functions such as risk-, compliance- and security coordinators, anti-money laundry officer and quality functions reviewing distribution and claims handling are organized as a part of first line management in order to assist with the maintenance of that line's responsibility for risk management and internal control. Handling of non-conformities is part of risk management and shall take place in accordance with established routines.

The various control functions in the second line are organized under the Chief Risk Officer (CRO) in Gjensidige Forsikring ASA.

The second line is carried through by centralised control functions for risk management, compliance, actuary issues and group security;

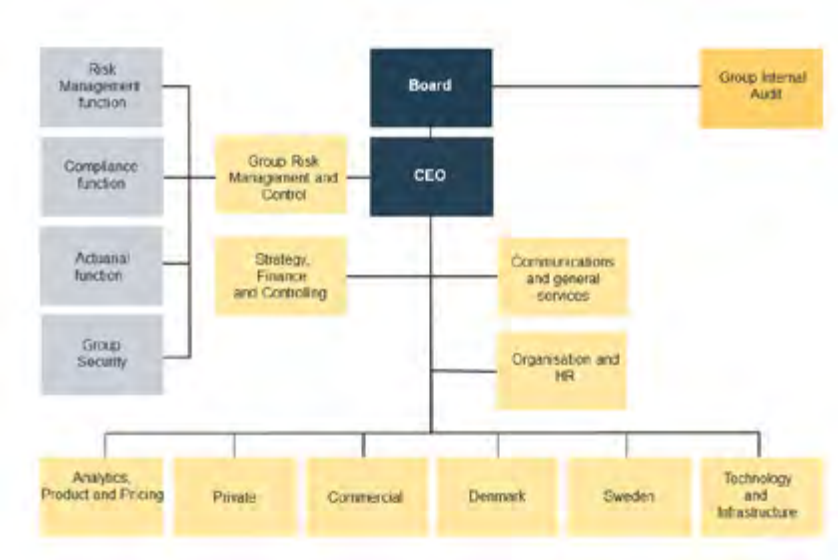
- The risk management function is responsible for maintaining and further developing the group's risk management system so that the system always is satisfactory and in accordance with regulatory requirements and the board's guidelines. The function should also organize and maintain a comprehensive and ongoing process for risk assessment and follow-up, have an overview of the most material risks the Group is or may be exposed to, and what this means for the Group solvency. The risk management function is headed by the CRO in Gjensidige Forsikring ASA. The CRO has the overall responsibility for establishing the procedures for performing risk management and reporting risk exposures as well as monitoring Board approved limits. CRO has a professional and independent reporting line to the CEO and the Board.
- The compliance function function's main tasks are to help ensure that legal requirements, regulations or governing

- documents are complied with, that operational risk incidents that also are breaches of compliance are followed up and reported (including to national data auditors where necessary) and that the internal control system operates in accordance with the requirements. The compliance function is headed by the Chief Compliance Officer (CCO). COO has a professional and independent reporting line to the CEO and to the Board.
- The actuarial function is responsible for coordinating the calculation and control of the technical provisions, but it has no responsibility for developing technical claim provision models or regular technical claim provision calculations. The function's responsibilities are limited to controlling activities, and the function must be independent of the operational activities with a separate reporting line. The head of the actuary function has a professional and independent reporting line to the CEO and the Board.
- Group security is responsible for monitoring, reviewing and improving the information security management system. Group security is headed by the Chief Security Officer (CSO).

Real independence is ensured by the CEO appointing the head of the second line functions and determines their remuneration. Managers of second line functions cannot be removed without the consent of the board. Their salary shall not be based on Gjensidige Forsikring ASA's result. The responsibility for all investment management is centralized in the group's Investment Center organized under the CFO. A group-wide credit committee headed by the CFO has been established to set credit limits for individual issuers and general guidelines for counterparty risk. The function for monitoring and reporting financial returns and compliance with limits in financial management reports to the CRO to ensure independent follow-up.

The third line is the group's internal audit function, which monitors the risk management and internal control system in the Group. Group Internal Audit will, through a risk-based approach, provide assurance to the organisation's board and senior management, on how effectively the organisation assesses and manages its risks, including the way the first and second lines operate. The function's tasks cover all elements of an organisation's risk management framework. The audit function reports directly to the Board of Gjensidige Forsikring ASA.

Figure 3 – Operational structure



General insurance

Risk description

General insurance covers non-life and health insurance contracts. The Gjensidige Forsikring Group is exposed to general insurance risk in Norway, Sweden, Denmark and the Baltics. Gjensidige's current risk appetite is large in the core area of general insurance in the Nordic and Baltic countries. The risk appetite is the greatest in areas which Gjensidige has high structural competence and access to relevant data. Other business areas shall contribute to the Group's total growth and profitability, but with limited risk appetite.

CONTENT

3

About this report

4

The year that passed

6

Key figures and alternative performance measures

11

Chair letter

14

CEO letter

Chapter 1 – This is us

Chapter 2 – Creating added value in Gjensidige

Chapter 3 – Value created in 2020

Chapter 4 – Financial statements and notes

Gjensidige Forsikring Group

182

Consolidated income statement

183

Consolidated statement of comprehensive income

184

Consolidated statement of financial position

185

Consolidated statement of changes in equity

186

Consolidated statement of cash flows

187

Note 1

Accounting policies

195

Note 2

Use of estimates

196

Note 3

Risk and capital management

211

Note 4

Segment information

212

Note 5

Investments in associates and joint ventures

213

Note 6

Net income from investments

214

Note 7

Expenses

215

Note 8

Salaries and remuneration

218

Note 9

Tax

219

Note 10

Pension

223

Note 11

Goodwill and intangible assets

225

Note 12

Owner-occupied and right-off-use property, plant and equipment

227

Note 13

Financial assets and liabilities

232

Note 14

Shares and similar interests

233

Note 15

Loans and receivables

234

Note 16

Insurance-related liabilities and reinsurers’ share

235

Note 17

Equity

236

Note 18

Hybrid capital

237

Note 19

Provisions and other liabilities

238

Note 20

Related party transactions

239

Note 21

Contingent liabilities

239

Note 22

Share-based payment

241

Note 23

Events after the balance sheet date

241

Note 24

Earnings per share

Gjensidige Forsikring ASA

282

Declaration from the Board and CEO

283

Auditor’s report

288

Assurance integrated report

Appendix

290

GRI Content Index and Board of Directors Report

296

Selected governing documents

297

Description of ratings and whom we support

298

Statement on equality

304

Certificates and guarantees

310

Climate accounts own operations

Gjensidige Forsikring Group

In order to describe general insurance risk, the most important components are elaborated below, and these are reserve risk, premium risk and lapse risk.

Reserve risk

Reserve risk is the risk that the current claims provisions are not sufficient to cover the development of already incurred claims and related expenses. Reserve risk reflects the emergence of uncertainty related to:

- Actual claims' size (for reported, but not yet settled claims, i.e. RBNS) being higher than expected,
- Claims incurred but not yet reported (IBNR) being greater than expected, and
- Claim payments being paid out at a different time to that expected.

The cost of reported claims not yet paid (RBNS) is estimated by a claims handler for each individual claim and is based on relevant information available from claims reports, loss adjusters, medical certificates and information about the costs of settling claims with similar characteristics in previous periods. The key statistical methods used for calculating claims provisions for claims incurred but not yet reported (IBNR) are:

- “Chain ladder” methods, which use historical data to estimate the proportions of the paid and incurred to date of the ultimate claim costs.
- “Expected loss ratio” methods (e.g. “Bornhuetter-Ferguson”), which use Gjensidige’s expectation of the loss ratio for a line of business in the estimation of future claims payments.
- Methods where “Chain ladder” and “Expected loss ratio” methods are used in combination. One advantage of the use of these methods is that more weight can be given to experience data when the run-off development of the actual claim year has become more stable.

The methods used will depend on the line of business and the time period of data available. Some methods assume that future claim development will follow the same pattern as historical claims. There are reasons why this may not always be the case, and it may be necessary to modify model parameters. The reasons why historical claims not necessarily project the future can be:

- Economic, legal and social trends and social inflation (e.g. a shift in court awards)
- Changes in the mix of insurance contracts
- The impact of large losses

IBNR provisions and provisions for outstanding claims are initially estimated at a gross level, and a separate calculation is carried out to estimate the size of reinsurance recoveries.

The estimation of IBNR is generally subject to a greater degree of uncertainty than the estimation of the cost of settling claims already notified (RBNS), where information about the claim is available. There may be cases where certain claims may not be apparent to the insured until many years after the event that gave rise to the claims.

Estimation uncertainty is an inherent character of the claim provisions. Several factors contribute to this uncertainty and include claim frequency and claim severity. An increase in the frequency of claims can be due to seasonal effects and more sustainable effects. During the winter season snow and cold weather will cause an increase in the frequency of claims in Motor insurance. In Property insurance, a cold winter will cause an increase in the frequency of claims due to frozen water pipes and increased use of electrical power and open fireplaces for heating of the houses. Shifts in the level of claims frequency may occur due to e.g. change in customer behaviour and new types of claims. The effect on the profitability of a permanent change in the level of claims frequency will be high. In Motor insurance in Norway, for example, an increase of one percentage point in the level of claims frequency will increase the loss ratio by three to four percentage points based on the current level of claims.

Growth in severity of claims may, for example, be driven by the development of consumer price index (CPI) and salary increases. In Property insurance, the severity of claims will be influenced by inflation and specifically by increased building costs, which in the past has been slightly higher than CPI. For accident and health, the insurance policies are divided into two main groups, one with fixed sum insured and another part where the compensation is adjusted in accordance with a public/government index (in Norway: “G” - the basic amount in the National Insurance Scheme). This is the case in Workers' Compensation, for instance. The Group writes Workers' Compensation insurance in Norway and Denmark. The regulation of this line of business is quite different in these countries. In Norway Workers' Compensation covers both accident and diseases, while in Denmark diseases are covered by a governmental body. The compensation in Norway is exclusively in the form of lump sums, while in Denmark the compensation consists of both lump sums and annuity payments. Annuity payments are calculated on the basis of assumptions about mortality, interest rate and retirement age. For bodily injuries, the severity of claims is also influenced by court awards, which tend to increase the compensation more than the general inflation. This is also a significant factor, due to the long period typically required to settle these cases.

The tables below show how total claims in Gjensidige develop over time.

CONTENT

3

About this report

4

The year that passed

6

Key figures and alternative performance measures

11

Chair letter

14

CEO letter

Chapter 1 – This is us

Chapter 2 – Creating added value in Gjensidige

Chapter 3 – Value created in 2020

Chapter 4 – Financial statements and notes

Gjensidige Forsikring Group

182

Consolidated income statement

183

Consolidated statement of comprehensive income

184

Consolidated statement of financial position

185

Consolidated statement of changes in equity

186

Consolidated statement of cash flows

187

Note 1 Accounting policies

195

Note 2 Use of estimates

196

Note 3 Risk and capital management

211

Note 4 Segment information

212

Note 5 Investments in associates and joint ventures

213

Note 6 Net income from investments

214

Note 7 Expenses

215

Note 8 Salaries and remuneration

218

Note 9 Tax

219

Note 10 Pension

223

Note 11 Goodwill and intangible assets

225

Note 12 Owner-occupied and right-off-use property, plant and equipment

227

Note 13 Financial assets and liabilities

232

Note 14 Shares and similar interests

233

Note 15 Loans and receivables

234

Note 16 Insurance-related liabilities and reinsurers’ share

235

Note 17 Equity

236

Note 18 Hybrid capital

237

Note 19 Provisions and other liabilities

238

Note 20 Related party transactions

239

Note 21 Contingent liabilities

239

Note 22 Share-based payment

241

Note 23 Events after the balance sheet date

241

Note 24 Earnings per share

Gjensidige Forsikring ASA

282

Declaration from the Board and CEO

283

Auditor’s report

288

Assurance integrated report

Appendix

290

GRI Content Index and Board of Directors Report

296

Selected governing documents

297

Description of ratings and whom we support

298

Statement on equality

304

Certificates and guarantees

310

Climate accounts own operations

Gjensidige Forsikring Group

Table 1a – Analysis of claims development, general insurance

NOK millions	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	Total
Gross												
Estimated claims cost												
At the end of the accident year	15,014.3	16,268.2	13,974.3	15,938.8	15,554.0	13,425.5	14,653.9	16,090.4	17,100.5	15,871.7	17,525.8	
- One year later	14,879.7	16,519.1	13,895.0	15,812.1	15,233.9	13,402.1	14,906.3	15,936.1	17,131.3	16,145.8		
- Two years later	14,912.9	16,560.5	13,806.0	15,623.3	15,094.6	13,304.6	14,869.0	15,914.5	17,176.2			
- Three years later	14,825.0	16,361.4	13,632.7	15,432.3	15,047.0	13,375.3	15,005.5	15,795.8				
- Four years later	14,740.6	16,156.0	13,459.5	15,298.0	14,994.4	13,351.1	14,919.8					
- Five years later	14,633.0	16,036.9	13,334.6	15,191.3	14,903.3	13,298.7						
- Six years later	14,508.7	15,892.1	13,142.1	15,061.5	14,834.3							
- Seven years later	14,391.9	15,728.9	13,113.8	15,016.8								
- Eight years later	14,157.8	15,653.9	13,021.8									
- Nine years later	14,136.3	15,607.7										
- Ten years later	14,070.4											
Estimated amount as at 31.12.2020	14,070.4	15,607.7	13,021.8	15,016.8	14,834.3	13,298.7	14,919.8	15,795.8	17,176.2	16,145.8	17,525.8	
Total disbursed	13,326.3	14,744.0	12,120.9	14,076.7	13,847.1	12,212.0	13,368.3	14,117.9	14,881.8	12,888.6	10,102.9	145,686.6
Claims provision	744.1	863.7	900.9	940.0	987.2	1,086.7	1,551.4	1,677.9	2,294.4	3,257.2	7,422.9	21,726.5
Prior-year claims provision and loss adjustment provision												6,807.8
Total												28,534.3
Net of reinsurance												
Estimated claims cost												
At the end of the accident year	14,510.1	15,222.3	13,764.6	15,157.8	15,421.7	13,424.0	14,405.3	15,537.4	16,813.4	15,515.4	17,187.0	
- One year later	14,405.7	15,406.9	13,679.5	14,984.8	15,057.2	13,400.9	14,656.0	15,373.0	16,759.6	15,762.5		
- Two years later	14,436.9	15,509.9	13,606.2	14,894.9	14,942.0	13,296.7	14,619.0	15,297.1	16,791.5			
- Three years later	14,350.0	15,381.2	13,427.2	14,700.8	14,892.1	13,366.1	14,715.7	15,185.8				
- Four years later	14,264.7	15,172.3	13,244.4	14,582.0	14,839.6	13,342.1	14,634.4					
- Five years later	14,152.7	15,053.1	13,118.6	14,475.3	14,748.5	13,289.9						
- Six years later	14,028.4	14,907.8	12,928.7	14,345.5	14,679.0							
- Seven years later	13,911.7	14,763.5	12,899.6	14,300.8								
- Eight years later	13,690.0	14,688.5	12,806.0									
- Nine years later	13,668.5	14,642.3										
- Ten years later	13,602.6											
Estimated amount as at 31.12.2020	13,602.6	14,642.3	12,806.0	14,300.8	14,679.0	13,289.9	14,634.4	15,185.8	16,791.5	15,762.5	17,187.0	
Total disbursed	12,858.5	13,778.6	11,916.5	13,361.0	13,694.6	12,203.1	13,154.5	13,541.6	14,565.9	12,568.5	10,045.3	141,688.2
Claims provision	744.1	863.7	889.5	939.8	984.4	1,086.7	1,479.9	1,644.1	2,225.6	3,193.9	7,141.6	21,193.5
Prior-year claims provision and loss adjustment provision												6,797.1
Total												27,990.6

CONTENT

3

About this report

4

The year that passed

6

Key figures and alternative performance measures

11

Chair letter

14

CEO letter

Chapter 1 – This is us

Chapter 2 – Creating added value in Gjensidige

Chapter 3 – Value created in 2020

Chapter 4 – Financial statements and notes

Gjensidige Forsikring Group

182

Consolidated income statement

183

Consolidated statement of comprehensive income

184

Consolidated statement of financial position

185

Consolidated statement of changes in equity

186

Consolidated statement of cash flows

187

Note 1 Accounting policies

195

Note 2 Use of estimates

196

Note 3 Risk and capital management

211

Note 4 Segment information

212

Note 5 Investments in associates and joint ventures

213

Note 6 Net income from investments

214

Note 7 Expenses

215

Note 8 Salaries and remuneration

218

Note 9 Tax

219

Note 10 Pension

223

Note 11 Goodwill and intangible assets

225

Note 12 Owner-occupied and right-off-use property, plant and equipment

227

Note 13 Financial assets and liabilities

232

Note 14 Shares and similar interests

233

Note 15 Loans and receivables

234

Note 16 Insurance-related liabilities and reinsurers’ share

235

Note 17 Equity

236

Note 18 Hybrid capital

237

Note 19 Provisions and other liabilities

238

Note 20 Related party transactions

239

Note 21 Contingent liabilities

239

Note 22 Share-based payment

241

Note 23 Events after the balance sheet date

241

Note 24 Earnings per share

Gjensidige Forsikring ASA

282

Declaration from the Board and CEO

283

Auditor’s report

288

Assurance integrated report

Appendix

290

GRI Content Index and Board of Directors Report

296

Selected governing documents

297

Description of ratings and whom we support

298

Statement on equality

304

Certificates and guarantees

310

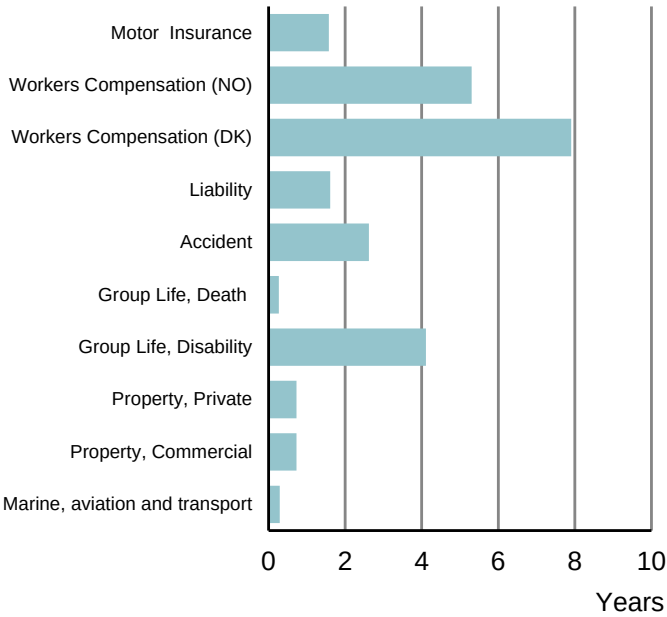
Climate accounts own operations

Table 1b – Analysis of claims development, Gjensidige Forsikring ASA

NOK millions	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	Total
Gross												
Estimated claims cost												
At the end of the accident year	15,014.3	16,268.2	13,675.8	15,628.8	15,179.2	13,053.9	14,132.4	15,170.7	16,296.7	15,006.7	16,762.3	
- One year later	14,879.7	16,519.1	13,618.3	15,522.1	14,829.3	13,028.4	14,392.4	15,017.5	16,336.8	15,285.9		
- Two years later	14,912.9	16,560.5	13,537.2	15,340.4	14,707.8	12,938.9	14,369.7	14,993.0	16,391.5			
- Three years later	14,825.0	16,361.4	13,365.8	15,153.5	14,659.5	13,006.7	14,515.7	14,876.6				
- Four years later	14,740.6	16,156.0	13,188.7	15,024.7	14,608.4	12,984.7	14,430.9					
- Five years later	14,633.0	16,036.9	13,071.3	14,919.9	14,520.8	12,941.5						
- Six years later	14,508.7	15,892.1	12,887.0	14,793.2	14,447.0							
- Seven years later	14,391.9	15,728.9	12,857.1	14,748.2								
- Eight years later	14,157.8	15,653.9	12,763.0									
- Nine years later	14,136.3	15,607.7										
- Ten years later	14,070.4											
Estimated amount as at 31.12.2020	14,070.4	15,607.7	12,763.0	14,748.2	14,447.0	12,941.5	14,430.9	14,876.6	16,391.5	15,285.9	16,762.3	
Total disbursed	13,326.3	14,744.0	11,883.7	13,821.9	13,487.1	11,880.7	12,903.7	13,242.7	14,141.5	12,090.1	9,484.2	141,005.8
Claims provision	744.1	863.7	879.3	926.3	959.9	1,060.8	1,527.1	1,633.9	2,250.0	3,195.8	7,278.2	21,319.1
Prior-year claims provision and loss adjustment provision												6,778.2
Total												28,097.3
Net of reinsurance												
Estimated claims cost												
At the end of the accident year	14,510.1	15,222.3	13,469.0	14,848.0	15,054.3	13,053.9	13,886.9	14,643.4	16,016.6	14,675.8	16,402.7	
- One year later	14,405.7	15,406.9	13,405.0	14,694.9	14,697.7	13,028.2	14,145.4	14,490.2	15,978.3	14,935.1		
- Two years later	14,436.9	15,509.9	13,339.3	14,612.1	14,580.6	12,934.4	14,122.8	14,420.3	16,021.1			
- Three years later	14,350.0	15,381.2	13,162.3	14,422.1	14,532.4	13,002.2	14,228.6	14,311.3				
- Four years later	14,264.7	15,172.3	12,979.5	14,308.9	14,481.3	12,980.2	14,147.8					
- Five years later	14,152.7	15,053.1	12,862.2	14,204.0	14,393.6	12,937.0						
- Six years later	14,028.4	14,907.8	12,677.9	14,077.4	14,319.8							
- Seven years later	13,911.7	14,763.5	12,648.0	14,032.3								
- Eight years later	13,690.0	14,688.5	12,553.9									
- Nine years later	13,668.5	14,642.3										
- Ten years later	13,602.6											
Estimated amount as at 31.12.2020	13,602.6	14,642.3	12,553.9	14,032.3	14,319.8	12,937.0	14,147.8	14,311.3	16,021.1	14,935.1	16,402.7	
Total disbursed	12,858.5	13,778.6	11,674.6	13,106.0	13,359.9	11,876.2	12,691.9	12,697.6	13,834.7	11,789.2	9,436.1	137,103.4
Claims provision	744.1	863.7	879.3	926.3	959.9	1,060.8	1,455.8	1,613.7	2,186.4	3,145.9	6,966.6	20,802.5
Prior-year claims provision and loss adjustment provision												6,778.2
Total												27,580.7

The duration (average time between the date of loss until the claim is finally settled) differs significantly between the types of risk under consideration. Long duration will increase the company's exposure to inflation. The figure below shows the duration of different products.

Figure 4 – Duration of different products



CONTENT

- 3 About this report
- 4 The year that passed
- 6 Key figures and alternative performance measures
- 11 Chair letter
- 14 CEO letter

Chapter 1 – This is us

Chapter 2 – Creating added value in Gjensidige

Chapter 3 – Value created in 2020

Chapter 4 – Financial statements and notes

Gjensidige Forsikring Group

182	Consolidated income statement
183	Consolidated statement of comprehensive income
184	Consolidated statement of financial position
185	Consolidated statement of changes in equity
186	Consolidated statement of cash flows
187	Note 1 Accounting policies
195	Note 2 Use of estimates
196	Note 3 Risk and capital management
211	Note 4 Segment information
212	Note 5 Investments in associates and joint ventures
213	Note 6 Net income from investments
214	Note 7 Expenses
215	Note 8 Salaries and remuneration
218	Note 9 Tax
219	Note 10 Pension
223	Note 11 Goodwill and intangible assets
225	Note 12 Owner-occupied and right-off-use property, plant and equipment
227	Note 13 Financial assets and liabilities
232	Note 14 Shares and similar interests
233	Note 15 Loans and receivables
234	Note 16 Insurance-related liabilities and reinsurers’ share
235	Note 17 Equity
236	Note 18 Hybrid capital
237	Note 19 Provisions and other liabilities
238	Note 20 Related party transactions
239	Note 21 Contingent liabilities
239	Note 22 Share-based payment
241	Note 23 Events after the balance sheet date
241	Note 24 Earnings per share

Gjensidige Forsikring ASA

282	Declaration from the Board and CEO
283	Auditor’s report
288	Assurance integrated report

Appendix

290	GRI Content Index and Board of Directors Report
296	Selected governing documents
297	Description of ratings and whom we support
298	Statement on equality
304	Certificates and guarantees
310	Climate accounts own operations

Gjensidige Forsikring Group

Premium risk

Premium risk relates to future exposures, future claims and their related expenses. Exposure arises on unexpired risk from contracts already underwritten (i.e. the “unearned” exposure) and from future underwritten contracts.

Premium risk originates from the following factors:

- Uncertainty in premium rates
- Uncertainty in claim severity
- Uncertainty in claim frequency
- Uncertainty in timing of claims payments
- Uncertainty in operating and claims handling expenses

Lapse risk

Lapse risk is defined as the risk of a change in value caused by deviations from the actual rate of policy lapses from their expected rates, i.e. an increase in the level of customers leaving the company. Gjensidige considers lapse risk to be limited for non-life and health insurance business, as the main effect of higher lapse rates will be a reduction in future profit.

Risk exposure

Reserve risk and premium risk are both material risks. Lapse risk contributes only marginally to the total risk exposure for both the Gjensidige Forsikring Group and Gjensidige Forsikring ASA. For reserve risk, most of the claims provisions and related risk exposure are related to lines of business exposed to personal injury, where it takes long time to settle claims. A large part of the reserve risk is related to lines of business such as “Workers' compensation insurance”, “Motor vehicle liability insurance” and “Income protection insurance”. For premium risk, the risk exposure is mainly related to “Motor insurance” and “Fire and other damage to property insurance”.

Risk concentration

Gjensidige's general insurance portfolio is largest in Norway, but Gjensidige also has a significant part of its general insurance business in Denmark, Sweden and the Baltics.

Gjensidige has developed governing documents for insurance risk. The purpose is to diversify the types of insurance risks, and within each of these categories achieve a sufficiently large population of risks to reduce the fluctuation in the expected outcome. There are detailed guidelines that ensure that the risks underwritten are within Gjensidige's risk appetite.

Experience shows that the larger the portfolio of similar insurance contracts, the smaller the relative variability around the expected outcome will be. In addition, a more diversified portfolio is less likely to be affected by a change in any subset of the portfolio. The two tables below show that Gjensidige has a well-diversified portfolio both between countries and between products. The portfolio consists mainly of private insurance and insurance related to small and medium-sized commercial business.

Table 2a – Gross premiums written per line of business, Gjensidige Forsikring Group

NOK millions	Gross premiums written 2020	Per cent of total	Gross premiums written 2019	Per cent of total
Medical expense insurance	1,418.8	4.8%	1,255.3	4.7%
Income protection insurance	1,457.8	5.0%	1,302.6	4.9%
Workers' compensation insurance	1,053.9	3.6%	885.4	3.3%
Motor vehicle liability insurance	3,365.7	11.5%	3,136.3	11.7%
Other motor insurance	5,517.3	18.8%	5,083.1	19.0%
Marine, aviation and transport insurance	342.0	1.2%	314.0	1.2%
Fire and other damage to property insurance	9,976.0	34.1%	8,946.5	33.5%
General liability insurance	995.1	3.4%	868.9	3.2%
Assistance	1,018.3	3.5%	1,150.9	4.3%
Health insurance	1,589.3	5.4%	1,486.9	5.6%
Other non-life insurance	1,508.5	5.1%	1,304.9	4.9%
Non-proportional non-life reinsurance	136.9	0.5%	122.7	0.5%
Pension - insurance with profit participation	333.8	1.1%	333.0	1.2%
Pension - index-linked and unit-linked insurance	580.0	2.0%	547.0	2.0%
Total	29,293.4	100.0%	26,737.5	100.0%

Table 2b – Gross premiums written per line of business, Gjensidige Forsikring ASA

NOK millions	Gross premiums written 2020	Per cent of total	Gross premiums written 2019	Per cent of total
Medical expense insurance	1,220.2	4.5%	1,078.5	4.4%
Income protection insurance	1,423.3	5.2%	1,267.2	5.1%
Workers' compensation insurance	1,053.9	3.9%	885.4	3.6%
Motor vehicle liability insurance	2,890.4	10.6%	2,663.6	10.8%
Other motor insurance	5,292.8	19.5%	4,855.5	19.7%
Marine, aviation and transport insurance	334.4	1.2%	305.7	1.2%
Fire and other damage to property insurance	9,787.5	36.0%	8,766.7	35.5%
General liability insurance	962.0	3.5%	833.2	3.4%
Assistance	998.8	3.7%	1,129.9	4.6%
Health insurance	1,589.3	5.8%	1,486.9	6.0%
Non-proportional non-life reinsurance	161.4	0.6%	147.4	0.6%
Other	1,481.5	5.4%	1,283.0	5.2%
Total	27,195.4	100.0%	24,703.0	100.0%

CONTENT

- 3 About this report
- 4 The year that passed
- 6 Key figures and alternative performance measures
- 11 Chair letter
- 14 CEO letter

Chapter 1 – This is us

Chapter 2 – Creating added value in Gjensidige

Chapter 3 – Value created in 2020

Chapter 4 – Financial statements and notes

Gjensidige Forsikring Group

182	Consolidated income statement	
183	Consolidated statement of comprehensive income	
184	Consolidated statement of financial position	
185	Consolidated statement of changes in equity	
186	Consolidated statement of cash flows	
187	Note 1	Accounting policies
195	Note 2	Use of estimates
196	Note 3	Risk and capital management
211	Note 4	Segment information
212	Note 5	Investments in associates and joint ventures
213	Note 6	Net income from investments
214	Note 7	Expenses
215	Note 8	Salaries and remuneration
218	Note 9	Tax
219	Note 10	Pension
223	Note 11	Goodwill and intangible assets
225	Note 12	Owner-occupied and right-off-use property, plant and equipment
227	Note 13	Financial assets and liabilities
232	Note 14	Shares and similar interests
233	Note 15	Loans and receivables
234	Note 16	Insurance-related liabilities and reinsurers’ share
235	Note 17	Equity
236	Note 18	Hybrid capital
237	Note 19	Provisions and other liabilities
238	Note 20	Related party transactions
239	Note 21	Contingent liabilities
239	Note 22	Share-based payment
241	Note 23	Events after the balance sheet date
241	Note 24	Earnings per share

Gjensidige Forsikring ASA

282	Declaration from the Board and CEO
283	Auditor’s report
288	Assurance integrated report

Appendix

290	GRI Content Index and Board of Directors Report
296	Selected governing documents
297	Description of ratings and whom we support
298	Statement on equality
304	Certificates and guarantees
310	Climate accounts own operations

Gjensidige Forsikring Group

Table 3 – Gross premiums written per segment, Gjensidige Forsikring Group

	Gross premiums written 2020	Per cent of total	Gross premiums written 2019	Per cent of total
NOK millions				
General Insurance Private	9,807.1	33.5%	9,136.3	34.2%
General Insurance Commercial	9,477.0	32.4%	8,692.8	32.5%
General Insurance Denmark	6,109.0	20.9%	5,291.6	19.8%
General Insurance Sweden	1,653.4	5.6%	1,440.7	5.4%
General Insurance Baltics	1,209.1	4.1%	1,179.3	4.4%
Pension	913.8	3.1%	880.0	3.3%
Corporate Center/reinsurance	123.9	0.4%	116.8	0.4%
Total	29,293.4	100.0%	26,737.5	100.0%

Managing insurance risk

Management of insurance risk is described in chapter “Creating added value in Gjensidige” and subchapter “Risk strategy and risk management.”

Risk mitigation

Insurance risk is mitigated through several arrangements, like for instance reinsurance and hedging of inflation.

Reinsurance

Gjensidige Forsikring ASA buys reinsurance as a protection against catastrophic events (such as windstorms) and large individual claims. The reinsurance programme is mainly bought to protect the Group's equity capital. Gjensidige purchases almost exclusively non-proportional reinsurance contracts with sufficiently high retentions for coverage of relatively few, large losses. Subsidiaries are reinsured by Gjensidige Forsikring ASA, and the subsidiaries' reinsurance exposure is included in the reinsurance programme for the Gjensidige Forsikring ASA. The maximum retention level per loss/event for the Group, approved by the Board, was NOK 500 million in 2020, unchanged from 2019.The reinsurance program for 2020 is placed within this limit, where the general retention per loss/loss occurrence is NOK 100 million. For catastrophe events such as natural perils the retention is NOK 200 million. For some insurance risks Gjensidige purchases reinsurance coverage that will reduce the retention level to under 100 million. Decisions concerning the reinsurance programme are based on an analysis of exposure, claims history, Gjensidige's internal model simulations and Gjensidige's capitalization. As a general requirement, all reinsurers need to be rated “A- “or better by Standard & Poor's (or the equivalent from other rating agencies) when entering into a contract with Gjensidige.

Hedging of inflation rate for Danish workers' compensation

Gjensidige is exposed to the risk of increased inflation on most of its technical provisions. Increased inflation will result in higher future claim payments than earlier expected. A large part of this inflation risk is related to Danish workers' compensation, which is hedged through inflation swaps.

Risk sensitivity

Sensitivity tests are performed in order to show how different risks impact the profit or loss for the year, and thereby impact the equity at the year-end, please see table 4. Combined Ratio (CR) is the key measure of profitability for the general insurance business. The calculations show the effect of a change of one per cent in CR, which can be caused by both premium risk and reserve risk. Premium risk related to changes in loss frequency and severity of claims is also shown. Note that tax impact is not included in the calculations. Changes in inflation assumptions will mainly affect the claims provisions (reserve risk) but is counter-acted by inflation swaps.

Table 4 – Potential loss based on different sensitivities

NOK millions	Gjensidige Forsikring Group		Gjensidige Forsikring ASA	
	2020	2019	2020	2019
Change in CR (1%-point)	280.7	276.7	259.8	235.4
Change in loss frequency (1%-point)	2,275.6	2,068.2	2,254.1	2,047.5
Change in severity of claims (+10%)	1,337.2	1,308.1	1,260.5	1,235.0

Changes in the composition of the insurance portfolio may have an impact on the effect of the changes in the frequency and severity of claims.

Life insurance

Risk description

The Gjensidige Forsikring Group is exposed to life insurance risk through products sold in Gjensidige Pensjonsforsikring AS. Gjensidige Pensjonsforsikring AS has a relatively large risk appetite within occupational defined contribution plans and collective disability and survivor benefits, moderate risk appetite within individual disability plans and low risk appetite within capital-intensive and complicated products (paid-up defined benefit policies). In order to describe life insurance risk, the most important components are elaborated below, and these are; mortality, longevity, disability, catastrophe, lapse and expense risk.

Mortality risk

Mortality risk is the risk that actual mortality rates are higher than expected. It is defined as a permanent increase in mortality rates for all ages. Higher mortality rates will result in higher claim payments to the surviving spouse or children. Mortality risk in Gjensidige Pensjonsforsikring AS is low as there is a limited amount of policies covering mortality risk. In addition, mortality rates are low, so increased mortality will have limited impact. This means that increased mortality is not the dominant risk for Gjensidige Pensjonsforsikring AS, but the risk of decreased mortality; longevity risk.

Longevity risk

Longevity risk is the risk that actual mortality rates are lower than expected. Lower mortality will result in a higher total of pension payments for guaranteed products. The company cannot charge additional premium for contractual periods previously entered into. The risk for the company is that the provisions that shall cover all future claims are insufficient.

Gjensidige Pensjonsforsikring AS is especially exposed to longevity risk linked to the paid-up policies, where Gjensidige Pensjonsforsikring AS is liable to pay a defined benefit until death or other agreed time.

Disability risk

Disability risk is the risk that actual disability is higher than expected and/or the recovery is lower than expected. Higher disability rates, but also lower recovery rates will increase the claim payments. Both individual and collective disability products expose Gjensidige Pensjonsforsikring AS to disability risk. Apart from lapse risk, disability risk is one of the major insurance risks for Gjensidige Pensjonsforsikring AS.

Catastrophe risk

Catastrophe risk is defined as the risk of an immediate increase in mortality due to a catastrophic event. Mortality risk is in general low, and the catastrophe scenario for catastrophe risk will have a very small impact on Gjensidige Pensjonsforsikring AS' portfolio.

Lapse risk

Lapse risk is the risk of an increase in lapse rates, i.e. the risk of an increase in customers leaving the company. This is mainly relevant in Solvency II aspects, because Solvency II takes into account expected future profit. Lapse risk reflects the risk of a potential reduction of the expected future profit if customers

CONTENT

3	About this report
4	The year that passed
6	Key figures and alternative performance measures
11	Chair letter
14	CEO letter
Chapter 1 – This is us	
Chapter 2 – Creating added value in Gjensidige	
Chapter 3 – Value created in 2020	
Chapter 4 – Financial statements and notes	
Gjensidige Forsikring Group	
182	Consolidated income statement
183	Consolidated statement of comprehensive income
184	Consolidated statement of financial position
185	Consolidated statement of changes in equity
186	Consolidated statement of cash flows
187	Note 1 Accounting policies
195	Note 2 Use of estimates
196	Note 3 Risk and capital management
211	Note 4 Segment information
212	Note 5 Investments in associates and joint ventures
213	Note 6 Net income from investments
214	Note 7 Expenses
215	Note 8 Salaries and remuneration
218	Note 9 Tax
219	Note 10 Pension
223	Note 11 Goodwill and intangible assets
225	Note 12 Owner-occupied and right-off-use property, plant and equipment
227	Note 13 Financial assets and liabilities
232	Note 14 Shares and similar interests
233	Note 15 Loans and receivables
234	Note 16 Insurance-related liabilities and reinsurers’ share
235	Note 17 Equity
236	Note 18 Hybrid capital
237	Note 19 Provisions and other liabilities
238	Note 20 Related party transactions
239	Note 21 Contingent liabilities
239	Note 22 Share-based payment
241	Note 23 Events after the balance sheet date
241	Note 24 Earnings per share
Gjensidige Forsikring ASA	
282	Declaration from the Board and CEO
283	Auditor’s report
288	Assurance integrated report
Appendix	
290	GRI Content Index and Board of Directors Report
296	Selected governing documents
297	Description of ratings and whom we support
298	Statement on equality
304	Certificates and guarantees
310	Climate accounts own operations

Gjensidige Forsikring Group

leave the company. Lapse risk is mainly related to unit-linked products and represents an important risk for the company in Solvency II. If a large number of customers choose to leave the company it would lead to a loss of assets under management and expected future profit, but at the same time risk will be reduced.

Expense risk

Expense risk is the risk of actual expenses being higher than expected. The risk is related to the administration result which is the expected administration income minus the expected expenses for the whole lifetime of the products that fall within the contract boundary. Expense risk is larger in Solvency II aspects, because the contract boundary is longer. For some products, the company cannot increase the administration fee if the expenses increase (e.g. guaranteed paid-up policies). For other products, the company can increase the administration fee for the future and thereby reduce the losses.

Risk exposure

Gjensidige Pensjonsforsikring AS offers several disability pension products and for this reason disability risk is a material risk. In addition, longevity risk is a substantial risk because of the portfolio of paid-up policies. If risk is measured according to Solvency II principles, then the lapse risk is the dominating risk. This is the case in Solvency II because expected future profit is accounted for.

Risk concentration

Life insurance consists of policies in the Norwegian market. The portfolio derives mainly from small and medium-sized commercial customers all over the country and in different industries. Risk concentration is therefore considered to be limited.

Management of insurance risk is described in chapter “Creating added value in Gjensidige” and subchapter “Risk strategy and risk management.”

Financial risk

Risk description

Financial risk is the risk of experiencing losses due to changes in macroeconomic conditions and/or changes in financial asset values and liabilities. Gjensidige is exposed to these types of risk through the Group’s investment activities. The risk is managed at the aggregate level and handled through the guidelines for asset management and investment strategies, which have been drawn up for Gjensidige Forsikring ASA and its subsidiaries. The primary purpose of the investments is to support the insurance business by securing the value of insurance liabilities against fluctuations in market variables. Funds beyond this will be invested to help achieve the Group's overall profitability goals, with a controlled downside risk.

Investments for general insurance and life insurance are managed separately. Financial risk related to general insurance and life insurance is described separately where appropriate.

The investment portfolio for general insurance is split into two parts: a match portfolio and a free portfolio. The match portfolio is intended to correspond to the Group’s technical provisions in order to reduce interest rate risk, currency risk and to some extent inflation risk. It is invested in fixed-income instruments with a duration matched to the duration of the technical provisions. The free portfolio consists of various assets. The allocation of assets in this portfolio must be seen in relation to the Group’s capitalization and risk capacity, as well as the Group’s risk appetite at all times.

Table 5 – Asset allocation general insurance

	2020		2019	
	NOK	Per cent	NOK	Per cent
	millions		millions	
<i>Match portfolio</i>				
Fixed income – short duration ⁷	4,948.9	8.4%	4,818.7	8.2%
Bonds at amortised cost	15,360.2	26.1%	14,916.1	25.3%
Current bonds ¹	16,071.5	27.3%	14,327.1	24.3%
Match portfolio total	36,380.6	61.8%	34,062.0	57.7%
<i>Free portfolio</i>				
Fixed income – short duration ⁷	4,987.0	8.5%	6,812.3	11.5%
Other bonds ²	5,187.6	8.8%	4,552.9	7.7%
High Yield bonds ³	402.3	0.7%	1,101.8	1.9%
Convertible bonds ³	1,680.8	2.9%	1,725.3	2.9%
Current equities ⁴	2,390.3	4.1%	3,047.3	5.2%
PE funds	1,206.3	2.0%	1,232.3	2.1%
Properties ⁵	5,128.5	8.7%	4,803.9	8.1%
Other ⁶	1,524.0	2.6%	1,716.8	2.9%
Free portfolio total	22,506.8	38.2%	24,992.4	42.3%
Investment portfolio total	58,887.4	100.0%	59,054.4	100.0%

¹ The item includes the market value of the interest rate hedge in Denmark. Investments include mortgage, sovereign and corporate bonds, investment grade bond funds and loan funds containing secured debt.

² The item includes investment grade, emerging market debt (EMD) and current bonds. Investment grade bonds and EMD are investments in internationally diversified funds that are externally managed.

³ Investments in internationally diversified funds that are externally managed.

⁴ Investments mainly in internationally diversified funds that are externally managed. The equity risk exposure is reduced by NOK 354.6 million due to derivatives.

⁵ In addition, there is a total return swap with Gjensidige Pensjonskasse reducing the property exposure by NOK 290.0 million.

⁶ The item includes currency hedging related to Gjensidige Sweden, Denmark and Baltic, lending, paid-in capital in Gjensidige Pensjonskasse, hedge funds and commodities.

⁷ The content of these items are identical as the previous items named Money market. The name change is related to the expected entrance of EU regulation 2017/1131 on money market funds into Norwegian law early 2021. The regulation involves a strict definition of money market instruments and, although concerning funds, is expected to restrict what one can label “Money market”.

Gjensidige Pensjonsforsikring AS manages several portfolios including unit-linked portfolio, paid-up policy portfolio, other group policy portfolio and company portfolio. Gjensidige Pensjonsforsikring AS does not carry investment risk for the unit-linked portfolio. The other portfolios expose the Company's equity to risk.

Table 6 – Asset allocation Gjensidige Pensjonsforsikring AS, excluding the unit-linked portfolio

NOK millions	2020	2019
Fixed income – short duration ⁷	1,493.4	1,325.6
Bank deposits	167.1	142.2
Loan and receivables	5,718.7	5,246.3
Current bonds	84.8	249.9
Equities	3.7	6.3
Properties	1,036.4	958.2
Total	8,504.1	7,928.5

⁷ The content of these items are identical as the previous items named Money market. The name change is related to the expected entrance of EU regulation 2017/1131 on money market funds into Norwegian law early 2021. The regulation involves a strict definition of money market instruments and, although concerning funds, is expected to restrict what one can label “Money market”.

Risk exposure

Within market risk the largest risks are spread risk and equity risk for Gjensidige Forsikring Group and Gjensidige Forsikring ASA. Holdings in related undertakings are in general treated as equity risk in Gjensidige Forsikring ASA, while the risk is fully consolidated for Gjensidige Forsikring Group. Consequently, equity risk is greatest for Gjensidige Forsikring ASA. The investments in property through Oslo Areal AS contribute to

CONTENT

3

About this report

4

The year that passed

6

Key figures and alternative performance measures

11

Chair letter

14

CEO letter

Chapter 1 – This is us

Chapter 2 – Creating added value in Gjensidige

Chapter 3 – Value created in 2020

Chapter 4 – Financial statements and notes

Gjensidige Forsikring Group

182 Consolidated income statement

183 Consolidated statement of comprehensive income

184 Consolidated statement of financial position

185 Consolidated statement of changes in equity

186 Consolidated statement of cash flows

187 Note 1 Accounting policies

195 Note 2 Use of estimates

196 Note 3 Risk and capital management

211 Note 4 Segment information

212 Note 5 Investments in associates and joint ventures

213 Note 6 Net income from investments

214 Note 7 Expenses

215 Note 8 Salaries and remuneration

218 Note 9 Tax

219 Note 10 Pension

223 Note 11 Goodwill and intangible assets

225 Note 12 Owner-occupied and right-off-use property, plant and equipment

227 Note 13 Financial assets and liabilities

232 Note 14 Shares and similar interests

233 Note 15 Loans and receivables

234 Note 16 Insurance-related liabilities and reinsurers' share

235 Note 17 Equity

236 Note 18 Hybrid capital

237 Note 19 Provisions and other liabilities

238 Note 20 Related party transactions

239 Note 21 Contingent liabilities

239 Note 22 Share-based payment

241 Note 23 Events after the balance sheet date

241 Note 24 Earnings per share

Gjensidige Forsikring ASA

282 Declaration from the Board and CEO

283 Auditor's report

288 Assurance integrated report

Appendix

290 GRI Content Index and Board of Directors Report

296 Selected governing documents

297 Description of ratings and whom we support

298 Statement on equality

304 Certificates and guarantees

310 Climate accounts own operations

Gjensidige Forsikring Group

property risk. There is also some currency risk, while the interest rate risk and concentration risk have a small contribution to the total risk exposure.

Spread risk

Spread risk is the risk related to the values of assets, liabilities and financial instruments due to changes in the level or volatility of credit spreads over the risk-free interest rate term structure. It is the fixed-income portfolio that is exposed to spread risk.

The tables below show allocation of the fixed-income portfolio per sector and per rating category at year-end in 2020 and 2019. Investments in fixed-income funds are not included in the tables.

Table 7 – Allocation of the fixed-income portfolio per sector

	Gjensidige Forsikring Group		Gjensidige Forsikring ASA	
	2020	2019	2020	2019
Government bonds	19.3%	23.8%	17.7%	22.5%
Corporate bonds	80.7%	76.2%	82.3%	77.5%
Collateralised securities	0.0%	0.0%	0.0%	0.0%
Total	100.0%	100.0%	100.0%	100.0%

Table 8 – Allocation of the fixed-income portfolio per rating category

	Gjensidige Forsikring Group		Gjensidige Forsikring ASA	
	2020	2019	2020	2019
AAA	33.6%	29.5%	34.6%	29.4%
AA	13.9%	13.3%	14.8%	14.2%
A	17.6%	20.1%	15.2%	18.2%
BBB	12.4%	10.6%	12.1%	10.1%
BB				
B				
CCC or lower				
Not rated	22.6%	26.5%	23.4%	28.2%
Total	100.0%	100.0%	100.0%	100.0%

Issuers without a rating from an official rating company are mainly investments in the Norwegian fixed-income portfolio. These are mainly investments in Norwegian savings banks, municipalities, property companies and Norwegian power producers and distributors.

Equity risk

Equity risk is the risk related to the values of assets, liabilities and financial instruments as a result of changes in the level or volatility of market prices of equities.

For both the Gjensidige Forsikring Group and Gjensidige Forsikring ASA the equity exposures are mainly investments in Norwegian equity funds and internationally diversified funds, with the majority focusing on developed markets. There are also investments in several private equity funds as well as fund of funds, focusing on the Nordic region.

The equity portfolio has no significant exposures in single shares. The largest equity exposures are presented in Note 14.

Property risk

Property risk is the risk related to the value of assets, liabilities and financial instruments due to changes in the level or volatility of market prices of property.

The motivation for investing in real estate is primarily that it enhances the risk-adjusted return, through an expected rate of return on real estate that lies between bonds and equities, with a modest correlation with both of them.

Property risk is material to the Gjensidige Forsikring Group and Gjensidige Forsikring ASA. Gjensidige Forsikring ASA has a 50 per cent share in Oslo Areal AS, which is fully consolidated in the solvency calculations. The Group owns most of its properties through Oslo Areal AS. In addition, a part of the portfolio is invested in property funds. The real estate portfolio managed by Oslo Areal AS consists of investment properties. The real estate portfolio has its largest concentration in offices in the Oslo area, but it also contains property in other major cities in Norway.

Interest rate risk

Interest rate risk is the risk related to the value of assets, liabilities and financial instruments due to changes in the term structure of interest rates or interest rate volatility. For both the Gjensidige Forsikring Group and Gjensidige Forsikring ASA the interest rate risk is small as the maturity of the fixed income portfolio is aligned with the insurance obligations. For the Group, there is a further reduction in interest rate risk as the interest rate exposure in the non-life and life insurance business is in opposition to each other.

Figure 5a shows the expected pay-out pattern for the premium and claims provisions for the general insurance operation as at year-end 2020 and 2019, respectively.

Figure 5a – Payout pattern insurance liabilities, Gjensidige general insurance

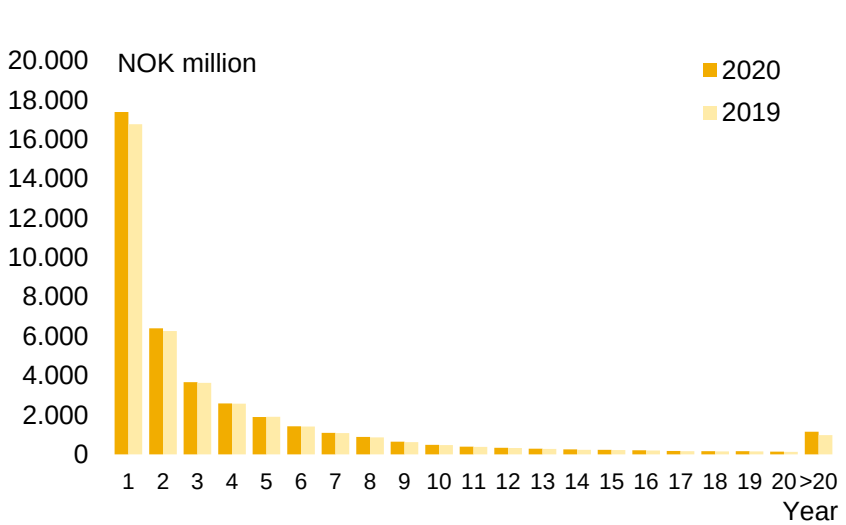
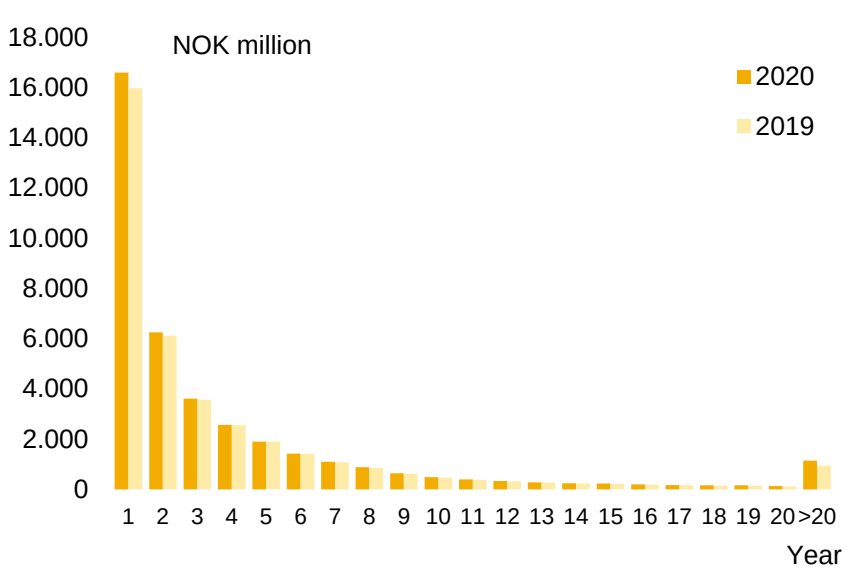


Figure 5b shows the corresponding pay-out pattern for Gjensidige Forsikring ASA. The average duration for Gjensidige Forsikring ASA is similar to that of the general insurance operation.

Figure 5b – Payout pattern insurance liabilities, Gjensidige Forsikring ASA



As mentioned, the match portfolio is intended to correspond to the Gjensidige Forsikring Group's technical provisions in order to reduce interest rate risk. There is also some interest rate risk in the free portfolio.

The table below shows the maturity profile of the fixed-income portfolio for general insurance.

CONTENT

- 3 About this report
- 4 The year that passed
- 6 Key figures and alternative performance measures
- 11 Chair letter
- 14 CEO letter

Chapter 1 – This is us

Chapter 2 – Creating added value in Gjensidige

Chapter 3 – Value created in 2020

Chapter 4 – Financial statements and notes

Gjensidige Forsikring Group

182	Consolidated income statement	
183	Consolidated statement of comprehensive income	
184	Consolidated statement of financial position	
185	Consolidated statement of changes in equity	
186	Consolidated statement of cash flows	
187	Note 1	Accounting policies
195	Note 2	Use of estimates
196	Note 3	Risk and capital management
211	Note 4	Segment information
212	Note 5	Investments in associates and joint ventures
213	Note 6	Net income from investments
214	Note 7	Expenses
215	Note 8	Salaries and remuneration
218	Note 9	Tax
219	Note 10	Pension
223	Note 11	Goodwill and intangible assets
225	Note 12	Owner-occupied and right-off-use property, plant and equipment
227	Note 13	Financial assets and liabilities
232	Note 14	Shares and similar interests
233	Note 15	Loans and receivables
234	Note 16	Insurance-related liabilities and reinsurers’ share
235	Note 17	Equity
236	Note 18	Hybrid capital
237	Note 19	Provisions and other liabilities
238	Note 20	Related party transactions
239	Note 21	Contingent liabilities
239	Note 22	Share-based payment
241	Note 23	Events after the balance sheet date
241	Note 24	Earnings per share

Gjensidige Forsikring ASA

282	Declaration from the Board and CEO	
283	Auditor’s report	
288	Assurance integrated report	

Appendix

290	GRI Content Index and Board of Directors Report	
296	Selected governing documents	
297	Description of ratings and whom we support	
298	Statement on equality	
304	Certificates and guarantees	
310	Climate accounts own operations	

Gjensidige Forsikring Group

Table 9 – Maturity profile (numbers of years) fixed-income portfolio

NOK millions	2020	2019
Maturity		
0-1	10,500.8	10,184.2
1-2	5,922.8	6,626.3
2-3	8,060.3	5,083.6
3-4	3,697.6	6,894.6
4-5	3,352.8	2,942.3
5-6	3,327.1	2,467.1
6-7	2,946.1	3,300.2
7-8	1,253.3	2,371.8
8-9	1,991.8	1,104.4
9-10	2,896.1	2,499.8
>10	4,684.2	4,793.2
Total	48,632.8	48,267.6

Gjensidige Pensjonsforsikring has paid-up defined benefit policies and other products with a guaranteed annual return. The current interest rate level is below the guaranteed interest rate. So far Gjensidige Pensjonsforsikring has had a satisfactory return, but as the investment portfolio matures, re-investment will be performed at today’s interest rate levels, with lower expected returns. A further reduction in interest rates will make it more difficult to find investments with a sufficient return to achieve the annual guaranteed return.

Following the financial crisis in 2008 efforts have been made to reform the IBOR (Interbank Borrowing Rates) and replace it with alternative reference rates. Changes in reference rates can affect measurement, hedge accounting and note information, primarily for financial instruments as well as discounting of insurance liabilities.

Gjensidige has little outstanding of financial instruments and insurance products that are being priced using LIBOR as reference. In loan portfolios where LIBOR constitute reference rates (applicable to GBP), the loan agreements contain mechanisms securing transition to new reference rates.

Regarding NIBOR, EURIBOR and CIBOR the transition to new reference rates are not as imminent. In all new agreements where either NIBOR, EURIBOR or CIBOR are used as reference rate, mechanisms to secure potential transitions to alternative reference rates are embedded. For the time being there are no plans to terminate NIBOR. However, the control mechanism regarding the banks' quotation of the NIBOR rate is more formalized. Nor the Euro area, Sweden or Denmark have concluded termination of their respective IBOR rates. Gjensidige is attentive to the development.

The risk exposure related to financial instruments and insurance liabilities as a consequence of the transition is considered to be low. The IBOR reform will not change the risk management strategy.

Foreign exchange risk

Foreign exchange risk is the risk related to the value of assets, liabilities and financial instruments due to changes in currency exchange rates.

Gjensidige Forsikring Group underwrites insurance in the Scandinavian and Baltic countries, and thus has insurance liabilities in the corresponding currencies. The foreign exchange risk, at both group and company level, is generally hedged by matching technical provisions with investments in the corresponding currency.

Counterparty default risk

Counterparty default risk reflects possible losses due to unexpected default of the counterparties and debtors of Gjensidige Forsikring Group.

The Gjensidige Forsikring Group and Gjensidige Forsikring ASA are exposed to counterparty risk through the investments in securities and derivatives, cash at banks, and through receivables from intermediaries and reinsurance contracts.

Liquidity risk

Liquidity risk is defined as the inability to meet payments when due, or by the need to realise investments at a high cost to meet payments. For most general insurers, liquidity risk is quite limited. Premium income is paid up front, and claims are paid out at a later stage. Future payments are not based on contractual payment dates, but rather on when claims arise and how long the claims handling takes. This will result in a positive net cash flow under normal circumstances. Large net outflows would generally only arise as a result of acquisitions or the recapitalisation of subsidiaries. In addition, liquidity needs may arise in connection with margin payments for financial instruments. In the event of a large claim or catastrophic event, the payments will take place sometime after the event, and the reinsurers will cover most of the cost within a short time of the payments having been made to the claimants. In an extreme scenario, reinsurers could fail to honour their obligations after a catastrophic event.

Risk concentration

The risk concentration regarding financial investments is defined as risk regarding the accumulation of exposures within the same geographical area, industry sector etc.

For both the Gjensidige Forsikring Group and Gjensidige Forsikring ASA sector concentration of fixed-income securities are regulated by the guidelines for credit exposure, which is a part of the Group Credit policy. The guidelines define a number of industry sectors together with allocation limits to each sector in order to ensure diversification in the total portfolio. The current allocation of fixed-income securities meets the guidelines requirement.

The equity investments in Gjensidige Forsikring ASA are mainly investments in internationally diversified funds. Investments are both in developed and emerging markets, together with funds in the Norwegian market. The degree of diversification, both for sector and geographical concentration, is thus dependent of the composition in the fund structure.

Geographical concentrations of fixed-income securities in the match portfolios of the Gjensidige Forsikring Group and Gjensidige Forsikring ASA are mainly proportional to the amount of technical provisions in the various countries, in which business is conducted.

Geographical concentration of fixed-income securities in the free portfolio is monitored by using a look-through approach in respect of the fixed-income funds. Fixed-income funds consist of internationally diversified funds in asset classes like investment grade, high yield and convertible bond funds.

Each counterparty shall have a credit limit defined in NOK kroner applicable to the Gjensidige Forsikring Group. The guidelines for establishment of the Group's credit limits are regulated by the Group Credit policy. The purpose is to ensure that the loss risk in the Group do not exceed the risk appetite. It is continuously monitored that the exposure does not exceed the credit limits.

The fixed income – short duration portfolio mainly consists of Norwegian bonds and certificates, thereby ensuring liquid assets are held in the portfolio.

CONTENT

3	About this report
4	The year that passed
6	Key figures and alternative performance measures
11	Chair letter
14	CEO letter
Chapter 1 – This is us	
Chapter 2 – Creating added value in Gjensidige	
Chapter 3 – Value created in 2020	
Chapter 4 – Financial statements and notes	
Gjensidige Forsikring Group	
182	Consolidated income statement
183	Consolidated statement of comprehensive income
184	Consolidated statement of financial position
185	Consolidated statement of changes in equity
186	Consolidated statement of cash flows
187	Note 1 Accounting policies
195	Note 2 Use of estimates
196	Note 3 Risk and capital management
211	Note 4 Segment information
212	Note 5 Investments in associates and joint ventures
213	Note 6 Net income from investments
214	Note 7 Expenses
215	Note 8 Salaries and remuneration
218	Note 9 Tax
219	Note 10 Pension
223	Note 11 Goodwill and intangible assets
225	Note 12 Owner-occupied and right-off-use property, plant and equipment
227	Note 13 Financial assets and liabilities
232	Note 14 Shares and similar interests
233	Note 15 Loans and receivables
234	Note 16 Insurance-related liabilities and reinsurers’ share
235	Note 17 Equity
236	Note 18 Hybrid capital
237	Note 19 Provisions and other liabilities
238	Note 20 Related party transactions
239	Note 21 Contingent liabilities
239	Note 22 Share-based payment
241	Note 23 Events after the balance sheet date
241	Note 24 Earnings per share

Gjensidige Forsikring ASA

282	Declaration from the Board and CEO
283	Auditor’s report
288	Assurance integrated report

Appendix

290	GRI Content Index and Board of Directors Report
296	Selected governing documents
297	Description of ratings and whom we support
298	Statement on equality
304	Certificates and guarantees
310	Climate accounts own operations

Gjensidige Forsikring Group

Managing financial risk

Management of financial risk is described in chapter “Creating added value in Gjensidige” and subchapter “Risk strategy and risk management.”

Risk mitigation

The Gjensidige Forsikring Group and Gjensidige Forsikring ASA use several risk mitigation techniques. The match portfolio is intended to correspond to the Group's technical provisions in order to reduce interest rate risk, currency risk and to some extent inflation risk. It is invested in fixed-income instruments with a duration matched to the duration of the technical provisions.

An overview of other risk mitigation techniques is given below.

Hedging exchange rate exposure

Limits have been defined for managing currency risk. Financial derivatives, primarily forward contracts, are used in the ongoing management to keep the exposure within the defined limits. For investments in foreign subsidiaries and branches, a strategy has been implemented with the purpose of minimizing effects on surplus capital as a consequence of changes in the foreign exchange rates. This is implemented by using internal loans between the parent company and branches and use of forward contracts and/or options.

Hedging inflation exposure

As described under insurance risk, inflation risk related to Danish workers' compensation is for the most part hedged through inflation swaps.

Hedging interest rate exposure in Denmark

Interest rate risk is a significant risk factor associated with the Workers’ Compensation business in Denmark due to the high volume and duration of technical provisions related to the product. Most of the interest rate risk exposure in insurance liabilities is hedged using interest rate swaps. The advantage of using interest rate swaps in contrast to bonds is that instruments with desired duration are available in the Danish swap market, but not in the bond market.

Hedging equity exposure

Equity exposure is hedged to a certain extent by the use of put options and futures.

Counterparty default risk – OTC derivatives

The over-the-counter (OTC) derivatives are covered by ISDA Master agreements, which set out standard terms that apply to all the transactions entered between parts. The Master Agreement allows parties to limit their financial exposure under OTC transactions on a net basis. The Credit Support Annex (CSA) is a legal document that defines the rules under which collateral is posted or transferred between swap counterparties to mitigate the credit risk arising from derivative positions. As at 31. December the collateral pledged for OTC derivatives is NOK 439.7 million.

Risk sensitivity

Sensitivity analysis is performed at the Gjensidige Group level. The sensitivity analysis shows the effect in the accounts of different predefined scenarios. As the effects are on the values in the accounts, assets measured at amortized cost are disregarded. The unrealized excess value will be affected by changes in the interest rate and/or the credit spread. The following assumptions are made for the different risk drivers:

- Equities: It is assumed that the market value of equities decreases with 10 per cent. It includes stress on all equities including hedge funds and private equity.
- Interest rate: It is assumed that the yield curve increases 100 bps. The effect is for assets only, except for liabilities that are discounted in the accounts.
- Credit spread: It is assumed a 100 bps increase in the credit spreads.

- Property: It is assumed 10 per cent decrease in the property value.

The table below shows the effect of the different sensitivities.

Table 10 – Potential loss based on different sensitivities

NOK millions	Gjensidige Forsikring Group	
	2020	2019
Equity down 10%	(458.9)	(475.0)
Interest rate up 100 bps	(409.7)	(384.4)
Spread level up 100 bps	(648.5)	(707.5)
Properties down 10%	(627.3)	(593.2)

Operational risk

The risk that potential events or circumstances may arise and have a financial consequence and / or loss of reputation. Management of operational risk is described in chapter “Creating added value in Gjensidige” and subchapter “Risk strategy and risk management.”

Strategic risk and business risk

Strategic risk is the risk of financial losses or lost opportunities due to the inability to establish and implement business plans and strategies, make decisions, allocate resources or respond to changes.

Management of strategic risk and business risk is described in chapter “Creating added value in Gjensidige” and subchapter “Risk strategy and risk management”.

Climate risk

Climate risk is risk related to changes in climate. Management of climate risk and business risk is described in chapter “Creating added value in Gjensidige” and subchapter “Climate-related financial disclosures (TCFD) “.

Capital management

Gjensidige shall have a capitalization that is adapted to the Group's strategic targets and risk appetite at all times. The Group shall maintain its financial flexibility and at the same time exercise a stringent capital discipline that supports the return on equity target. Any future excess capital will be distributed to the shareholders over time.

The target zone for the solvency margin is between 150 per cent and 200 per cent. This target applies to both the regulatory approved model (legal perspective) and the model with its own calibration (own partial internal model). Solvency margin levels shall support an A-rating from Standard & Poor's, stabilize regular dividends over time, ensure financial flexibility for smaller acquisitions and organic growth that is not funded through retained earnings, and provide a buffer against regulatory changes.

All subsidiaries will be capitalized in line with the respective regulatory requirements, while capital in excess of the requirements will, as far as possible, be held in the parent company Gjensidige Forsikring ASA. The Group will make use of all forms of Tier 1 and Tier 2 capital, including subordinated debt, in a responsible and value-optimizing manner and in line with the limits set by regulators and rating agencies.

Requirements for Gjensidige’s capitalisation are specified in a capital management policy approved by the Board. A department under the CFO is responsible for the capital management and must ensure that the requirements in the capital management policy are followed.

In 2018, Gjensidige received an approval by the Financial Supervisory Authorities (FSA) to use a partial internal model to

CONTENT

- 3 About this report
- 4 The year that passed
- 6 Key figures and alternative performance measures
- 11 Chair letter
- 14 CEO letter

Chapter 1 – This is us

Chapter 2 – Creating added value in Gjensidige

Chapter 3 – Value created in 2020

Chapter 4 – Financial statements and notes

Gjensidige Forsikring Group

- 182 Consolidated income statement
- 183 Consolidated statement of comprehensive income
- 184 Consolidated statement of financial position
- 185 Consolidated statement of changes in equity
- 186 Consolidated statement of cash flows
- 187 Note 1 Accounting policies
- 195 Note 2 Use of estimates
- 196 Note 3 Risk and capital management
- 211 Note 4 Segment information
- 212 Note 5 Investments in associates and joint ventures
- 213 Note 6 Net income from investments
- 214 Note 7 Expenses
- 215 Note 8 Salaries and remuneration
- 218 Note 9 Tax
- 219 Note 10 Pension
- 223 Note 11 Goodwill and intangible assets
- 225 Note 12 Owner-occupied and right-off-use property, plant and equipment
- 227 Note 13 Financial assets and liabilities
- 232 Note 14 Shares and similar interests
- 233 Note 15 Loans and receivables
- 234 Note 16 Insurance-related liabilities and reinsurers' share
- 235 Note 17 Equity
- 236 Note 18 Hybrid capital
- 237 Note 19 Provisions and other liabilities
- 238 Note 20 Related party transactions
- 239 Note 21 Contingent liabilities
- 239 Note 22 Share-based payment
- 241 Note 23 Events after the balance sheet date
- 241 Note 24 Earnings per share

Gjensidige Forsikring ASA

- 282 Declaration from the Board and CEO
- 283 Auditor's report
- 288 Assurance integrated report

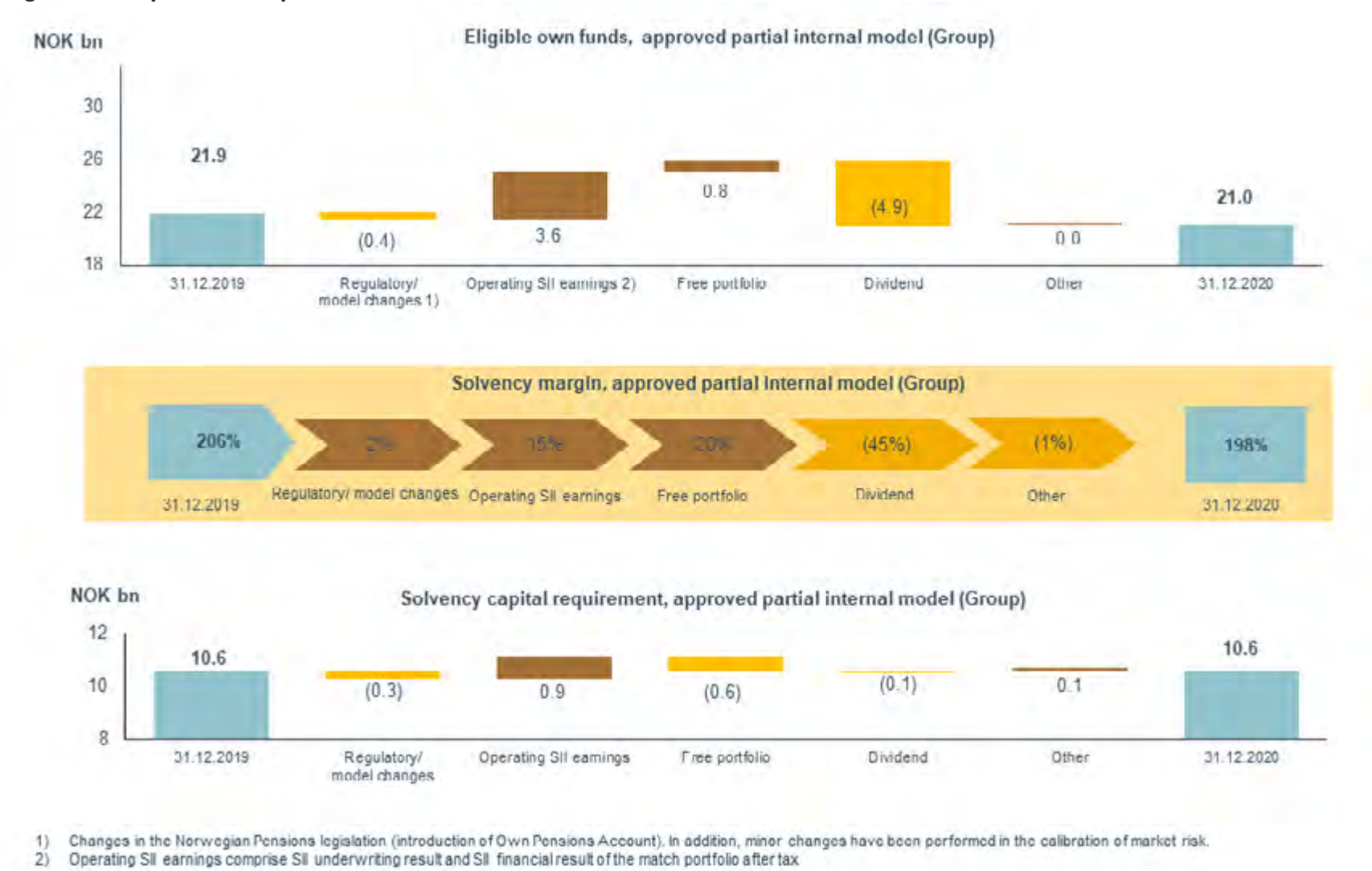
Appendix

- 290 GRI Content Index and Board of Directors Report
- 296 Selected governing documents
- 297 Description of ratings and whom we support
- 298 Statement on equality
- 304 Certificates and guarantees
- 310 Climate accounts own operations

Gjensidige Forsikring Group

calculate the regulatory solvency capital requirement. The approved partial internal model is more conservative than the model Gjensidige applied for. The FSA required the use of the standard formula to calculate storm risk, and the standard formula's correlation between market and underwriting risk. The FSA's requirements also include somewhat higher capital requirement for market and underwriting risk compared with Gjensidige's initial application. Gjensidige 's appeal on the Financial Supervisory Authority of Norway's decision on the calibration of market risk was partly approved in the 3rd quarter of 2020. The impact of the change is a reduction in the total solvency capital requirement by approximately NOK 0.2 billion, based on the solvency capital requirement as at 30 September 2020. Gjensidige believes that the partial internal model, without the imposed conditions from the FSA, provides a better presentation of the risk, and will continue to make efforts to get Gjensidige's own version of the partial internal model approved.

Figure 6 – Capital development from 2019 to 2020



The solvency II balance

Both assets and liabilities are valued at market value in Solvency II, and in some cases, this deviates from accounting principles.

The main differences between valuation according to Solvency II principles and accounting principles are:

- Intangibles are valued to zero under Solvency II
- Held-to-maturity-bonds are valued to market value under Solvency II, while amortized cost is used for accounting purposes
- Technical provisions are valued differently (see below for more details)
- Policyholders' receivables are valued to zero according to Solvency II principles, as the related cashflows are included in the calculation of technical provisions (premium provision)
- The guarantee scheme provision is treated as a liability under Solvency II, while it is treated as equity according to accounting principles
- Different valuation of deferred tax as a result of the differences above

Gjensidige is well capitalized and satisfies the target zone, both by the use of the approved partial internal model and by its own partial internal model.

The Group's solvency margins at the end of 2020 were calculated to be:

- 198 per cent based on Gjensidige's approved partial internal model
- 248 per cent based on Gjensidige's own partial internal model

The capital position is calculated based on Gjensidige's understanding of requirements and principles given in laws and prescriptions.

CONTENT

3

About this report

4

The year that passed

6

Key figures and alternative performance measures

11

Chair letter

14

CEO letter

Chapter 1 – This is us

Chapter 2 – Creating added value in Gjensidige

Chapter 3 – Value created in 2020

Chapter 4 – Financial statements and notes

Gjensidige Forsikring Group

182

Consolidated income statement

183

Consolidated statement of comprehensive income

184

Consolidated statement of financial position

185

Consolidated statement of changes in equity

186

Consolidated statement of cash flows

187

Note 1

Accounting policies

195

Note 2

Use of estimates

196

Note 3

Risk and capital management

211

Note 4

Segment information

212

Note 5

Investments in associates and joint ventures

213

Note 6

Net income from investments

214

Note 7

Expenses

215

Note 8

Salaries and remuneration

218

Note 9

Tax

219

Note 10

Pension

223

Note 11

Goodwill and intangible assets

225

Note 12

Owner-occupied and right-off-use property, plant and equipment

227

Note 13

Financial assets and liabilities

232

Note 14

Shares and similar interests

233

Note 15

Loans and receivables

234

Note 16

Insurance-related liabilities and reinsurers’ share

235

Note 17

Equity

236

Note 18

Hybrid capital

237

Note 19

Provisions and other liabilities

238

Note 20

Related party transactions

239

Note 21

Contingent liabilities

239

Note 22

Share-based payment

241

Note 23

Events after the balance sheet date

241

Note 24

Earnings per share

Gjensidige Forsikring ASA

282

Declaration from the Board and CEO

283

Auditor’s report

288

Assurance integrated report

Appendix

290

GRI Content Index and Board of Directors Report

296

Selected governing documents

297

Description of ratings and whom we support

298

Statement on equality

304

Certificates and guarantees

310

Climate accounts own operations

Table 11a – Technical provisions for Gjensidige Forsikring Group

NOK millions	2020			2019		
	Accounting (IFRS)	Solvency II	Difference	Accounting (IFRS)	Solvency II	Difference
Claims provisions for non-life and health insurance	28,534.3	26,105.5	(2,428.8)	28,164.8	24,342.4	(3,822.4)
Premium provisions for non-life and health insurance	11,433.6	3,556.1	(7,877.5)	10,601.4	2,857.1	(7,744.3)
Technical provisions for life insurance (best estimate)	42,250.5	40,762.6	(1,487.9)	37,193.6	34,303.6	(2,890.0)
Risk margin		2,524.1	2,524.1		2,689.6	2,689.6
Total technical provisions	82,218.5	72,948.4	(9,270.1)	75,959.8	64,192.7	(11,767.1)

Table 11b – Technical provisions for Gjensidige Forsikring ASA

NOK millions	2020			2019		
	Accounting (NGAAP)	Solvency II	Difference	Accounting (NGAAP)	Solvency II	Difference
Claims provisions for non-life and health insurance	28,097.3	25,669.8	(2,427.5)	27,693.3	23,873.8	(3,819.6)
Premium provisions for non-life and health insurance	10,882.0	3,220.2	(7,661.8)	10,080.3	2,537.8	(7,542.5)
Risk margin		1,426.6	1,426.6		1,352.0	1,352.0
Total technical provisions	38,979.3	30,316.6	(8,662.7)	37,773.6	27,763.5	(10,010.1)

Claims provisions for non-life and health insurance are discounted in Solvency II, while the claims provisions (except claims provisions for workers’ compensation product in Denmark and bodily injuries for motor insurance in Sweden and Baltics) are undiscounted in the accounting figures. The claims provision in Silvency II does not include planned run-off gains, as the accounting claims provisions. All other assumptions for Solvency II purposes are identical with the accounting assumptions.

Premium provisions for non-life and health insurance are calculated as the current value of future cash-flows for unexpired risk for contracts within contract boundaries. Premium provisions according to accounting principles correspond to the unexpired proportion of premiums written for contracts in force at the valuation date, where no deductions are made for any expenses before the written premiums are accrued. The practical consequence of this difference is mainly that future profit for the contracts Gjensidige is liable for are included as eligible capital in the Solvency II balance sheet. As the premium provisions according to Solvency II are discounted this will also result in a difference.

Technical provisions for life insurance are based on a market value approach according to Solvency II principles, where future cash-flows are discounted using the Solvency II interest rate curve. This is different from accounting principles where the guaranteed interest rate is used. Also, the main difference between accounting and Solvency II principles, for index- and unit-linked insurance, is the inclusion of future profits in Solvency II.

A risk margin is added to the technical provisions according to Solvency II principles. The risk margin is calculated as the cost of holding the capital needed to cover the solvency capital requirement through the entire run-off, if all business was terminated.

Note that the Solvency II interest rate curves with no volatility adjustment are used for determining the Solvency II technical provisions, and that no transitional measures are used for the calculations.

Eligible capital

Eligible capital to meet the Solvency Capital Requirement is the difference between assets and liabilities.

Table 12 – Eligible capital to cover the Solvency Capital Requirement

NOK millions	Gjensidige Forsikring Group		Gjensidige Forsikring ASA	
	2020	2019	2020	2019
Assets over liabilities according to Solvency II principles (insurance)	23,352.1	25,446.6	22,984.6	25,157.9
Own shares	(0.0)	(0.0)	(0.0)	(0.0)
Proposed dividend	(4,900.0)	(6,125.0)	(4,900.0)	(6,125.0)
Subordinated liabilities (insurance)	2,525.9	2,533.5	2,224.0	2,229.0
Basic own funds	20,977.9	21,855.1	20,308.6	21,261.9
Total eligible own funds to meet the SCR	20,977.9	21,855.1	20,308.6	21,261.9

Eligible own funds are divided into three capital groups according to Solvency II regulations. Gjensidige has mainly tier 1 capital, which is considered to be capital of best quality. Of the total amount of tier 1 capital, NOK 1,015 million comes from the restricted tier 1 category. This is the market value of bonds issued by Gjensidige Forsikring ASA (nominal amount of NOK 1,000 million).

The tier 2 capital for the Gjensidige Forsikring Group and Gjensidige Forsikring ASA consists of natural perils capital and subordinated liabilities. Natural perils capital can only be used to cover claims related to natural perils but can in an insolvent situation also be used to cover other liabilities. The subordinated liabilities comprise of bonds issued by Gjensidige Forsikring ASA (nominal amount of NOK 1,200 million) and Gjensidige Pensjonsforsiking AS (nominal amount of NOK 300 million). The market value of these bonds is NOK 1,511 million per 31.12.2020.

Gjensidige has no tier 3 capital.

Details regarding the hybrid capital are specified in note 18.

CONTENT

- 3 About this report
- 4 The year that passed
- 6 Key figures and alternative performance measures
- 11 Chair letter
- 14 CEO letter

Chapter 1 – This is us

Chapter 2 – Creating added value in Gjensidige

Chapter 3 – Value created in 2020

Chapter 4 – Financial statements and notes

Gjensidige Forsikring Group

182	Consolidated income statement
183	Consolidated statement of comprehensive income
184	Consolidated statement of financial position
185	Consolidated statement of changes in equity
186	Consolidated statement of cash flows
187	Note 1 Accounting policies
195	Note 2 Use of estimates
196	Note 3 Risk and capital management
211	Note 4 Segment information
212	Note 5 Investments in associates and joint ventures
213	Note 6 Net income from investments
214	Note 7 Expenses
215	Note 8 Salaries and remuneration
218	Note 9 Tax
219	Note 10 Pension
223	Note 11 Goodwill and intangible assets
225	Note 12 Owner-occupied and right-off-use property, plant and equipment
227	Note 13 Financial assets and liabilities
232	Note 14 Shares and similar interests
233	Note 15 Loans and receivables
234	Note 16 Insurance-related liabilities and reinsurers’ share
235	Note 17 Equity
236	Note 18 Hybrid capital
237	Note 19 Provisions and other liabilities
238	Note 20 Related party transactions
239	Note 21 Contingent liabilities
239	Note 22 Share-based payment
241	Note 23 Events after the balance sheet date
241	Note 24 Earnings per share

Gjensidige Forsikring ASA

282	Declaration from the Board and CEO
283	Auditor’s report
288	Assurance integrated report

Appendix

290	GRI Content Index and Board of Directors Report
296	Selected governing documents
297	Description of ratings and whom we support
298	Statement on equality
304	Certificates and guarantees
310	Climate accounts own operations

Gjensidige Forsikring Group

Table 13 – Eligible own funds to meet the Solvency Capital Requirement, split by tiers

	Gjensidige Forsikring Group		Gjensidige Forsikring ASA	
NOK millions	2020	2019	2020	2019
Tier 1	16,854.1	17,671.3	16,486.6	17,382.6
<i>Of this; Restricted tier 1 capital</i>	<i>1,015.0</i>	<i>1,026.0</i>	<i>1,015.0</i>	<i>1,026.0</i>
Tier 2	4,123.8	4,183.8	3,821.9	3,879.3
<i>Of this; Natural perils capital</i>	<i>2,612.9</i>	<i>2,676.3</i>	<i>2,612.9</i>	<i>2,676.3</i>
<i>Of this; Subordinated liabilities</i>	<i>1,510.9</i>	<i>1,507.5</i>	<i>1,209.0</i>	<i>1,203.0</i>
Total eligible own funds to meet SCR	20,977.9	21,855.1	20,308.6	21,261.9

Table 14 – Eligible own funds to meet Minimum Capital Requirement, split by tiers

	Gjensidige Forsikring Group		Gjensidige Forsikring ASA	
NOK millions	2020	2019	2020	2019
Tier 1	16,854.1	17,671.3	16,486.6	17,382.6
<i>Of this; Restricted tier 1 capital</i>	<i>1,015.0</i>	<i>1,026.0</i>	<i>1,015.0</i>	<i>1,026.0</i>
Tier 2	1,031.0	999.4	876.6	838.3
Total eligible basic own funds to meet MCR/minimum consolidated group SCR	17,885.1	18,670.7	17,363.2	18,220.9

Regulatory capital requirement

The regulatory requirement is based on the approved partial internal model.

The solvency capital requirement is based on different sources of risks. The main risks for Gjensidige Forsikring ASA and Gjensidige Forsikring Group are non-life and health insurance risk and market risk. Non-life and health insurance risk is mainly related to uncertainty in insurance result for the next year (premium risk) and the risk of the claims provisions not being sufficient (reserve risk). Counterparty default risk and operational risk also contribute to the capital requirement. A diversification benefit is accounted for as all risks will not occur at the same time. The capital requirement is also adjusted for future tax benefit which would occur if a loss equal to the solvency capital requirement should occur. This tax benefit can only be accounted for if it is reasonable that the company is able to continue with its business after such a loss.

Table 15 – Regulatory Solvency Capital Requirement

	Gjensidige Forsikring Group		Gjensidige Forsikring ASA	
NOK millions	2020	2019	2020	2019
Capital available	20,977.9	21,855.1	20,308.6	21,261.9
Capital charge for non-life and health uw risk	8,721.9	7,556.4	8,564.9	7,392.2
Capital charge for life uw risk	1,449.7	1,869.3		
Capital charge for market risk	6,623.4	7,856.0	5,999.7	7,315.8
Capital charge for counterparty risk	331.7	501.1	303.2	479.4
Diversification	(4,426.0)	(4,960.2)	(3,199.8)	(3,517.9)
Basic SCR	12,700.5	12,822.6	11,668.0	11,669.5
Operational risk	934.5	847.5	813.8	741.8
Adjustments (risk-reducing effect of deferred tax)	(3,037.6)	(3,045.2)	(2,742.2)	(2,710.5)
Total capital requirement	10,597.5	10,624.9	9,739.6	9,700.8
Solvency ratio	198.0%	205.7%	208.5%	219.2%

In addition to the Solvency Capital Requirement (SCR), there is a defined minimum level of capital. The latter is called Minimum Capital Requirement (MCR) for solo companies and minimum consolidated group Solvency Capital Requirement for insurance groups. If the capital falls below this level, the company or group will be prohibited to continue the business any further.

The minimum consolidated group SCR is the sum of the minimum capital requirement of the judicial entities belonging to the group. The minimum consolidated capital requirement for Gjensidige Forsikring Group is NOK 5,155 million, which constitute 49 per cent of the SCR.

Table 16 – Regulatory Minimum Capital Requirement

	Gjensidige Forsikring Group		Gjensidige Forsikring ASA	
NOK millions	2020	2019	2020	2019
Total eligible own funds to meet the MCR/minimum consolidated group SCR	17,885.1	18,670.7	17,363.2	18,220.9
MCR/minimum consolidated group SCR	5,155.1	4,997.0	4,382.8	4,191.4
Capital surplus	12,730.1	13,673.7	12,980.4	14,029.5
MCR margin	346.9%	373.6%	396.2%	434.7%

Capital in excess

The regulatory capital surplus for the Gjensidige Forsikring Group, Gjensidige Forsikring ASA and subsidiaries are given in the table below.

Table 17 – Capital in excess of legal requirements

NOK millions	2020	2019
Gjensidige Forsikring Group	10,380.5	11,230.2
Gjensidige Forsikring ASA	10,568.9	11,561.0
ADB Gjensidige	263.2	166.4
Gjensidige Pensjonsforsikring AS	657.1	769.0

There are some restrictions on Gjensidige Forsikring ASA's and Gjensidige Pensjonsforsikring's ability to access or use the Group's assets, as well as settling its obligations. Group contributions added together with dividends must not exceed justifiable payment of dividend based on a company's financial strength and operations. Distributions from insurance companies must be within profit for the year. If it is desired to distribute more than this, then it has to be approved in advance by the Financial Supervisory Authority (FSA).

Changes in the Solvency II regulation

EIOPA has suggested several changes in the calculation of the capital requirement and eligible own funds. These changes are not expected to have any major impact on the capital position of Gjensidige based on Gjensidige's current balance sheet.

Stress test

The stress test for the Gjensidige Forsikring Group is defined in the Capital Management policy approved by the Board. The main purpose of the stress test is to demonstrate that there is sufficient capital even after extreme but possible negative events. The stress test is performed by summing up probable losses from the various areas of the business. Stress parameters for investments are chosen in order to reflect a loss probability of 1 in 200 on a quarterly basis. Diversification is accounted for by choosing diversified parameters. Tax effects are accounted for as a deferred tax asset would arise after a large financial loss.

The stress test is performed on a monthly basis for the Gjensidige Forsikring Group, including Gjensidige Pensjonsforsiking AS.

CONTENT

3

About this report

4

The year that passed

6

Key figures and alternative performance measures

11

Chair letter

14

CEO letter

Chapter 1 – This is us

Chapter 2 – Creating added value in Gjensidige

Chapter 3 – Value created in 2020

Chapter 4 – Financial statements and notes

Gjensidige Forsikring Group

182 Consolidated income statement

183 Consolidated statement of comprehensive income

184 Consolidated statement of financial position

185 Consolidated statement of changes in equity

186 Consolidated statement of cash flows

187 Note 1 Accounting policies

195 Note 2 Use of estimates

196 Note 3 Risk and capital management

211 Note 4 Segment information

212 Note 5 Investments in associates and joint ventures

213 Note 6 Net income from investments

214 Note 7 Expenses

215 Note 8 Salaries and remuneration

218 Note 9 Tax

219 Note 10 Pension

223 Note 11 Goodwill and intangible assets

225 Note 12 Owner-occupied and right-off-use property, plant and equipment

227 Note 13 Financial assets and liabilities

232 Note 14 Shares and similar interests

233 Note 15 Loans and receivables

234 Note 16 Insurance-related liabilities and reinsurers’ share

235 Note 17 Equity

236 Note 18 Hybrid capital

237 Note 19 Provisions and other liabilities

238 Note 20 Related party transactions

239 Note 21 Contingent liabilities

239 Note 22 Share-based payment

241 Note 23 Events after the balance sheet date

241 Note 24 Earnings per share

Gjensidige Forsikring ASA

282 Declaration from the Board and CEO

283 Auditor’s report

288 Assurance integrated report

Appendix

290 GRI Content Index and Board of Directors Report

296 Selected governing documents

297 Description of ratings and whom we support

298 Statement on equality

304 Certificates and guarantees

310 Climate accounts own operations

Gjensidige Forsikring Group

The outcome of the stress test at year-end 2020 and 2019 is presented below.

The stress test for 2020 shows a drop in the solvency margin of 25,5 percentage points before and after stress. In comparison, the solvency margin increased with 2 percentage points all other equal in the first quarter 2020. Negative results was counter-acted by lower capital requirement as a result of lower market values for the investments and a reduction in investment risk.

Table 18a – Stress test financial assets 2020

NOK millions	Scenario	Decrease in value
Market risk		(3,629.8)
Insurance risk (life and non-life)		(891.5)
Tax	Positive effect of reduced tax	914.7
Reduction of capital requirement after stress	Due to lower carrying amount	568.4
Pension liabilities	Salary, G-regulation, mortality	(70.5)
Reduction of surplus capital after stress		(3,108.8)
Effect on surplus capital		
Available capital before stress		20,977.9
Capital requirement before stress		10,597.5
Surplus without buffer before stress		10,380.5
Surplus without buffer after stress		7,271.7
Solvency ratio after stress		172.5%
Solvency ratio before stress		198.0%

Table 18b – Stress test financial assets 2019

NOK millions	Scenario	Decrease in value
Market risk		(3,603.0)
Insurance risk (life and non-life)		(880.5)
Tax	Positive effect of reduced tax	885.1
Reduction of capital requirement after stress	Due to lower carrying amount	563.4
Pension liabilities	Salary, G-regulation, mortality	(78.6)
Reduction of surplus capital after stress		(3,113.5)
Effect on surplus capital		
Available capital before stress		21,855.1
Capital requirement before stress		10,624.9
Surplus without buffer before stress		11,230.2
Surplus without buffer after stress		8,116.7
Solvency ratio after stress		180.7%
Solvency ratio before stress		205.7%

The following assumptions apply for 2020:

- The equity risk stress is 20 per cent. It includes stress on all equities including hedge funds, private equity and commodities.
- Interest rate risk is calculated on a 100 bp change in the interest rates. It includes effect on both assets and liabilities. The interest rate scenario is the strictest of an interest rate increase or decrease.
- The property stress is 10 per cent.
- Credit spread risk: 0 per cent loss on government bonds and municipality bonds. 1 per cent increase in the credit spread for other bonds.
- Insurance risk: For non-life and health insurance business the stress is based on 3 percentage points annual increase in combined ratio. For life insurance business the stress is based on 20 per cent annual increase in disability.
- Tax effect: A loss equal to the stress scenario results in a tax benefit that will have a positive effect.

CONTENT

3

About this report

4

The year that passed

6

Key figures and alternative performance measures

11

Chair letter

14

CEO letter

Chapter 1 – This is us

Chapter 2 – Creating added value in Gjensidige

Chapter 3 – Value created in 2020

Chapter 4 – Financial statements and notes

Gjensidige Forsikring Group

182 Consolidated income statement

183 Consolidated statement of comprehensive income

184 Consolidated statement of financial position

185 Consolidated statement of changes in equity

186 Consolidated statement of cash flows

187 Note 1 Accounting policies

195 Note 2 Use of estimates

196 Note 3 Risk and capital management

211 Note 4 Segment information

212 Note 5 Investments in associates and joint ventures

213 Note 6 Net income from investments

214 Note 7 Expenses

215 Note 8 Salaries and remuneration

218 Note 9 Tax

219 Note 10 Pension

223 Note 11 Goodwill and intangible assets

225 Note 12 Owner-occupied and right-off-use property, plant and equipment

227 Note 13 Financial assets and liabilities

232 Note 14 Shares and similar interests

233 Note 15 Loans and receivables

234 Note 16 Insurance-related liabilities and reinsurers’ share

235 Note 17 Equity

236 Note 18 Hybrid capital

237 Note 19 Provisions and other liabilities

238 Note 20 Related party transactions

239 Note 21 Contingent liabilities

239 Note 22 Share-based payment

241 Note 23 Events after the balance sheet date

241 Note 24 Earnings per share

Gjensidige Forsikring ASA

282 Declaration from the Board and CEO

283 Auditor’s report

288 Assurance integrated report

Appendix

290 GRI Content Index and Board of Directors Report

296 Selected governing documents

297 Description of ratings and whom we support

298 Statement on equality

304 Certificates and guarantees

310 Climate accounts own operations

4. Segment information

The group has six reportable segments, as described below, which offers different products and services within different geographical areas. The Groups reportable segments are identified based on the Group's internal reporting. The Group CEO holds regular meetings with its reporting managers for the different segments, concerning performance management, which focuses on future measures to ensure performance and deliveries.

General insurance is the Group's core activity. General insurance is divided into five segments, mainly based on the customer's geographical placement. Other operational segments deliver products and services mainly to customers in Norway.

Description of the segments

General Insurance Private

The Private segment offers a wide range of general insurance products and services to private customers, and handles sales, customer services and claims settlements.

General Insurance Commercial

The Commercial segment offers a wide range of general insurance products for commercial customers, agricultural customers and the public sector. The segment handles sales, customer service and claims settlement.

General Insurance Denmark

The Danish segment includes the Group's general insurance operations in the private, commercial and municipal markets in Denmark. The segment handles sales, customers and claims settlements.

General Insurance Sweden

The Swedish segment includes the Group's general insurance operations in the private and commercial markets in Sweden. The segment handles sales, customer service and claims settlements.

General Insurance Baltics

The Baltics segment includes the Group's general insurance operations in Lithuania, Latvia and Estonia, aimed at the private and commercial market.

Pension

The Pension segment offers defined contribution occupational pension schemes for businesses, in addition to individual pension savings agreements and disability pension. Pension is a priority area that helps to ensure that Gjensidige can be a complete supplier of insurance and pension products to private and commercial customers. The business contributes to stronger customer relations and loyalty among our general insurance customers.

Description of the segment’s income and expenses

Segment income is defined as earned premiums for general insurance and administration fees, insurance income and management income etc. for Pension.

Segment expenses are defined as claims incurred for general insurance and for Pension, operating expenses for all segments and net income from investments for Pension.

The segment result is defined as the underwriting result for general insurance and the profit before tax expense for Pension.

	Segment income ²		Claims		Operating expenses		Net income from investments		Segment result/profit/(loss) before tax expense	
1.1.-31.12.										
NOK millions	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
General Insurance Private	9,433.6	8,872.4	(5,450.7)	(5,682.6)	(1,225.5)	(1,164.7)			2,757.4	2,025.1
General Insurance Commercial	8,929.0	8,164.1	(5,943.9)	(5,608.6)	(888.4)	(825.7)			2,096.6	1,729.8
General Insurance Denmark	5,910.2	4,960.1	(4,250.2)	(3,642.0)	(859.5)	(718.8)			800.5	599.3
General Insurance Sweden	1,592.0	1,405.8	(1,209.9)	(1,058.6)	(306.0)	(271.3)			76.1	75.9
General Insurance Baltics	1,175.7	1,126.9	(767.2)	(728.7)	(340.7)	(337.3)			67.7	60.9
Pension	1,096.3	1,047.2	(674.5)	(616.3)	(291.1)	(275.6)	36.0	41.5	166.8	196.9
Eliminations etc. ¹	123.2	125.5	(511.5)	(258.1)	(517.4)	(620.3)	1,282.4	3,818.7	376.7	3,065.9
Total	28,259.9	25,702.0	(18,808.0)	(17,594.9)	(4,428.7)	(4,213.6)	1,318.5	3,860.3	6,341.7	7,753.8

¹ Eliminations etc. consist of internal eliminations and other income and expenses not directly attributable to one single segment and large losses of NOK 431.1 million (163.4).

² There is no significant income between the segments at this level in 2020 and 2019.

CONTENT

3 About this report

4 The year that passed

6 Key figures and alternative performance measures

11 Chair letter

14 CEO letter

Chapter 1 – This is us

Chapter 2 – Creating added value in Gjensidige

Chapter 3 – Value created in 2020

Chapter 4 – Financial statements and notes

Gjensidige Forsikring Group

182 Consolidated income statement

183 Consolidated statement of comprehensive income

184 Consolidated statement of financial position

185 Consolidated statement of changes in equity

186 Consolidated statement of cash flows

187 Note 1 Accounting policies

195 Note 2 Use of estimates

196 Note 3 Risk and capital management

211 Note 4 Segment information

212 Note 5 Investments in associates and joint ventures

213 Note 6 Net income from investments

214 Note 7 Expenses

215 Note 8 Salaries and remuneration

218 Note 9 Tax

219 Note 10 Pension

223 Note 11 Goodwill and intangible assets

225 Note 12 Owner-occupied and right-off-use property, plant and equipment

227 Note 13 Financial assets and liabilities

232 Note 14 Shares and similar interests

233 Note 15 Loans and receivables

234 Note 16 Insurance-related liabilities and reinsurers’ share

235 Note 17 Equity

236 Note 18 Hybrid capital

237 Note 19 Provisions and other liabilities

238 Note 20 Related party transactions

239 Note 21 Contingent liabilities

239 Note 22 Share-based payment

241 Note 23 Events after the balance sheet date

241 Note 24 Earnings per share

Gjensidige Forsikring ASA

282 Declaration from the Board and CEO

283 Auditor’s report

288 Assurance integrated report

Appendix

290 GRI Content Index and Board of Directors Report

296 Selected governing documents

297 Description of ratings and whom we support

298 Statement on equality

304 Certificates and guarantees

310 Climate accounts own operations

5. Investments in associates and joint ventures

NOK millions	Registered office	Interest held	Cost 31.12.2020	Carrying amount 31.12.2020	Cost 31.12.2019	Carrying amount 31.12.2019
Associates						
Malling & Co Eiendomsfond IS ¹	Oslo, Norway	24.0 %	803.2	1,036.4	792.3	958.2
Joint ventures						
Oslo Areal AS	Oslo, Norway	50.0%	1,086.9	2,723.8	1,086.9	2,360.4
Total investments in associates and joint ventures			1,890.1	3,760.2	1,879.2	3,318.6

¹ In addition, the Investment option portfolio in Gjensidige Pensjonsforsikring AS holds a 38.4 % share in the fund.

NOK millions	Assets	Equity	Liabilities	Revenues	Profit/(loss)	Profit/(loss) recognised
For the whole company 2020						
Associates - additional information						
Malling & Co Eiendomsfond IS	3,727.4	3,618.2	109.2	103.5	96.6	
Joint ventures - additional information						
Oslo Areal AS						338.8
Total investments in associates and joint ventures	3,727.4	3,618.2	109.2	103.5	96.6	338.8
For the whole company 2019						
Associates - additional information						
Malling & Co Eiendomsfond IS	3,208.3	3,162.2	46.2	75.9	71.0	
Joint ventures - additional information						
Oslo Areal AS						309.2
Total investments in associates and joint ventures	3,208.3	3,162.2	46.2	75.9	71.0	309.2

For the whole company

Joint ventures - additional information

NOK millions	2020		2019	
	Malling & Co Eiendoms-fond IS	Oslo Areal AS	Malling & Co Eiendoms-fond IS	Oslo Areal AS
Income statement - items				
Operating income		505.5		491.1
Profit/(loss) after tax expense	96.6	677.7	71.0	618.3
Statement of financial position - items				
Current assets	0.7	41.6	0.7	30.7
Fixed assets	1,416.6	11,045.3	1,416.6	10,788.1
Receivables from related parties	2,309.9		1,790.7	
Cash and cash equivalents	0.2	129.1	0.3	35.3
Other liabilities	15.9	1,037.0	2.2	1,330.4
Liabilities to related parties	93.2	4,731.5	44.0	4,803.0
Equity	3,618.2	5,447.5	3,162.2	4,720.8
Receivables from joint ventures Oslo Areal AS				
NOK millions	2020		2019	
Gjensidige's share of loan		2,365.6		2,401.4
Total receivables on joint ventures		2,365.6		2,401.4

Percentage of votes held is the same as percentage of interest held for all investments.

Gjensidige and AMF Pensionsforsäkring (AMF) owns Oslo Areal AS as a joint venture (50/50), as each party has rights to its share of the net assets of the arrangement. The parties will make joint investments in the Norwegian real estate market through Oslo Areal. The investment is recognised at cost of NOK

1.1 billion at year end. Gjensidige Forsikring has granted a loan to Oslo Areal amounting to NOK 2.4 billion at year end. The loan is interest-bearing and total loan limit is NOK 4.0 billion.

Oslo Areal has entered into contractual commitments to invest about NOK 66.5 million (100.0) in existing and new properties. The commitment falls due during the period until 31 December 2021.

CONTENT	
3	About this report
4	The year that passed
6	Key figures and alternative performance measures
11	Chair letter
14	CEO letter
Chapter 1 – This is us	
Chapter 2 – Creating added value in Gjensidige	
Chapter 3 – Value created in 2020	
Chapter 4 – Financial statements and notes	
Gjensidige Forsikring Group	
182	Consolidated income statement
183	Consolidated statement of comprehensive income
184	Consolidated statement of financial position
185	Consolidated statement of changes in equity
186	Consolidated statement of cash flows
187	Note 1 Accounting policies
195	Note 2 Use of estimates
196	Note 3 Risk and capital management
211	Note 4 Segment information
212	Note 5 Investments in associates and joint ventures
213	Note 6 Net income from investments
214	Note 7 Expenses
215	Note 8 Salaries and remuneration
218	Note 9 Tax
219	Note 10 Pension
223	Note 11 Goodwill and intangible assets
225	Note 12 Owner-occupied and right-off-use property, plant and equipment
227	Note 13 Financial assets and liabilities
232	Note 14 Shares and similar interests
233	Note 15 Loans and receivables
234	Note 16 Insurance-related liabilities and reinsurers’ share
235	Note 17 Equity
236	Note 18 Hybrid capital
237	Note 19 Provisions and other liabilities
238	Note 20 Related party transactions
239	Note 21 Contingent liabilities
239	Note 22 Share-based payment
241	Note 23 Events after the balance sheet date
241	Note 24 Earnings per share
Gjensidige Forsikring ASA	
282	Declaration from the Board and CEO
283	Auditor’s report
288	Assurance integrated report
Appendix	
290	GRI Content Index and Board of Directors Report
296	Selected governing documents
297	Description of ratings and whom we support
298	Statement on equality
304	Certificates and guarantees
310	Climate accounts own operations

6. Net income from investments

NOK millions	2020	2019
Net income and gains/(losses) from investments in subsidiaries, associated companies and joint ventures		
Net income from subsidiaries, associated companies and joint ventures	338.8	309.2
Net gains/(losses) from sale of subsidiaries, associated companies and joint ventures		1,580.3
Total net income and gains/(losses) from investments in subsidiaries, associated companies and joint ventures	338.8	1,889.5
Net income and gains/(losses) from buildings and other real estate		
Owner-occupied properties		
Net gains/(losses) from sale of owner-occupied properties	0.6	0.1
Impairment owner-occupied properties	0.1	
Total net income and gains/(losses) from owner-occupied properties	0.7	0.1
Total net income and gains/(losses) from buildings and other real estate		
	0.7	0.1
Net income and gains/(losses) from financial assets at fair value through profit or loss, designated upon initial recognition		
Shares and similar interests		
Dividend income	7.8	6.7
Unrealised gains/(losses) from shares and similar interests	(202.2)	656.5
Realised gains/(losses) from shares and similar interests	649.5	284.0
Total net income and gains/(losses) from shares and similar interests	455.2	947.2
Bonds and other fixed-income securities		
Net interest income/(expenses) from bonds and other fixed-income-securities	267.8	277.4
Unrealised gains/(losses) from bonds and other fixed-income securities	(122.2)	343.8
Realised gains/(losses) from bonds and other fixed-income securities	427.8	177.1
Total net income and gains/(losses) from bonds and other fixed-income securities	573.4	798.3
Derivatives		
Net interest income/(expenses) from derivatives	27.0	30.6
Unrealised gains/(losses) from derivatives	185.4	506.2
Realised gains/(losses) from derivatives	(604.4)	(854.1)
Total net income and gains/(losses) from derivatives	(391.9)	(317.2)
Total net income and gains/(losses) from financial assets at fair value through profit or loss, designated upon initial recognition		
	636.7	1,428.3
Net income and gains/(losses) from bonds held to maturity		
Net interest income from bonds held to maturity	1.0	2.7
Realised gains/(losses) from bonds held to maturity	(0.7)	(1.1)
Total net income and gains/(losses) from bonds held to maturity	0.3	1.6
Net income and gains/(losses) from loans and receivables		
Net interest income/(expenses) from loans and receivables	578.1	617.5
Net gains/(losses) from loans and receivables	21.9	228.3
Net gains/(losses) from changes in exchange rates on loans and receivables	9.6	5.6
Total net income and gains/(losses) from loans and receivables	609.5	851.4
Net income and gains/(losses) from financial liabilities at amortised cost		
Net interest income/(expenses) from subordinated debt	(41.5)	(49.9)
Total net income and gains/(losses) from financial liabilities at amortised cost	(41.5)	(49.9)
Net other financial income/(expenses) ¹		
	(53.7)	(29.3)
Discounting of claims provision classified as interest expense	(11.4)	(33.2)
Change in discount rate claims provision	(161.0)	(198.1)
Total net income from investments		
	1,318.5	3,860.3
Specifications		
Interest income and expenses from financial assets and liabilities not recognised at fair value through profit or loss		
Total interest income from financial assets not recognised at fair value through profit or loss	575.6	851.4
Total interest expenses from financial assets not recognised at fair value through profit or loss	(41.5)	(52.8)

¹ Net other financial income/(expenses) include financial income and expenses not attributable to individual classes of financial assets or liabilities, and financial administration costs.

CONTENT	
3	About this report
4	The year that passed
6	Key figures and alternative performance measures
11	Chair letter
14	CEO letter
Chapter 1 – This is us	
Chapter 2 – Creating added value in Gjensidige	
Chapter 3 – Value created in 2020	
Chapter 4 – Financial statements and notes	
Gjensidige Forsikring Group	
182	Consolidated income statement
183	Consolidated statement of comprehensive income
184	Consolidated statement of financial position
185	Consolidated statement of changes in equity
186	Consolidated statement of cash flows
187	Note 1 Accounting policies
195	Note 2 Use of estimates
196	Note 3 Risk and capital management
211	Note 4 Segment information
212	Note 5 Investments in associates and joint ventures
213	Note 6 Net income from investments
214	Note 7 Expenses
215	Note 8 Salaries and remuneration
218	Note 9 Tax
219	Note 10 Pension
223	Note 11 Goodwill and intangible assets
225	Note 12 Owner-occupied and right-off-use property, plant and equipment
227	Note 13 Financial assets and liabilities
232	Note 14 Shares and similar interests
233	Note 15 Loans and receivables
234	Note 16 Insurance-related liabilities and reinsurers’ share
235	Note 17 Equity
236	Note 18 Hybrid capital
237	Note 19 Provisions and other liabilities
238	Note 20 Related party transactions
239	Note 21 Contingent liabilities
239	Note 22 Share-based payment
241	Note 23 Events after the balance sheet date
241	Note 24 Earnings per share
Gjensidige Forsikring ASA	
282	Declaration from the Board and CEO
283	Auditor’s report
288	Assurance integrated report
Appendix	
290	GRI Content Index and Board of Directors Report
296	Selected governing documents
297	Description of ratings and whom we support
298	Statement on equality
304	Certificates and guarantees
310	Climate accounts own operations

7. Expenses

NOK millions	2020	2019
Operating expenses		
Depreciation and value adjustments (note 11 and note 12), excl. depreciation properties	666.5	763.1
Employee benefit expenses (note 8)	3,251.3	2,992.1
ICT costs	695.8	665.2
Consultants' and lawyers' fees	87.8	138.2
Commissions	621.7	617.1
Other expenses ¹	(894.4)	(962.2)
Total operating expenses	4,428.7	4,213.6
Other specifications		
Employee benefit expenses		
Wages and salaries	2,401.5	2,188.1
Social security cost	535.8	506.3
Pension cost - defined contribution plan (note 10)	226.1	209.0
Pension cost - multi-employer plan (AFP) (note 10)	22.5	23.6
Pension cost - defined benefit plan (note 10)	47.8	52.0
Share-based payment (note 22)	17.6	13.1
Total employee benefit expenses	3,251.3	2,992.1
Auditor's fee (incl. VAT)		
Statutory audit	5.8	4.8
Other assurance services	0.4	0.1
Other non-assurance services	1.0	0.8
Tax consultant services	0.5	0.6
Total auditor's fee (incl. VAT)	7.7	6.3

¹ Other expenses include cost allocations to claims and finance.

CONTENT

3

About this report

4

The year that passed

6

Key figures and alternative performance measures

11

Chair letter

14

CEO letter

Chapter 1 – This is us

Chapter 2 – Creating added value in Gjensidige

Chapter 3 – Value created in 2020

Chapter 4 – Financial statements and notes

Gjensidige Forsikring Group

182

Consolidated income statement

183

Consolidated statement of comprehensive income

184

Consolidated statement of financial position

185

Consolidated statement of changes in equity

186

Consolidated statement of cash flows

187

Note 1 Accounting policies

195

Note 2 Use of estimates

196

Note 3 Risk and capital management

211

Note 4 Segment information

212

Note 5 Investments in associates and joint ventures

213

Note 6 Net income from investments

214

Note 7 Expenses

215

Note 8 Salaries and remuneration

218

Note 9 Tax

219

Note 10 Pension

223

Note 11 Goodwill and intangible assets

225

Note 12 Owner-occupied and right-off-use property, plant and equipment

227

Note 13 Financial assets and liabilities

232

Note 14 Shares and similar interests

233

Note 15 Loans and receivables

234

Note 16 Insurance-related liabilities and reinsurers’ share

235

Note 17 Equity

236

Note 18 Hybrid capital

237

Note 19 Provisions and other liabilities

238

Note 20 Related party transactions

239

Note 21 Contingent liabilities

239

Note 22 Share-based payment

241

Note 23 Events after the balance sheet date

241

Note 24 Earnings per share

Gjensidige Forsikring ASA

282

Declaration from the Board and CEO

283

Auditor’s report

288

Assurance integrated report

Appendix

290

GRI Content Index and Board of Directors Report

296

Selected governing documents

297

Description of ratings and whom we support

298

Statement on equality

304

Certificates and guarantees

310

Climate accounts own operations

8. Salaries and remuneration

The average number of employees in the Group was 3,634 (3,740).

The Board’s statement on the stipulation of pay and other remuneration

Gjensidige’s remuneration policy

The Group has established a remuneration system that applies to all employees. The system is meant to secure that Gjensidige attracts and keeps colleagues who performs, develops, learns and shares. The remuneration shall be competitive, but the Group shall not be a wage leader. Employees are expected to see the remuneration and benefits offered by the Group as an overall whole. The Group’s remuneration systems shall be open and performance-based, so that they, as far as possible, are perceived as being fair and predictable. The remuneration that is paid shall correspond to the agreed performance.

Guidelines for remuneration and career development shall be linked to achievement of the Group’s strategic and financial goals and core values, and both quantitative and qualitative targets shall be taken into consideration. The measurement criteria shall promote the desired corporate culture and long-term value creation, and, as far as possible, take actual capital costs into account. The remuneration system shall contribute to promoting and providing incentives for good risk management, sustainable value creation, prevent excessive risk-taking and contribute to avoiding conflicts of interest. A fixed basic salary shall be the main element of the overall remuneration, which also consists of variable remuneration, pension, insurance and payments in kind. Variable remuneration shall be used to reward performances that is agreed through performance agreements or that exceeds expectations, where both results and behaviour in form of compliance with the core values, brand and management principles are to be assessed.

Variable remuneration shall be performance-based without being a risk driver, and shall reflect the results and contributions on company, division, department and individual level. Other elements of compensation offered should be considered attractive from both new and current employees. There is an upper limit for variable remuneration.

The senior group management is defined as senior executives and they are responsible for activities that may be critical to the company’s risk exposure. The level of remuneration will take into account both qualitative and quantitative criteria for their role, as well as an individual assessment of their impact on the company’s risk.

Decision-making process

The Board has established a remuneration committee consisting of three members; the Chairman of the Board and two board members.

The remuneration committee shall prepare matters for consideration by the Board. It is primarily responsible for:

- The Board’s annual statement of Gjensidige’s remuneration policy
- The annual evaluation of and matters concerning salary and other remuneration to the CEO
- The annual evaluation of and matters concerning salary and remuneration to the company’s internal auditor
- Guidelines for salary and other remuneration to senior executives
- Statement of determining salary and other remuneration to senior executive, including
 - o Guidelines for determining salary and other remuneration for the upcoming financial year
 - o Guidelines for the Management Salary Policy that hast taken place during the previous financial year, including how the guidelines for

- o the executive salary determination have been implemented
- o An account of the management salary policy that has taken place during the previous financial year, including how the guidelines for the executive salary determination have been implemented

- Other important personnel matters relating to executive personnel
- The Board’s treatment of completed HR processes, including talent and successor development and strategic manpower management

Guidelines for the upcoming financial year

Remuneration of the CEO

The CEO’s salary and other benefits are stipulated by the Board on the basis of an overall assessment that takes into account Gjensidige’s remuneration scheme and market salary for corresponding positions.

The fixed salary is assessed and stipulated annually on the basis of the wage growth in society in general and in the financial industry in particular. Variable remuneration (bonus) is decided by the Board on the basis of agreed goals and deliveries. It can amount to up to 50 per cent of the fixed salary including holiday pay. Variable remuneration is earned annually and is based on an overall assessment of financial and non-financial performance over the last two years. Variable remuneration is not included in the pension basis. The assessment takes into account the enterprise’s overall performance targets for return on equity adjusted for dividends related to distribution of excess capital and transactions and combined ratio, as well as developments in customer satisfaction. In addition, it emphasizes the CEO’s personal contribution to the Group’s historical and future results and wealth creation, compliance with the Group’s vision, values, ethical guidelines and management principles.

Variable remuneration relating to Gjensidige’s performance is decided on the basis of the past two years’ performance. Half of the variable remuneration is paid in the form of a contingent promise of shares in Gjensidige Forsikring ASA, 1/3 of which will be released in each of the following three years. Restricted variable remuneration that has not yet been disbursed may be reduced if subsequent results and developments indicate that it was based on incorrect assumptions. The CEO does not receive performance-based benefits over and above the above-mentioned bonus but may receive payments in kind such as a car arrangement and the coverage of costs for electronic communication. Payments in kind shall be related to the CEO’s function in the Group, and otherwise be in line with market practice.

The retirement age of the CEO is 62. It is possible to retire after the age of 60 if the Board or CEO so wishes. The CEO has pension rights pursuant to Gjensidige’s closed defined-benefit pension scheme. Pursuant to the CEO’s employment contract, he is entitled to a pension corresponding to 100 per cent of his annual salary on retirement at the age of 62, which is then reduced in steps to 70 per cent upon reaching the age of 67 at full vesting period.

On retirement after the age of 60, a corresponding agreed reduction applies from 100 per cent upon retirement to 70 per cent upon reaching the age of 67. From the age of 67, the pension is calculated on the basis of the Company’s ordinary entitlement earning period of 30 years and is 70 per cent of the fixed salary with a full earning period. Company car arrangements and other benefits are retained until the age of 67.

CONTENT

- 3 About this report
- 4 The year that passed
- 6 Key figures and alternative performance measures
- 11 Chair letter
- 14 CEO letter

Chapter 1 – This is us

Chapter 2 – Creating added value in Gjensidige

Chapter 3 – Value created in 2020

Chapter 4 – Financial statements and notes

Gjensidige Forsikring Group

182	Consolidated income statement
183	Consolidated statement of comprehensive income
184	Consolidated statement of financial position
185	Consolidated statement of changes in equity
186	Consolidated statement of cash flows
187	Note 1 Accounting policies
195	Note 2 Use of estimates
196	Note 3 Risk and capital management
211	Note 4 Segment information
212	Note 5 Investments in associates and joint ventures
213	Note 6 Net income from investments
214	Note 7 Expenses
215	Note 8 Salaries and remuneration
218	Note 9 Tax
219	Note 10 Pension
223	Note 11 Goodwill and intangible assets
225	Note 12 Owner-occupied and right-off-use property, plant and equipment
227	Note 13 Financial assets and liabilities
232	Note 14 Shares and similar interests
233	Note 15 Loans and receivables
234	Note 16 Insurance-related liabilities and reinsurers’ share
235	Note 17 Equity
236	Note 18 Hybrid capital
237	Note 19 Provisions and other liabilities
238	Note 20 Related party transactions
239	Note 21 Contingent liabilities
239	Note 22 Share-based payment
241	Note 23 Events after the balance sheet date
241	Note 24 Earnings per share

Gjensidige Forsikring ASA

282	Declaration from the Board and CEO
283	Auditor’s report
288	Assurance integrated report

Appendix

290	GRI Content Index and Board of Directors Report
296	Selected governing documents
297	Description of ratings and whom we support
298	Statement on equality
304	Certificates and guarantees
310	Climate accounts own operations

Gjensidige Forsikring Group

The CEO has a period of notice of six months and is not entitled to severance pay or termination benefits if he leaves the Company earlier.

Remuneration of executive personnel and employees who can materially influence the Group’s risk

Remuneration of the senior group management is stipulated by the CEO, in accordance with limits discussed with the remuneration committee and on the basis of guidelines issued by the Board. Correspondingly, the Group’s guidelines are used as the basis for other executive personnel and employees who can materially influence risk.

The overall remuneration is decided on the basis of the need to offer competitive terms in the various business areas. It shall contribute to attracting and retaining executive personnel with the desired expertise and experience who promote the Group’s core values and development.

The fixed salary is assessed and stipulated annually on the basis of wage growth in society in general and in the financial industry in particular. Variable remuneration (bonus) to executive personnel is earned annually and is based on an overall assessment of financial and non-financial performance over the two last years. The assessment takes into account a combination of the enterprise’s overall performance targets for return on equity adjusted for extraordinary dividends and transactions and combined ratio, as well as developments in customer satisfaction. In addition, it evaluates the target achievement of the business unit in question, as well as personal contribution relating to compliance with the Group’s vision, values, ethical guidelines and management principles. Half of the variable remuneration is in the form of a promise of shares in Gjensidige Forsikring ASA, one third of which are released in each of the following three years. Restricted variable remuneration that has not yet been disbursed may be reduced if subsequent results and developments indicate that it was based on incorrect assumptions.

The individual variable remuneration may amount to up to 30 per cent of the annual salary including holiday pay. Variable pay is not included in the pension basis.

After consulting with the remuneration committee, the CEO may make exceptions for special positions if this is necessary to be able to offer competitive terms. Payments in kind to executive personnel shall be related to their function in the Group, and otherwise be in line with market practice.

The retirement age for some members of the senior group management is 62, the others have a retirement age of 70. Of the current members of the senior group management, four are members of the closed Norwegian defined-benefit pension scheme. Given the full earnings period, they are entitled to a pension of 70 per cent of final salary at the full vesting period of 30 years at age 67. Six members are part of the Company’s defined-contribution pension scheme. The Company continues a previously agreed individual pension agreement for one member of the senior group management.

In Sweden, the general retirement age is 65 years. In Denmark, the general retirement age is 70 years.

Members of the senior group management have a period of notice of six months. No members of the senior group management today have agreements of severance pay or payment of pay after termination of employment.

In accordance with local practice in Denmark and the Baltic, there are certain individual agreements on severance pay in connection with resignation in Gjensidige Forsikring ASA in these countries.

Remuneration of personnel with supervisory tasks

The remuneration of personnel with control and supervisory tasks shall be independent of the performance of the business area they are in charge of.

None of the executive personnel with supervisory tasks currently has variable bonus schemes. The fixed salary is based on the Group’s general principles of competitively, but not leading wages.

Pension benefits and payments in kind follow the Group’s general arrangement.

Remuneration of officers of the Company and other employees with remuneration corresponding to executive personnel

The remuneration shall follow the guidelines set out above. There are currently no such employees.

Binding guidelines for shares, subscription rights etc. for the upcoming financial year

Of the variable remuneration earned in 2020 by the CEO and other employees covered by the Regulations relating to remuneration in financial institutions, 50 per cent of the gross earned variable remuneration will be given in the form of a contingent promise of shares in Gjensidige Forsikring ASA. One third of the shares will be released in each of the following three years, provided that the conditions for allocations are fulfilled.

The Board has decided to continue the Group’s share savings programme for employees in 2021. The CEO and executive personnel are entitled to take part in the programme on a par with other Gjensidige employees. Under the current programme, employees can save through deductions from their salary for the purchase of shares in Gjensidige Forsikring ASA for up to NOK 90,000 per year. Purchases take place quarterly following publication of the results. A discount of 25 per cent of the purchase price is offered, limited upwards to NOK 7,500. For those who keep the shares and are still employed in the Group, one bonus share is awarded for every four share they have owned for more than two years.

Report on executive remuneration in the preceding financial year

In accordance with the guidelines, one employee in the finance department has been offered up to 50 per cent variable remuneration.

The Board confirms that the guidelines on the remuneration of executive personnel for 2020 set out in last year’s statement have been complied with.

CONTENT

- 3 About this report
- 4 The year that passed
- 6 Key figures and alternative performance measures
- 11 Chair letter
- 14 CEO letter

Chapter 1 – This is us

Chapter 2 – Creating added value in Gjensidige

Chapter 3 – Value created in 2020

Chapter 4 – Financial statements and notes

Gjensidige Forsikring Group

182	Consolidated income statement
183	Consolidated statement of comprehensive income
184	Consolidated statement of financial position
185	Consolidated statement of changes in equity
186	Consolidated statement of cash flows
187	Note 1 Accounting policies
195	Note 2 Use of estimates
196	Note 3 Risk and capital management
211	Note 4 Segment information
212	Note 5 Investments in associates and joint ventures
213	Note 6 Net income from investments
214	Note 7 Expenses
215	Note 8 Salaries and remuneration
218	Note 9 Tax
219	Note 10 Pension
223	Note 11 Goodwill and intangible assets
225	Note 12 Owner-occupied and right-off-use property, plant and equipment
227	Note 13 Financial assets and liabilities
232	Note 14 Shares and similar interests
233	Note 15 Loans and receivables
234	Note 16 Insurance-related liabilities and reinsurers’ share
235	Note 17 Equity
236	Note 18 Hybrid capital
237	Note 19 Provisions and other liabilities
238	Note 20 Related party transactions
239	Note 21 Contingent liabilities
239	Note 22 Share-based payment
241	Note 23 Events after the balance sheet date
241	Note 24 Earnings per share

Gjensidige Forsikring ASA

282	Declaration from the Board and CEO
283	Auditor’s report
288	Assurance integrated report

Appendix

290	GRI Content Index and Board of Directors Report
296	Selected governing documents
297	Description of ratings and whom we support
298	Statement on equality
304	Certificates and guarantees
310	Climate accounts own operations

Gjensidige Forsikring Group

Key management personnel compensation 2020

		Fixed salary/ fee	Earned variable salary	Calculated value of total benefits other than cash	Rights earned in the financial year acc. to pension plan	Annual vesting share-based pay-ment	Number of shares granted	Number of shares exercised	Number of shares not exercised ⁶	Number of shares held ⁹	Retire-ment con-ditions
NOK thousands											
The senior group management											
Helge Leiro Baastad, CEO		5,534.2	1,300.7	179.2	2,101.8	1,303.7	8,150	7,723	15,330	65,383	²
Jørgen Inge Ringdal, Executive Vice President		2,912.8	430.6	156.4	935.7	433.6	2,666	2,666	5,116	28,263	²
Catharina Hellerud, Executive Vice President		3,260.7	481.5	166.7	433.0	484.6	2,976	2,795	5,509	23,611	³
Sigurd Austin, Executive Vice President (1.1.20-23.4.20) ¹		1,501.3	25.4	50.8	213.9	6.2	2,868	3,004	5,608		³
Kaare Østgaard, Executive Vice President (1.1.20-1.6.20) ¹		1,252.3	25.4	91.0	333.9	6.2	2,800	2,420	5,218		³
Mats C. Gottschalk, Executive Vice President ⁵		4,679.1	666.8	459.8	452.8	698.1	3,072	3,090	5,875	20,331	³
Jostein Amdal, Executive Vice President		3,700.8	542.5	168.0	848.0	545.5	3,366	2,235	6,311	17,657	
Janne Merethe Flessum, Executive Vice President		2,626.8	392.5	170.0	282.5	386.5	2,364	687	3,646	5,226	
Aysegul Cin, Executive Vice President ⁵		2,990.7	576.2	340.0	188.3	379.1	2,264	235	2,736	1,803	
Lars Gøran Bjerklund, Executive Vice President		2,880.6	447.4	277.6	478.5	421.9	2,472	282	3,037	403	
Rene Fløystøl, Executive Vice President (1.6.20-31.12.20) ¹		1,512.2	309.2	99.4	105.0	316.7	50	59	111	3,286	
Tor Erik Silset, Executive Vice President (1.6.20-31.12.20) ¹		1,580.8	324.5	100.5	114.4	331.9	37	93	170	3,390	
The Board											
Gisele Marchand, Chairman ⁸		733.9		2.5						1,481	
John Giverholt ⁸		294.5		1.2							
Per Arne Bjørge ⁸		321.2		1.8							
Eivind Elnan ⁸		370.5		7.4						2,200	
Hilde Merete Nafstad ⁸		413.9		2.5						2,946	
Vibeke Krag ^{7, 8}		445.2		2.5						1,500	
Terje Seljeseth ⁸		400.2		2.5							
Tor Magne Lønnum (25.5.20-31.12.20) ¹		141.3		2.5						11,000	
Gunnar Sellæg (25.5.20-31.12.20) ¹		112.3		2.5							
Gunnar Mjåtvedt, staff representative (25.5.20-31.12.20) ^{4, 8}		285.2									
Anne Marie Nyhammer, staff representative (25.5.20-31.12.20) ⁴		229.2									
Lotte Kronholm Sjøberg, staff representative (25.5.20-31.12.20) ^{4, 8}		334.0									
Ellen Kristin Enger, staff representative (25.5.20-31.12.20) ¹		112.3								1,005	
Ruben Pettersen, staff representative (25.5.20-31.12.20) ¹		141.3								202	
Sebastian Buur Gabe Kristiansen, staff representative (1.9.20-31.12.20) ¹		66.2		2.5							

¹ The stated remuneration applies to the period the individual in question has held the position/office.

² Age 62, 100 per cent salary reducing gradually to 70 per cent at age 67 according to time of earning, then Gjensidige Forsikring's ordinary pension terms will take effect.

³ Age 62, 70 per cent salary until age 67 according to time of earning, then Gjensidige Forsikring's ordinary pension terms will take effect.

⁴ For staff representatives only remuneration for the current position is stated.

⁵ Earned variable salary includes expatriation allowance.

⁶ Including bonus shares in the share saving's programme for employees. See note 22 for terms and further description of the scheme.

⁷ Remuneration includes remuneration as Chairman in the Audit Committee honoured with NOK 166 thousand for 2020.

⁸ Remuneration includes remuneration in other committees.

⁹ Is only disclosed for persons who are in the senior group management at year end.

Key management personnel compensation 2019

		Fixed salary/ fee	Earned variable salary	Calculated value of total benefits other than cash	Rights earned in the financial year acc. to pension plan	Annual vesting share-based pay-ment	Number of shares granted	Number of shares exercised	Number of shares not exercised ⁶	Number of shares held	Retire-ment con-dition s
NOK thousands											
The senior group management											
Helge Leiro Baastad, CEO		5,332.4	1,355.2	171.3	1,638.1	1,364.0	7,797	8,257	14,903	60,231	²
Jørgen Inge Ringdal, Executive Vice President		2,804.4	557.7	166.1	732.4	566.5	2,561	2,719	5,116	26,310	²
Catharina Hellerud, Executive Vice President		3,155.4	493.5	175.2	460.5	502.3	2,624	2,999	5,328	21,589	³
Sigurd Austin, Executive Vice President		3,088.9	480.1	188.2	697.3	488.8	3,067	3,122	5,996	16,324	³
Kaare Østgaard, Executive Vice President		2,966.6	465.1	222.0	854.5	468.8	2,595	2,587	4,838	16,718	³
Mats C. Gottschalk, Executive Vice President ⁵		4,589.0	921.5	423.5	478.8	643.4	2,739	3,372	5,893	18,117	³
Jostein Amdal, Executive Vice President		3,537.2	557.7	169.7	650.1	566.5	3,182	1,185	5,180	15,935	
Janne Merethe Flessum, Executive Vice President		2,530.2	399.7	169.6	279.6	401.0	1,868	95	1,969	4,349	
Aysegul Cin, Executive Vice President ⁵		2,524.9	560.1	351.5	185.3	360.1	707		707	1,489	
Lars Gøran Bjerklund, Executive Vice President		2,756.7	435.3	277.7	274.0	421.0	847		847		
The Board											
Gisele Marchand, board member, Chairman ⁸		696.5		2.3						1,481	
John Giverholt ⁸		404.5		2.3						3,500	
Per Arne Bjørge ^{7, 8}		449.0		3.7						10,542	
Eivind Elnan ⁸		326.2		6.8						2,200	
Hilde Merete Nafstad ⁸		363.5		2.3						2,946	
Vibeke Krag ⁸		396.0		11.5						1,500	
Terje Seljeseth ⁸		363.5		2.3							
Gunnar Mjåtvedt, staff representative ^{4, 8}		396.0								2,319	
Anne Marie Nyhammer, staff representative ⁴		326.2									
Lotte Kronholm Sjøberg, staff representative ^{4, 8}		363.5		2.3						914	

¹ The stated remuneration applies to the period the individual in question has held the position/office.

² Age 62, 100 per cent salary reducing gradually to 70 per cent at age 67 according to time of earning, then Gjensidige Forsikring's ordinary pension terms will take effect.

³ Age 62, 70 per cent salary until age 67 according to time of earning, then Gjensidige Forsikring's ordinary pension terms will take effect.

⁴ For staff representatives only remuneration for the current position is stated.

⁵ Earned variable salary includes expatriation allowance.

⁶ Including bonus shares in the share saving's programme for employees. See note 22 for terms and further description of the scheme.

⁷ Remuneration includes remuneration as Chairman in the Audit Committee honoured with NOK 157.5 thousand for 2019.

⁸ Remuneration includes remuneration in other committees.

CONTENT	
3	About this report
4	The year that passed
6	Key figures and alternative performance measures
11	Chair letter
14	CEO letter
Chapter 1 – This is us	
Chapter 2 – Creating added value in Gjensidige	
Chapter 3 – Value created in 2020	
Chapter 4 – Financial statements and notes	
Gjensidige Forsikring Group	
182	Consolidated income statement
183	Consolidated statement of comprehensive income
184	Consolidated statement of financial position
185	Consolidated statement of changes in equity
186	Consolidated statement of cash flows
187	Note 1 Accounting policies
195	Note 2 Use of estimates
196	Note 3 Risk and capital management
211	Note 4 Segment information
212	Note 5 Investments in associates and joint ventures
213	Note 6 Net income from investments
214	Note 7 Expenses
215	Note 8 Salaries and remuneration
218	Note 9 Tax
219	Note 10 Pension
223	Note 11 Goodwill and intangible assets
225	Note 12 Owner-occupied and right-off-use property, plant and equipment
227	Note 13 Financial assets and liabilities
232	Note 14 Shares and similar interests
233	Note 15 Loans and receivables
234	Note 16 Insurance-related liabilities and reinsurers’ share
235	Note 17 Equity
236	Note 18 Hybrid capital
237	Note 19 Provisions and other liabilities
238	Note 20 Related party transactions
239	Note 21 Contingent liabilities
239	Note 22 Share-based payment
241	Note 23 Events after the balance sheet date
241	Note 24 Earnings per share
Gjensidige Forsikring ASA	
282	Declaration from the Board and CEO
283	Auditor’s report
288	Assurance integrated report
Appendix	
290	GRI Content Index and Board of Directors Report
296	Selected governing documents
297	Description of ratings and whom we support
298	Statement on equality
304	Certificates and guarantees
310	Climate accounts own operations

9. Tax

NOK millions	2020	2019
Specification of tax expense		
Tax payable	(1,623.2)	(1,174.4)
Correction previous years	52.6	74.9
Change in deferred tax	182.8	(98.1)
Total tax expense	(1,387.9)	(1,197.6)
Deferred tax liabilities and deferred tax assets		
Deferred tax liabilities and deferred tax assets are offset when there is a legally enforceable right to offset those assets/liabilities and when deferred tax liabilities/deferred tax assets relate to the same fiscal authority. Set off only where deferred tax benefits can be utilized by providing group contributions.		
Taxable temporary differences		
Property, plant and equipment and intangible assets	55.6	
Shares, bonds and other securities	834.5	1,198.3
Profit and loss account	207.3	259.1
Account for deferred income tax from technical provisions including security provision	3,266.8	3,780.2
Other taxable temporary differences	220.2	161.6
Total taxable temporary differences	4,584.4	5,399.2
Deductible temporary differences		
Property, plant and equipment and intangible assets		(14.1)
Loans and receivables	(31.5)	(14.1)
Provisions for liabilities	(297.5)	(296.9)
Pension liabilities	(332.8)	(326.8)
Other deductible temporary differences	(46.3)	
Total deductible temporary differences	(708.1)	(651.9)
Loss carried forward	(95.2)	(89.8)
Net temporary differences	3,781.1	4,657.5
Net deferred tax liabilities		
Of this non-assessed deferred tax assets	20.7	21.2
Deferred tax liabilities	956.2	1,168.6
Reconciliation of tax expense		
Profit before tax expense	6,341.7	7,753.8
Estimated tax of profit before tax expense (25%)	(1,585.4)	(1,938.4)
Tax effect of		
Different tax rate in foreign subsidiaries	7.9	6.9
Valuation allowance and reversal of loss carried forward in subsidiaries		2.8
Dividend received	1.9	1.8
Tax exempted income and expenses	46.3	573.9
Tax on interest on Perpetual Tier 1 capital	11.6	12.8
Associates and joint ventures	84.7	77.3
Non-tax-deductible expenses	(7.5)	(9.6)
Correction previous years	52.6	74.9
Total tax expense	(1,387.8)	(1,197.6)
Effective rate of income tax	21.9%	15.4%
Loss carried forward		
2021		
2022		
2023		
2024		
2025		
Later or no due date	95.2	89.8
Total loss carried forward	95.2	89.8

CONTENT

3 About this report

4 The year that passed

6 Key figures and alternative performance measures

11 Chair letter

14 CEO letter

Chapter 1 – This is us

Chapter 2 – Creating added value in Gjensidige

Chapter 3 – Value created in 2020

Chapter 4 – Financial statements and notes

Gjensidige Forsikring Group

182 Consolidated income statement

183 Consolidated statement of comprehensive income

184 Consolidated statement of financial position

185 Consolidated statement of changes in equity

186 Consolidated statement of cash flows

187 Note 1 Accounting policies

195 Note 2 Use of estimates

196 Note 3 Risk and capital management

211 Note 4 Segment information

212 Note 5 Investments in associates and joint ventures

213 Note 6 Net income from investments

214 Note 7 Expenses

215 Note 8 Salaries and remuneration

218 Note 9 Tax

219 Note 10 Pension

223 Note 11 Goodwill and intangible assets

225 Note 12 Owner-occupied and right-off-use property, plant and equipment

227 Note 13 Financial assets and liabilities

232 Note 14 Shares and similar interests

233 Note 15 Loans and receivables

234 Note 16 Insurance-related liabilities and reinsurers’ share

235 Note 17 Equity

236 Note 18 Hybrid capital

237 Note 19 Provisions and other liabilities

238 Note 20 Related party transactions

239 Note 21 Contingent liabilities

239 Note 22 Share-based payment

241 Note 23 Events after the balance sheet date

241 Note 24 Earnings per share

Gjensidige Forsikring ASA

282 Declaration from the Board and CEO

283 Auditor’s report

288 Assurance integrated report

Appendix

290 GRI Content Index and Board of Directors Report

296 Selected governing documents

297 Description of ratings and whom we support

298 Statement on equality

304 Certificates and guarantees

310 Climate accounts own operations

Gjensidige Forsikring Group

NOK millions	2020	2019
Change in deferred tax		
Deferred tax liabilities as at 1 January	1,147.5	1,079.9
Change in deferred tax recognised in profit or loss continuing operations	(182.8)	98.1
<i>Change in deferred tax recognised in other comprehensive income and directly in the balance sheet</i>		
Pensions	(28.1)	(29.3)
Companies sold and purchased		19.3
Exchange rate differences	(0.4)	(0.4)
<i>Change in deferred tax recognised directly in the balance sheet</i>		
Adjustment related to merger with Nykredit and Mølholm	(0.9)	
Adjustment on initial application of IFRS 16		(20.1)
Net deferred tax liabilities as at 31 December	935.5	1,147.5
Tax recognised in other comprehensive income		
Deferred tax pensions	28.1	29.3
Tax payable on exchange rate differences	(67.2)	17.1
Total tax recognised in other comprehensive income	(39.1)	46.4

Tax expense

In connection with the conversion of Gjensidige Forsikring BA to a public limited company in 2010, the Ministry of Finance consented an exemption from capital gains taxation on the transfer of business to the newly formed public limited company under certain conditions. The consequences of the tax relief decision, as calculated by the company, have been incorporated into the tax expense and tax liabilities from the fourth quarter 2010. The tax relief decision involves greater complexity related to taxable gains from the assets and liabilities which were transferred, which entails a greater degree of uncertainty with respect to the tax expense and tax liabilities until all the effects have ultimately been evaluated by the tax authorities.

The main result from the tax relief decision mentioned above, is that an increase in taxable gain from sale of shares in Gjensidige held by Gjensidigestiftelsen, leads to an increase in the taxable basis for depreciation in Gjensidige, which in turn give a decrease in tax payable. In February 2015, Gjensidige received a decision from the Central Tax Office for Large Enterprises in connection with the calculation of a tax gain as a result of the conversion of Gjensidige Forsikring BA into a public limited company (ASA) in 2010. The decision meant an increase in the taxable basis for depreciation and thus reduced the tax payable for 2010 and the following years. Gjensidigestiftelsen received a similar decision, and appealed the decision on the grounds that there was no basis for the change and that the tax office had

based its decision on an incorrect valuation. Gjensidige decided to join the complaint.

The appeal was processed by the Tax Appeal Board on 27th January 2020 but was not accepted. For Gjensidige's part, the tribunal's decision entails a reduction of tax payable for 2010 by NOK 42.4 million. If the increased depreciation basis in the decision is used as a basis for the following years, this results in a further reduction in tax payable by approximately NOK 140 million.

Gjensidigestiftelsen has filed a lawsuit to have its decision of the Appeals Board changed. Gjensidige supports Gjensidigestiftelsens's view, but has decided not to take part in the lawsuit. For Gjensidige, this means that the Tax Appeals Board's decision has final effect for 2010. The reduction in tax payable for 2010 has consequently been recognised as income of NOK 42.4 million plus interest in the accounts for 2020. For the following years, the outcome of Gjensidigestiftelsen's lawsuit may be significant, even if Gjensidige is not a party to the case. The tax office will await the outcome of the legal process before final determination of these years.

Gjensidige has not yet recognised a reduction in tax payable for the years 2011-2020 in the accounts.

10. Pension

Gjensidige Forsikring is required to have an occupational pension plan pursuant to the Norwegian Act relating to Mandatory Occupational Pensions. The Company's pension plans meet the requirements of the Act.

Gjensidige has both defined contribution and defined benefit plans for its employees. The defined benefit plan has been placed in a separate pension fund and is closed to new employees. New employees become members of the defined contribution pension plan.

Defined contribution plan

Defined contribution pension is a private pension plan that supplements the National Insurance scheme. Benefits from the pension plan come in addition to retirement pension from the National Insurance scheme. The retirement age is 70.

The defined contribution plan is a post-employment benefit plan under which Gjensidige pays fixed contributions into a separate entity and there is no legal or constructive obligation to pay further amounts. The rates are seven per cent of earnings between 0 and 7.1 times the National Insurance basic amount (G) and 20 per cent of earnings between 7.1 and 12 G.

Disability pension, spouse/cohabitant pension and child's pension are also included in the plan subject to more detailed rules.

Gjensidige Forsikring's branches and some of its subsidiaries have a defined contribution pension plan corresponding to the plan in Gjensidige Forsikring in Norway.

Defined benefit plan

Description of the plan
Together with benefits from the National Insurance scheme and any paid-up policies from former employment relationships, the

CONTENT

- 3 About this report
- 4 The year that passed
- 6 Key figures and alternative performance measures
- 11 Chair letter
- 14 CEO letter

Chapter 1 – This is us

Chapter 2 – Creating added value in Gjensidige

Chapter 3 – Value created in 2020

Chapter 4 – Financial statements and notes

Gjensidige Forsikring Group

182	Consolidated income statement
183	Consolidated statement of comprehensive income
184	Consolidated statement of financial position
185	Consolidated statement of changes in equity
186	Consolidated statement of cash flows
187	Note 1 Accounting policies
195	Note 2 Use of estimates
196	Note 3 Risk and capital management
211	Note 4 Segment information
212	Note 5 Investments in associates and joint ventures
213	Note 6 Net income from investments
214	Note 7 Expenses
215	Note 8 Salaries and remuneration
218	Note 9 Tax
219	Note 10 Pension
223	Note 11 Goodwill and intangible assets
225	Note 12 Owner-occupied and right-off-use property, plant and equipment
227	Note 13 Financial assets and liabilities
232	Note 14 Shares and similar interests
233	Note 15 Loans and receivables
234	Note 16 Insurance-related liabilities and reinsurers’ share
235	Note 17 Equity
236	Note 18 Hybrid capital
237	Note 19 Provisions and other liabilities
238	Note 20 Related party transactions
239	Note 21 Contingent liabilities
239	Note 22 Share-based payment
241	Note 23 Events after the balance sheet date
241	Note 24 Earnings per share

Gjensidige Forsikring ASA

282	Declaration from the Board and CEO
283	Auditor’s report
288	Assurance integrated report

Appendix

290	GRI Content Index and Board of Directors Report
296	Selected governing documents
297	Description of ratings and whom we support
298	Statement on equality
304	Certificates and guarantees
310	Climate accounts own operations

Gjensidige Forsikring Group

retirement pension amounts to approximately 70 per cent of the final salary, given a full earning period of 30 years. The retirement age is 70, but it is 65 for underwriters.

The defined benefit plan is a post-employment benefit plan that entitles employees to contractual future pension benefits. Disability pension, spouse/cohabitant pension and child’s pension are also included in the plan subject to more detailed rules.

In addition, Gjensidige has pension liabilities to some employees over and above the ordinary group pension agreement. This applies to employees with a lower retirement age, employees who earn more than 12 times the National Insurance basic amount (G) and supplementary pensions.

The ordinary retirement pension is a funded plan where the employer contributes by paying into the pension assets. Pension over and above the ordinary group pension agreement is an unfunded plan that is paid for through operations.

Actuarial assumptions

Actuarial assumptions are shown in the table. The discount rate is the assumption that has the greatest impact on the value of the pension liability. Wage growth, pension increases, and the adjustment of the National Insurance basic amount are based on historical observations and expected future inflation. Wage growth is set at 2.7 per cent (3.1) and is adjusted for age based on a decreasing trend. The year-on-year nominal wage growth 2020/21 is calculated to be 0.83 per cent (1.55). The reason for the low wage growth is that the pension plan is closed to new members and that the average age of employee members is 58.2 years (57.9).

The discount rate is based on a yield curve stipulated on the basis of the covered bond yield. The discount rate is based on observed interest approximately ten years ahead. The market’s long-term view of the interest rate level is estimated on the basis of the required real interest rate, inflation and future credit risk. An interpolation has been made in the period between the observed interest and long-term market expectations. A discount curve has thus been calculated for each year in which pensions will be disbursed.

The sensitivity analysis is based on only one assumption being changed at a time, while all the others remain constant. This is seldom the case, since several of the assumptions co-vary.

Risk

The risk in the net pension liability is a combination of the pension plan itself, the pension liability, pension assets, financing level and the co-variation between pension liabilities and pension assets.

Gjensidige is exposed to financial risk since the pension assets are managed in Gjensidige Pensjonskasse as an investment choice portfolio. The financial risk is related to investments in equities, interest-bearing securities and property. Most of the investments are in securities funds and bonds. The financial risk comprises stock market, interest rate, credit, currency and liquidity risk, whereas the greatest risk factor is interest rate risk. Financial risk in pension assets is estimated using defined stress parameters for each asset class and assumptions about how the development of the different asset classes will co-vary.

The pension assets are higher than the calculated pension liabilities. However, it must be tested whether the use of pension assets has a limitation. It is expected that part of the overfunding will be used to finance new earnings or be returned to the sponsor. A reduction in the liabilities (for example due to a rise in interest rates) will be partially offset by an increase in potential overfunding. The risk factors below must therefore be seen in the light of the overfunding.

Interest rate risk

The pension assets’ exposure to interest rate risk is deemed to be moderate because the market value-weighted duration is approximately 4.7 years (3.6). The portfolio value will fall by

approximately 4.7 per cent in the event of a parallel shift in the yield curve of plus one percentage point.

The pension liability will increase by approximately 12.6 per cent in the event of a parallel shift in the whole yield curve (fall in interest) of minus one percentage point. The value will fall by approximately 10.6 per cent in the event of an interest rate increase of one percentage point.

In the situation of rising interest rates, overfunding will be affected. A change in interest rate below 0.59 per cent will not result in overfunding. A change in interest rate of one percentage point will result in an overfunding of 2.6 per cent of the liability.

Credit risk

The pension assets’ exposure to credit risk is deemed to be moderate. Most of the pension fund’s fixed-income investments shall be within “investment grade”. If the credit risk on a global basis were to increase by a factor corresponding to the factor used in stress tests for pension funds (equal to a deterioration in relation to the 99.5 percentile), this would lead to a fall of approximately nine per cent in the bond portfolio.

The pension liabilities are exposed to some credit risk because the Norwegian covered bond yield, which forms the basis for determining the discount rate, entails a certain credit risk.

Equity and real estate risk

The pension assets are exposed to the stock market and the real estate market through equity funds and real estate funds. At the end of the year, the exposure was 19.6 per cent, divided into 11.9 per cent shares and 7.7 per cent in real estate.

The market value of shares fluctuates sharply. Gjensidige Pensjonskasse continuously measures the equity risk in the pension assets based on the principles in Solvency II. The principles for measuring equity risk are based on the fact that the risk increases when shares rise in value and that the risk declines when shares have fallen in value. As at 31 December 2020, the risk (equal to a deterioration in relation to the 99.5 percentile) is set at 39 per cent. Property risk is set at 25 per cent based on the principles in Solvency II.

Life expectancy and disability

The life expectancy assumptions are based on the K2013BE table as reported by FNO (Finans Norge) AS.

The rate of disability is based on the IR73 table. This measures long-term disability. The incidence of disability is low compared to many other employers.

Gjensidige’s employees could be involved in big disaster-like events such as plane crashes, bus crashes, as spectators at sporting events or through incidents in the workplace. If such an event occurs, the pension liability could significantly increase. Gjensidige has invested in disaster insurance that means that it will receive compensation if such an event occurs.

Wage growth

Future pension benefits depend on future wage growth and the development of the National Insurance basic amount (G). If wage growth in the Company is lower than the increase in G, the benefits will be reduced.

Wage growth will deviate from the path defined by employees getting higher or lower wage growth than what the job indicates. Gjensidige manages employees’ wage growth based on collective agreements and individual agreements. Salary levels can increase strongly from one year to the next.

If wage growth is one percentage point higher, it will lead to approximately 3.7 per cent increase in the liability. If wage growth is one percentage point lower, it will lead to approximately 3.0 per cent decrease in the liability. If G is one percentage point higher it will lead to approximately 1.5 per cent decrease in the liability.

CONTENT

3

About this report

4

The year that passed

6

Key figures and alternative performance measures

11

Chair letter

14

CEO letter

Chapter 1 – This is us

Chapter 2 – Creating added value in Gjensidige

Chapter 3 – Value created in 2020

Chapter 4 – Financial statements and notes

Gjensidige Forsikring Group

182

Consolidated income statement

183

Consolidated statement of comprehensive income

184

Consolidated statement of financial position

185

Consolidated statement of changes in equity

186

Consolidated statement of cash flows

187

Note 1 Accounting policies

195

Note 2 Use of estimates

196

Note 3 Risk and capital management

211

Note 4 Segment information

212

Note 5 Investments in associates and joint ventures

213

Note 6 Net income from investments

214

Note 7 Expenses

215

Note 8 Salaries and remuneration

218

Note 9 Tax

219

Note 10 Pension

223

Note 11 Goodwill and intangible assets

225

Note 12 Owner-occupied and right-off-use property, plant and equipment

227

Note 13 Financial assets and liabilities

232

Note 14 Shares and similar interests

233

Note 15 Loans and receivables

234

Note 16 Insurance-related liabilities and reinsurers’ share

235

Note 17 Equity

236

Note 18 Hybrid capital

237

Note 19 Provisions and other liabilities

238

Note 20 Related party transactions

239

Note 21 Contingent liabilities

239

Note 22 Share-based payment

241

Note 23 Events after the balance sheet date

241

Note 24 Earnings per share

Gjensidige Forsikring ASA

282

Declaration from the Board and CEO

283

Auditor’s report

288

Assurance integrated report

Appendix

290

GRI Content Index and Board of Directors Report

296

Selected governing documents

297

Description of ratings and whom we support

298

Statement on equality

304

Certificates and guarantees

310

Climate accounts own operations

Gjensidige Forsikring Group

Minimum requirement for the level of pension assets

The pension assets must meet certain minimum requirements defined in Norwegian laws, regulations and in orders issued by the Financial Supervisory Authority of Norway (FSA).

If the level of the pension assets falls below a lower limit, Gjensidige will have to pay extra pension contributions to bring them up to the lower limit. On certain conditions, Gjensidige will also be repaid pension assets.

Gjensidige Pensjonskasse measures risk based on requirements set by the Financial Supervisory Authority in the form of stress tests. These tests should reflect 99.5 per cent value at risk. The pension fund has a solvency capital margin of 138 per cent without the use of transitional rules, which indicates that there is no requirement to provide pension funds to improve the pension fund's solvency.

Private collective pension (AFP)

As a member of Finance Norway, Gjensidige has a collective (AFP) pension agreement for its employees. AFP is a defined benefit scheme funded jointly by many employers. The administrator of the pension plan has not presented calculations that allocate the pension assets or liabilities in the plans to the individual member enterprises. Gjensidige therefore recognises the plan as a defined contribution plan.

If the administrator of the AFP plan presents such allocation figures, this could result in the plan being recognised as a defined benefit plan. It is difficult, however, to arrive at an allocation key that is acceptable to the members. An allocation key based on the Gjensidige's share of total annual pay will not be acceptable since such a key is too simple and will not adequately reflect the financial liabilities.

NOK millions	Funded 2020	Unfunded 2020	Total 2020	Funded 2019	Unfunded 2019	Total 2019
Present value of the defined benefit obligation						
As at 1 January	2,102.7	610.6	2,713.3	2,057.2	562.4	2,619.6
Current service cost	25.6	10.1	35.6	25.1	9.8	34.9
Employers' national insurance contributions of current service cost	4.9	1.9	6.8	4.8	1.9	6.7
Interest cost	45.2	12.3	57.6	59.8	15.1	75.0
Actuarial gains and losses	241.7	120.4	362.1	146.5	62.5	209.0
Benefits paid	(117.0)	(34.5)	(151.5)	(112.9)	(34.5)	(147.4)
Employers' national insurance contributions of benefits paid	(17.6)	(6.4)	(23.9)	(26.9)	(6.3)	(33.2)
The effect of the asset ceiling	(73.6)		(73.6)	(50.9)		(50.9)
Foreign currency exchange rate changes		2.4	2.4		(0.2)	(0.2)
As at 31 December	2,211.8	716.8	2,928.7	2,102.7	610.6	2,713.3
Fair value of plan assets						
As at 1 January	2,347.0		2,347.0	2,213.8		2,213.8
Interest income	52.2		52.2	64.5		64.5
Return beyond interest income	175.8		175.8	41.0		41.0
Contributions by the employer	109.9	6.4	116.2	167.5	6.3	173.9
Benefits paid	(117.0)		(117.0)	(112.9)		(112.9)
Employers' national insurance contributions of benefits paid	(17.6)	(6.4)	(23.9)	(26.9)	(6.3)	(33.2)
As at 31 December	2,550.4		2,550.4	2,347.0		2,347.0
Amount recognised in the balance sheet						
Present value of the defined benefit obligation	2,211.8	716.8	2,928.7	2,102.7	610.6	2,713.3
Fair value of plan assets	(2,550.4)		(2,550.4)	(2,347.0)		(2,347.0)
Net defined benefit obligation/(benefit asset)	(338.5)	716.8	378.3	(244.2)	610.6	366.3
Pension expense recognised in profit or loss						
Current service cost	25.6	10.1	35.6	25.1	9.8	34.9
Interest cost	45.2	12.3	57.6	59.8	15.1	75.0
Interest income	(52.2)		(52.2)	(64.5)		(64.5)
Employers' national insurance contributions	4.9	1.9	6.8	4.8	1.9	6.7
Defined benefit pension cost	23.4	24.3	47.8	25.2	26.8	52.0
The expense is recognised in the following line in the income statement						
Total operating expenses	23.4	24.3	47.8	25.2	26.8	52.0
Remeasurement of the net defined benefit liability/asset recognised in other comprehensive income						
Cumulative amount as at 1 January			(2,802.9)			(2,691.7)
Return on plan assets			175.8			41.0
Changes in demographic assumptions			(136.5)			(134.4)
Changes in financial assumptions			(225.6)			(74.6)
The effect of the asset ceiling			73.6			50.9
Other changes						6.0
Exchange rate differences			0.6			
Cumulative amount as at 31 December			(2,914.8)			(2,802.9)

CONTENT

3

About this report

4

The year that passed

6

Key figures and alternative performance measures

11

Chair letter

14

CEO letter

Chapter 1 – This is us

Chapter 2 – Creating added value in Gjensidige

Chapter 3 – Value created in 2020

Chapter 4 – Financial statements and notes

Gjensidige Forsikring Group

182

Consolidated income statement

183

Consolidated statement of comprehensive income

184

Consolidated statement of financial position

185

Consolidated statement of changes in equity

186

Consolidated statement of cash flows

187

Note 1 Accounting policies

195

Note 2 Use of estimates

196

Note 3 Risk and capital management

211

Note 4 Segment information

212

Note 5 Investments in associates and joint ventures

213

Note 6 Net income from investments

214

Note 7 Expenses

215

Note 8 Salaries and remuneration

218

Note 9 Tax

219

Note 10 Pension

223

Note 11 Goodwill and intangible assets

225

Note 12 Owner-occupied and right-off-use property, plant and equipment

227

Note 13 Financial assets and liabilities

232

Note 14 Shares and similar interests

233

Note 15 Loans and receivables

234

Note 16 Insurance-related liabilities and reinsurers’ share

235

Note 17 Equity

236

Note 18 Hybrid capital

237

Note 19 Provisions and other liabilities

238

Note 20 Related party transactions

239

Note 21 Contingent liabilities

239

Note 22 Share-based payment

241

Note 23 Events after the balance sheet date

241

Note 24 Earnings per share

Gjensidige Forsikring ASA

282

Declaration from the Board and CEO

283

Auditor’s report

288

Assurance integrated report

Appendix

290

GRI Content Index and Board of Directors Report

296

Selected governing documents

297

Description of ratings and whom we support

298

Statement on equality

304

Certificates and guarantees

310

Climate accounts own operations

Gjensidige Forsikring Group

NOK millions	Funded 2020	Unfunded 2020	Total 2020	Funded 2019	Unfunded 2019	Total 2019
The effect of the asset ceiling						
Cumulative amount as at 1 January			73.6			124.6
Change in the effect of the asset ceiling			(73.6)			(50.9)
Cumulative amount as at 31 December						73.6

Actuarial assumptions						
Discount rate			1.67%			2.21%
Future salary increases ¹			2.65%			3.14%
Change in social security base amount			2.77%			3.14%

Other specifications						
Amount recognised as expense for the defined contribution plan			226.1			209.0
Amount recognised as expense for Fellesordningen LO/NHO			22.5			23.6
Expected contribution to Fellesordningen LO/NHO next year			23.2			23.8
Expected contribution to the defined benefit plan for the next year			94.7			145.1

¹ Future salary increases represent our expected average future salary increase for the industry. Since Gjensidige has a closed plan, average future salary increase for Gjensidige's population is 0.83 per cent (1.55). See explanation under Actuarial assumptions.

Per cent	Change in pension benefit obligation 2020	Change in pension benefit obligation 2019
Sensitivity		
- 1%-point discount rate	12.6%	12.3%
+ 1%-point discount rate	(10.6%)	(10.1%)
- 1%-point salary adjustment	(3.1%)	(2.7%)
+ 1%-point salary adjustment	3.8%	3.7%
- 1%-point social security base amount	1.7%	1.6%
+ 1%-point social security base amount	(1.6%)	(1.4%)
+ 1%-point future pension increase	10.8%	10.3%
10% decreased mortality	2.9%	2.8%
10% increased mortality	(4.0%)	(3.8%)

Valuation hierarchy 2020	Level 1	Level 2	Level 3	
	Quoted prices in active markets	Valuation techniques based on observable market data	Valuation techniques based on non-observable market data	Total as at 31.12.2020
NOK millions				
Shares and similar interests		499.9		499.9
Bonds		2,017.3		2,017.3
Loans, receivables and bank deposits		33.2		33.2
Total		2,550.4		2,550.4

Valuation hierarchy 2019	Level 1	Level 2	Level 3	
	Quoted prices in active markets	Valuation techniques based on observable market data	Valuation techniques based on non-observable market data	Total as at 31.12.2019
NOK millions				
Shares and similar interests		201.8		201.8
Bonds		2,086.5		2,086.5
Derivatives		58.7		58.7
Total		2,347.0		2,347.0

CONTENT

3

About this report

4

The year that passed

6

Key figures and alternative performance measures

11

Chair letter

14

CEO letter

Chapter 1 – This is us

Chapter 2 – Creating added value in Gjensidige

Chapter 3 – Value created in 2020

Chapter 4 – Financial statements and notes

Gjensidige Forsikring Group

182 Consolidated income statement

183 Consolidated statement of comprehensive income

184 Consolidated statement of financial position

185 Consolidated statement of changes in equity

186 Consolidated statement of cash flows

187 Note 1 Accounting policies

195 Note 2 Use of estimates

196 Note 3 Risk and capital management

211 Note 4 Segment information

212 Note 5 Investments in associates and joint ventures

213 Note 6 Net income from investments

214 Note 7 Expenses

215 Note 8 Salaries and remuneration

218 Note 9 Tax

219 Note 10 Pension

223 Note 11 Goodwill and intangible assets

225 Note 12 Owner-occupied and right-off-use property, plant and equipment

227 Note 13 Financial assets and liabilities

232 Note 14 Shares and similar interests

233 Note 15 Loans and receivables

234 Note 16 Insurance-related liabilities and reinsurers’ share

235 Note 17 Equity

236 Note 18 Hybrid capital

237 Note 19 Provisions and other liabilities

238 Note 20 Related party transactions

239 Note 21 Contingent liabilities

239 Note 22 Share-based payment

241 Note 23 Events after the balance sheet date

241 Note 24 Earnings per share

Gjensidige Forsikring ASA

282 Declaration from the Board and CEO

283 Auditor’s report

288 Assurance integrated report

Appendix

290 GRI Content Index and Board of Directors Report

296 Selected governing documents

297 Description of ratings and whom we support

298 Statement on equality

304 Certificates and guarantees

310 Climate accounts own operations

11. Goodwill and intangible assets

NOK millions	Goodwill	Customer relationship	Software	Other intangible assets	Total
Cost					
As at 1 January 2019	3,840.7	1,422.3	1,534.3	903.2	7,700.5
Additions			229.3	9.8	239.2
Additions through business combinations		87.4			87.4
Additions from internal development			2.7		2.7
Disposals/reclassifications		(33.8)	(507.1)	(57.7)	(598.6)
Exchange differences	(24.0)	(10.5)	(6.0)	(12.6)	(53.1)
As at 31 December 2019	3,816.7	1,465.4	1,253.2	842.7	7,378.0
Uncompleted projects			304.7		304.7
As at 31 December 2019, including uncompleted projects	3,816.7	1,465.4	1,557.9	842.7	7,682.7
Amortisation and impairment losses					
As at 1 January 2019	(263.7)	(1,190.8)	(966.4)	(637.9)	(3,058.7)
Amortisation		(155.1)	(290.3)	(101.6)	(547.1)
Disposals/reclassifications		33.8	493.1	57.6	584.6
Exchange differences	1.5	7.0	2.4	7.0	17.9
As at 31 December 2019	(262.2)	(1,305.1)	(761.2)	(674.9)	(3,003.3)
Carrying amount					
As at 1 January 2019	3,577.0	231.5	791.2	265.3	4,865.2
As at 31 December 2019	3,554.6	160.3	796.7	167.9	4,679.4
Cost					
As at 1 January 2020	3,816.7	1,465.4	1,253.2	842.7	7,378.0
Additions/change in cost		(3.9)	169.1	19.6	184.8
Additions internal			16.8		16.8
Disposals/reclassifications		(495.8)	(661.4)		(1,157.2)
Exchange differences	230.2	96.9	28.9	59.9	415.8
As at 31 December 2020	4,046.9	1,062.5	806.6	922.2	6,838.2
Uncompleted projects			593.1		593.1
As at 31 December 2020, including uncompleted projects	4,046.9	1,062.5	1,399.6	922.2	7,431.2
Amortisation and impairment losses					
As at 1 January 2020	(262.2)	(1,305.1)	(761.2)	(674.9)	(3,003.3)
Amortisation		(89.0)	(236.3)	(108.3)	(433.6)
Disposals/reclassifications		495.8	579.8		1,075.7
Exchange differences	(11.3)	(89.6)	(15.4)	(47.8)	(164.1)
As at 31 December 2020	(273.5)	(987.8)	(433.1)	(831.0)	(2,525.4)
Carrying amount					
As at 1 January 2020	3,554.6	160.3	796.7	167.9	4,679.4
As at 31 December 2020	3,773.4	74.7	966.5	91.2	4,905.9
Amortisation method	N/A	Straight-line	Straight-line	Straight-line	
Useful life (years)	N/A	5-10	5-8	1-10	

The Group's intangible assets are either acquired or internally developed. Goodwill, customer relationships, trademarks and parts of other intangible assets are all acquired through business combinations, and are a result of a purchase price allocation of initial cost of the acquisition. Software is developed for use in the insurance business. External and internal assistance used in relation with implementation or substantial upgrade of software, including adjustment of standard systems, are capitalized as intangible assets. Amortisation is included in the accounting line Expenses.

The group has not acquired any portfolio or company in 2020. It has been assessed whether goodwill and intangible assets have been negatively affected by Covid-19, without this being the case.

Impairment testing goodwill

The carrying amount of goodwill in the Group as at 31 December 2020 is NOK 3,773.4 million.

NOK millions	2020	2019
Goodwill - Segment		
General Insurance Denmark	2,960.3	2,790.6
General Insurance Sweden	224.2	201.9
General Insurance Private	128.7	128.7
General Insurance Baltics	460.2	433.3
Total	3,773.4	3,554.5

CONTENT

- 3 About this report
- 4 The year that passed
- 6 Key figures and alternative performance measures
- 11 Chair letter
- 14 CEO letter

Chapter 1 – This is us

Chapter 2 – Creating added value in Gjensidige

Chapter 3 – Value created in 2020

Chapter 4 – Financial statements and notes

Gjensidige Forsikring Group

182	Consolidated income statement
183	Consolidated statement of comprehensive income
184	Consolidated statement of financial position
185	Consolidated statement of changes in equity
186	Consolidated statement of cash flows
187	Note 1 Accounting policies
195	Note 2 Use of estimates
196	Note 3 Risk and capital management
211	Note 4 Segment information
212	Note 5 Investments in associates and joint ventures
213	Note 6 Net income from investments
214	Note 7 Expenses
215	Note 8 Salaries and remuneration
218	Note 9 Tax
219	Note 10 Pension
223	Note 11 Goodwill and intangible assets
225	Note 12 Owner-occupied and right-off-use property, plant and equipment
227	Note 13 Financial assets and liabilities
232	Note 14 Shares and similar interests
233	Note 15 Loans and receivables
234	Note 16 Insurance-related liabilities and reinsurers’ share
235	Note 17 Equity
236	Note 18 Hybrid capital
237	Note 19 Provisions and other liabilities
238	Note 20 Related party transactions
239	Note 21 Contingent liabilities
239	Note 22 Share-based payment
241	Note 23 Events after the balance sheet date
241	Note 24 Earnings per share

Gjensidige Forsikring ASA

282	Declaration from the Board and CEO
283	Auditor’s report
288	Assurance integrated report

Appendix

290	GRI Content Index and Board of Directors Report
296	Selected governing documents
297	Description of ratings and whom we support
298	Statement on equality
304	Certificates and guarantees
310	Climate accounts own operations

Gjensidige Forsikring Group

Each of the units above is the smallest identifiable group of assets that generates cash inflows and are considered as separate cash-generating units. Normally, each segment will be considered as a cash-generating unit. Acquired portfolios are integrated into the operations in the various countries and have joint management follow-up and management. The annual assessment of impairment losses was carried out in the third quarter of 2020. An indication assessment was also carried out in the other quarters in order to assess whether new circumstances calls for new impairment testing of goodwill. In the fourth quarter, an updated assessment was made of whether the termination of the agreement with Nykredit will have a significant effect on goodwill related to Gjensidige Forsikring, Danish branch. The updated assessment gives no indication of impairment losses.

Recoverable amount for the cash-generating units is determined based on an assessment of the value in use. The value in use is based on a discounting of future cash flows, with a relevant discount rate that takes into account maturity and risk.

Budgets/prognoses and the period for which the cash flows are projected

The projection of cash flows is based on budget and forecast for the next five years reviewed by the management and approved by the Board of Directors. The growth in this 5-year period is higher than the long-term growth expectancy. In the period after 2024 a lower annual growth has been used than in the budget period to arrive at a normal level before a terminal value is calculated. The terminal value is calculated in 2029. Gjensidige normally has a ten-year horizon on its models, as the acquired companies are in a growth phase and a shorter period will give a less correct view of expected cash flows. The long-term growth rate beyond the board approved plan, is no higher than the long-term growth in the market for the respective cash generating units.

The management’s method

As far as possible, the management has sought to document the assumptions upon which the models are based through external information. External information is first and foremost used in the assessment of discount rate and exchange rates. When it comes to future cash flows, the management has also considered the degree of historical achievement of budgets. If expected budgeted results are not achieved, the management has conducted a deviation analysis. These deviation analyses are reviewed by the Board of Directors of the respective subsidiaries, as well as the management in Gjensidige Forsikring.

Level of combined ratio (CR)

The expected CR level is both in the growth period and when estimating the terminal value considered to be from 85.3 to 97.0.

Cash-generating units	CR-level in growth period	CR-level when calculating terminal value
General Insurance Denmark	85,3-89,1 %	90,0 %
General Insurance Sweden	91,1-97,0 %	91,1 %
General Insurance Private	86,0-88,8 %	88,6 %
General Insurance Baltics	91,0-97,0 %	92,0 %

Growth rate in terminal value calculation

The growth rate is determined to 2.5 per cent in Scandinavia and 3.0 per cent in Baltics. This is the same growth as in 2019. The growth rate corresponds to the best estimate of long-term nominal GDP growth for the various countries and represents the expectations for growth in the various insurance markets.

Discount rate

The discount rate is before tax, and is composed of a risk-free interest rate, a risk premium and a market beta. The discount rate used corresponds to the group's required return of 6 per cent, reduced from 6.5 per cent in 2019. The group's required return represents the group's risk appetite, and this is the same regardless of country. Land risk is corrected directly in the cash flow on all units. An assessment has been made of whether a discount rate per. geography would have given a different outcome. As a rate that is specific to the asset is not directly available in the market, a rate with a corresponding deduction is used to estimate the discount rate. To determine the discount rate, we use the capital value model as a starting point. The risk-free interest rate corresponds to a ten-year interest rate on government bonds in the respective countries in which the subsidiaries and branches operate. In order to determine the beta, the starting point is observable values for Nordic non-life insurance companies. Compared with the group's required rate of return, the calculated discount rates are lower and therefore the group's required rate of return is used as the discount rate.

Sensitivity analysis to key assumptions

The excess values related to the acquisitions are based on different key assumptions. If these assumptions change significantly from expected in the impairment models, a need for impairment may arise. See table.

Sensitivity table goodwill	Discount rate increases by 1%	Growth reduces by 2% compared to expected next 3 years	CR increases by 2% next 3 years	Growth reduces by 1% i terminal value calculation compared to expected	All circumstances occur simultaneously
General Insurance Denmark	No need for impairment	No need for impairment	No need for impairment	No need for impairment	No need for impairment
General Insurance Sweden	No need for impairment	No need for impairment	No need for impairment	No need for impairment	No need for impairment
General Insurance Private	No need for impairment	No need for impairment	No need for impairment	No need for impairment	No need for impairment
General Insurance Baltics	No need for impairment	No need for impairment	No need for impairment	No need for impairment	No need for impairment

CONTENT

3

About this report

4

The year that passed

6

Key figures and alternative performance measures

11

Chair letter

14

CEO letter

Chapter 1 – This is us

Chapter 2 – Creating added value in Gjensidige

Chapter 3 – Value created in 2020

Chapter 4 – Financial statements and notes

Gjensidige Forsikring Group

182

Consolidated income statement

183

Consolidated statement of comprehensive income

184

Consolidated statement of financial position

185

Consolidated statement of changes in equity

186

Consolidated statement of cash flows

187

Note 1 Accounting policies

195

Note 2 Use of estimates

196

Note 3 Risk and capital management

211

Note 4 Segment information

212

Note 5 Investments in associates and joint ventures

213

Note 6 Net income from investments

214

Note 7 Expenses

215

Note 8 Salaries and remuneration

218

Note 9 Tax

219

Note 10 Pension

223

Note 11 Goodwill and intangible assets

225

Note 12 Owner-occupied and right-off-use property, plant and equipment

227

Note 13 Financial assets and liabilities

232

Note 14 Shares and similar interests

233

Note 15 Loans and receivables

234

Note 16 Insurance-related liabilities and reinsurers’ share

235

Note 17 Equity

236

Note 18 Hybrid capital

237

Note 19 Provisions and other liabilities

238

Note 20 Related party transactions

239

Note 21 Contingent liabilities

239

Note 22 Share-based payment

241

Note 23 Events after the balance sheet date

241

Note 24 Earnings per share

Gjensidige Forsikring ASA

282

Declaration from the Board and CEO

283

Auditor’s report

288

Assurance integrated report

Appendix

290

GRI Content Index and Board of Directors Report

296

Selected governing documents

297

Description of ratings and whom we support

298

Statement on equality

304

Certificates and guarantees

310

Climate accounts own operations

12. Owner-occupied and right-off-use property, plant and equipment

NOK millions	Owner-occupied property	Right-of-use property	Plant and equipment ¹	Right-of-use plant and equipment	Total
Cost					
As at 1 January 2019	32.2		519.8		552.0
Implementation of IFRS 16		1,210.3		13.6	1,223.9
Additions		42.5	32.2	3.6	78.3
Disposals	(1.4)	(59.0)	(104.5)		(164.9)
Exchange differences		(3.2)	(1.9)		(5.1)
As at 31 December 2019	30.9	1,190.5	445.6	17.2	1,684.2
Uncompleted projects			49.9		49.9
As at 31 December 2019, including uncompleted projects	30.9	1,190.5	495.4	17.2	1,734.0
Depreciation and impairment losses					
As at 1 January 2019	(0.5)		(345.1)		(345.6)
Depreciation	(0.1)	(159.0)	(50.4)	(6.6)	(216.2)
Disposals	0.1		91.4		91.5
Exchange differences		(0.1)	1.4		1.2
As at 31 December 2019	(0.6)	(159.1)	(302.8)	(6.6)	(469.1)
Carrying amount					
As at 1 January 2019	31.7		220.1		251.9
As at 31 December 2019	30.3	1,031.4	192.7	10.5	1,264.9
Cost					
As at 1 January 2020	30.9	1,190.5	445.6	17.2	1,684.2
Additions	0.6	85.8	43.3	3.6	133.3
Disposals	(1.1)	(65.2)	(125.1)	(6.9)	(198.2)
Exchange differences	0.2	24.0	6.7	0.6	31.4
As at 31 December 2020	30.6	1,235.2	370.5	14.4	1,650.6
Uncompleted projects			76.5		76.5
As at 31 December 2020, including uncompleted projects	30.6	1,235.2	447.0	14.4	1,727.1
Depreciation and impairment losses					
As at 1 January 2020	(0.6)	(159.1)	(302.8)	(6.6)	(469.1)
Depreciation	(0.1)	(177.8)	(48.4)	(6.7)	(233.0)
Disposals	0.1	24.0	102.0	6.8	132.9
Exchange differences		(3.1)	(5.0)	(0.2)	(8.4)
As at 31 December 2020	(0.7)	(316.1)	(254.1)	(6.7)	(577.6)
Carrying amount					
As at 1 January 2020	30.3	1,031.4	192.7	10.5	1,264.9
As at 31 December 2020	29.9	919.1	192.9	7.7	1,149.6
Depreciation method	Straight-line	Straight-line	Straight-line	Straight-line	
Useful life (years)	10-50	2-10	3-10	1-3	

¹ Plant and equipment consist mainly of machinery, vehicles, fixtures and furniture.

Owner-occupied property in Gjensidige Forsikring Group mainly consists of leisure houses and cottages, in addition to owner-occupied property in the Baltics.

There are no restrictions on owner-occupied property, plant and equipment. Owner-occupied property, plant and equipment are not pledged as security for liabilities.

Gjensidige has assessed the consequences of Covid-19 in valuing owner-occupied and right-to-use property, plant and equipment, without having found a need for write-downs of any of the values.

CONTENT

3

About this report

4

The year that passed

6

Key figures and alternative performance measures

11

Chair letter

14

CEO letter

Chapter 1 – This is us

Chapter 2 – Creating added value in Gjensidige

Chapter 3 – Value created in 2020

Chapter 4 – Financial statements and notes

Gjensidige Forsikring Group

182

Consolidated income statement

183

Consolidated statement of comprehensive income

184

Consolidated statement of financial position

185

Consolidated statement of changes in equity

186

Consolidated statement of cash flows

187

Note 1 Accounting policies

195

Note 2 Use of estimates

196

Note 3 Risk and capital management

211

Note 4 Segment information

212

Note 5 Investments in associates and joint ventures

213

Note 6 Net income from investments

214

Note 7 Expenses

215

Note 8 Salaries and remuneration

218

Note 9 Tax

219

Note 10 Pension

223

Note 11 Goodwill and intangible assets

225

Note 12 Owner-occupied and right-off-use property, plant and equipment

227

Note 13 Financial assets and liabilities

232

Note 14 Shares and similar interests

233

Note 15 Loans and receivables

234

Note 16 Insurance-related liabilities and reinsurers’ share

235

Note 17 Equity

236

Note 18 Hybrid capital

237

Note 19 Provisions and other liabilities

238

Note 20 Related party transactions

239

Note 21 Contingent liabilities

239

Note 22 Share-based payment

241

Note 23 Events after the balance sheet date

241

Note 24 Earnings per share

Gjensidige Forsikring ASA

282

Declaration from the Board and CEO

283

Auditor’s report

288

Assurance integrated report

Appendix

290

GRI Content Index and Board of Directors Report

296

Selected governing documents

297

Description of ratings and whom we support

298

Statement on equality

304

Certificates and guarantees

310

Climate accounts own operations

Lease liability

NOK millions	2020	2019
Lease liability		
Undiscounted lease liability 1 January	1,233.7	1,462.1
Effect of discounting of the lease liability	(108.6)	(157.7)
Discounted lease liability 1 January	1,125.1	1,304.5
Summary of the lease liability in the financial statements		
As at 1 January	1,125.1	1,304.5
Change in lease liability	(6.8)	33.3
New lease liabilities	53.7	(47.7)
Paid installment (Cash flow)	(178.9)	(161.6)
Paid interest (Cash flow)	(29.9)	(32.2)
Accrued interest (Profit and loss)	29.9	32.2
Exchange rate differences (Other comprehensive income)	23.3	(3.5)
As at 31 December	1,016.4	1,125.1
Expenses related to short-term contracts (including short-term low value contracts)		
	9.5	2.6
Expenses related to low value contracts (excluding short-term low value contracts)		
	4.6	0.9
Undiscounted lease liability and maturity of cash flows		
Less than 1 year	196.6	195.9
1-2 years	182.7	188.3
2-3 years	161.8	172.6
3-4 years	133.4	153.1
4-5 years	129.2	126.4
More than 5 years	300.9	397.4
Total undiscounted lease liability as at 31 December	1,104.5	1,233.7
Weighted average interest rate		
	2.8 %	2.2 %

To determine whether a contract contains a lease, it is considered whether the contract conveys the right to control the use of an identified asset. This is for Gjensidige considered to be the case for office leases, leases for cars and some office machines etc. However, the main part of the latter group is exempted for recognition due to low value. IT agreements are not considered to fall under IFRS 16 since these are based on the purchase of capacity that is not physically separated and thus not identifiable.

The rental period is calculated based on the duration of the agreement plus any option periods if these with reasonable certainty will be exercised. Joint expenses etc. are not recognised in the lease liability for the rental contracts.

The discount rate for the rental contracts is determined by looking at observable borrowing rates in the bond market for each of the countries in which Gjensidige operates. The interest rates are adapted to the actual lease contracts duration and currency. The discount rate for the leasing cars is determined based on an assessment of which loan interest Gjensidige would achieve for financing cars from a financing company.

Payment of interest related to lease liabilities is presented as cash flow from financing activities as this is best in accordance with the objective of the rental agreements.

Gjensidige has recognised its lease liabilities at the present value of the remaining lease payments, discounted using the lessee’s incremental borrowing rate at the date of initial application, as well as the recognition of related right-of-use assets to an amount corresponding to the lease liability according to the modified retrospective approach. However, for the largest rental agreements in Norway, Sweden and Denmark, Gjensidige chose as at 1. January 2019 to recognise the right-of-use asset at the carrying amount as if the standard had been applied since the commencement date but discounted using the lessee’s incremental borrowing rate at the date of initial application. Transaction costs were not included.

Gjensidige has chosen to recognise deferred tax on the net value of assets and liabilities. This represented a deferred tax asset of NOK 20.1 million. The difference between this and the lease liability, less deferred tax, amounted to NOK 61.4 million and was recognised directly in equity on 1 January 2019.

Gjensidige has not received a reduction in rental costs or other relief as a result of Covid-19, and therefore has no further information in accordance with IFRS 16.60A.

CONTENT

3

About this report

4

The year that passed

6

Key figures and alternative performance measures

11

Chair letter

14

CEO letter

Chapter 1 – This is us

Chapter 2 – Creating added value in Gjensidige

Chapter 3 – Value created in 2020

Chapter 4 – Financial statements and notes

Gjensidige Forsikring Group

182

Consolidated income statement

183

Consolidated statement of comprehensive income

184

Consolidated statement of financial position

185

Consolidated statement of changes in equity

186

Consolidated statement of cash flows

187

Note 1 Accounting policies

195

Note 2 Use of estimates

196

Note 3 Risk and capital management

211

Note 4 Segment information

212

Note 5 Investments in associates and joint ventures

213

Note 6 Net income from investments

214

Note 7 Expenses

215

Note 8 Salaries and remuneration

218

Note 9 Tax

219

Note 10 Pension

223

Note 11 Goodwill and intangible assets

225

Note 12 Owner-occupied and right-off-use property, plant and equipment

227

Note 13 Financial assets and liabilities

232

Note 14 Shares and similar interests

233

Note 15 Loans and receivables

234

Note 16 Insurance-related liabilities and reinsurers’ share

235

Note 17 Equity

236

Note 18 Hybrid capital

237

Note 19 Provisions and other liabilities

238

Note 20 Related party transactions

239

Note 21 Contingent liabilities

239

Note 22 Share-based payment

241

Note 23 Events after the balance sheet date

241

Note 24 Earnings per share

Gjensidige Forsikring ASA

282

Declaration from the Board and CEO

283

Auditor’s report

288

Assurance integrated report

Appendix

290

GRI Content Index and Board of Directors Report

296

Selected governing documents

297

Description of ratings and whom we support

298

Statement on equality

304

Certificates and guarantees

310

Climate accounts own operations

13. Financial assets and liabilities

Fair value

Financial assets and liabilities measured at fair value are carried at the amount each asset/liability can be settled to in an orderly transaction between market participants at the measurements date at the prevailing market conditions.

Different valuation techniques and methods are used to estimate fair value depending on the type of financial instruments and to which extent they are traded in active markets. Instruments are classified in their entirety in one of three valuation levels in a hierarchy on the basis of the lowest level input that is significant to the fair value measurement in its entirety.

The different valuation levels and which financial assets/liabilities that are included in the respective levels are accounted for below.

Quoted prices in active markets

Quoted prices in active markets are considered the best estimate of an asset/liability’s fair value. A financial asset/liability is considered valued based on quoted prices in active markets if fair value is estimated based on easily and regularly available prices and these prices represent actual and regularly occurring transactions at arm’s length principle. Financial assets/liabilities valued based on quoted prices in active markets are classified as level one in the valuation hierarchy.

The following financial assets are classified as level one in the valuation hierarchy:

- Listed shares
- Norwegian government/government backed bonds and other fixed income securities
- Exchange traded funds (ETF)

Valuation based on observable market data

When quoted prices in active markets are not available, the fair value of financial assets/liabilities is preferably estimated on the basis of valuation techniques based on observable market data.

A financial asset/liability is considered valued based on observable market data if fair value is estimated with reference to prices that are not quoted, but are observable either directly (as prices) or indirectly (derived from prices).

The following financial assets/liabilities are classified as level two in the valuation hierarchy:

- Currency derivatives, equity options and forward rate agreements, in which fair value is derived from the value of underlying instruments. These derivatives are valued using common valuation techniques for derivatives (option pricing models etc.).
- Equity funds, bond funds, hedge funds and combination funds, in which fair value is estimated based on the fair value of the underlying investments of the funds.
- Bonds, certificates or index bonds that are unlisted, or that are listed but where transactions are not occurring regularly. The unlisted instruments in this category are valued based on observable yield curves and estimated credit spreads where applicable.
- Listed subordinated notes where transactions are not occurring regularly.

Valuation based on non-observable market data

When neither quoted prices in active markets nor observable market data is available, the fair value of financial assets/liabilities is estimated based on valuation techniques which are based on non-observable market data.

A financial asset/liability is considered valued based on non-observable market data if fair value is estimated without being based on quoted prices in active markets or observable market data. Financial assets/liabilities valued based on non-observable market data are classified as level three in the valuation hierarchy.

The following financial assets are classified as level three in the valuation hierarchy:

- Unlisted private equity investments. The private equity investments that are not organized as funds are valued using cash flow analysis, price multiples and recent market transactions. The private equity investments that are organized as funds are valued based on NAV (Net Asset Value) as reported by the fund administrators in accordance with IPEV guidelines (International Private Equity and Venture Capital Valuation. Because of late reporting from the funds, the NAV from the previous quarterly reporting is used in estimating fair value. The NAV is then assessed for discretionary adjustments based on objective events since the last reporting date. Objective events may be the development in underlying values of listed companies since the last reporting, changes in regulations or substantial market movements.
- Loan funds containing secured debt and real estate funds. The funds are valued based on reported NAV values as reported by the fund administrators. Because of late reporting from the funds, the NAV values from the previous quarterly reporting are used in estimating fair value.

The valuation process for financial assets classified as level three

In consultation with the Investment Performance and Risk Measurement department, the Chief Investment Officer decides which valuation models will be used when valuing financial assets classified as level three in the valuation hierarchy. The models are evaluated as required. The fair value and results of the investments and compliance with the stipulated limits are reported weekly to the Chief Financial Officer and Chief Executive Officer, and monthly to the Board.

Sensitivity financial assets level three

Shares and similar interests (mainly unlisted private equity investments and loan funds and real estate funds), as well as bonds and other fixed-income securities are included in level three in the valuation hierarchy. General market downturns or a worsening of the outlook can affect expectations of future cash flows or the applied multiples, which in turn will lead to a reduction in the value of shares and similar interests. Bonds and other fixed-income securities primarily have interest rate and credit risk as a result of changes in the yield curve or losses due to unexpected default on Gjensidige’s debtors. However, the sensitivity to change in the yield curve is reduced through hedging using interest rate swaps classified as level 2

CONTENT

3

About this report

4

The year that passed

6

Key figures and alternative performance measures

11

Chair letter

14

CEO letter

Chapter 1 – This is us

Chapter 2 – Creating added value in Gjensidige

Chapter 3 – Value created in 2020

Chapter 4 – Financial statements and notes

Gjensidige Forsikring Group

182

Consolidated income statement

183

Consolidated statement of comprehensive income

184

Consolidated statement of financial position

185

Consolidated statement of changes in equity

186

Consolidated statement of cash flows

187

Note 1 Accounting policies

195

Note 2 Use of estimates

196

Note 3 Risk and capital management

211

Note 4 Segment information

212

Note 5 Investments in associates and joint ventures

213

Note 6 Net income from investments

214

Note 7 Expenses

215

Note 8 Salaries and remuneration

218

Note 9 Tax

219

Note 10 Pension

223

Note 11 Goodwill and intangible assets

225

Note 12 Owner-occupied and right-off-use property, plant and equipment

227

Note 13 Financial assets and liabilities

232

Note 14 Shares and similar interests

233

Note 15 Loans and receivables

234

Note 16 Insurance-related liabilities and reinsurers’ share

235

Note 17 Equity

236

Note 18 Hybrid capital

237

Note 19 Provisions and other liabilities

238

Note 20 Related party transactions

239

Note 21 Contingent liabilities

239

Note 22 Share-based payment

241

Note 23 Events after the balance sheet date

241

Note 24 Earnings per share

Gjensidige Forsikring ASA

282

Declaration from the Board and CEO

283

Auditor’s report

288

Assurance integrated report

Appendix

290

GRI Content Index and Board of Directors Report

296

Selected governing documents

297

Description of ratings and whom we support

298

Statement on equality

304

Certificates and guarantees

310

Climate accounts own operations

Gjensidige Forsikring Group

NOK millions	Notes	Carrying amount as at 31.12.2020	Fair value as at 31.12.2020	Carrying amount as at 31.12.2019	Fair value as at 31.12.2019
Financial assets					
Financial derivatives					
Financial derivatives at fair value through profit or loss		1,291.2	1,291.2	934.1	934.1
Financial derivatives subject to hedge accounting		3.2	3.2		
Financial assets at fair value through profit or loss, designated upon initial recognition					
Shares and similar interests	14	5,526.1	5,526.1	6,551.6	6,551.6
Bonds and other fixed income securities		30,968.9	30,968.9	30,992.4	30,992.4
Shares and similar interests in life insurance with investment options		29,467.1	29,467.1	25,792.8	25,792.8
Bonds and other fixed income securities in life insurance with investment options		5,119.3	5,119.3	4,196.5	4,196.5
Loans		1.9	1.9	2.2	2.2
Financial assets held to maturity					
Bonds held to maturity		151.9	153.0	210.7	212.1
Loans and receivables					
Bonds and other fixed income securities classified as loans and receivables	15	20,927.0	22,300.8	19,951.8	20,598.9
Loans		2,371.5	2,371.5	2,410.8	2,410.8
Receivables related to direct operations and reinsurance		7,702.7	7,702.7	7,097.6	7,097.6
Other receivables	15	565.0	565.0	1,192.0	1,192.0
Cash and cash equivalents		2,861.1	2,861.1	2,419.5	2,419.5
Total financial assets		106,956.8	108,331.7	101,751.9	102,400.5
Financial liabilities					
Financial derivatives					
Financial derivatives at fair value through profit or loss		767.4	767.4	641.0	641.0
Financial liabilities at fair value through profit or loss, designated upon initial recognition					
Debt in life insurance with investment options		34,586.4	34,586.4	29,989.4	29,989.4
Financial liabilities at amortised cost					
Subordinated debt	18	1,498.8	1,510.9	1,498.4	1,505.9
Other financial liabilities	19	2,777.3	2,777.3	2,735.4	2,735.4
Liabilities related to direct insurance and reinsurance		783.4	783.4	709.4	709.4
Total financial liabilities		40,413.4	40,425.4	35,573.6	35,581.1
Gain/(loss) not recognised in profit or loss			1,362.8		641.1

CONTENT

3

About this report

4

The year that passed

6

Key figures and alternative performance measures

11

Chair letter

14

CEO letter

Chapter 1 – This is us

Chapter 2 – Creating added value in Gjensidige

Chapter 3 – Value created in 2020

Chapter 4 – Financial statements and notes

Gjensidige Forsikring Group

182

Consolidated income statement

183

Consolidated statement of comprehensive income

184

Consolidated statement of financial position

185

Consolidated statement of changes in equity

186

Consolidated statement of cash flows

187

Note 1 Accounting policies

195

Note 2 Use of estimates

196

Note 3 Risk and capital management

211

Note 4 Segment information

212

Note 5 Investments in associates and joint ventures

213

Note 6 Net income from investments

214

Note 7 Expenses

215

Note 8 Salaries and remuneration

218

Note 9 Tax

219

Note 10 Pension

223

Note 11 Goodwill and intangible assets

225

Note 12 Owner-occupied and right-off-use property, plant and equipment

227

Note 13 Financial assets and liabilities

232

Note 14 Shares and similar interests

233

Note 15 Loans and receivables

234

Note 16 Insurance-related liabilities and reinsurers’ share

235

Note 17 Equity

236

Note 18 Hybrid capital

237

Note 19 Provisions and other liabilities

238

Note 20 Related party transactions

239

Note 21 Contingent liabilities

239

Note 22 Share-based payment

241

Note 23 Events after the balance sheet date

241

Note 24 Earnings per share

Gjensidige Forsikring ASA

282

Declaration from the Board and CEO

283

Auditor’s report

288

Assurance integrated report

Appendix

290

GRI Content Index and Board of Directors Report

296

Selected governing documents

297

Description of ratings and whom we support

298

Statement on equality

304

Certificates and guarantees

310

Climate accounts own operations

Gjensidige Forsikring Group

Valuation hierarchy 2020

The table shows a valuation hierarchy where financial assets/liabilities are divided into three levels based on the method of valuation.

	Level 1	Level 2	Level 3	
	Quoted prices in active markets	Valuation techniques based on observable market data	Valuation techniques based on non-observable market data	Total
NOK millions				
Financial assets				
Financial derivatives				
Financial derivatives at fair value through profit or loss		1,291.2		1,291.2
Financial derivatives subject to hedge accounting		3.2		3.2
Financial assets at fair value through profit or loss, designated upon initial recognition				
Shares and similar interests	146.2	4,101.8	1,278.2	5,526.1
Bonds and other fixed income securities	12,849.4	17,841.5	277.9	30,968.9
Shares and similar interests in life insurance with investment options		29,467.1		29,467.1
Bonds and other fixed income securities in life insurance with investment options		5,119.3		5,119.3
Loans			1.9	1.9
Financial assets at amortised cost				
Bonds held to maturity	153.0			153.0
Bonds and other fixed income securities classified as loans and receivables		22,300.8		22,300.8
Loans			2,371.5	2,371.5
Financial liabilities				
Financial derivatives				
Financial derivatives at fair value through profit or loss		767.4		767.4
Financial liabilities at fair value through profit or loss, designated upon initial recognition				
Interest-bearing liabilities at fair value through profit or loss				
Liabilities in life insurance with investment options		34,586.4		34,586.4
Financial liabilities at amortised cost				
Subordinated debt		1,510.9		1,510.9

CONTENT

3

About this report

4

The year that passed

6

Key figures and alternative performance measures

11

Chair letter

14

CEO letter

Chapter 1 – This is us

Chapter 2 – Creating added value in Gjensidige

Chapter 3 – Value created in 2020

Chapter 4 – Financial statements and notes

Gjensidige Forsikring Group

182

Consolidated income statement

183

Consolidated statement of comprehensive income

184

Consolidated statement of financial position

185

Consolidated statement of changes in equity

186

Consolidated statement of cash flows

187

Note 1

Accounting policies

195

Note 2

Use of estimates

196

Note 3

Risk and capital management

211

Note 4

Segment information

212

Note 5

Investments in associates and joint ventures

213

Note 6

Net income from investments

214

Note 7

Expenses

215

Note 8

Salaries and remuneration

218

Note 9

Tax

219

Note 10

Pension

223

Note 11

Goodwill and intangible assets

225

Note 12

Owner-occupied and right-off-use property, plant and equipment

227

Note 13

Financial assets and liabilities

232

Note 14

Shares and similar interests

233

Note 15

Loans and receivables

234

Note 16

Insurance-related liabilities and reinsurers’ share

235

Note 17

Equity

236

Note 18

Hybrid capital

237

Note 19

Provisions and other liabilities

238

Note 20

Related party transactions

239

Note 21

Contingent liabilities

239

Note 22

Share-based payment

241

Note 23

Events after the balance sheet date

241

Note 24

Earnings per share

Gjensidige Forsikring ASA

282

Declaration from the Board and CEO

283

Auditor’s report

288

Assurance integrated report

Appendix

290

GRI Content Index and Board of Directors Report

296

Selected governing documents

297

Description of ratings and whom we support

298

Statement on equality

304

Certificates and guarantees

310

Climate accounts own operations

Gjensidige Forsikring Group

Valuation hierarchy 2019

The table shows a valuation hierarchy where financial assets/liabilities are divided into three levels based on the method of valuation.

	Level 1	Level 2	Level 3	
	Quoted prices in active markets	Valuation techniques based on observable market data	Valuation techniques based on non-observable market data	Total
NOK millions				
Financial assets				
Financial derivatives				
Financial derivatives at fair value through profit or loss		934.1		934.1
Financial assets at fair value through profit or loss, designated upon initial recognition				
Shares and similar interests	69.2	5,176.0	1,306.3	6,551.6
Bonds and other fixed income securities	10,783.6	19,500.1	708.6	30,992.4
Shares and similar interests in life insurance with investment options ¹		25,792.8		25,792.8
Bonds and other fixed income securities in life insurance with investment options ¹		4,196.5		4,196.5
Loans			2.2	2.2
Financial assets at amortised cost				
Bonds held to maturity	212.1			212.1
Bonds and other fixed income securities classified as loans and receivables		20,598.9		20,598.9
Loans			2,410.8	2,410.8
Financial liabilities				
Financial derivatives				
Financial derivatives at fair value through profit or loss		641.0		641.0
Financial liabilities at fair value through profit or loss, designated upon initial recognition				
Interest-bearing liabilities at fair value through profit or loss				
Liabilities in life insurance with investment options ¹		29,989.4		29,989.4
Financial liabilities at amortised cost				
Subordinated debt		1,505.9		1,505.9

¹ Investments in funds have been reclassified from level 1 to level 2 in the valuation hierarchy in 2019

Reconciliation of financial assets valued based on non-observable market data (level 3) 2020

	As at 1.1.2020	Net realised/unrealised gains recognised in profit or loss	Purchases	Sales	Settlements	Transfers into/out of level 3	Currency effect	As at 31.12.2020	Amount of net realised/unrealised gains recognised in profit or loss that are attributable to instruments held as at 31.12.2020
NOK millions									
Shares and similar interests	1,306.3	(126.9)	164.8	(66.4)			0.4	1,278.2	(126.9)
Bonds and other fixed income securities	708.6	(19.1)		(469.2)			57.7	277.9	
Loans at fair value	2.2	1.6		(1.9)				1.9	1.8
Total	2,017.1	(144.4)	164.8	(537.6)			58.1	1,558.0	(125.1)

Reconciliation of financial assets valued based on non-observable market data (level 3) 2019

	As at 1.1.2019	Net realised/unrealised gains recognised in profit or loss	Purchases	Sales	Settlements	Transfers into/out of level 3	Currency effect	As at 31.12.2019	Amount of net realised/unrealised gains recognised in profit or loss that are attributable to instruments held as at 31.12.2019
NOK millions									
Shares and similar interests	1,359.1	(41.9)	178.5	(189.4)				1,306.3	(42.8)
Bonds and other fixed income securities	778.7	89.2		(155.4)			(3.9)	708.6	
Loans at fair value				(1.7)		3.8		2.2	
Total	2,137.8	47.3	178.5	(346.5)		3.8	(3.9)	2,017.1	(42.8)

CONTENT

3 About this report

4 The year that passed

6 Key figures and alternative performance measures

11 Chair letter

14 CEO letter

Chapter 1 – This is us

Chapter 2 – Creating added value in Gjensidige

Chapter 3 – Value created in 2020

Chapter 4 – Financial statements and notes

Gjensidige Forsikring Group

182 Consolidated income statement

183 Consolidated statement of comprehensive income

184 Consolidated statement of financial position

185 Consolidated statement of changes in equity

186 Consolidated statement of cash flows

187 Note 1 Accounting policies

195 Note 2 Use of estimates

196 Note 3 Risk and capital management

211 Note 4 Segment information

212 Note 5 Investments in associates and joint ventures

213 Note 6 Net income from investments

214 Note 7 Expenses

215 Note 8 Salaries and remuneration

218 Note 9 Tax

219 Note 10 Pension

223 Note 11 Goodwill and intangible assets

225 Note 12 Owner-occupied and right-off-use property, plant and equipment

227 Note 13 Financial assets and liabilities

232 Note 14 Shares and similar interests

233 Note 15 Loans and receivables

234 Note 16 Insurance-related liabilities and reinsurers’ share

235 Note 17 Equity

236 Note 18 Hybrid capital

237 Note 19 Provisions and other liabilities

238 Note 20 Related party transactions

239 Note 21 Contingent liabilities

239 Note 22 Share-based payment

241 Note 23 Events after the balance sheet date

241 Note 24 Earnings per share

Gjensidige Forsikring ASA

282 Declaration from the Board and CEO

283 Auditor’s report

288 Assurance integrated report

Appendix

290 GRI Content Index and Board of Directors Report

296 Selected governing documents

297 Description of ratings and whom we support

298 Statement on equality

304 Certificates and guarantees

310 Climate accounts own operations

Gjensidige Forsikring Group						
Reconciliation of liabilities arising from financing activities 2020						
		Non-cash flows				
				Ex-change		
				diffe-		
				rences		
		As at	Cash	Aqui-	Other	As at
NOK millions		1.1.2020	flows	sitions	changes	31.12.2020
Perpetual Tier 1 capital ¹		1,002.3				1,002.2
Subordinated debt		1,498.4			0.4	1,498.8
¹ Including accrued interest, NOK 2.6 million.						
Reconciliation of liabilities arising from financing activities 2019						
		Non-cash flows				
				Ex-change		
				diffe-		
				rences		
		As at	Cash	Aqui-	Other	As at
NOK millions		1.1.2019	flows	sitions	changes	31.12.2019
Perpetual Tier 1 capital ¹		1,000.5			1.8	1,002.3
Subordinated debt		1,498.0			0.4	1,498.4
¹ Including accrued interest, NOK 3.3 million.						
Hedge accounting						
Net investment in the foreign operation						
Gjensidige Forsikring started hedge accounting of currency exchange differences on the part of the net investment in ADB Gjensidige from May 2020. The net investments were hedged through designated currency-related contracts that were renewed every quarter at a principal equal to the amount set to						
hedge the investment. The amount is currently at 30 MEUR. The credit risk associated with the hedging derivatives was within the limits of Gjensidige's credit policy.						

Net investment in the foreign operation		Market value as at 31.12.2020		
				Inefficiency recognised in profit or loss
NOK millions		Principal	Asset	Liability
ADB Gjensidige				
Currency-related contracts - hedging instruments		314.3	3.2	0.0
Hedging object		314.3		

CONTENT

3

About this report

4

The year that passed

6

Key figures and alternative performance measures

11

Chair letter

14

CEO letter

Chapter 1 – This is us

Chapter 2 – Creating added value in Gjensidige

Chapter 3 – Value created in 2020

Chapter 4 – Financial statements and notes

Gjensidige Forsikring Group

182

Consolidated income statement

183

Consolidated statement of comprehensive income

184

Consolidated statement of financial position

185

Consolidated statement of changes in equity

186

Consolidated statement of cash flows

187

Note 1 Accounting policies

195

Note 2 Use of estimates

196

Note 3 Risk and capital management

211

Note 4 Segment information

212

Note 5 Investments in associates and joint ventures

213

Note 6 Net income from investments

214

Note 7 Expenses

215

Note 8 Salaries and remuneration

218

Note 9 Tax

219

Note 10 Pension

223

Note 11 Goodwill and intangible assets

225

Note 12 Owner-occupied and right-off-use property, plant and equipment

227

Note 13 Financial assets and liabilities

232

Note 14 Shares and similar interests

233

Note 15 Loans and receivables

234

Note 16 Insurance-related liabilities and reinsurers’ share

235

Note 17 Equity

236

Note 18 Hybrid capital

237

Note 19 Provisions and other liabilities

238

Note 20 Related party transactions

239

Note 21 Contingent liabilities

239

Note 22 Share-based payment

241

Note 23 Events after the balance sheet date

241

Note 24 Earnings per share

Gjensidige Forsikring ASA

282

Declaration from the Board and CEO

283

Auditor’s report

288

Assurance integrated report

Appendix

290

GRI Content Index and Board of Directors Report

296

Selected governing documents

297

Description of ratings and whom we support

298

Statement on equality

304

Certificates and guarantees

310

Climate accounts own operations

14. Shares and similar interests

NOK millions	Organisation number	Type of fund	31.12.2020
Gjensidige Forsikring ASA			
Norwegian financial shares and primary capital certificates			
Sparebanken Vest	832 554 332		5.6
SpareBank 1 BV	944 521 836		5.2
SpareBank 1 Østlandet	920 426 530		4.6
SpareBank 1 SR-Bank	937 895 321		4.6
SpareBank 1 Ringerike Hadeland	937 889 275		2.9
SpareBank 1 SMN	937 901 003		2.4
Sogn Sparebank	837 897 912		0.5
Total Norwegian financial shares and primary capital certificates			25.7
Other shares			
SOS International A/S			126.5
Cloudberry Clean Energy AS	919 967 072		40.4
Sampo Oyj			34.0
Mimiro Holding AS	821 186 382		25.0
Entra ASA	999 296 432		23.5
Helgeland Invest AS	939 150 234		16.7
Sector Asset Management AS	887 139 342		14.3
Telenor ASA	982 463 718		12.2
Equinor ASA	923 609 016		9.3
Scalepoint Technologies Limited			7.6
Paydrive AB			6.8
Tryg A/S			5.4
Quantafuel AS	915 119 484		5.2
Yara International ASA	986 228 608		4.3
Aker ASA	886 581 432		4.0
Nordic Credit Rating AS	917 685 991		3.7
Tun Media AS	982 519 985		3.7
Bone Support AB			3.6
Norwegian Energy Company ASA	987 989 297		3.5
Svenska Handelsbanken AB			3.4
Other shares			25.5
Total other shares			378.7
Funds ¹			
Shenkman Global Convertible Bond Fund		Convertible bond fund	1,680.8
Wells Fargo Lux Worldwide EM Equity Fund		Equity fund	608.0
RBC Funds Lux - Global Equity Focus Fund		Equity fund	571.4
Nordea Stabile Aksjer Global	989 851 020	Equity fund	234.2
JSS Sustainable Equity - Global Thematic		Equity fund	213.7
AB SICAV I - Global Core Equity Portfolio		Equity fund	212.8
Incentive Active Value Fund Cl. A EUR Unrestricted		Hedge fund	169.2
Storebrand Norge I	981 672 747	Equity fund	113.6
Danske Invest Norske Aksjer Institusjon I	981 582 020	Equity fund	111.3
American Century Concentrated Global Growth Equity Fund		Equity fund	103.6
HitecVision VI LP		Private equity fund	90.1
Norvestor VII LP		Private equity fund	87.5
Invesco Credit Partners LPA		Hedge fund	65.9
HitecVision Private Equity V LP		Private equity fund	64.7
Viking Venture III		Private equity fund	62.5
HitecVision VII		Private equity fund	54.9
Northzone VIII L.P.		Private equity fund	53.8
Argentum Secondary III		Private equity fund	47.4
HitecVision Private Equity IV LP		Private equity fund	44.3
NPEP Erhvervsinvest IV IS		Private equity fund	36.1
Procuritas Capital Investor V		Private equity fund	35.8
Other funds			449.3
Total funds			5,110.9

¹ Norwegian Private Equity funds organised as internal partnerships do not have organisation number.

CONTENT

3 About this report

4 The year that passed

6 Key figures and alternative performance measures

11 Chair letter

14 CEO letter

Chapter 1 – This is us

Chapter 2 – Creating added value in Gjensidige

Chapter 3 – Value created in 2020

Chapter 4 – Financial statements and notes

Gjensidige Forsikring Group

182 Consolidated income statement

183 Consolidated statement of comprehensive income

184 Consolidated statement of financial position

185 Consolidated statement of changes in equity

186 Consolidated statement of cash flows

187 Note 1 Accounting policies

195 Note 2 Use of estimates

196 Note 3 Risk and capital management

211 Note 4 Segment information

212 Note 5 Investments in associates and joint ventures

213 Note 6 Net income from investments

214 Note 7 Expenses

215 Note 8 Salaries and remuneration

218 Note 9 Tax

219 Note 10 Pension

223 Note 11 Goodwill and intangible assets

225 Note 12 Owner-occupied and right-off-use property, plant and equipment

227 Note 13 Financial assets and liabilities

232 Note 14 Shares and similar interests

233 Note 15 Loans and receivables

234 Note 16 Insurance-related liabilities and reinsurers’ share

235 Note 17 Equity

236 Note 18 Hybrid capital

237 Note 19 Provisions and other liabilities

238 Note 20 Related party transactions

239 Note 21 Contingent liabilities

239 Note 22 Share-based payment

241 Note 23 Events after the balance sheet date

241 Note 24 Earnings per share

Gjensidige Forsikring ASA

282 Declaration from the Board and CEO

283 Auditor’s report

288 Assurance integrated report

Appendix

290 GRI Content Index and Board of Directors Report

296 Selected governing documents

297 Description of ratings and whom we support

298 Statement on equality

304 Certificates and guarantees

310 Climate accounts own operations

Gjensidige Forsikring Group

NOK millions	Organisation number	Type of fund	31.12.2020
Shares and similar interests owned by branches			
Shares and similar interests owned by Gjensidige Forsikring ASA, Danish branch			7.1
Total shares and similar interests owned by branches			7.1
Total shares and similar interests owned by Gjensidige Forsikring ASA			
			5,522.4
Shares and similar interests owned by other group companies			
Shares and similar interests owned by Gjensidige Pensjonsforsikring AS			3.7
Total shares and similar interests owned by other group companies			3.7
Total shares and similar interests owned by the Gjensidige Forsikring Group			
			5,526.1

15. Loans and receivables

NOK millions	2020	2019
Loans and receivables		
Bonds classified as loans and receivables	20,927.0	19,951.8
Other loans	7.7	11.5
Total loans and receivables	20,934.7	19,963.3
Other receivables		
Receivables in relation with asset management	359.0	918.6
Other receivables and assets	206.0	273.4
Total other receivables	565.0	1,192.0

Bonds are securities classified as loans and receivables in accordance with IAS 39.

Receivables in relation with asset management is short-term receivables regarding financial investments.

Beyond the liabilities that arise from insurance contracts, Gjensidige Forsikring has not issued guarantees for which provisions have been made.

CONTENT	
3	About this report
4	The year that passed
6	Key figures and alternative performance measures
11	Chair letter
14	CEO letter
Chapter 1 – This is us	
Chapter 2 – Creating added value in Gjensidige	
Chapter 3 – Value created in 2020	
Chapter 4 – Financial statements and notes	
Gjensidige Forsikring Group	
182	Consolidated income statement
183	Consolidated statement of comprehensive income
184	Consolidated statement of financial position
185	Consolidated statement of changes in equity
186	Consolidated statement of cash flows
187	Note 1 Accounting policies
195	Note 2 Use of estimates
196	Note 3 Risk and capital management
211	Note 4 Segment information
212	Note 5 Investments in associates and joint ventures
213	Note 6 Net income from investments
214	Note 7 Expenses
215	Note 8 Salaries and remuneration
218	Note 9 Tax
219	Note 10 Pension
223	Note 11 Goodwill and intangible assets
225	Note 12 Owner-occupied and right-off-use property, plant and equipment
227	Note 13 Financial assets and liabilities
232	Note 14 Shares and similar interests
233	Note 15 Loans and receivables
234	Note 16 Insurance-related liabilities and reinsurers’ share
235	Note 17 Equity
236	Note 18 Hybrid capital
237	Note 19 Provisions and other liabilities
238	Note 20 Related party transactions
239	Note 21 Contingent liabilities
239	Note 22 Share-based payment
241	Note 23 Events after the balance sheet date
241	Note 24 Earnings per share
Gjensidige Forsikring ASA	
282	Declaration from the Board and CEO
283	Auditor’s report
288	Assurance integrated report
Appendix	
290	GRI Content Index and Board of Directors Report
296	Selected governing documents
297	Description of ratings and whom we support
298	Statement on equality
304	Certificates and guarantees
310	Climate accounts own operations

16. Insurance-related liabilities and reinsurers' share

NOK millions						
Movements in insurance-related liabilities and reinsurers' share						
	Gross	2020 Reinsurers' share	Net of re- insurance ¹	Gross	2019 Reinsurers' share	Net of re- insurance ¹
Claims and claims handling costs						
Claims reported and claims handling costs	14,179.3	(613.5)	13,565.8	13,835.4	(374.6)	13,460.8
Claims incurred, but not reported	13,985.6	(2.0)	13,983.6	15,520.4	(163.8)	15,356.6
Total as at 1 January	28,164.8	(615.5)	27,549.4	29,355.8	(538.4)	28,817.4
Claims paid, prior year claims						
	(7,287.0)	(39.2)	(7,326.1)	(5,371.0)	119.2	(5,251.8)
Increase in liabilities						
Arising from current year claims	19,583.6	(342.5)	19,241.1	21,429.8	(306.3)	21,123.6
- of this paid	(11,741.0)	547.3	(11,193.7)	(13,975.2)	225.2	(13,750.0)
Arising from prior years (run-off)	(1,076.7)	(45.6)	(1,122.3)	(1,252.1)	(111.1)	(1,363.2)
Other changes, including effects from discounting	176.0		176.0	231.4		231.4
Transfer of pension savings ²				(2,143.7)	(20.3)	(2,164.0)
Exchange differences	714.6	(48.4)	666.2	(110.0)	16.2	(93.9)
Total as at 31 December	28,534.3	(543.8)	27,990.6	28,164.9	(615.5)	27,549.4
Provisions for unearned premiums in general insurance						
As at 1 January	10,499.1	(45.2)	10,453.9	10,051.0	(42.4)	10,008.6
Increase in the period	28,370.2	(630.8)	27,739.5	25,858.1	(724.9)	25,133.2
Release in the period	(27,788.4)	634.0	(27,154.4)	(25,371.9)	721.5	(24,650.4)
Exchange differences	233.6	(1.5)	232.1	(38.1)	0.6	(37.5)
Total as at 31 December	11,314.6	(43.4)	11,271.2	10,499.1	(45.2)	10,453.9
¹ For own account.						
² According to new Norwegian Financial Reporting Regulations for Life Insurance Companies, claims provision is reclassified to premium reserve. Accordingly 2020 includes only general insurance.						
NOK millions						
				2020	2019	
Discounted claims provision, gross - annuities				6,469.6	5,904.9	
Nominal claims provision, gross - annuities				6,561.3	6,203.7	

The claims provisions shall cover future claims payments. The claims provisions for insurances with annuity payments are converted to present value (discounted), whereas other provisions are undiscounted.

The reason why the claims provisions for annuities are discounted is due to very long cash flows and substantial future interest income. The claims for workers’ compensation in Denmark are paid either as annuities or as lump-sum indemnities (which are calculated mainly as discounted annuities). Therefore, it is most expedient to regard the whole

portfolio as annuities. For Swedish and Baltic bodily injuries for motor insurance are paid as lifelong annuities. The discount rate used is the swap rate.

Over the next two years, average annual run-off gains are expected to be around NOK 1,000 million, moving the expected reported combined ratio to the lower end of the 86-89 corridor (undiscounted).

CONTENT

3

About this report

4

The year that passed

6

Key figures and alternative performance measures

11

Chair letter

14

CEO letter

Chapter 1 – This is us

Chapter 2 – Creating added value in Gjensidige

Chapter 3 – Value created in 2020

Chapter 4 – Financial statements and notes

Gjensidige Forsikring Group

182 Consolidated income statement

183 Consolidated statement of comprehensive income

184 Consolidated statement of financial position

185 Consolidated statement of changes in equity

186 Consolidated statement of cash flows

187 Note 1 Accounting policies

195 Note 2 Use of estimates

196 Note 3 Risk and capital management

211 Note 4 Segment information

212 Note 5 Investments in associates and joint ventures

213 Note 6 Net income from investments

214 Note 7 Expenses

215 Note 8 Salaries and remuneration

218 Note 9 Tax

219 Note 10 Pension

223 Note 11 Goodwill and intangible assets

225 Note 12 Owner-occupied and right-off-use property, plant and equipment

227 Note 13 Financial assets and liabilities

232 Note 14 Shares and similar interests

233 Note 15 Loans and receivables

234 Note 16 Insurance-related liabilities and reinsurers’ share

235 Note 17 Equity

236 Note 18 Hybrid capital

237 Note 19 Provisions and other liabilities

238 Note 20 Related party transactions

239 Note 21 Contingent liabilities

239 Note 22 Share-based payment

241 Note 23 Events after the balance sheet date

241 Note 24 Earnings per share

Gjensidige Forsikring ASA

282 Declaration from the Board and CEO

283 Auditor’s report

288 Assurance integrated report

Appendix

290 GRI Content Index and Board of Directors Report

296 Selected governing documents

297 Description of ratings and whom we support

298 Statement on equality

304 Certificates and guarantees

310 Climate accounts own operations

17. Equity

Share capital

At the end of the year the share capital consisted of 500 million ordinary shares with a nominal value of NOK 2, according to the statutes. All issued shares are fully paid in.

The owners of ordinary shares have dividend and voting rights. There are no rights attached to the holding of own shares.

In thousand shares	2020	2019
Issued 1 January	500,000	500,000
Issued 31 December	500,000	500,000

Own shares

In the column for own shares in the statement of changes in equity the nominal value of the company’s holdings of own shares is presented. Amounts paid in that exceeds the nominal value is charged to other equity so that the cost of own shares reduces the Group’s equity. Gains or losses on transactions with own shares are not recognised in the income statement.

At the end of the year the number of own shares was 11,800 (18,529).

A total of 257,046 (238,679) own shares at an average share price of NOK 192.92 (162.16) have been acquired to be used in Gjensidige's share-based payment arrangements. Of these 199,495 (186,524) shares have been sold to employees, at the same price, but with a discount in the form of a contribution, see note 22. In addition, 19,495 (28,343) shares have been allocated to executive personnel within the share-based remuneration scheme and 44,940 (36,654) bonus shares have been allocated to employees in the share savings programme. The number of own shares is reduced by 6,729 (reduced by 12,842) through the year.

Share premium

Payments in excess of the nominal value per share are allocated to share premium.

Other paid-in capital

Other paid in equity consists of wage costs that are recognised in profit and loss as a result of the share purchase program for employees.

Perpetual Tier 1 capital

Perpetual Tier 1 capital consists of a perpetual hybrid instrument in Forsikring ASA, classified as equity.

Exchange differences

Exchange differences consist of exchange differences that occur when converting foreign subsidiaries and branches, and when converting liabilities that hedge the company’s net investment in foreign subsidiaries and branches.

Remeasurement of the net defined benefit liability/asset

Remeasurement of the net defined benefit liability/asset consists of the return of plan assets beyond interest income and gains/losses occurring by changing the actuarial assumptions used when calculating pension liability.

Other earned equity

Other earned equity consists of this year’s and previous year’s retained earnings that are not disposed to other purposes and includes provisions for compulsory funds (natural perils fund, guarantee scheme).

Natural perils capital

All insurance companies that take out fire insurance in Norway are obliged under Norwegian law to be a member of the Norwegian Natural Perils Pool. Objects in Norway and Svalbard that are insured against fire damage are also insured against natural damage, if the damage to the thing in question is not covered by other insurance. Natural peril is defined as claim in direct relation to natural hazard, such as landslide, storm, flood, storm surge, earthquake or eruption. It is the individual insurance company that is the insurer, ie issues insurance certificates, settles and has direct contact with the customers. The Natural Perils Pool administers the equalization between the companies. Natural perils capital is capital that can only be used to cover claims for natural damage, but which in an insolvent situation can also be used to cover other obligations.

Guarantee scheme

Norwegian companies and companies from the EEA area with a branch in Norway are members of the Guarantee Scheme for non-life insurance. The purpose of the guarantee scheme is to prevent or reduce losses for individuals and small and medium-sized businesses if their insurance companies are unable to meet their obligations. The provision for guarantee scheme is restricted capital and shall contribute to securing claims arising from an agreement on direct non-life insurance, to the insured and injured third party.

Dividend

Proposed and approved dividend per ordinary share

NOK millions	2020	2019
As at 31 December		
NOK 7.40 kroner (7.25) based on profit for the year ¹	3.700,0	3,625.0
NOK 2.40 kroner (5.00) based on excess capital distribution ^{1, 2}	1,200.0	2,500.0

¹ Proposed dividend for 2020 is at the reporting date recognised in Gjensidige Forsikring ASA's financial statement, but not in the Group's financial statement. The dividend does not have any tax consequences.
² Based on the financial position as at 31 December 2019.

Shareholders

Shareholders owning more than 1 per cent

Investor	Ownership in %
Gjensidigestiftelsen	62.24%
Folketrygdfondet	4.14%
Deutsche Bank	3.58%
BlackRock Inc	3.04%
Nordea	1.36%
State Street Corporation	1.11%
Svenska Handelsbanken Group	1.08%
The Vanguard Group, Inc	1.00%

The shareholder list is based on the VPS shareholder registry as of 31 December 2020.

CONTENT	
3	About this report
4	The year that passed
6	Key figures and alternative performance measures
11	Chair letter
14	CEO letter
Chapter 1 – This is us	
Chapter 2 – Creating added value in Gjensidige	
Chapter 3 – Value created in 2020	
Chapter 4 – Financial statements and notes	
Gjensidige Forsikring Group	
182	Consolidated income statement
183	Consolidated statement of comprehensive income
184	Consolidated statement of financial position
185	Consolidated statement of changes in equity
186	Consolidated statement of cash flows
187	Note 1 Accounting policies
195	Note 2 Use of estimates
196	Note 3 Risk and capital management
211	Note 4 Segment information
212	Note 5 Investments in associates and joint ventures
213	Note 6 Net income from investments
214	Note 7 Expenses
215	Note 8 Salaries and remuneration
218	Note 9 Tax
219	Note 10 Pension
223	Note 11 Goodwill and intangible assets
225	Note 12 Owner-occupied and right-off-use property, plant and equipment
227	Note 13 Financial assets and liabilities
232	Note 14 Shares and similar interests
233	Note 15 Loans and receivables
234	Note 16 Insurance-related liabilities and reinsurers’ share
235	Note 17 Equity
236	Note 18 Hybrid capital
237	Note 19 Provisions and other liabilities
238	Note 20 Related party transactions
239	Note 21 Contingent liabilities
239	Note 22 Share-based payment
241	Note 23 Events after the balance sheet date
241	Note 24 Earnings per share
Gjensidige Forsikring ASA	
282	Declaration from the Board and CEO
283	Auditor’s report
288	Assurance integrated report
Appendix	
290	GRI Content Index and Board of Directors Report
296	Selected governing documents
297	Description of ratings and whom we support
298	Statement on equality
304	Certificates and guarantees
310	Climate accounts own operations

18. Hybrid capital

Subordinated debt

	FRN Gjensidige Pensjonsforsikring AS 2016/2026 SUB	FRN Gjensidige Forsikring ASA 2014/2044 SUB
ISIN	NO0010767429	NO0010720378
Issuer	Gjensidige Pensjons-forsikring AS	Gjensidige Forsikring ASA
Principal, NOK millions	300	1,200
Currency	NOK	NOK
Issue date	23.6.2016	2.10.2014
Maturity date	23.6.2026	3.10.2044
First call date	23.6.2021	2.10.2024
Interest rate	NIBOR 3M + 2.90%	NIBOR 3M + 1.50%

General terms

Regulatory regulation	Solvency II	Solvency II
Regulatory call	Yes	Yes
Conversion right	No	No

Perpetual Tier 1 capital

	FRN Gjensidige Forsikring ASA 2016/PERP C HYBRID
ISIN	NO0010771546
Issuer	Gjensidige Forsikring ASA
Principal, NOK millions	1,000
Currency	NOK
Issue date	8.9.2016
Maturity date	Perpetual
First call date	8.9.2021
Interest rate	NIBOR 3M + 3.60%

General terms

Regulatory regulation	Solvency II
Regulatory call	Yes
Conversion right	No

CONTENT	
3	About this report
4	The year that passed
6	Key figures and alternative performance measures
11	Chair letter
14	CEO letter
Chapter 1 – This is us	
Chapter 2 – Creating added value in Gjensidige	
Chapter 3 – Value created in 2020	
Chapter 4 – Financial statements and notes	
Gjensidige Forsikring Group	
182	Consolidated income statement
183	Consolidated statement of comprehensive income
184	Consolidated statement of financial position
185	Consolidated statement of changes in equity
186	Consolidated statement of cash flows
187	Note 1 Accounting policies
195	Note 2 Use of estimates
196	Note 3 Risk and capital management
211	Note 4 Segment information
212	Note 5 Investments in associates and joint ventures
213	Note 6 Net income from investments
214	Note 7 Expenses
215	Note 8 Salaries and remuneration
218	Note 9 Tax
219	Note 10 Pension
223	Note 11 Goodwill and intangible assets
225	Note 12 Owner-occupied and right-off-use property, plant and equipment
227	Note 13 Financial assets and liabilities
232	Note 14 Shares and similar interests
233	Note 15 Loans and receivables
234	Note 16 Insurance-related liabilities and reinsurers’ share
235	Note 17 Equity
236	Note 18 Hybrid capital
237	Note 19 Provisions and other liabilities
238	Note 20 Related party transactions
239	Note 21 Contingent liabilities
239	Note 22 Share-based payment
241	Note 23 Events after the balance sheet date
241	Note 24 Earnings per share
Gjensidige Forsikring ASA	
282	Declaration from the Board and CEO
283	Auditor’s report
288	Assurance integrated report
Appendix	
290	GRI Content Index and Board of Directors Report
296	Selected governing documents
297	Description of ratings and whom we support
298	Statement on equality
304	Certificates and guarantees
310	Climate accounts own operations

19. Provisions and other liabilities

NOK millions	2020	2019
Other provisions and liabilities		
Restructuring costs ¹	68.9	74.4
Other provisions ²	231.8	222.9
Total other provisions and liabilities	300.7	297.3
Restructuring costs ¹		
Provisions as at 1 January	74.4	128.3
New provisions	22.6	13.8
Provisions used during the year	(29.2)	(67.6)
Exchange rate differences	1.1	(0.1)
Provision as at 31 December	68.9	74.4
¹ In 2020, NOK 22.6 million is allocated to restructuring provision, due to a decision of changes in Denmark, Sweden and Baltic. The processes have been communicated to all entities affected by the changes.		
² Other provisions are various bonus schemes.		
Other financial liabilities		
Outstanding accounts Fire Mutuals	48.2	32.6
Accounts payable	234.7	216.3
Liabilities to public authorities	289.4	271.5
Motor insurance tax to Norwegian Motor Insurers' Bureau (TFF)	1,651.9	1,617.5
Other liabilities	553.2	597.5
Total other financial liabilities	2,777.3	2,735.4
Accrued expenses and deferred income		
Liabilities to public authorities	63.9	38.3
Accrued personnel cost	307.6	319.2
Other accrued expenses and deferred income	60.5	64.4
Total accrued expenses and deferred income	432.0	422.0

CONTENT

3

About this report

4

The year that passed

6

Key figures and alternative performance measures

11

Chair letter

14

CEO letter

Chapter 1 – This is us

Chapter 2 – Creating added value in Gjensidige

Chapter 3 – Value created in 2020

Chapter 4 – Financial statements and notes

Gjensidige Forsikring Group

182 Consolidated income statement

183 Consolidated statement of comprehensive income

184 Consolidated statement of financial position

185 Consolidated statement of changes in equity

186 Consolidated statement of cash flows

187 Note 1 Accounting policies

195 Note 2 Use of estimates

196 Note 3 Risk and capital management

211 Note 4 Segment information

212 Note 5 Investments in associates and joint ventures

213 Note 6 Net income from investments

214 Note 7 Expenses

215 Note 8 Salaries and remuneration

218 Note 9 Tax

219 Note 10 Pension

223 Note 11 Goodwill and intangible assets

225 Note 12 Owner-occupied and right-off-use property, plant and equipment

227 Note 13 Financial assets and liabilities

232 Note 14 Shares and similar interests

233 Note 15 Loans and receivables

234 Note 16 Insurance-related liabilities and reinsurers’ share

235 Note 17 Equity

236 Note 18 Hybrid capital

237 Note 19 Provisions and other liabilities

238 Note 20 Related party transactions

239 Note 21 Contingent liabilities

239 Note 22 Share-based payment

241 Note 23 Events after the balance sheet date

241 Note 24 Earnings per share

Gjensidige Forsikring ASA

282 Declaration from the Board and CEO

283 Auditor’s report

288 Assurance integrated report

Appendix

290 GRI Content Index and Board of Directors Report

296 Selected governing documents

297 Description of ratings and whom we support

298 Statement on equality

304 Certificates and guarantees

310 Climate accounts own operations

20. Related party transactions

Overview

Gjensidige Forsikring ASA is the Group's parent company. See note 5 in Gjensidige Forsikring ASA for specification of subsidiaries and joint ventures.

	Registered office	Interest held
Ultimate parent company		
Gjensigestiftelsen holds 62.24 per cent of the shares in Gjensidige Forsikring ASA	Oslo, Norway	
Other related parties / cooperating companies ¹		
Fire Mutuals	All over the country, Norway	
Gjensidige Pensjonskasse	Oslo, Norway	94.7 %

¹ Cooperating companies are defined as companies with which Gjensidige Forsikring has entered into a long-term strategic alliance.

Transactions

Income statement

The table below shows transactions the parent company has with related parties recognised in the income statement.

NOK millions	2020		2019	
	Income	Expense	Income	Expense
Earned premiums written and gross claims	32.8	45.7	28.1	50.0
Administration expenses ²	175.0	927.6	325.1	392.5
Interest income and expenses	44.5		60.4	
Gain and losses on sale and impairment losses on subsidiaries and liquidation of subsidiaries	5.6		3,093.3	153.2
Total	257.9	973.3	3,506.9	595.7

² The increase in administration expenses in 2020 is mainly due to ICT deliveries from the newly established subsidiary Gjensidige Business Services AB.

NOK millions	2020		2019	
	Received	Given	Received	Given
Group contributions				
Gjensidige Tech AS (former Gjensidige Bolighandel AS)				24.2
Dividends				
Gjensigestiftelsen (proposed and declared in Gjensidige Forsikring ASA)		3,049.8		3,812.2
NAF Forsikringsformidling AS			0.2	
Total group contributions and dividends		3,049.8	0.2	3,836.4

Balances

The table below shows a summary of receivables/liabilities the parent company has from/to related parties.

NOK millions	2020		2019	
	Receivables	Liabilities	Receivables	Liabilities
Non-interest-bearing receivables and liabilities	26.1	85.4	7.1	56.7
Interest-bearing receivables and liabilities	2,365.6		2,401.4	
Reinsurance deposits, premiums and claims provision		105.8		86.7
Total balances within the Group	2,391.7	191.2	2,408.5	143.4
Fire Mutuals and Gjensidige Pensjonskasse ³	111.0	48.2	111.0	32.6
Total balances	2,502.7	239.4	2,519.5	176.0

³ Gjensidige Forsikring ASA is a sponsor of Gjensidige Pensjonskasse and has contributed with funds equivalent to NOK 111.0 million.

Guarantees

Gjensidige Forsikring ASA is responsible externally for any insurance claim arising from the cooperating mutual fire insurers' fire insurance business, see note 21.

Transactions with related parties that are defined as core business (reinsurance, distribution, claims handling) are priced based on market prices. Group functions of a purely

administrative nature (such as IT, purchasing, accounting) are priced based on the cost-plus method.

CONTENT	
3	About this report
4	The year that passed
6	Key figures and alternative performance measures
11	Chair letter
14	CEO letter
Chapter 1 – This is us	
Chapter 2 – Creating added value in Gjensidige	
Chapter 3 – Value created in 2020	
Chapter 4 – Financial statements and notes	
Gjensidige Forsikring Group	
182	Consolidated income statement
183	Consolidated statement of comprehensive income
184	Consolidated statement of financial position
185	Consolidated statement of changes in equity
186	Consolidated statement of cash flows
187	Note 1 Accounting policies
195	Note 2 Use of estimates
196	Note 3 Risk and capital management
211	Note 4 Segment information
212	Note 5 Investments in associates and joint ventures
213	Note 6 Net income from investments
214	Note 7 Expenses
215	Note 8 Salaries and remuneration
218	Note 9 Tax
219	Note 10 Pension
223	Note 11 Goodwill and intangible assets
225	Note 12 Owner-occupied and right-off-use property, plant and equipment
227	Note 13 Financial assets and liabilities
232	Note 14 Shares and similar interests
233	Note 15 Loans and receivables
234	Note 16 Insurance-related liabilities and reinsurers’ share
235	Note 17 Equity
236	Note 18 Hybrid capital
237	Note 19 Provisions and other liabilities
238	Note 20 Related party transactions
239	Note 21 Contingent liabilities
239	Note 22 Share-based payment
241	Note 23 Events after the balance sheet date
241	Note 24 Earnings per share
Gjensidige Forsikring ASA	
282	Declaration from the Board and CEO
283	Auditor’s report
288	Assurance integrated report
Appendix	
290	GRI Content Index and Board of Directors Report
296	Selected governing documents
297	Description of ratings and whom we support
298	Statement on equality
304	Certificates and guarantees
310	Climate accounts own operations

21. Contingent liabilities

NOK millions	2020	2019
Guarantees and committed capital		
Committed capital, not paid	582.8	590.5
Credit facility Oslo Areal	1,634.4	1,598.6

As part of its ongoing financial management, Gjensidige has undertaken to invest up to NOK 582.8 million (590.5) in loan funds containing senior secured debt and various private equity and real estate investments, over and above amounts recognized in the balance sheet.

The timing of the outflow of capital is dependent on when the funds are making capital calls from their investors. Average remaining operating time for the funds, based on fair value, is slightly less than three years (four) and slightly less than four years (five) in average including option for of extension.

22. Share-based payment

Description of the share-based payment arrangements

As at 31 December 2020, Gjensidige has the following share-based payment arrangements:

Share-based remuneration for executive personnel with settlement in equity and cash (remuneration scheme)
Gjensidige has established equity-settled share-based payment for the group management and more explicitly defined executive personnel.

As described in the Board's statement on the stipulation of pay and other remuneration in note 8, half of the variable remuneration is paid in the form of shares in Gjensidige Forsikring ASA, one third of which will be available in each of the following three years. The part that is to cover the tax liability is withheld and settled in the form of cash (net settlement) and the remaining is distributed in the form of shares.

The fair value at the grant date is measured based on the market price. The amount is recognised as payroll expenses at grant date with a corresponding increase in other paid-in equity, both for the part that is settled in shares and for the part that is settled in cash to cover the tax obligations. No specific company-related or market-related entitlement criteria apply to the shares, but the Company may carry out a reassessment if subsequent results and development suggest that the bonus was based on incorrect assumptions. The expected allocation is set to 100 per cent. No adjustment is made to the value of the cash-settled share based on the share price at the reporting date. The number of shares is adjusted for dividend paid.

Gjensidige Forsikring has granted a loan to Oslo Areal amounting to NOK 2.4 billion (2.4) at year end. The loan is interest-bearing and total loan limit is NOK 4.0 billion.

Gjensidige Forsikring is liable externally for any insurance claim arising in the cooperating mutual fire insurers' fire insurance operations.

According to the agreement with Gjensidige Pensjonskasse the return, if not sufficient to cover the pension plans guaranteed interest rate, should be covered from the premium fund or through contribution from Gjensidige Forsikring.

Equity-settled share savings program for employees
Gjensidige has established a share savings programme for employees of the Group with the exception of employees of Gjensidige Baltic. All employees are given an opportunity to save an annual amount of up to NOK 90,000. Saving take the form of fixed deductions from salary that is used to buy shares four times a year. The employees are offered a discount in the form of a contribution of 25 per cent, limited upwards to NOK 7,500 kroner per year, which corresponds to the maximum tax-exempt discount. Employees will receive one bonus share for every four shares they have owned for more than two years, provided that they are still employed by the Company or have become retired. No other vesting conditions exists in this arrangement.

The fair value at grant date is based on the market price. The discount is recognised as payroll expenses at the time of allocation with a corresponding increase in other paid-in equity. The value of the bonus shares is recognised as payroll expenses over the vesting period, which is two years, with a corresponding increase in other paid-in equity.

Fair value measurement

The fair value of the shares allocated through the share-based payment for executive personnel and the cash to cover the tax obligations is calculated on the basis of the share price at grant date. The amount is recognised immediately.

Fair value of the bonus shares allocated through the share savings program is calculated on the basis of the share price at grant date, taking into account the likelihood of the employee still being employed after two years and that he/she has not sold his/her shares during the same two-year period. The amount is recognised during the vesting period which is two years.

CONTENT

3

About this report

4

The year that passed

6

Key figures and alternative performance measures

11

Chair letter

14

CEO letter

Chapter 1 – This is us

Chapter 2 – Creating added value in Gjensidige

Chapter 3 – Value created in 2020

Chapter 4 – Financial statements and notes

Gjensidige Forsikring Group

182

Consolidated income statement

183

Consolidated statement of comprehensive income

184

Consolidated statement of financial position

185

Consolidated statement of changes in equity

186

Consolidated statement of cash flows

187

Note 1 Accounting policies

195

Note 2 Use of estimates

196

Note 3 Risk and capital management

211

Note 4 Segment information

212

Note 5 Investments in associates and joint ventures

213

Note 6 Net income from investments

214

Note 7 Expenses

215

Note 8 Salaries and remuneration

218

Note 9 Tax

219

Note 10 Pension

223

Note 11 Goodwill and intangible assets

225

Note 12 Owner-occupied and right-off-use property, plant and equipment

227

Note 13 Financial assets and liabilities

232

Note 14 Shares and similar interests

233

Note 15 Loans and receivables

234

Note 16 Insurance-related liabilities and reinsurers’ share

235

Note 17 Equity

236

Note 18 Hybrid capital

237

Note 19 Provisions and other liabilities

238

Note 20 Related party transactions

239

Note 21 Contingent liabilities

239

Note 22 Share-based payment

241

Note 23 Events after the balance sheet date

241

Note 24 Earnings per share

Gjensidige Forsikring ASA

282

Declaration from the Board and CEO

283

Auditor’s report

288

Assurance integrated report

Appendix

290

GRI Content Index and Board of Directors Report

296

Selected governing documents

297

Description of ratings and whom we support

298

Statement on equality

304

Certificates and guarantees

310

Climate accounts own operations

Gjensidige Forsikring Group

The following assumptions were used in the calculation of fair value at the time of calculation

	Remuneration scheme		Share savings programme	
	2020	2019	2020	2019
Weighted average share price (NOK)	189.00	143.00	192.65	163.02
Expected turnover	N/A	N/A	10%	10%
Expected sale	N/A	N/A	5%	5%
Lock-in period (years)	3	3	2	2
Expected dividend (NOK per share) ¹	6.45	10.92	6.45	10.92

¹ The expected return is based on the Group's actual profit/loss after tax expense as of the third quarter, grossed up to a full year, plus the maximum distribution of dividend corresponding to 80 per cent (80) of the profit after tax expense. This was carried out as a technical calculation because the Company's forecast for the fourth quarter result was not available at the time the calculations were carried out.

Payroll expenses

NOK millions	2020	2019
Share-based remuneration for key personnel	8.3	4.9
Share savings programme for employees	9.3	8.2
Total expenses (note 7)	17.6	13.1

Share savings programme

	2020	2019
The number of bonus shares		
Outstanding 1 January	95,154	99,015
Granted during the period	48,196	46,419
Forfeited during the period	(2,751)	(9,602)
Released during the period	(44,940)	(36,654)
Cancelled during the period	(4,680)	(4,024)
Outstanding 31 December	90,979	95,154
Exercisable 31 December	0	0
Average remaining life of outstanding bonus shares	0.96	1.02
Weighted average fair value of bonus shares granted	175.94	135.53
Weighted average share price of bonus shares released during the period	192.65	163.02

Weighted average exercise price will always be 0, since the scheme comprises bonus shares and not options.

Remuneration scheme

	Number of shares 2020	Number of cash-settled shares 2020	Number of shares 2019	Number of cash-settled shares 2019
The number of shares				
Outstanding 1 January	38,453	34,672	53,940	48,411
Granted during the period	19,931	18,284	25,121	22,518
Transferred in/out during the period			(14,535)	(12,826)
Exercised during the period	(19,495)	(17,546)	(28,343)	(25,583)
Modification dividend during the period	2,556	2,324	2,270	2,152
Outstanding 31 December	41,445	37,734	38,453	34,672
Exercisable 31 December	0	0	0	0
Average remaining life of outstanding shares	0.80	0.80	0.73	0.73
			2020	2019
Weighted average fair value of shares granted ²			189.00	143.00
Weighted average share price of shares released during the period			201.02	143.00
Fair value of shares granted that are to be settled in cash			191.40	184.25

² The fair value is calculated based on the market value of the share at the time of allocation.

Weighted average exercise price will always be 0, since the scheme comprises shares and not options.

CONTENT

3

About this report

4

The year that passed

6

Key figures and alternative performance measures

11

Chair letter

14

CEO letter

Chapter 1 – This is us

Chapter 2 – Creating added value in Gjensidige

Chapter 3 – Value created in 2020

Chapter 4 – Financial statements and notes

Gjensidige Forsikring Group

182

Consolidated income statement

183

Consolidated statement of comprehensive income

184

Consolidated statement of financial position

185

Consolidated statement of changes in equity

186

Consolidated statement of cash flows

187

Note 1 Accounting policies

195

Note 2 Use of estimates

196

Note 3 Risk and capital management

211

Note 4 Segment information

212

Note 5 Investments in associates and joint ventures

213

Note 6 Net income from investments

214

Note 7 Expenses

215

Note 8 Salaries and remuneration

218

Note 9 Tax

219

Note 10 Pension

223

Note 11 Goodwill and intangible assets

225

Note 12 Owner-occupied and right-off-use property, plant and equipment

227

Note 13 Financial assets and liabilities

232

Note 14 Shares and similar interests

233

Note 15 Loans and receivables

234

Note 16 Insurance-related liabilities and reinsurers’ share

235

Note 17 Equity

236

Note 18 Hybrid capital

237

Note 19 Provisions and other liabilities

238

Note 20 Related party transactions

239

Note 21 Contingent liabilities

239

Note 22 Share-based payment

241

Note 23 Events after the balance sheet date

241

Note 24 Earnings per share

Gjensidige Forsikring ASA

282

Declaration from the Board and CEO

283

Auditor’s report

288

Assurance integrated report

Appendix

290

GRI Content Index and Board of Directors Report

296

Selected governing documents

297

Description of ratings and whom we support

298

Statement on equality

304

Certificates and guarantees

310

Climate accounts own operations

23. Events after the balance sheet date

At a board meeting on 21 January 2021, it was decided to distribute a dividend of NOK 2.40 per share, a total of NOK 1.2 billion, based on the board's authorisation. The dividend is related to the 2019 accounts and constitutes payment of surplus capital. The payment was made on 4 February 2021.

No significant events have occurred after the balance sheet date.

24. Earnings per share

NOK millions	2020	2019
Profit/(loss) for the year for continuing and discontinued operations	4,953.8	6,593.7
Profit/(loss) for the year for continuing operations	4,953.8	6,556.1
Weighted average number of shares ¹	499,988,919	499,983,151
Weighted average number of shares share-based payment	107,145	110,456
Weighted average number of shares, diluted ¹	500,096,064	500,093,607
Earnings per share from continuing and discontinued operations (NOK), basis	9.91	13.19
Earnings per share from continuing and discontinued operations (NOK), diluted	9.91	13.18
Earnings per share from continuing operations (NOK), basis	9.91	13.11
Earnings per share from continuing operations (NOK), diluted	9.91	13.11

¹ Holdings of own shares are not included in the calculations of the number of shares.

CONTENT	
3	About this report
4	The year that passed
6	Key figures and alternative performance measures
11	Chair letter
14	CEO letter
Chapter 1 – This is us	
Chapter 2 – Creating added value in Gjensidige	
Chapter 3 – Value created in 2020	
Chapter 4 – Financial statements and notes	
Gjensidige Forsikring Group	
Gjensidige Forsikring ASA	
242	Income statement
243	Statement of financial position
245	Statement of changes in equity
246	Statement of cash flows
247	Note 1 Accounting policies
253	Note 2 Use of estimates
254	Note 3 Risk and capital management
254	Note 4 Premiums and claims etc. in general insurance
255	Note 5 Shares in subsidiaries and joint ventures
257	Note 6 Net income from investments
258	Note 7 Expenses
259	Note 8 Salaries and remuneration
262	Note 9 Tax
263	Note 10 Pension
267	Note 11 Goodwill and intangible assets
269	Note 12 Owner-occupied and right-of-use property, plant and equipment
271	Note 13 Financial assets and liabilities
274	Note 14 Shares and similar interests
275	Note 15 Loans and receivables
276	Note 16 Insurance-related liabilities and reinsurers' share
277	Note 17 Equity
278	Note 18 Hybrid capital
278	Note 19 Provisions and other liabilities
279	Note 20 Related party transactions
280	Note 21 Contingent liabilities
280	Note 22 Share-based payment
281	Note 23 Events after the balance sheet date
282	Declaration from the Board and CEO
283	Auditor's report
288	Assurance integrated report
Appendix	
290	GRI Content Index and Board of Directors Report
296	Selected governing documents
297	Description of ratings and whom we support
298	Statement on equality
304	Certificates and guarantees
310	Climate accounts own operations

Income statement

Gjensidige Forsikring ASA

NOK millions	Notes	1.1.-31.12.2020	1.1.-31.12.2019
Premiums etc.			
Earned premiums, gross	4	26,608.4	24,236.4
Ceded reinsurance premiums		(623.6)	(712.9)
Total earned premiums, net of reinsurance		25,984.8	23,523.5
Claims			
Gross claims	4	(17,765.7)	(16,662.5)
Claims, reinsurers' share		399.4	412.6
Total claims incurred, net of reinsurance		(17,366.3)	(16,249.9)
Insurance-related operating expenses			
Insurance-related administration expenses incl. commissions for received reinsurance and sales expenses	7	(3,748.3)	(3,544.5)
Received commission for ceded reinsurance and profit share		9.8	45.2
Total insurance-related operating expenses		(3,738.5)	(3,499.3)
Other insurance-related operating expenses			(12.7)
Profit/(loss) of technical account		4,880.0	3,761.7
Net income from investments			
Income from investments in subsidiaries, associates and joint ventures			3,093.3
Impairment losses of investments in subsidiaries, associates and joint ventures		5.6	(153.2)
Interest income and dividend etc. from financial assets		971.1	1,000.8
Changes in fair value on investments		(271.4)	1,451.6
Realised gain and loss on investments		480.6	(312.8)
Administration expenses related to investments, including interest expenses		(198.9)	(201.6)
Total net income from investments	6	987.1	4,878.1
Other income		4.9	12.7
Other expenses		(31.7)	(38.5)
Profit/(loss) of non-technical account		960.4	4,852.3
Profit/(loss) before tax expense		5,840.4	8,613.9
Tax expense	9	(1,350.7)	(1,153.6)
Profit/(loss) before components of other comprehensive income		4,489.7	7,460.3
Other comprehensive income			
Other comprehensive income that are not reclassified to profit or loss			
Changes in estimates related to defined benefit plans	10	(109.6)	(116.4)
Tax on other comprehensive income that are not reclassified to profit or loss	9	27.4	29.1
Total other comprehensive income that are not reclassified to profit or loss		(82.2)	(87.3)
Other comprehensive income that may be reclassified to profit or loss			
Exchange differences from foreign operations		334.9	(65.1)
Tax on items that may be reclassified to profit or loss	9	(64.9)	17.1
Total other comprehensive income that may be reclassified to profit or loss		270.0	(48.0)
Comprehensive income		4,677.5	7,325.1

CONTENT	
3	About this report
4	The year that passed
6	Key figures and alternative performance measures
11	Chair letter
14	CEO letter
Chapter 1 – This is us	
Chapter 2 – Creating added value in Gjensidige	
Chapter 3 – Value created in 2020	
Chapter 4 – Financial statements and notes	
Gjensidige Forsikring Group	
Gjensidige Forsikring ASA	
242	Income statement
243	Statement of financial position
245	Statement of changes in equity
246	Statement of cash flows
247	Note 1 Accounting policies
253	Note 2 Use of estimates
254	Note 3 Risk and capital management
254	Note 4 Premiums and claims etc. in general insurance
255	Note 5 Shares in subsidiaries and joint ventures
257	Note 6 Net income from investments
258	Note 7 Expenses
259	Note 8 Salaries and remuneration
262	Note 9 Tax
263	Note 10 Pension
267	Note 11 Goodwill and intangible assets
269	Note 12 Owner-occupied and right-of-use property, plant and equipment
271	Note 13 Financial assets and liabilities
274	Note 14 Shares and similar interests
275	Note 15 Loans and receivables
276	Note 16 Insurance-related liabilities and reinsurers' share
277	Note 17 Equity
278	Note 18 Hybrid capital
278	Note 19 Provisions and other liabilities
279	Note 20 Related party transactions
280	Note 21 Contingent liabilities
280	Note 22 Share-based payment
281	Note 23 Events after the balance sheet date
282	Declaration from the Board and CEO
283	Auditor's report
288	Assurance integrated report
Appendix	
290	GRI Content Index and Board of Directors Report
296	Selected governing documents
297	Description of ratings and whom we support
298	Statement on equality
304	Certificates and guarantees
310	Climate accounts own operations

Statement of financial position

Gjensidige Forsikring ASA

NOK millions	Notes	31.12.2020	31.12.2019
Assets			
Goodwill		3,131.1	2,950.1
Other intangible assets		546.1	1,026.0
Total intangible assets	11	3,677.2	3,976.2
Investments			
Buildings and other real estate			
Owner-occupied property	12	28.5	28.5
Right-of-use property	12	831.6	966.7
Subsidiaries and associates			
Shares in subsidiaries	5	2,498.4	2,063.8
Shares in associates and joint ventures	5	1,086.9	1,086.9
Interest-bearing receivables on subsidiaries and joint ventures	13, 20	2,365.6	2,401.4
Financial assets measured at amortised cost			
Loans and receivables	13, 15	15,214.1	14,714.8
Financial assets measured at fair value			
Shares and similar interests (incl. shares and similar interests measured at cost)	13, 14	5,522.4	6,545.3
Bonds and other fixed-income securities	13	28,245.9	28,446.3
Subordinated loans	13	1.9	2.2
Financial derivatives	13	1,294.3	934.1
Other investments	13	111.0	111.0
Total investments		57,200.7	57,301.0
Reinsurers' share of insurance-related liabilities in general insurance, gross			
Reinsurers' share of provision for unearned premiums, gross	16	39.9	42.3
Reinsurers' share of claims provision, gross	16	516.6	554.5
Total reinsurers' share of insurance-related liabilities in general insurance, gross		556.6	596.8
Receivables			
Receivables related to direct operations	13	7,347.5	6,843.3
Receivables related to reinsurance	13	113.4	23.7
Receivables within the group	20	26.1	7.1
Other receivables	13, 15	253.5	864.4
Total receivables		7,740.6	7,738.4
Other assets			
Plant and equipment	12	111.1	189.8
Cash and cash equivalents	13	2,365.0	1,796.1
Pension assets	10	336.1	241.8
Total other assets		2,812.1	2,227.6
Prepaid expenses and earned, not received income			
Other prepaid expenses and earned, not received income		97.2	37.7
Total prepaid expenses and earned, not received income		97.2	37.7
Total assets			
		72,084.3	71,877.7

CONTENT

3

About this report

4

The year that passed

6

Key figures and alternative performance measures

11

Chair letter

14

CEO letter

Chapter 1 – This is us

Chapter 2 – Creating added value in Gjensidige

Chapter 3 – Value created in 2020

Chapter 4 – Financial statements and notes

Gjensidige Forsikring Group

Gjensidige Forsikring ASA

242

Income statement

243

Statement of financial position

245

Statement of changes in equity

246

Statement of cash flows

247

Note 1

Accounting policies

253

Note 2

Use of estimates

254

Note 3

Risk and capital management

254

Note 4

Premiums and claims etc. in general insurance

255

Note 5

Shares in subsidiaries and joint ventures

257

Note 6

Net income from investments

258

Note 7

Expenses

259

Note 8

Salaries and remuneration

262

Note 9

Tax

263

Note 10

Pension

267

Note 11

Goodwill and intangible assets

269

Note 12

Owner-occupied and right-of-use property, plant and equipment

271

Note 13

Financial assets and liabilities

274

Note 14

Shares and similar interests

275

Note 15

Loans and receivables

276

Note 16

Insurance-related liabilities and reinsurers' share

277

Note 17

Equity

278

Note 18

Hybrid capital

278

Note 19

Provisions and other liabilities

279

Note 20

Related party transactions

280

Note 21

Contingent liabilities

280

Note 22

Share-based payment

281

Note 23

Events after the balance sheet date

282

Declaration from the Board and CEO

283

Auditor's report

288

Assurance integrated report

Appendix

290

GRI Content Index and Board of Directors Report

296

Selected governing documents

297

Description of ratings and whom we support

298

Statement on equality

304

Certificates and guarantees

310

Climate accounts own operations

Gjensidige Forsikring ASA

NOK millions	Notes	31.12.2020	31.12.2019
Equity and liabilities			
Paid in equity			
Share capital		1,000.0	1,000.0
Own shares		(0.0)	(0.0)
Share premium		1,430.0	1,430.0
Perpetual Tier 1 capital		1,002.2	1,002.3
Other paid-in equity		80.6	67.4
Total paid in equity		3,512.8	3,499.6
Retained equity			
Funds etc.			
Natural perils capital		2,612.9	2,676.3
Guarantee scheme provision		715.5	676.3
Other retained earnings		11,201.4	11,459.6
Total retained earnings		14,529.9	14,812.2
Total equity			
	17	18,042.7	18,311.9
Subordinated debt	13, 18	1,198.9	1,198.6
Insurance-related liabilities in general insurance, gross			
Provision for unearned premiums, gross	4, 16	10,792.8	10,003.0
Claims provision, gross	4, 16	28,097.3	27,693.3
Provision for premium discounts and other profit agreements		89.1	77.3
Total insurance-related liabilities in general insurance, gross		38,979.3	37,773.6
Provision for liabilities			
Pension liabilities	10	712.9	608.1
Current tax	9	1,501.9	984.6
Deferred tax liabilities	9	1,198.9	1,391.4
Other provisions	19	288.9	294.5
Total provision for liabilities		3,702.6	3,278.5
Liabilities			
Liabilities related to direct insurance	13	428.1	380.9
Liabilities related to reinsurance	13	69.8	46.1
Financial derivatives	13	767.4	641.0
Accrued dividend		4,900.0	6,125.0
Lease liability	12	928.9	1,060.5
Other liabilities	13, 19	2,615.4	2,650.7
Liabilities to subsidiaries and associates	13, 20	85.4	56.7
Total liabilities		9,794.9	10,960.9
Accrued expenses and received, not earned income			
Other accrued expenses and received, not earned income	19	365.9	354.2
Total accrued expenses and received, not earned income		365.9	354.2
Total equity and liabilities			
		72,084.3	71,877.7

CONTENT

3

About this report

4

The year that passed

6

Key figures and alternative performance measures

11

Chair letter

14

CEO letter

Chapter 1 – This is us

Chapter 2 – Creating added value in Gjensidige

Chapter 3 – Value created in 2020

Chapter 4 – Financial statements and notes

Gjensidige Forsikring Group

Gjensidige Forsikring ASA

242

Income statement

243

Statement of financial position

245

Statement of changes in equity

246

Statement of cash flows

247

Note 1

Accounting policies

253

Note 2

Use of estimates

254

Note 3

Risk and capital management

254

Note 4

Premiums and claims etc. in general insurance

255

Note 5

Shares in subsidiaries and joint ventures

257

Note 6

Net income from investments

258

Note 7

Expenses

259

Note 8

Salaries and remuneration

262

Note 9

Tax

263

Note 10

Pension

267

Note 11

Goodwill and intangible assets

269

Note 12

Owner-occupied and right-of-use property, plant and equipment

271

Note 13

Financial assets and liabilities

274

Note 14

Shares and similar interests

275

Note 15

Loans and receivables

276

Note 16

Insurance-related liabilities and reinsurers' share

277

Note 17

Equity

278

Note 18

Hybrid capital

278

Note 19

Provisions and other liabilities

279

Note 20

Related party transactions

280

Note 21

Contingent liabilities

280

Note 22

Share-based payment

281

Note 23

Events after the balance sheet date

282

Declaration from the Board and CEO

283

Auditor's report

288

Assurance integrated report

Appendix

290

GRI Content Index and Board of Directors Report

296

Selected governing documents

297

Description of ratings and whom we support

298

Statement on equality

304

Certificates and guarantees

310

Climate accounts own operations

Statement of changes in equity

Gjensidige Forsikring ASA

NOK millions	Share capital	Own shares	Share premium	Other paid-in capital	Perpetual Tier 1 capital	Exchange differences	Changes in estimates related to def. benefit plans	Other earned equity	Total equity
Equity as at 31.12.2018	1,000.0	(0.1)	1,430.0	58.2	1,000.5	386.2	(1,969.8)	15,384.0	17,288.9
Adjustment due to amendment to IFRS 2								(61.4)	(61.4)
Merger losses								(65.7)	(65.7)
Equity as at 1.1.2019	1,000.0	(0.1)	1,430.0	58.2	1,000.5	386.2	(1,969.8)	15,256.9	17,161.9
1.1.-31.12.2019									
Comprehensive income									
Profit/(loss) before components of other comprehensive income					51.3			7,409.0	7,460.3
Total other comprehensive income				(0.0)		(48.0)	(87.3)		(135.3)
Comprehensive income				(0.0)	51.3	(48.0)	(87.3)	7,409.0	7,325.1
Transactions with the owners of the company									
Own shares		0.0						(9.2)	(9.2)
Dividend								(6,124.9)	(6,124.9)
Equity-settled share-based payment transactions				9.2					9.2
Perpetual Tier 1 capital					0.6			(0.6)	
Perpetual Tier 1 capital - interest paid					(50.1)				(50.1)
Total transactions with the owners of the company		0.0		9.2	(49.5)			(6,134.8)	(6,175.1)
Equity as at 31.12.2019	1,000.0	(0.0)	1,430.0	67.4	1,002.3	338.2	(2,057.1)	16,531.2	18,311.9
1.1.-31.12.2020									
Comprehensive income									
Profit/(loss) before components of other comprehensive income					45.8			4,443.9	4,489.7
Total other comprehensive income				0.5		269.5	(82.2)		187.8
Comprehensive income				0.5	45.8	269.5	(82.2)	4,443.9	4,677.5
Transactions with the owners of the company									
Own shares		0.0						(13.1)	(13.0)
Dividend								(4,899.9)	(4,899.9)
Equity-settled share-based payment transactions				12.7					12.7
Perpetual Tier 1 capital					0.6			(0.6)	
Perpetual Tier 1 capital - interest paid					(46.5)				(46.5)
Total transactions with the owners of the company		0.0		12.7	(45.8)			(4,913.6)	(4,946.6)
Equity as at 31.12.2020	1,000.0	(0.0)	1,430.0	80.6	1,002.2	607.7	(2,139.4)	16,061.5	18,042.7

See note 17 for further information about the equity items.

CONTENT

3

About this report

4

The year that passed

6

Key figures and alternative performance measures

11

Chair letter

14

CEO letter

Chapter 1 – This is us

Chapter 2 – Creating added value in Gjensidige

Chapter 3 – Value created in 2020

Chapter 4 – Financial statements and notes

Gjensidige Forsikring Group

Gjensidige Forsikring ASA

242

Income statement

243

Statement of financial position

245

Statement of changes in equity

246

Statement of cash flows

247

Note 1

Accounting policies

253

Note 2

Use of estimates

254

Note 3

Risk and capital management

254

Note 4

Premiums and claims etc. in general insurance

255

Note 5

Shares in subsidiaries and joint ventures

257

Note 6

Net income from investments

258

Note 7

Expenses

259

Note 8

Salaries and remuneration

262

Note 9

Tax

263

Note 10

Pension

267

Note 11

Goodwill and intangible assets

269

Note 12

Owner-occupied and right-of-use property, plant and equipment

271

Note 13

Financial assets and liabilities

274

Note 14

Shares and similar interests

275

Note 15

Loans and receivables

276

Note 16

Insurance-related liabilities and reinsurers' share

277

Note 17

Equity

278

Note 18

Hybrid capital

278

Note 19

Provisions and other liabilities

279

Note 20

Related party transactions

280

Note 21

Contingent liabilities

280

Note 22

Share-based payment

281

Note 23

Events after the balance sheet date

282

Declaration from the Board and CEO

283

Auditor's report

288

Assurance integrated report

Appendix

290

GRI Content Index and Board of Directors Report

296

Selected governing documents

297

Description of ratings and whom we support

298

Statement on equality

304

Certificates and guarantees

310

Climate accounts own operations

Statement of cash flows

Gjensidige Forsikring ASA

NOK millions	1.1.-31.12.2020	1.1.-31.12.2019
Cash flow from operating activities		
Premiums paid, net of reinsurance	26,013.8	24,472.9
Claims paid, net of reinsurance	(17,562.0)	(18,080.4)
Net receipts/payments from financial assets	3,097.4	(3,708.6)
Operating expenses paid, including commissions	(3,183.0)	(3,180.4)
Taxes paid	(1,124.8)	(711.3)
Net cash flow from operating activities	7,241.3	(1,207.8)
Cash flow from investing activities		
Net receipts/payments from sale/acquisition of subsidiaries, associates and joint ventures		5,576.1
Net receipts/payments on sale/acquisition of owner-occupied property, plant and equipment and intangible assets	149.0	(397.1)
Dividends from subsidiaries		123.7
Group contributions paid		(21.9)
Net cash flow from investing activities	149.0	5,280.8
Cash flow from financing activities		
Payment of dividend	(6,124.9)	(3,549.9)
Net receipts/payments on subordinated debt incl. interest	(33.7)	(34.2)
Net receipts/payments on loans between Group companies	(6.8)	
Payments regarding intra-group equity transactions	(434.9)	(208.1)
Net receipts/payments on sale/acquisition of own shares	(13.0)	(9.2)
Repayment of lease liabilities	(163.3)	(146.0)
Payment of interest related to lease liabilities	(28.1)	(30.4)
Tier 1 interest payments	(46.5)	(50.9)
Net cash flow from financing activities	(6,851.1)	(4,028.6)
Net cash flow	539.2	44.4
Cash and cash equivalents at the start of the year	1,796.1	1,656.4
Adjustment to cash and cash equivalents at the start of the year due to merger		100.5
Adjusted cash and cash equivalents at the start of the year	1,796.1	1,756.9
Net cash flow	539.2	44.4
Effect of exchange rate changes on cash and cash equivalents	29.7	(5.2)
Cash and cash equivalents at the end of the year ¹	2,365.0	1,796.1
¹ Including source-deductible tax account	70.1	65.4

Reconciliation of changes in liabilities from financing activities is found in note 13.

CONTENT

3

About this report

4

The year that passed

6

Key figures and alternative performance measures

11

Chair letter

14

CEO letter

Chapter 1 – This is us

Chapter 2 – Creating added value in Gjensidige

Chapter 3 – Value created in 2020

Chapter 4 – Financial statements and notes

Gjensidige Forsikring Group

Gjensidige Forsikring ASA

242

Income statement

243

Statement of financial position

245

Statement of changes in equity

246

Statement of cash flows

247

Note 1

Accounting policies

253

Note 2

Use of estimates

254

Note 3

Risk and capital management

254

Note 4

Premiums and claims etc. in general insurance

255

Note 5

Shares in subsidiaries and joint ventures

257

Note 6

Net income from investments

258

Note 7

Expenses

259

Note 8

Salaries and remuneration

262

Note 9

Tax

263

Note 10

Pension

267

Note 11

Goodwill and intangible assets

269

Note 12

Owner-occupied and right-of-use property, plant and equipment

271

Note 13

Financial assets and liabilities

274

Note 14

Shares and similar interests

275

Note 15

Loans and receivables

276

Note 16

Insurance-related liabilities and reinsurers' share

277

Note 17

Equity

278

Note 18

Hybrid capital

278

Note 19

Provisions and other liabilities

279

Note 20

Related party transactions

280

Note 21

Contingent liabilities

280

Note 22

Share-based payment

281

Note 23

Events after the balance sheet date

282

Declaration from the Board and CEO

283

Auditor's report

288

Assurance integrated report

Appendix

290

GRI Content Index and Board of Directors Report

296

Selected governing documents

297

Description of ratings and whom we support

298

Statement on equality

304

Certificates and guarantees

310

Climate accounts own operations

Notes

1. Accounting policies

Reporting entity

Gjensidige Forsikring ASA is a publicly listed company domiciled in Norway. Gjensidige's head office is located at Schweigaardsgate 21, Oslo, Norway. The activities of Gjensidige consist of general insurance. Gjensidige does business in Norway, Sweden and Denmark.

The accounting policies applied in the financial statements are described below. The policies are used consistently throughout Gjensidige with the exception of one difference that is permitted in accordance with IFRS 4 about insurance contracts. See description under the section Claims provision, gross.

Basis of preparation

Statement of compliance

The financial statements have been prepared in accordance with the Norwegian Accounting Act and Norwegian Financial Reporting Regulations for Non-Life Insurance Companies (FOR-2015-12-18-1775). The Norwegian Financial Reporting Regulations for Insurance Companies is to a great extent based on IFRSs endorsed by EU, and interpretations.

New standards adopted

Gjensidige has not implemented any new standards with effect from 1 January 2020.

New standards and interpretations not yet adopted

A number of new standards, changes to standards and interpretations have been issued for financial years beginning after 1 January 2020. They have not been applied when preparing these financial statements. Those that may be relevant to Gjensidige are mentioned below. Gjensidige does not plan early implementation of these standards.

IFRS 9 Financial instruments (2014)

IFRS 9 addresses the accounting for financial instruments and is effective for annual periods beginning on or after 1 January 2018. See also the section below about delayed implementation. The standard introduces new requirements for the classification and measurement of financial assets, including a new expected loss model for the recognition of impairment losses, and changed requirements for hedge accounting.

IFRS 9 contains three primary measurement categories for financial assets: amortised cost, fair value through other comprehensive income, and fair value through profit or loss. Financial assets will be classified as either at amortised cost, at fair value through other comprehensive income, or at fair value through profit or loss, depending on how they are managed and which contractual cash flow properties they have. IFRS 9 introduces a new requirement in connection with financial liabilities earmarked at fair value, where changes in fair value that can be attributed to the liabilities' credit risk are presented in other comprehensive income rather than over profit or loss.

Impairment provisions according to IFRS 9 shall be measured using an expected loss model, instead of an incurred loss model as in IAS 39. The impairment rules in IFRS 9 will be applicable to all financial assets measured at amortised cost and interest rate instruments at fair value through other comprehensive income. In addition, loan commitments, financial guarantee contracts and lease receivables are within the scope of the standard. The measurement of the provision for expected credit losses on financial assets depends on whether the credit risk has increased significantly since initial recognition. At initial recognition and if the credit risk has not increased significantly, the provision shall equal 12-month expected credit losses. If the credit risk has increased significantly, the provision shall equal

lifetime expected credit losses. This dual approach replaces today's collective impairment model.

Amendments to IFRS 4 Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (2016)

The amendments to IFRS 4 permit entities that predominantly undertake insurance activities the option to defer the effective date of IFRS 9 until 1 January 2023. The effect of such a deferral is that the entities concerned may continue to report under the existing standard, IAS 39 Financial Instruments.

Gjensidige is an insurance company and has therefore decided to make use of this exception.

IFRS 17 Insurance Contracts (2017)

IFRS 17 Insurance Contracts, published on May 18, 2017 with effect from 1 January 2021. IFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts and supersedes IFRS 4 Insurance contracts. The new standard applies to insurance contracts issued, to all reinsurance contracts and to investment contracts with discretionary participating features provided the entity also issues insurance contracts. The standard defines the level of aggregation to be used for measuring the insurance contract liabilities and the related profitability. IFRS 17 requires identifying portfolios of insurance contracts, which comprise contracts that are subject to similar risks and are managed together. Each portfolio of insurance contracts issued shall be divided into three groups:

- contracts that are onerous at initial recognition;
- contracts that at initial recognition have no significant possibility of becoming onerous subsequently;
- and the remaining contracts in the portfolio.

Contracts that are issued more than one year apart should not be in the same group.

IFRS 17 requires a general measurement model based on the following “building blocks”:

- probability-weighted estimates of future cash flows, an adjustment to reflect the time value of money and the financial risks associated with those future cash flows, and a risk adjustment for non-financial risk.
- the Contractual Service Margin (CSM).

At the end of each subsequent reporting period the carrying amount of a group of insurance contracts is remeasured to be the sum of:

- the liability for remaing coverage; which comprices the fulfilment cash flows related to future services and the CSM at that date;
- and the liability for incurred claims, which is measured as the fulfilment cash flows related to past services at that date.

A simplified Premium Allocation Approach (PAA) is permitted for the measurement of the liability for the remaining coverage if it provides a measurement that is not materially different from the general model or if the coverage period is one year or less. With the PAA, the liability for remaining coverage corresponds to premiums received at initial recognition less acquisition costs. However, the general model remains applicable for the measurement of incurred claims.

CONTENT

3

About this report

4

The year that passed

6

Key figures and alternative performance measures

11

Chair letter

14

CEO letter

Chapter 1 – This is us

Chapter 2 – Creating added value in Gjensidige

Chapter 3 – Value created in 2020

Chapter 4 – Financial statements and notes

Gjensidige Forsikring Group

Gjensidige Forsikring ASA

242

Income statement

243

Statement of financial position

245

Statement of changes in equity

246

Statement of cash flows

247

Note 1

Accounting policies

253

Note 2

Use of estimates

254

Note 3

Risk and capital management

254

Note 4

Premiums and claims etc. in general insurance

255

Note 5

Shares in subsidiaries and joint ventures

257

Note 6

Net income from investments

258

Note 7

Expenses

259

Note 8

Salaries and remuneration

262

Note 9

Tax

263

Note 10

Pension

267

Note 11

Goodwill and intangible assets

269

Note 12

Owner-occupied and right-of-use property, plant and equipment

271

Note 13

Financial assets and liabilities

274

Note 14

Shares and similar interests

275

Note 15

Loans and receivables

276

Note 16

Insurance-related liabilities and reinsurers' share

277

Note 17

Equity

278

Note 18

Hybrid capital

278

Note 19

Provisions and other liabilities

279

Note 20

Related party transactions

280

Note 21

Contingent liabilities

280

Note 22

Share-based payment

281

Note 23

Events after the balance sheet date

282

Declaration from the Board and CEO

283

Auditor's report

288

Assurance integrated report

Appendix

290

GRI Content Index and Board of Directors Report

296

Selected governing documents

297

Description of ratings and whom we support

298

Statement on equality

304

Certificates and guarantees

310

Climate accounts own operations

Gjensidige Forsikring ASA

Insurance revenue, insurance service expenses and insurance finance income of expenses will be presented separately in the income statement. The standard will have an effect on the group's financial statements, significantly changing the measurement and presentation of income and expenses. Calculations are carried out to determine the effects this will have on the financial statements.

IASB has decided to defer the effective date of IFRS 17 to the reporting period beginning on January 1 2023.

Based on our preliminary assessments and on the basis of Gjensidige's current operations, other amendments to standards and interpretation statements will not have a significant effect.

Basis of measurement

The financial statements have been prepared based on the historical cost principle with the following exceptions

- derivatives are measured at fair value
- financial instruments at fair value through profit or loss are measured at fair value

Functional and presentation currency

Functional currency

Functional currency is determined for each the company and the branches in Gjensidige, based on the currency within the primary economic environment where each entity operates. Transactions in the company's/branches' accounts are measured in the company's/branches' functional currency. Transactions in foreign currency are translated to functional currency based on the day rate at the transaction date. At the end of each reporting period, monetary items in foreign currency are translated at the closing rate, non-monetary items are measured at historical cost translated at the time of the transaction and non-monetary items denominated in foreign currency at fair value are translated at the exchange rates prevailing at the date of calculation of fair value. Exchange rate differences are recognised continuously in the income statement during the accounting period.

Presentation currency

The financial statements are presented in NOK. The mother company and the different branches have respectively Norwegian, Swedish and Danish kroner as functional currency.

For branches with other functional currencies, balance sheet items are translated at the exchange rate at the balance sheet date, including excess values on acquisition, and profit and loss accounts at an annual average rate. Exchange rate differences are recognised in other comprehensive income.

In case of loss of control, significant influence or joint control, accumulated exchange rate differences that are recognised in other comprehensive income related to investments attributable to controlling interests, are recognised in the income statement.

Exchange gains and losses arising from a monetary item receivable from or payable to a foreign operation, the settlement of which is neither planned nor likely in the foreseeable future, are considered to form a part of the net investment in the foreign branch and are recognised in other comprehensive income.

Goodwill arising on the acquisition of a foreign portfolio and fair value adjustments of the carrying amount of assets and liabilities arising on the acquisition of the foreign branch are treated as assets and liabilities in the functional currency of the foreign branch.

All financial information is presented in NOK, unless otherwise stated.

Due to rounding differences, figures and percentages may not add up to the total.

Segment reporting

The operating segments are determined based on Gjensidige's internal organisational management structure and the internal financial reporting structure to the chief operating decision maker. In Gjensidige Forsikring Group, the Senior Group Management is responsible for evaluating and following up the performance of the segments and is considered the chief operating decision maker. Gjensidige reports on four operating segments, General insurance Private, General insurance Commercial, General insurance Denmark and General insurance Sweden, which are independently managed by managers responsible for the respective segments depending on the products and services offered, distribution and settlement channels, brands and customer profiles. Identification of the segments is based on the existence of segment managers who report directly to the Senior Group Management/CEO and who are responsible for the performance of the segment under their charge. Segment information is shown in note 4 in the consolidated financial statements.

The recognition and measurement principles for Gjensidige's segment reporting are based on the IFRS principles adopted in the consolidated financial statements.

Inter-segment pricing is determined on arm's length distance.

Subsidiaries, associated companies and joint ventures

Subsidiaries, associated companies and joint ventures are recognised using the cost method.

Cash flow statement

Cash flows from operating activities are presented according to the direct method, which gives information about material classes and payments.

Operational activities are primary activities within Gjensidige. Investment activities include the purchase and sale of assets that are not considered cash equivalents, and which are not included in Gjensidige's primary activities. Financing activities include raising and repaying loans, as well as collecting and servicing equity.

Cash and bank deposits with maturity less than three months ahead are considered cash. Certificates and bonds with a similar short residual maturity are not classified as cash equivalents.

Recognition of revenue and expenses

Premiums

Insurance premiums are recognised over the term of the policy. Gross premiums earned are calculated on the basis of the amounts Gjensidige has received or is owed for insurance contracts where the insurance period starts before the end of the period (gross premiums written). At the end of the period provisions are recorded, and premiums written that relate to subsequent periods are adjusted for (change in gross provision for unearned premiums). Earned premiums net of reinsurance are calculated by applying equivalent accrual to premium for ceded reinsurance, which reduces the corresponding gross premiums. Premiums for inward reinsurance are classified as gross premiums written and are earned according to the insurance period.

Claims incurred

Claims incurred consist of gross paid claims less reinsurers' share, in addition to a change in gross provision for claims, gross, also less reinsurers' share. Direct and indirect claims processing costs are included in claims incurred. The claims incurred contain run-off gains/losses on previous years' claims provisions.

Insurance-related operating expenses

Insurance-related operating expenses consist of insurance-related administration expenses including commissions for

CONTENT

3

About this report

4

The year that passed

6

Key figures and alternative performance measures

11

Chair letter

14

CEO letter

Chapter 1 – This is us

Chapter 2 – Creating added value in Gjensidige

Chapter 3 – Value created in 2020

Chapter 4 – Financial statements and notes

Gjensidige Forsikring Group

Gjensidige Forsikring ASA

242

Income statement

243

Statement of financial position

245

Statement of changes in equity

246

Statement of cash flows

247

Note 1

Accounting policies

253

Note 2

Use of estimates

254

Note 3

Risk and capital management

254

Note 4

Premiums and claims etc. in general insurance

255

Note 5

Shares in subsidiaries and joint ventures

257

Note 6

Net income from investments

258

Note 7

Expenses

259

Note 8

Salaries and remuneration

262

Note 9

Tax

263

Note 10

Pension

267

Note 11

Goodwill and intangible assets

269

Note 12

Owner-occupied and right-of-use property, plant and equipment

271

Note 13

Financial assets and liabilities

274

Note 14

Shares and similar interests

275

Note 15

Loans and receivables

276

Note 16

Insurance-related liabilities and reinsurers' share

277

Note 17

Equity

278

Note 18

Hybrid capital

278

Note 19

Provisions and other liabilities

279

Note 20

Related party transactions

280

Note 21

Contingent liabilities

280

Note 22

Share-based payment

281

Note 23

Events after the balance sheet date

282

Declaration from the Board and CEO

283

Auditor's report

288

Assurance integrated report

Appendix

290

GRI Content Index and Board of Directors Report

296

Selected governing documents

297

Description of ratings and whom we support

298

Statement on equality

304

Certificates and guarantees

310

Climate accounts own operations

Gjensidige Forsikring ASA

received reinsurance and sales expenses, less received commissions for ceded reinsurance and profit share.

Net income from investments

Financial income consists of interest income on financial investments, dividend received, realised gains related to financial assets, change in fair value of financial assets at fair value through profit or loss, and gains on financial derivatives. Interest income on interest rate instruments is recognised in profit or loss using the effective interest method.

Financial expenses consist of interest expenses on loans, realised losses related to financial assets, change in fair value of financial assets at fair value through profit or loss, recognised impairment on financial assets and recognised loss on financial derivatives. All expenses related to loans measured at amortised cost are recognised in profit or loss using the effective interest method.

Tangible assets

Owner-occupied property, plant and equipment

Recognition and measurement

Items of owner-occupied property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the item. In cases where equipment or significant items have different useful lives, they are accounted for as separate components.

Owner-occupied property is defined as property that is used by Gjensidige for conducting its business.

Subsequent costs

Subsequent costs are recognised in the asset's carrying amount when it is probable that the future economic benefits associated with the asset will flow to Gjensidige, and the cost of the asset can be measured reliably. If the subsequent cost is a replacement cost for part of an item of owner-occupied property, plant and equipment, the cost is capitalized and the carrying amount of what has been replaced is derecognised. Repairs and maintenances are recognised in profit or loss in the period in which they are incurred.

Depreciation

Each component of plant and equipment are depreciated using the straight-line method over estimated useful life. Land, leisure houses and cottages are not depreciated. The estimated useful lives for the current and comparative periods are as follows, with technical installations having the highest depreciation rate

-
- Depreciation method, expected useful life and residual values are reassessed annually. An impairment loss is recognised if the carrying amount of an asset is less than the recoverable amount.
- Leases
- Gjensidige recognises all identifiable lease agreements as a lease liability and a corresponding right-of-use asset, with the following exemptions:
- For these leases, Gjensidige recognises the lease payments as other operating expenses in the statement of profit or loss when they incur.

The lease liability is initially measured at the present value of the lease payments for the right to use the underlying asset during the lease term. The lease term represents the non-cancellable period of the lease, together with periods covered by an option

to extend the lease when Gjensidige is reasonably certain to exercise this option, and periods covered by an option to terminate the lease if Gjensidige is reasonably certain not to exercise that option.

Gjensidige applies a single discount rate to a portfolio of leases with reasonably similar characteristics (for example similar remaining lease term).

The lease liability is subsequently measured by increasing the carrying amount to reflect the interest on the lease liability, reducing the carrying amount to reflect the lease payments made and subsequent measurement of the carrying amount to reflect any reassessment of lease modifications, or to reflect adjustments in lease payments due to an adjustment in an index or rate.

The lease liability is included in the accounting line Other liabilities in the statement of financial position.

The right-of-use asset is initially measured at cost, comprising the amount of the initial measurement of the lease liability, plus any down payment.

The right-of-use asset is subsequently measured at cost less accumulated depreciation and impairment losses. Depreciations are according to IAS 16 Property, Plant and Equipment, except that the right-of-use asset is depreciated over the earlier of the lease term and the remaining useful life of the right-of-use asset. IAS 36 Impairment of Assets applies to determine whether the right-of-use asset is impaired and to account for any impairment loss identified.

The right-of-use property is shown in a separate line in the statement of financial position, while right-of-use plant and equipment is included in the line Plant and equipment.

The interest effect of discounting the lease liability is presented separately from the depreciation charge for the right-of-use asset. The depreciation expense is presented with other depreciations, whereas the interest effect of discounting is presented in the line Administration expenses related to investments, including interest expenses.

Intangible assets

Goodwill

Goodwill acquired in acquisition of portfolios represents cost price of the acquisition in excess of Gjensidige's share of the net fair value of identifiable assets, liabilities and contingent liabilities in the acquired portfolio at the time of acquisition. Goodwill is recognised initially at cost and subsequently measured at cost less accumulated impairment losses.

Other intangible assets

Other intangible assets which consist of customer relationships, trademarks, internally developed software and other intangible assets that are acquired separately or as a group are recognised at historical cost less accumulated amortisation and accumulated impairment losses. New intangible assets are capitalized only if future economic benefits associated with the asset are probable and the cost of the asset can be measured reliably.

Development expenditures (both internally and externally generated) is capitalized only if the development expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and Gjensidige intends to and has sufficient resources to complete the development and to use or sell the asset.

Amortisation

Intangible assets, other than goodwill is amortised on a straight-line basis over the estimated useful life, from the date that they are available for use. The estimated useful lives for the current and comparative periods are as follows

249

CONTENT

3

About this report

4

The year that passed

6

Key figures and alternative performance measures

11

Chair letter

14

CEO letter

Chapter 1 – This is us

Chapter 2 – Creating added value in Gjensidige

Chapter 3 – Value created in 2020

Chapter 4 – Financial statements and notes

Gjensidige Forsikring Group

Gjensidige Forsikring ASA

242

Income statement

243

Statement of financial position

245

Statement of changes in equity

246

Statement of cash flows

247

Note 1

Accounting policies

253

Note 2

Use of estimates

254

Note 3

Risk and capital management

254

Note 4

Premiums and claims etc. in general insurance

255

Note 5

Shares in subsidiaries and joint ventures

257

Note 6

Net income from investments

258

Note 7

Expenses

259

Note 8

Salaries and remuneration

262

Note 9

Tax

263

Note 10

Pension

267

Note 11

Goodwill and intangible assets

269

Note 12

Owner-occupied and right-of-use property, plant and equipment

271

Note 13

Financial assets and liabilities

274

Note 14

Shares and similar interests

275

Note 15

Loans and receivables

276

Note 16

Insurance-related liabilities and reinsurers' share

277

Note 17

Equity

278

Note 18

Hybrid capital

278

Note 19

Provisions and other liabilities

279

Note 20

Related party transactions

280

Note 21

Contingent liabilities

280

Note 22

Share-based payment

281

Note 23

Events after the balance sheet date

282

Declaration from the Board and CEO

283

Auditor's report

288

Assurance integrated report

Appendix

290

GRI Content Index and Board of Directors Report

296

Selected governing documents

297

Description of ratings and whom we support

298

Statement on equality

304

Certificates and guarantees

310

Climate accounts own operations

Gjensidige Forsikring ASA

- customer relationships5–10 years
- internally developed software5–8 years
- other intangible assets1–10 years

The amortisation period and amortisation method are reassessed annually. An impairment loss is recognised if the carrying amount of an asset is less than the recoverable amount.

Impairment of non-financial assets

Indicators of impairment of the carrying amount of tangible and intangible assets are assessed at each reporting date. If such indicators exist, then recoverable amount of an assets or a cash generating unit is estimated. Indicators that are assessed as significant by Gjensidige and might trigger testing for an impairment loss are as follows

- significant reduction in earnings in relation to historical or expected future earnings
- significant changes in Gjensidige's use of assets or overall strategy for the business
- significant negative trends for the industry or economy
- other external and internal indicators

Goodwill is tested for impairment annually. The annual testing of goodwill is performed in the third quarter.

Recoverable amount is the greater of the fair value less costs to sell and value in use. In assessing value in use, estimated future cash flows are discounted to present value using a pre-tax discount rate that reflects the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets generating cash inflows that are largely independent of cash inflows from other assets or groups of assets (cash-generating unit). Goodwill is allocated to the cash-generating unit expecting to benefit from the acquisition.

Impairment losses are recognised in profit or loss if the carrying amount of an asset or cash-generating unit exceeds its estimated recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated- first to the carrying amount of goodwill and then proportionally to the carrying amount of each asset in the cash-generating unit. Previously recognised impairment losses are for assets except for goodwill, reversed if the prerequisites for impairment losses are no longer present. Impairment losses will only be reversed if the recoverable amount does not exceed the amount that would have been the carrying amount at the time of the reversal if the impairment loss had not been recognised.

Impairment losses recognised for goodwill will not be reversed in a subsequent period. On disposal of a cash generating unit, the goodwill attributable will be included in the determination of the gain or loss on disposal.

Technical provisions

Provision for unearned premiums, gross

The provision for unearned premiums, gross reflects the accrual of premiums written. The provision corresponds to the unearned portions of the premiums written. No deduction is made for any expenses before the premiums written are accrued.

Claims provision, gross

The claims provision comprises provisions for anticipated future claims payments in respect of claims incurred, but not fully settled at the reporting date. These include both claims that have been reported (RBNS – reported but not settled) and those that have not yet been reported (IBNR – incurred but not reported). The provisions related to reported claims are assessed individually by the Claims Department, while the IBNR provisions are calculated based on empirical data for the time it takes from a loss or claim occurring (date of loss) until it is reported (date reported). Based on experience and the development of the portfolio, a statistical model is prepared to calculate the scope of post-reported claims. The appropriateness of the model is

measured by calculating the deviation between earlier post-reported claims and post-reported claims estimated by the model.

Claims provisions are not normally discounted. For contracts with annuity payments over a long horizon, discounting is performed. IFRS 4 permits the use of different policies within Gjensidige in this area.

Claims provisions contain an element that is to cover administrative expenses incurred in settling claims.

Adequacy test

A yearly adequacy test is performed to verify that the level of the provisions is sufficient compared to Gjensidige's liabilities. Current estimates for future claims payments for Gjensidige's insurance liabilities at the reporting date, as well as related cash flows, are used to perform the test. This includes both claims incurred before the reporting date (claims provisions) and claims that will occur from the reporting date until the next annual renewal (premium provisions). Any negative discrepancy between the original provision and the liability adequacy test will entail provision for insufficient premium level.

Reinsurers' share of insurance-related liabilities in general insurance, gross

Reinsurers' share of insurance-related liabilities in general insurance, gross is classified as an asset in the balance sheet. Reinsurers' share of provision for unearned premiums, gross and reinsurers' share of claims provision, gross are included in reinsurers' share of insurance-related liabilities in general -insurance, gross. The reinsurers' share is less expected losses on claims based on objective evidence of impairment losses.

Financial instruments

Financial instruments are classified in one of the following categories

- at fair value through profit or loss
- investments held to maturity
- loans and receivables
- financial derivatives
- financial liabilities at amortised cost
- financial liabilities classified as equity

Recognition and derecognition

Financial assets and liabilities are recognised when Gjensidige becomes a party to the instrument's contractual terms. Initial recognition is at fair value. For instruments that are not derivatives or measured at fair value through profit or loss, transaction expenses that are directly attributable to the acquisition or issuance of the financial asset or the financial liability, are included. Normally the initial recognition value will be equal to the transaction price. Subsequent to initial recognition the instruments are measured as described below.

Financial assets are derecognised when the contractual rights to cash flows from the financial asset expire, or when Gjensidige transfers the financial asset in a transaction where all or practically all the risk and rewards related to ownership of the assets are transferred.

At fair value through profit or loss

Financial assets and liabilities are classified at fair value through profit or loss if they are held for trading or are designated as such upon initial recognition. All financial assets and liabilities can be designated at fair value through profit or loss if

- the classification reduces a mismatch in measurement or recognition that would have arisen otherwise as a result of different rules for the measurement of assets and liabilities
- the financial assets are included in a portfolio that is measured and evaluated regularly at fair value

CONTENT

3

About this report

4

The year that passed

6

Key figures and alternative performance measures

11

Chair letter

14

CEO letter

Chapter 1 – This is us

Chapter 2 – Creating added value in Gjensidige

Chapter 3 – Value created in 2020

Chapter 4 – Financial statements and notes

Gjensidige Forsikring Group

Gjensidige Forsikring ASA

242

Income statement

243

Statement of financial position

245

Statement of changes in equity

246

Statement of cash flows

247

Note 1

Accounting policies

253

Note 2

Use of estimates

254

Note 3

Risk and capital management

254

Note 4

Premiums and claims etc. in general insurance

255

Note 5

Shares in subsidiaries and joint ventures

257

Note 6

Net income from investments

258

Note 7

Expenses

259

Note 8

Salaries and remuneration

262

Note 9

Tax

263

Note 10

Pension

267

Note 11

Goodwill and intangible assets

269

Note 12

Owner-occupied and right-of-use property, plant and equipment

271

Note 13

Financial assets and liabilities

274

Note 14

Shares and similar interests

275

Note 15

Loans and receivables

276

Note 16

Insurance-related liabilities and reinsurers' share

277

Note 17

Equity

278

Note 18

Hybrid capital

278

Note 19

Provisions and other liabilities

279

Note 20

Related party transactions

280

Note 21

Contingent liabilities

280

Note 22

Share-based payment

281

Note 23

Events after the balance sheet date

282

Declaration from the Board and CEO

283

Auditor's report

288

Assurance integrated report

Appendix

290

GRI Content Index and Board of Directors Report

296

Selected governing documents

297

Description of ratings and whom we support

298

Statement on equality

304

Certificates and guarantees

310

Climate accounts own operations

Gjensidige Forsikring ASA

Transaction expenses are recognised in profit or loss when they incur. Financial assets at fair value through profit or loss are measured at fair value at the reporting date. Changes in fair value are recognised in profit or loss.

The category at fair value through profit or loss comprise the classes shares and similar interests, subordinated loans and bonds and other fixed income assets.

Investments held to maturity
Investments held to maturity are non-derivative financial assets with payments that are fixed, or which can be determined in addition to a fixed maturity date, in which a business has intentions and ability to hold to maturity with the exception of

- those that the business designates as at fair value through profit or loss at initial recognition
- those that meet the definition of loans and receivables

Investments held to maturity are measured at amortised cost using the effective interest method, less any impairment losses.

The category investments held to maturity comprises the class bonds held to maturity.

Loans and receivables
Loans and receivables are non-derivative financial assets with payments that are fixed or determinable. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Interest-free loans are issued to finance fire alarm systems within agriculture for loss prevention purposes. These loans are repaid using the discount granted on the main policy when the alarm system is installed.

The category loans and receivables comprise the classes bonds classified as loans and receivables, loans, receivables related to direct operations and reinsurance, receivables from group companies, other receivables and cash and cash equivalents.

Financial derivatives
Financial derivatives are used in the management of exposure to equities, bonds and foreign exchange in order to achieve the desired level of risk and return. The instruments are used both for trading purposes and for hedging of other balance sheet items. Any trading of financial derivatives is subject to strict limitations.

Gjensidige uses financial derivatives, amongst other to hedge foreign currency exchanges arising from the ownership of foreign subsidiaries with other functional currency.

Transaction expenses are recognised in profit or loss when they incur. Subsequent to initial recognition financial derivatives are measured at fair value and changes in fair value are recognised in profit or loss.

The category financial derivatives comprise the class financial derivatives at fair value through profit or loss.

Financial liabilities at amortised cost
Financial liabilities are measured at amortised cost using the effective interest method. When the time horizon of the financial liability's due time is quite near in time the nominal interest rate is used when measuring amortised cost.

The category financial liabilities at amortised cost comprises subordinated debt, interest-bearing liabilities, other financial liabilities, liabilities related to direct insurance and reinsurance and liabilities within Gjensidige.

Financial liabilities classified as equity
Gjensidige has perpetual tier 1 capital accounted for as equity. The instruments are perpetual, but the principal can be repaid on

specific dates, for the first time five years after it was issued. The agreed terms meet the requirements in the EU's CRR/Solvency II regulations and the instruments are included in Gjensidige's Tier 1 capital for solvency purposes. These regulatory requirements mean that Gjensidige has a unilateral right not to repay interest or the principal to the investors. As a consequence of these terms, the instruments do not meet the requirement for a liability in IAS 32 and are therefore presented on the line perpetual Tier 1 capital under equity. Further, it implies that the interest is not presented under Total interest expenses but as a reduction in other equity.

Other items classified as equity
Natural perils capital and guarantee scheme provision are accounted for as equity because the funds belong to the group. As a consequence, they do not meet the requirement for liability in IAS 32 and are therefore presented as funds within equity.

Definition of fair value
Subsequent to initial recognition, investments at fair value through profit or loss are measured at the amount each asset/liability can be settled to in an orderly transaction between market participants at the measurements date.

Different valuation techniques and methods are used to estimate fair value depending on the type of financial instruments and to which extent they are traded in active markets. For financial instruments traded in active markets, listed market prices or traders' prices are used, while for financial instruments not traded in an active market, fair value is determined using appropriate valuation methods.

For further description of fair value, see note 13.

Definition of amortised cost
Subsequent to initial recognition, investments held to maturity, loans and receivables and financial liabilities that are not measured at fair value are measured at amortised cost using the effective interest method. When calculating effective interest rate, future cash flows are estimated, and all contractual terms of the financial instrument are taken into consideration. Fees paid or received between the parties in the contract and transaction costs that are directly attributable to the transaction, are included as an integral component of determining the effective interest rate.

Impairment of financial assets
Loans, receivables and investments held to maturity
For financial assets that are not measured at fair value, an assessment of whether there is objective evidence that there has been a reduction in the value of a financial asset or group of assets is made on each reporting date. Objective evidence might be information about credit report alerts, defaults, issuer or borrower suffering significant financial difficulties, bankruptcy or observable data indicating that there is a measurable reduction in future cash flows from a group of financial assets, even though the reduction cannot yet be linked to an individual asset.

An assessment is first made to whether objective evidence of impairment of financial assets that are individually significant exists. Financial assets that are not individually significant or that are assessed individually, but not impaired, are assessed in groups with respect to impairment. Assets with similar credit risk characteristics are grouped together.

If there is objective evidence that the asset is impaired, impairment loss is calculated as the difference between the carrying amount of the asset and the present value of estimated future cash flows discounted at the original effective interest rate. The loss is recognised in profit or loss.

Impairment losses are reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. The reversal shall not result in the carrying amount of the financial asset exceeding the amount of the amortised

CONTENT

3

About this report

4

The year that passed

6

Key figures and alternative performance measures

11

Chair letter

14

CEO letter

Chapter 1 – This is us

Chapter 2 – Creating added value in Gjensidige

Chapter 3 – Value created in 2020

Chapter 4 – Financial statements and notes

Gjensidige Forsikring Group

Gjensidige Forsikring ASA

242

Income statement

243

Statement of financial position

245

Statement of changes in equity

246

Statement of cash flows

247

Note 1

Accounting policies

253

Note 2

Use of estimates

254

Note 3

Risk and capital management

254

Note 4

Premiums and claims etc. in general insurance

255

Note 5

Shares in subsidiaries and joint ventures

257

Note 6

Net income from investments

258

Note 7

Expenses

259

Note 8

Salaries and remuneration

262

Note 9

Tax

263

Note 10

Pension

267

Note 11

Goodwill and intangible assets

269

Note 12

Owner-occupied and right-of-use property, plant and equipment

271

Note 13

Financial assets and liabilities

274

Note 14

Shares and similar interests

275

Note 15

Loans and receivables

276

Note 16

Insurance-related liabilities and reinsurers' share

277

Note 17

Equity

278

Note 18

Hybrid capital

278

Note 19

Provisions and other liabilities

279

Note 20

Related party transactions

280

Note 21

Contingent liabilities

280

Note 22

Share-based payment

281

Note 23

Events after the balance sheet date

282

Declaration from the Board and CEO

283

Auditor's report

288

Assurance integrated report

Appendix

290

GRI Content Index and Board of Directors Report

296

Selected governing documents

297

Description of ratings and whom we support

298

Statement on equality

304

Certificates and guarantees

310

Climate accounts own operations

Gjensidige Forsikring ASA

cost if the impairment had not been recognised at the time the loss was reversed. Reversal of previous losses on impairment is recognised in profit or loss.

Dividend

Dividend from investments is recognised when Gjensidige has an unconditional right to receive the dividend. Proposed dividend is recognised as a liability in accordance with the Accounting Act and Regulations on Simplified Application of International Accounting Standards (FOR 2008-01-21 no. 57). This implies that dividend reduces equity in the fiscal year the dividend provision relates to.

Provisions

Provisions are recognised when Gjensidige has a legal or constructive obligation as a result of a past event, it is probable that this will entail the payment or transfer of other assets to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Information about contingent assets are disclosed where an inflow of economic benefits is probable. Information about a contingent liability is disclosed unless the possibility of an outflow of resources is remote.

Provision for restructuring are recognised when Gjensidige has approved a detailed and formal restructuring plan which has commenced or has been announced. Provisions are not made for future expenses attributed to the operations.

Events after the balance sheet date

New information after the balance sheet date of Gjensidige's financial position at the balance sheet date is taken into account in the financial statement. Events after the balance sheet date that do not affect the company's financial position at the balance sheet date, but which will affect the company's financial position in the future, are disclosed if this is material.

Pensions

Pension liabilities are assessed at the present value of future pension benefits that are recognised as accrued at the reporting date. Future pension benefits are calculated on the basis of expected salary at the retirement date. Pension assets are valued at fair value. Net pension liability is the difference between the present value of future pension benefits and the fair value of the pension assets. Employer's social security cost is recognised during the period under which an underfunding occurs. Net pension liability is shown in the balance sheet on the line Pension liabilities. Any overfunding is recognised to the extent that it is likely that the overfunding can be utilised. An overfunding in a funded plan cannot be offset against an underfunding in an unfunded plan. If there is a net overfunding in the funded plan, it is recognised as Pension assets.

The period's pension cost (service cost) and net interest expense (income) are recognised in the income statement and are presented as an operating cost in the income statement. Net interest expense is calculated using the discount rate for the liability at the beginning of the period of the net liability. Net interest expense therefore consists of interest on the obligation and return on the assets.

Deviations between estimated pension liability and estimated value of pension assets in the previous financial year and actuarial pension liability and fair value of pension assets at the beginning of the year are recognised in other comprehensive income. These will never be reclassified through profit or loss.

Gains and losses on curtailment or settlement of a defined benefit plan are recognised in the income statement at the time of the curtailment or settlement.

Deductible grants to defined contribution plans are recognised as employee expenses in the income statement when accrued.

Share-based payment

Gjensidige has a share saving program for employees and a share-based remuneration scheme for senior executives. The share savings program is an arrangement with settlement in shares, while the remuneration scheme is an arrangement with settlement in both shares and cash.

The share-based payment arrangements are measured at fair value at the time of allocation and is not changed afterwards. Fair value is accrued over the period during which employees acquire the right to receive the shares. Share-based payment arrangements which are recovered immediately are recognised as expenses at the time of allocation. Vesting conditions are taken into account by adjusting the number of equity instruments included in the measurement of the transaction amount so that, ultimately, the amount recognised shall be based on the number of equity instruments that eventually vest. Non-vesting conditions and possible market conditions are reflected in the measurement of fair value, and no adjustment of the amount recognised as expenses is done upon failing to meet such conditions.

The cost of share-based transactions with employees is recognised as an expense over the average recovery period. For arrangements that are settled in shares, the value of the allocated shares in the period is recognised as a salary expense in the income statement with a corresponding increase in other paid-in equity. For arrangements settled in cash, which is only applicable for Gjensidige's obligation to withhold an amount for the employee's tax liability and transfer this amount in cash to the tax authorities on behalf of the employee, the value of the options granted is recognised as a salary expense in the income statement with a corresponding increase in other paid-in equity. Employers' social security costs are calculated based on the fair value of the shares on each balance sheet date. The amount is recognised in the income statement over the expected vesting period and accrued according to IAS 37.

Share-based payment arrangements settled by one of the shareholders in the ultimate mother company is also recognised as a share-based payment transaction with settlement in equity.

See note 22 for a further description of Gjensidige's share-based payment arrangements and their measurements method.

Tax

Income tax expense comprises the total of current tax and deferred tax.

Current tax

Current tax is tax payable on the taxable profit for the year, based on tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax

Deferred tax is determined based on differences between the carrying amount and the amounts used for taxation purposes, of assets and liabilities at the reporting date. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that they can be offset by future taxable income. If deferred tax arises in connection with the initial recognition of a liability or asset acquired in a transaction that is not a business combination, and it does not affect the financial or taxable profit or loss at the time of the transaction, then it will not be recognised.

Recognition

Current tax and deferred tax are recognised as an expense or income in the income statement, with the exception of deferred tax on items that are recognised in other comprehensive income, where the tax is recognised in other comprehensive income, or in cases where deferred tax arises as a result of a business combination. For business combinations, deferred tax is

CONTENT

3

About this report

4

The year that passed

6

Key figures and alternative performance measures

11

Chair letter

14

CEO letter

Chapter 1 – This is us

Chapter 2 – Creating added value in Gjensidige

Chapter 3 – Value created in 2020

Chapter 4 – Financial statements and notes

Gjensidige Forsikring Group

Gjensidige Forsikring ASA

242

Income statement

243

Statement of financial position

245

Statement of changes in equity

246

Statement of cash flows

247

Note 1

Accounting policies

253

Note 2

Use of estimates

254

Note 3

Risk and capital management

254

Note 4

Premiums and claims etc. in general insurance

255

Note 5

Shares in subsidiaries and joint ventures

257

Note 6

Net income from investments

258

Note 7

Expenses

259

Note 8

Salaries and remuneration

262

Note 9

Tax

263

Note 10

Pension

267

Note 11

Goodwill and intangible assets

269

Note 12

Owner-occupied and right-of-use property, plant and equipment

271

Note 13

Financial assets and liabilities

274

Note 14

Shares and similar interests

275

Note 15

Loans and receivables

276

Note 16

Insurance-related liabilities and reinsurers' share

277

Note 17

Equity

278

Note 18

Hybrid capital

278

Note 19

Provisions and other liabilities

279

Note 20

Related party transactions

280

Note 21

Contingent liabilities

280

Note 22

Share-based payment

281

Note 23

Events after the balance sheet date

282

Declaration from the Board and CEO

283

Auditor's report

288

Assurance integrated report

Appendix

290

GRI Content Index and Board of Directors Report

296

Selected governing documents

297

Description of ratings and whom we support

298

Statement on equality

304

Certificates and guarantees

310

Climate accounts own operations

calculated on the difference between fair value of the acquired assets and liabilities and their carrying amount. Goodwill is recognised without provision for deferred tax.

Related party transactions

Intra-group balances and transactions are eliminated in preparing the consolidated financial statements.

The provider of intra-group services, that are not considered core activities, will as a main rule, allocate its incurred net costs (all costs included) based on a Cost Plus method, which includes direct and indirect costs, as well as a mark-up for profit.

Identified functions that are categorized as core activities will be charged out with a reasonable mark up or alternatively at market price if identifiable, comparable prices exist.

Transactions with affiliated companies

The Fire Mutuals operate as agents on behalf of Gjensidige Forsikring. For these services commission is paid. The Fire Mutuals are also independent insurance companies with fire and natural damage on their own account. Gjensidige provides various services to support this insurance business. For these services and to reinsure the Fire Mutuals' fire insurance, Gjensidige receives payment based on arm's length distance.

2. Use of estimates

The preparation of the financial statements under IFRS and the application of the adopted accounting policies require that management make assessments, prepare estimates and apply assumptions that affect the carrying amounts of assets and liabilities, income and expenses. The estimates and the associated assumptions are based on experience and other factors that are assessed as being justifiable based on the underlying conditions. Actual figures may deviate from these estimates. The estimates and associated prerequisites are reviewed regularly. Changes in accounting estimates are recognised in the period the estimates are revised if the change only affects this period, or both in the period the estimates change and in future periods if the changes affect both the existing and future periods.

Assumptions and major sources of estimation uncertainty that have a significant risk of resulting in a material adjustment to the carrying amount of insurance-related liabilities within the next financial year are discussed below.

Insurance-related liabilities

Use of estimates in calculation of insurance-related liabilities is primarily applicable for claims provisions.

Insurance products are divided in general into two main categories; lines with short or long settlement periods. The settlement period is defined as the length of time that passes

Non-current assets held for sale and discontinued operations

A discontinued operation is a part of Gjensidige that either has been disposed of or is classified as held for sale and:

- represents a separate major line of business or geographical area of operations,
- is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations or
- is a subsidiary acquired exclusively with a view to resale.

Assets that meet the criteria to be classified as held for sale are measured at the lower of its carrying amount and fair value less costs to sell.

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. For this to be the case, the asset must be available for immediate sale in its present condition. The management must be committed to a plan to sell the asset, which is expected to qualify for recognition as a completed sale within one year from the date of classification.

When Gjensidige is committed to a plan to sell, which involves loss of control of a subsidiary, all the assets and liabilities fo that subsidiary shall be classified as held for sale when the criteria above is met, regardless of whether Gjensidige will retain a non-controlling interest in its former subsidiary after the sale.

after a loss or injury occurs (date of loss) until the claim is reported and then paid and settled. Short-tail lines are e.g. property insurance, while long-tail lines primarily involve accident and health insurances. The uncertainty in short-tail lines of business is linked primarily to the size of the loss.

For long-tail lines, the risk is linked to the fact that the ultimate claim costs must be estimated based on experience and empirical data. For certain lines within accident and health insurances, it may take ten to 15 years before all the claims that occurred in a calendar year are reported to the company. In addition, there will be many instances where information reported in a claim is inadequate to calculate a correct provision. This may be due to ambiguity concerning the causal relationship and uncertainty about the injured party's future work capacity etc. Many personal injury claims are tried in the court system, and over time the level of compensation for such claims has increased. This will also be of consequence to claims that occurred in prior years and have not yet been settled. The risk linked to provisions for lines related to insurances of the person is thus affected by external conditions. To reduce this risk, the company calculates its claims liability based on various methods and follows up that the registered provisions linked to ongoing claims cases are updated at all times based on the current calculation rules. See note 3 (in the consolidated group accounts) and note 16.

CONTENT

3

About this report

4

The year that passed

6

Key figures and alternative performance measures

11

Chair letter

14

CEO letter

Chapter 1 – This is us

Chapter 2 – Creating added value in Gjensidige

Chapter 3 – Value created in 2020

Chapter 4 – Financial statements and notes

Gjensidige Forsikring Group

Gjensidige Forsikring ASA

242

Income statement

243

Statement of financial position

245

Statement of changes in equity

246

Statement of cash flows

247

Note 1

Accounting policies

253

Note 2

Use of estimates

254

Note 3

Risk and capital management

254

Note 4

Premiums and claims etc. in general insurance

255

Note 5

Shares in subsidiaries and joint ventures

257

Note 6

Net income from investments

258

Note 7

Expenses

259

Note 8

Salaries and remuneration

262

Note 9

Tax

263

Note 10

Pension

267

Note 11

Goodwill and intangible assets

269

Note 12

Owner-occupied and right-of-use property, plant and equipment

271

Note 13

Financial assets and liabilities

274

Note 14

Shares and similar interests

275

Note 15

Loans and receivables

276

Note 16

Insurance-related liabilities and reinsurers' share

277

Note 17

Equity

278

Note 18

Hybrid capital

278

Note 19

Provisions and other liabilities

279

Note 20

Related party transactions

280

Note 21

Contingent liabilities

280

Note 22

Share-based payment

281

Note 23

Events after the balance sheet date

282

Declaration from the Board and CEO

283

Auditor's report

288

Assurance integrated report

Appendix

290

GRI Content Index and Board of Directors Report

296

Selected governing documents

297

Description of ratings and whom we support

298

Statement on equality

304

Certificates and guarantees

310

Climate accounts own operations

3. Risk and capital management

For information about insurance and financial risk please refer to note 3 in the consolidated financial statements that cover both Gjensidige Forsikring ASA and Gjensidige Forsikring Group.

4. Premiums and claims etc. in general insurance

For segment information according to IFRS 8 please refer to note 4 in the consolidated financial statements. The information below is worked out based on the requirements in the Norwegian Financial Reporting Regulations for Non-Life Insurance Companies.

Non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)

NOK millions		Medical expense in-surance	Income pro-tection in-surance	Wor-kers' comp.-sation in-surance	Motor vehicle liability in-surance	Other motor in-surance	Marine, aviation and tran-sport in-surance	Fire and other damage to property in-surance	General liability in-surance	Assi-stance	Miscel-laneous financial loss	Health in-surance
Premiums written												
Gross - direct business and accepted proportional reinsurance		1,220.2	1,423.3	1,053.9	2,890.4	5,292.8	334.4	9,787.5	962.0	998.8	1,481.5	1,589.3
Gross - accepted non-proportional reinsurance												
Reinsurers' share				(1.2)	(0.8)		(15.0)	(598.8)	(1.2)			
Net		1,220.2	1,423.3	1,052.7	2,889.6	5,292.8	319.4	9,188.7	960.9	998.8	1,481.5	1,589.3
Premiums earned												
Gross - direct business and accepted proportional reinsurance		1,198.4	1,405.3	1,025.1	2,854.1	5,079.1	330.2	9,548.3	930.6	1,068.7	1,453.0	1,557.0
Gross - accepted non-proportional reinsurance												
Reinsurers' share				(1.6)	(0.8)		(12.8)	(604.3)	(1.2)			
Net		1,198.4	1,405.3	1,023.5	2,853.3	5,079.1	317.4	8,944.0	929.4	1,068.7	1,453.0	1,557.0
Claims incurred												
Gross - direct business and accepted proportional reinsurance		(951.4)	(907.8)	(512.6)	(1,074.5)	(3,669.9)	(215.0)	(6,715.1)	(768.7)	(855.0)	(956.3)	(1,029.7)
Gross - accepted non-proportional reinsurance												
Reinsurers' share			0.9	(0.2)	(1.1)		53.4	343.7	1.1			
Net		(951.4)	(906.9)	(512.8)	(1,075.6)	(3,669.9)	(161.6)	(6,371.3)	(767.6)	(855.0)	(956.3)	(1,029.7)
Gross claims incurred		(951.4)	(907.8)	(512.6)	(1,074.5)	(3,669.9)	(215.0)	(6,715.1)	(768.7)	(855.0)	(956.3)	(1,029.7)
Incurred during the year		(940.3)	(1,017.3)	(836.3)	(1,680.1)	(3,646.0)	(201.3)	(6,772.3)	(680.5)	(855.1)	(982.7)	(1,113.0)
Incurred previous years		(11.0)	109.4	323.7	605.6	(23.9)	(13.7)	57.3	(88.2)	0.1	26.4	83.3
Provision for unearned premiums, gross		351.2	517.2	273.0	1,222.1	2,675.4	44.0	4,256.1	318.1	413.0	354.7	368.1
Claims provision, gross		223.7	3,822.9	8,715.2	5,652.8	706.1	106.3	4,827.5	1,412.2	191.5	413.3	1,787.1

CONTENT

3

About this report

4

The year that passed

6

Key figures and alternative performance measures

11

Chair letter

14

CEO letter

Chapter 1 – This is us

Chapter 2 – Creating added value in Gjensidige

Chapter 3 – Value created in 2020

Chapter 4 – Financial statements and notes

Gjensidige Forsikring Group

Gjensidige Forsikring ASA

242

Income statement

243

Statement of financial position

245

Statement of changes in equity

246

Statement of cash flows

247

Note 1

Accounting policies

253

Note 2

Use of estimates

254

Note 3

Risk and capital management

254

Note 4

Premiums and claims etc. in general insurance

255

Note 5

Shares in subsidiaries and joint ventures

257

Note 6

Net income from investments

258

Note 7

Expenses

259

Note 8

Salaries and remuneration

262

Note 9

Tax

263

Note 10

Pension

267

Note 11

Goodwill and intangible assets

269

Note 12

Owner-occupied and right-of-use property, plant and equipment

271

Note 13

Financial assets and liabilities

274

Note 14

Shares and similar interests

275

Note 15

Loans and receivables

276

Note 16

Insurance-related liabilities and reinsurers' share

277

Note 17

Equity

278

Note 18

Hybrid capital

278

Note 19

Provisions and other liabilities

279

Note 20

Related party transactions

280

Note 21

Contingent liabilities

280

Note 22

Share-based payment

281

Note 23

Events after the balance

sheet date

282

Declaration from the Board and CEO

283

Auditor's report

288

Assurance integrated report

Appendix

290

GRI Content Index and Board of Directors Report

296

Selected governing documents

297

Description of ratings and whom we support

298

Statement on equality

304

Certificates and guarantees

310

Climate accounts own operations

Gjensidige Forsikring ASA

Non-proportional reinsurance obligations

	Health rein- surance	Casualty rein- surance	Marine, aviation, transport rein- surance	Property rein- surance	Total
NOK millions					
Premiums written					
Gross - direct business and accepted proportional reinsurance					27,034.0
Gross – accepted non-proportional reinsurance	10.1	20.8	1.1	129.5	161.4
Reinsurers' share				(2.9)	(620.0)
Net	10.1	20.8	1.1	126.6	26,575.5
Premiums earned					
Gross - direct business and accepted proportional reinsurance					26,449.8
Gross – accepted non-proportional reinsurance	6.1	21.5	1.1	130.0	158.6
Reinsurers' share				(2.9)	(623.6)
Net	6.1	21.5	1.1	127.0	25,984.8
Claims incurred					
Gross - direct business and accepted proportional reinsurance					(17,655.9)
Gross – accepted non-proportional reinsurance	(12.5)	(23.9)	(0.3)	(73.1)	(109.8)
Reinsurers' share		0.1		1.5	399.4
Net	(12.5)	(23.9)	(0.3)	(71.6)	(17,366.3)
Gross claims incurred	(12.5)	(23.9)	(0.3)	(73.1)	(17,765.7)
Incurred during the year	(45.5)	(6.3)		(75.4)	(18,852.1)
Incurred previous years	33.0	(17.6)	(0.3)	2.3	1,086.4
Provision for unearned premiums, gross					10,792.9
Claims provision, gross	43.8	57.6	1.4	135.9	28,097.3
NOK millions			Norway	Sweden	Denmark
Breakdown of revenue by geographical area					
Gross premium written direct business			19,517.2	1,701.3	5,964.0

5. Shares in subsidiaries and joint ventures

NOK millions	Registered office	Interest held	Cost 31.12.2020	Carrying amount 31.12.2020	Cost 31.12.2019	Carrying amount 31.12.2019
Subsidiaries						
Gjensidige Norge AS	Oslo, Norway	100%	195.7	0.2	195.7	0.2
Gjensidige Pensjonsforsikring AS	Oslo, Norway	100%	681.9	681.9	681.9	681.9
Samtrygd AS	Oslo, Norway	100%	1.3	0.1	1.3	0.1
Lokal Forsikring AS	Oslo, Norway	100%	31.4	7.8	31.4	7.8
Ejendomsselskabet Krumtappen 2 A/S	Copenhagen, Denmark	100%	1.1	1.1	1.1	1.1
Försäkringshuset Amb & Rosèn AB	Stockholm, Sweden	100%	7.4	4.4	7.4	4.4
Gjensidige Business Services AB	Stockholm, Sweden	100%	668.0	668.0	231.0	231.0
Gjensidige Tech AS (former Gjensidige Bolighandel AS) (liquidated 2020)	Oslo, Norway	100%			140.3	2.4
ADB Gjensidige	Vilnius, Lithuania	100%	1,068.7	1,017.3	1,068.7	1,017.3
Vardia Försäkring AB	Stockholm, Sweden	100%	89.5	84.8	89.5	84.8
Försäkringsakademin JW AB	Stockholm, Sweden	100%	44.5	32.9	44.5	32.9
Total subsidiaries			2,789.4	2,498.4	2,492.8	2,063.8
Joint ventures						
Oslo Areal AS	Oslo, Norway	50%	1,086.9	1,086.9	1,086.9	1,086.9

CONTENT

3

About this report

4

The year that passed

6

Key figures and alternative performance measures

11

Chair letter

14

CEO letter

Chapter 1 – This is us

Chapter 2 – Creating added value in Gjensidige

Chapter 3 – Value created in 2020

Chapter 4 – Financial statements and notes

Gjensidige Forsikring Group

Gjensidige Forsikring ASA

242

Income statement

243

Statement of financial position

245

Statement of changes in equity

246

Statement of cash flows

247

Note 1

Accounting policies

253

Note 2

Use of estimates

254

Note 3

Risk and capital management

254

Note 4

Premiums and claims etc. in general insurance

255

Note 5

Shares in subsidiaries and joint ventures

257

Note 6

Net income from investments

258

Note 7

Expenses

259

Note 8

Salaries and remuneration

262

Note 9

Tax

263

Note 10

Pension

267

Note 11

Goodwill and intangible assets

269

Note 12

Owner-occupied and right-of-use property, plant and equipment

271

Note 13

Financial assets and liabilities

274

Note 14

Shares and similar interests

275

Note 15

Loans and receivables

276

Note 16

Insurance-related liabilities and reinsurers' share

277

Note 17

Equity

278

Note 18

Hybrid capital

278

Note 19

Provisions and other liabilities

279

Note 20

Related party transactions

280

Note 21

Contingent liabilities

280

Note 22

Share-based payment

281

Note 23

Events after the balance sheet date

282

Declaration from the Board and CEO

283

Auditor's report

288

Assurance integrated report

Appendix

290

GRI Content Index and Board of Directors Report

296

Selected governing documents

297

Description of ratings and whom we support

298

Statement on equality

304

Certificates and guarantees

310

Climate accounts own operations

Gjensidige Forsikring ASA

NOK millions	Assets	Equity	Liabilities	Revenues ¹	Profit/(loss)
For the whole company 2020					
Subsidiaries - additional information					
Gjensidige Norge AS	0.2	0.2			
Gjensidige Pensjonsforsikring AS	43,945.6	1,026.8	42,918.8	1,132.3	124.1
Samtrygd AS	0.1	0.1			
Lokal Forsikring AS	7.9	7.9			
Försäkringshuset Amb & Rosèn AB	1.0	3.8	(2.8)		1.3
Gjensidige Business Services AB	766.1	690.5	75.6		23.2
ADB Gjensidige	1,971.4	660.6	1,310.8	1,187.5	105.2
Gjensidige Tech AS (former Gjensidige Bolighandel AS)					(0.4)
Ejendomsselskabet Krumtappen 2 A/S	1.5	1.5			0.1
Vardia Försäkring AB	20.7	17.4	3.3		1.7
Försäkringsakademin JW AB	15.0	14.2	0.8		(2.7)
Certes Sak AB	5.9	5.9			
Total subsidiaries	46,735.2	2,428.8	44,306.4	2,319.8	252.5

For the whole company 2019

Subsidiaries - additional information					
Gjensidige Norge AS	0.2	0.2			
Gjensidige Pensjonsforsikring AS	38,815.6	902.2	37,913.4	1,047.2	148.3
Samtrygd AS	0.1	0.1			
Lokal Forsikring AS	7.9	7.8			0.1
Försäkringshuset Amb & Rosèn AB	2.5	2.5			1.2
NAF Forsikringsformidling AS (liquidated 2019)					0.2
Gjensidige Business Services AB	235.5	233.9	1.5		(0.7)
ADB Gjensidige	1,817.5	555.0	1,262.5	1,127.1	68.6
Gjensidige Tech AS (former Gjensidige Bolighandel AS)	9.6	8.5	1.1	2.1	(27.6)
Ejendomsselskabet Krumtappen 2 A/S	1.4	1.4			
Vardia Försäkring AB	18.7	15.7	3.0		
Försäkringsakademin JW AB	16.6	15.8	0.8		0.6
Certes Sak AB	5.5	5.5			0.2
Total subsidiaries	40,931.1	1,748.7	39,182.4	2,176.5	190.7

¹ Operating income. For companies where financial income is operating income, financial income is included. For other companies, financial income is not included.

For the whole company

Joint ventures - additional information

Oslo Areal AS

NOK millions	2020	2019
Total comprehensive income	958.8	914.4
Equity	5,447.5	4,720.8
Receivables from joint ventures		
Oslo Areal AS		
NOK millions	2020	2019
Gjensidige's share of loan	2,365.6	2,401.4
Total receivables from joint ventures	2,365.6	2,401.4

Percentage of votes held is the same as percentage of interest held for all investments.

Gjensidige and AMF Pensionsforsäkring (AMF) owns Oslo Areal AS as a joint venture (50/50), as each party has rights to its share of the net assets of the arrangement. The parties will make joint investments in the Norwegian real estate market through Oslo Areal. The investment is recognised at cost of NOK 1.1 billion at year end. Gjensidige Forsikring has granted a loan

to Oslo Areal amounting to NOK 2.4 billion at year end. The loan is interest-bearing and total loan limit is NOK 4.0 billion.

Oslo Areal has entered into contractual commitments to invest about NOK 66.5 million (100.0) in existing and new properties. The commitment falls due during the period until 31 December 2021.

CONTENT

3

About this report

4

The year that passed

6

Key figures and alternative performance measures

11

Chair letter

14

CEO letter

Chapter 1 – This is us

Chapter 2 – Creating added value in Gjensidige

Chapter 3 – Value created in 2020

Chapter 4 – Financial statements and notes

Gjensidige Forsikring Group

Gjensidige Forsikring ASA

242

Income statement

243

Statement of financial position

245

Statement of changes in equity

246

Statement of cash flows

247

Note 1

Accounting policies

253

Note 2

Use of estimates

254

Note 3

Risk and capital management

254

Note 4

Premiums and claims etc. in general insurance

255

Note 5

Shares in subsidiaries and joint ventures

257

Note 6

Net income from invest-ments

258

Note 7

Expenses

259

Note 8

Salaries and remuneration

262

Note 9

Tax

263

Note 10

Pension

267

Note 11

Goodwill and intangible assets

269

Note 12

Owner-occupied and right-of-use property, plant and equipment

271

Note 13

Financial assets and liabilities

274

Note 14

Shares and similar interests

275

Note 15

Loans and receivables

276

Note 16

Insurance-related liabilities and reinsurers' share

277

Note 17

Equity

278

Note 18

Hybrid capital

278

Note 19

Provisions and other liabilities

279

Note 20

Related party transactions

280

Note 21

Contingent liabilities

280

Note 22

Share-based payment

281

Note 23

Events after the balance sheet date

282

Declaration from the Board and CEO

283

Auditor's report

288

Assurance integrated report

Appendix

290

GRI Content Index and Board of Directors Report

296

Selected governing documents

297

Description of ratings and whom we support

298

Statement on equality

304

Certificates and guarantees

310

Climate accounts own operations

6. Net income from investments

NOK millions	2020	2019
Net income and gains/(losses) from investments in subsidiaries, associated companies and joint ventures		
Income from investments in subsidiaries, associated companies and joint ventures		0.2
Impairment on investments in subsidiaries, associated companies and joint ventures	5.6	(153.2)
Net gains/(losses) from sale of investments in subsidiaries, associated companies and joint ventures		3,093.1
Total net income and gains/(losses) from investments in subsidiaries, associated companies and joint ventures	5.6	2,940.1
Net income and gains/(losses) from financial assets at fair value through profit or loss, designated upon initial recognition		
<i>Shares and similar interests</i>		
Dividend income	7.8	6.7
Unrealised gains/(losses) from shares and similar interests	(202.2)	656.5
Net realised gains/(losses) from shares and similar interests	649.5	284.0
Total net income and gains/(losses) from shares and similar interests	455.2	947.2
<i>Bonds and other fixed-income securities</i>		
Net interest income/(expenses) from bonds and other fixed-income-securities	261.6	271.8
Unrealised gains/(losses) from bonds and other fixed-income securities	(128.9)	344.1
Net realised gains/(losses) from bonds and other fixed-income securities	427.4	163.9
Total net income and gains/(losses) from bonds and other fixed-income securities	560.1	779.8
<i>Derivatives</i>		
Net interest income/(expenses) from derivatives	27.0	30.6
Unrealised gains/(losses) from derivatives	187.6	506.2
Net realised gains/(losses) from derivatives	(597.6)	(854.1)
Total net income and gains/(losses) from derivatives	(382.9)	(317.2)
Total net income and gains/(losses) from financial assets at fair value through profit or loss, designated upon initial recognition	632.4	1,409.8
Net income and gains/(losses) from bonds held to maturity		
Net interest income from bonds held to maturity		0.5
Total net income and gains/(losses) from bonds held to maturity		0.5
Net income and gains/(losses) from loans and receivables		
Net interest income/(expenses) from loans and receivables	574.6	606.3
Net gains/(losses) from loans and receivables	21.9	228.3
Net gains/(losses) from changes in exchange rates on loans and receivables	9.6	5.6
Total net income and gains/(losses) from loans and receivables	606.1	840.2
Net other financial income/(expenses) ¹	(84.6)	(81.1)
Discounting of claims provision classified as interest expense	(11.4)	(33.2)
Change in discount rate claims provision	(161.0)	(198.1)
Total net income from investments	987.1	4,878.1
Specifications		
Interest income and expenses from financial assets and liabilities not recognised at fair value through profit or loss		
Total interest income from financial assets not recognised at fair value through profit or loss	574.6	837.9
Total interest expenses from financial assets not recognised at fair value through profit or loss	(29.6)	(39.4)
Specification of other financially related income and expenses not recognised in net income from investments		
Net interest from bank deposits and subordinated loan classified as other income and other expenses	(26.8)	(25.8)

¹ Net other financial income/(expenses) include financial income and expenses not attributable to individual classes of financial assets or liabilities, and financial administration costs.

CONTENT

3

About this report

4

The year that passed

6

Key figures and alternative performance measures

11

Chair letter

14

CEO letter

Chapter 1 – This is us

Chapter 2 – Creating added value in Gjensidige

Chapter 3 – Value created in 2020

Chapter 4 – Financial statements and notes

Gjensidige Forsikring Group

Gjensidige Forsikring ASA

242

Income statement

243

Statement of financial position

245

Statement of changes in equity

246

Statement of cash flows

247

Note 1

Accounting policies

253

Note 2

Use of estimates

254

Note 3

Risk and capital management

254

Note 4

Premiums and claims etc. in general insurance

255

Note 5

Shares in subsidiaries and joint ventures

257

Note 6

Net income from investments

258

Note 7

Expenses

259

Note 8

Salaries and remuneration

262

Note 9

Tax

263

Note 10

Pension

267

Note 11

Goodwill and intangible assets

269

Note 12

Owner-occupied and right-of-use property, plant and equipment

271

Note 13

Financial assets and liabilities

274

Note 14

Shares and similar interests

275

Note 15

Loans and receivables

276

Note 16

Insurance-related liabilities and reinsurers' share

277

Note 17

Equity

278

Note 18

Hybrid capital

278

Note 19

Provisions and other liabilities

279

Note 20

Related party transactions

280

Note 21

Contingent liabilities

280

Note 22

Share-based payment

281

Note 23

Events after the balance sheet date

282

Declaration from the Board and CEO

283

Auditor's report

288

Assurance integrated report

Appendix

290

GRI Content Index and Board of Directors Report

296

Selected governing documents

297

Description of ratings and whom we support

298

Statement on equality

304

Certificates and guarantees

310

Climate accounts own operations

7. Expenses

NOK millions	2020	2019
Insurance-related administration expenses incl. commissions for received reinsurance and sales expenses		
Depreciation and value adjustments (note 11 and note 12), excl. depreciation properties	536.1	627.4
Employee benefit expenses (note 8)	2,963.7	2,751.1
ICT costs	712.5	607.4
Consultants' and lawyers' fees	78.6	129.9
Commissions	484.2	466.8
Other expenses ¹	(1,026.8)	(1,038.2)
Total insurance-related operating expenses incl. commissions for received reinsurance and sales expenses	3,748.3	3,544.5
Of which sales expenses		
Employee benefit expenses	1,481.9	1,071.9
Commission	510.8	497.0
Other sales expenses	407.5	747.1
Total sales expenses	2,400.2	2,315.9
Other specifications		
Employee benefit expenses		
Wages and salaries	2,154.4	1,980.1
Social security cost	506.6	481.8
Pension cost - defined contribution plan (note 10)	218.8	203.9
Pension cost - multi-employer plan (AFP) (note 10)	21.4	22.7
Pension cost - defined benefit plan (note 10)	46.5	51.0
Share-based payment (note 22)	16.0	11.6
Total employee benefit expenses	2,963.7	2,751.1
Auditor's fee (incl. VAT)		
Statutory audit	4.3	3.5
Other assurance services	0.1	0.1
Other non-assurance services	0.9	0.7
Tax consultant services	0.1	0.6
Total auditor's fee (incl. VAT)	5.5	4.9

¹ Other expenses include cost reductions for Gjensidige Forsikring ASA regarding duties performed for subsidiaries and cost allocations to claims and finance.

CONTENT

3

About this report

4

The year that passed

6

Key figures and alternative performance measures

11

Chair letter

14

CEO letter

Chapter 1 – This is us

Chapter 2 – Creating added value in Gjensidige

Chapter 3 – Value created in 2020

Chapter 4 – Financial statements and notes

Gjensidige Forsikring Group

Gjensidige Forsikring ASA

242

Income statement

243

Statement of financial position

245

Statement of changes in equity

246

Statement of cash flows

247

Note 1

Accounting policies

253

Note 2

Use of estimates

254

Note 3

Risk and capital management

254

Note 4

Premiums and claims etc. in general insurance

255

Note 5

Shares in subsidiaries and joint ventures

257

Note 6

Net income from investments

258

Note 7

Expenses

259

Note 8

Salaries and remuneration

262

Note 9

Tax

263

Note 10

Pension

267

Note 11

Goodwill and intangible assets

269

Note 12

Owner-occupied and right-of-use property, plant and equipment

271

Note 13

Financial assets and liabilities

274

Note 14

Shares and similar interests

275

Note 15

Loans and receivables

276

Note 16

Insurance-related liabilities and reinsurers' share

277

Note 17

Equity

278

Note 18

Hybrid capital

278

Note 19

Provisions and other liabilities

279

Note 20

Related party transactions

280

Note 21

Contingent liabilities

280

Note 22

Share-based payment

281

Note 23

Events after the balance sheet date

282

Declaration from the Board and CEO

283

Auditor's report

288

Assurance integrated report

Appendix

290

GRI Content Index and Board of Directors Report

296

Selected governing documents

297

Description of ratings and whom we support

298

Statement on equality

304

Certificates and guarantees

310

Climate accounts own operations

8. Salaries and remuneration

The average number of employees in the Group was 2,842 (2,890).

The Board’s statement on the stipulation of pay and other remuneration

Gjensidige’s remuneration policy

The Group has established a remuneration system that applies to all employees. The system is meant to secure that Gjensidige attracts and keeps colleagues who performs, develops, learns and shares. The remuneration shall be competitive, but the Group shall not be a wage leader. Employees are expected to see the remuneration and benefits offered by the Group as an overall whole. The Group’s remuneration systems shall be open and performance-based, so that they, as far as possible, are perceived as being fair and predictable. The remuneration that is paid shall correspond to the agreed performance.

Guidelines for remuneration and career development shall be linked to achievement of the Group’s strategic and financial goals and core values, and both quantitative and qualitative targets shall be taken into consideration. The measurement criteria shall promote the desired corporate culture and long-term value creation, and, as far as possible, take actual capital costs into account. The remuneration system shall contribute to promoting and providing incentives for good risk management, sustainable value creation, prevent excessive risk-taking and contribute to avoiding conflicts of interest. A fixed basic salary shall be the main element of the overall remuneration, which also consists of variable remuneration, pension, insurance and payments in kind. Variable remuneration shall be used to reward performances that is agreed through performance agreements or that exceeds expectations, where both results and behaviour in form of compliance with the core values, brand and management principles are to be assessed.

Variable remuneration shall be performance-based without being a risk driver, and shall reflect the results and contributions on company, division, department and individual level. Other elements of compensation offered should be considered attractive from both new and current employees. There is an upper limit for variable remuneration.

The senior group management is defined as senior executives and they are responsible for activities that may be critical to the company's risk exposure. The level of remuneration will take into account both qualitative and quantitative criteria for their role, as well as an individual assessment of their impact on the company's risk.

Decision-making process

The Board has established a remuneration committee consisting of three members; the Chairman of the Board and two board members.

The remuneration committee shall prepare matters for consideration by the Board. It is primarily responsible for:

- The Board's annual statement of Gjensidige's remuneration policy
- The annual evaluation of and matters concerning salary and other remuneration to the CEO
- The annual evaluation of and matters concerning salary and remuneration to the company's internal auditor
- Guidelines for salary and other remuneration to senior executives
- Statement of determining salary and other remuneration to senior executive, including
 - o Guidelines for determining salary and other remuneration for the upcoming financial year
 - o Guidelines for the Management Salary Policy that hast taken place during the previous financial year, including how the guidelines for

the executive salary determination have been implemented

- o An account of the management salary policy that has taken place during the previous financial year, including how the guidelines for the executive salary determination have been implemented
- Other important personnel matters relating to executive personnel
- The Board's treatment of completed HR processes, including talent and successor development and strategic manpower management

Guidelines for the upcoming financial year Remuneration of the CEO

The CEO's salary and other benefits are stipulated by the Board on the basis of an overall assessment that takes into account Gjensidige's remuneration scheme and market salary for corresponding positions.

The fixed salary is assessed and stipulated annually on the basis of the wage growth in society in general and in the financial industry in particular. Variable remuneration (bonus) is decided by the Board on the basis of agreed goals and deliveries. It can amount to up to 50 per cent of the fixed salary including holiday pay. Variable remuneration is earned annually and is based on an overall assessment of financial and non-financial performance over the last two years. Variable remuneration is not included in the pension basis. The assessment takes into account the enterprise's overall performance targets for return on equity adjusted for dividends related to distribution of excess capital and transactions and combined ratio, as well as developments in customer satisfaction. In addition, it emphasizes the CEO's personal contribution to the Group's historical and future results and wealth creation, compliance with the Group's vision, values, ethical guidelines and management principles.

Variable remuneration relating to Gjensidige’s performance is decided on the basis of the past two years' performance. Half of the variable remuneration is paid in the form of a contingent promise of shares in Gjensidige Forsikring ASA, 1/3 of which will be released in each of the following three years. Restricted variable remuneration that has not yet been disbursed may be reduced if subsequent results and developments indicate that it was based on incorrect assumptions. The CEO does not receive performance-based benefits over and above the above-mentioned bonus but may receive payments in kind such as a car arrangement and the coverage of costs for electronic communication. Payments in kind shall be related to the CEO's function in the Group, and otherwise be in line with market practice.

The retirement age of the CEO is 62. It is possible to retire after the age of 60 if the Board or CEO so wishes. The CEO has pension rights pursuant to Gjensidige’s closed defined-benefit pension scheme. Pursuant to the CEO’s employment contract, he is entitled to a pension corresponding to 100 per cent of his annual salary on retirement at the age of 62, which is then reduced in steps to 70 per cent upon reaching the age of 67 at full vesting period.

On retirement after the age of 60, a corresponding agreed reduction applies from 100 per cent upon retirement to 70 per cent upon reaching the age of 67. From the age of 67, the pension is calculated on the basis of the Company’s ordinary entitlement earning period of 30 years and is 70 per cent of the fixed salary with a full earning period. Company car arrangements and other benefits are retained until the age of 67.

The CEO has a period of notice of six months and is not entitled to severance pay or termination benefits if he leaves the Company earlier.

CONTENT

3

About this report

4

The year that passed

6

Key figures and alternative performance measures

11

Chair letter

14

CEO letter

Chapter 1 – This is us

Chapter 2 – Creating added value in Gjensidige

Chapter 3 – Value created in 2020

Chapter 4 – Financial statements and notes

Gjensidige Forsikring Group

Gjensidige Forsikring ASA

242

Income statement

243

Statement of financial position

245

Statement of changes in equity

246

Statement of cash flows

247

Note 1

Accounting policies

253

Note 2

Use of estimates

254

Note 3

Risk and capital management

254

Note 4

Premiums and claims etc. in general insurance

255

Note 5

Shares in subsidiaries and joint ventures

257

Note 6

Net income from investments

258

Note 7

Expenses

259

Note 8

Salaries and remuneration

262

Note 9

Tax

263

Note 10

Pension

267

Note 11

Goodwill and intangible assets

269

Note 12

Owner-occupied and right-of-use property, plant and equipment

271

Note 13

Financial assets and liabilities

274

Note 14

Shares and similar interests

275

Note 15

Loans and receivables

276

Note 16

Insurance-related liabilities and reinsurers' share

277

Note 17

Equity

278

Note 18

Hybrid capital

278

Note 19

Provisions and other liabilities

279

Note 20

Related party transactions

280

Note 21

Contingent liabilities

280

Note 22

Share-based payment

281

Note 23

Events after the balance sheet date

282

Declaration from the Board and CEO

283

Auditor's report

288

Assurance integrated report

Appendix

290

GRI Content Index and Board of Directors Report

296

Selected governing documents

297

Description of ratings and whom we support

298

Statement on equality

304

Certificates and guarantees

310

Climate accounts own operations

Gjensidige Forsikring ASA

Remuneration of executive personnel and employees who can materially influence the Group's risk

Remuneration of the senior group management is stipulated by the CEO, in accordance with limits discussed with the remuneration committee and on the basis of guidelines issued by the Board. Correspondingly, the Group's guidelines are used as the basis for other executive personnel and employees who can materially influence risk.

The overall remuneration is decided on the basis of the need to offer competitive terms in the various business areas. It shall contribute to attracting and retaining executive personnel with the desired expertise and experience who promote the Group's core values and development.

The fixed salary is assessed and stipulated annually on the basis of wage growth in society in general and in the financial industry in particular. Variable remuneration (bonus) to executive personnel is earned annually and is based on an overall assessment of financial and non-financial performance over the two last years. The assessment takes into account a combination of the enterprise's overall performance targets for return on equity adjusted for extraordinary dividends and transactions and combined ratio, as well as developments in customer satisfaction. In addition, it evaluates the target achievement of the business unit in question, as well as personal contribution relating to compliance with the Group's vision, values, ethical guidelines and management principles. Half of the variable remuneration is in the form of a promise of shares in Gjensidige Forsikring ASA, one third of which are released in each of the following three years. Restricted variable remuneration that has not yet been disbursed may be reduced if subsequent results and developments indicate that it was based on incorrect assumptions.

The individual variable remuneration may amount to up to 30 per cent of the annual salary including holiday pay. Variable pay is not included in the pension basis.

After consulting with the remuneration committee, the CEO may make exceptions for special positions if this is necessary to be able to offer competitive terms. Payments in kind to executive personnel shall be related to their function in the Group, and otherwise be in line with market practice.

The retirement age for some members of the senior group management is 62, the others have a retirement age of 70. Of the current members of the senior group management, four are members of the closed Norwegian defined-benefit pension scheme. Given the full earnings period, they are entitled to a pension of 70 per cent of final salary at the full vesting period of 30 years at age 67. Six members are part of the Company's defined-contribution pension scheme. The Company continues a previously agreed individual pension agreement for one member of the senior group management.

In Sweden, the general retirement age is 65 years. In Denmark, the general retirement age is 70 years.

Members of the senior group management have a period of notice of six months. No members of the senior group

management today have agreements of severance pay or payment of pay after termination of employment.

In accordance with local practice in Denmark and the Baltic, there are certain individual agreements on severance pay in connection with resignation in Gjensidige Forsikring ASA in these countries.

Remuneration of personnel with supervisory tasks
The remuneration of personnel with control and supervisory tasks shall be independent of the performance of the business area they are in charge of.

None of the executive personnel with supervisory tasks currently has variable bonus schemes. The fixed salary is based on the Group's general principles of competitively, but not leading wages.

Pension benefits and payments in kind follow the Group's general arrangement.

Remuneration of officers of the Company and other employees with remuneration corresponding to executive personnel
The remuneration shall follow the guidelines set out above. There are currently no such employees.

Binding guidelines for shares, subscription rights etc. for the upcoming financial year
Of the variable remuneration earned in 2020 by the CEO and other employees covered by the Regulations relating to remuneration in financial institutions, 50 per cent of the gross earned variable remuneration will be given in the form of a contingent promise of shares in Gjensidige Forsikring ASA. One third of the shares will be released in each of the following three years, provided that the conditions for allocations are fulfilled.

The Board has decided to continue the Group's share savings programme for employees in 2021. The CEO and executive personnel are entitled to take part in the programme on a par with other Gjensidige employees. Under the current programme, employees can save through deductions from their salary for the purchase of shares in Gjensidige Forsikring ASA for up to NOK 90,000 per year. Purchases take place quarterly following publication of the results. A discount of 25 per cent of the purchase price is offered, limited upwards to NOK 7,500. For those who keep the shares and are still employed in the Group, one bonus share is awarded for every four share they have owned for more than two years.

Report on executive remuneration in the preceding financial year
In accordance with the guidelines, one employee in the finance department has been offered up to 50 per cent variable remuneration.

The Board confirms that the guidelines on the remuneration of executive personnel for 2020 set out in last year's statement have been complied with.

CONTENT

- 3 About this report
- 4 The year that passed
- 6 Key figures and alternative performance measures
- 11 Chair letter
- 14 CEO letter

Chapter 1 – This is us

Chapter 2 – Creating added value in Gjensidige

Chapter 3 – Value created in 2020

Chapter 4 – Financial statements and notes

Gjensidige Forsikring Group

Gjensidige Forsikring ASA

- 242 Income statement
- 243 Statement of financial position
- 245 Statement of changes in equity
- 246 Statement of cash flows
- 247 Note 1 Accounting policies
- 253 Note 2 Use of estimates
- 254 Note 3 Risk and capital management
- 254 Note 4 Premiums and claims etc. in general insurance
- 255 Note 5 Shares in subsidiaries and joint ventures
- 257 Note 6 Net income from investments
- 258 Note 7 Expenses
- 259 Note 8 Salaries and remuneration
- 262 Note 9 Tax
- 263 Note 10 Pension
- 267 Note 11 Goodwill and intangible assets
- 269 Note 12 Owner-occupied and right-of-use property, plant and equipment
- 271 Note 13 Financial assets and liabilities
- 274 Note 14 Shares and similar interests
- 275 Note 15 Loans and receivables
- 276 Note 16 Insurance-related liabilities and reinsurers' share
- 277 Note 17 Equity
- 278 Note 18 Hybrid capital
- 278 Note 19 Provisions and other liabilities
- 279 Note 20 Related party transactions
- 280 Note 21 Contingent liabilities
- 280 Note 22 Share-based payment
- 281 Note 23 Events after the balance

sheet date

- 282 Declaration from the Board and CEO
- 283 Auditor's report
- 288 Assurance integrated report

Appendix

- 290 GRI Content Index and Board of Directors Report
- 296 Selected governing documents
- 297 Description of ratings and whom we support
- 298 Statement on equality
- 304 Certificates and guarantees
- 310 Climate accounts own operations

Gjensidige Forsikring ASA

Key management personnel compensation 2020

		Fixed salary/ fee	Earned variable salary	Calculated value of total benefits other than cash	Rights earned in the financial year acc. to pension plan	Annual vesting share-based payment	Number of shares granted	Number of shares exercised	Number of shares not exercised ⁶	Number of shares held ⁹	Retire-ment con-ditions
NOK thousands											
The senior group management											
Helge Leiro Baastad, CEO		5,534.2	1,300.7	179.2	2,101.8	1,303.7	8,150	7,723	15,330	65,383	²
Jørgen Inge Ringdal, Executive Vice President		2,912.8	430.6	156.4	935.7	433.6	2,666	2,666	5,116	28,263	²
Catharina Hellerud, Executive Vice President		3,260.7	481.5	166.7	433.0	484.6	2,976	2,795	5,509	23,611	³
Sigurd Austin, Executive Vice President (1.1.20-23.4.20) ¹		1,501.3	25.4	50.8	213.9	6.2	2,868	3,004	5,608		³
Kaare Østgaard, Executive Vice President (1.1.20-1.6.20) ¹		1,252.3	25.4	91.0	333.9	6.2	2,800	2,420	5,218		³
Mats C. Gottschalk, Executive Vice President ⁵		4,679.1	666.8	459.8	452.8	698.1	3,072	3,090	5,875	20,331	³
Jostein Amdal, Executive Vice President		3,700.8	542.5	168.0	848.0	545.5	3,366	2,235	6,311	17,657	
Janne Merethe Flessum, Executive Vice President		2,626.8	392.5	170.0	282.5	386.5	2,364	687	3,646	5,226	
Aysegul Cin, Executive Vice President ⁵		2,990.7	576.2	340.0	188.3	379.1	2,264	235	2,736	1,803	
Lars Gøran Bjerklund, Executive Vice President		2,880.6	447.4	277.6	478.5	421.9	2,472	282	3,037	403	
Rene Fløystøl, Executive Vice President (1.6.20-31.12.20) ¹		1,512.2	309.2	99.4	105.0	316.7	50	59	111	3,286	
Tor Erik Silset, Executive Vice President (1.6.20-31.12.20) ¹		1,580.8	324.5	100.5	114.4	331.9	37	93	170	3,390	
The Board											
Gisele Marchand, Chairman ⁸		733.9		2.5						1,481	
John Giverholt ⁸		294.5		1.2							
Per Arne Bjørge ⁸		321.2		1.8							
Eivind Elnan ⁸		370.5		7.4						2,200	
Hilde Merete Nafstad ⁸		413.9		2.5						2,946	
Vibeke Krag ^{7,8}		445.2		2.5						1,500	
Terje Seljeseth ⁸		400.2		2.5							
Tor Magne Lønnum (25.5.20-31.12.20) ¹		141.3		2.5						11,000	
Gunnar Sellæg (25.5.20-31.12.20) ¹		112.3		2.5							
Gunnar Mjåtvedt, staff representative (25.5.20-31.12.20) ^{4,8}		285.2									
Anne Marie Nyhammer, staff representative (25.5.20-31.12.20) ⁴		229.2									
Lotte Kronholm Sjøberg, staff representative (25.5.20-31.12.20) ^{4,8}		334.0									
Ellen Kristin Enger, staff representative (25.5.20-31.12.20) ¹		112.3								1,005	
Ruben Pettersen, staff representative (25.5.20-31.12.20) ¹		141.3								202	
Sebastian Buur Gabe Kristiansen, staff representative (1.9.20-31.12.20) ¹		66.2		2.5							

¹ The stated remuneration applies to the period the individual in question has held the position/office.

² Age 62, 100 per cent salary reducing gradually to 70 per cent at age 67 according to time of earning, then Gjensidige Forsikring's ordinary pension terms will take effect.

³ Age 62, 70 per cent salary until age 67 according to time of earning, then Gjensidige Forsikring's ordinary pension terms will take effect.

⁴ For staff representatives only remuneration for the current position is stated.

⁵ Earned variable salary includes expatriation allowance.

⁶ Including bonus shares in the share saving's programme for employees. See note 22 for terms and further description of the scheme.

⁷ Remuneration includes remuneration as Chairman in the Audit Committee honoured with NOK 166 thousand for 2020.

⁸ Remuneration includes remuneration in other committees.

⁹ Is only disclosed for persons who are in the senior group management at year end.

Key management personnel compensation 2019

		Fixed salary/ fee	Earned variable salary	Calculated value of total benefits other than cash	Rights earned in the financial year acc. to pension plan	Annual vesting share-based payment	Number of shares granted	Number of shares exercised	Number of shares not exercised ⁶	Number of shares held	Retire-ment con-ditions
NOK thousands											
The senior group management											
Helge Leiro Baastad, CEO		5,332.4	1,355.2	171.3	1,638.1	1,364.0	7,797	8,257	14,903	60,231	²
Jørgen Inge Ringdal, Executive Vice President		2,804.4	557.7	166.1	732.4	566.5	2,561	2,719	5,116	26,310	²
Catharina Hellerud, Executive Vice President		3,155.4	493.5	175.2	460.5	502.3	2,624	2,999	5,328	21,589	³
Sigurd Austin, Executive Vice President		3,088.9	480.1	188.2	697.3	488.8	3,067	3,122	5,996	16,324	³
Kaare Østgaard, Executive Vice President		2,966.6	465.1	222.0	854.5	468.8	2,595	2,587	4,838	16,718	³
Mats C. Gottschalk, Executive Vice President ⁵		4,589.0	921.5	423.5	478.8	643.4	2,739	3,372	5,893	18,117	³
Jostein Amdal, Executive Vice President		3,537.2	557.7	169.7	650.1	566.5	3,182	1,185	5,180	15,935	
Janne Merethe Flessum, Executive Vice President		2,530.2	399.7	169.6	279.6	401.0	1,868	95	1,969	4,349	
Aysegul Cin, Executive Vice President ⁵		2,524.9	560.1	351.5	185.3	360.1	707		707	1,489	
Lars Gøran Bjerklund, Executive Vice President		2,756.7	435.3	277.7	274.0	421.0	847		847		
The Board											
Gisele Marchand, board member, Chairman ⁸		696.5		2.3						1,481	
John Giverholt ⁸		404.5		2.3						3,500	
Per Arne Bjørge ^{7,8}		449.0		3.7						10,542	
Eivind Elnan ⁸		326.2		6.8						2,200	
Hilde Merete Nafstad ⁸		363.5		2.3						2,946	
Vibeke Krag ⁸		396.0		11.5						1,500	
Terje Seljeseth ⁸		363.5		2.3							
Gunnar Mjåtvedt, staff representative ^{4,8}		396.0								2,319	
Anne Marie Nyhammer, staff representative ⁴		326.2									
Lotte Kronholm Sjøberg, staff representative ^{4,8}		363.5		2.3						914	

¹ The stated remuneration applies to the period the individual in question has held the position/office.

² Age 62, 100 per cent salary reducing gradually to 70 per cent at age 67 according to time of earning, then Gjensidige Forsikring's ordinary pension terms will take effect.

³ Age 62, 70 per cent salary until age 67 according to time of earning, then Gjensidige Forsikring's ordinary pension terms will take effect.

⁴ For staff representatives only remuneration for the current position is stated.

⁵ Earned variable salary includes expatriation allowance.

⁶ Including bonus shares in the share saving's programme for employees. See note 22 for terms and further description of the scheme.

⁷ Remuneration includes remuneration as Chairman in the Audit Committee honoured with NOK 157.5 thousand for 2019.

⁸ Remuneration includes remuneration in other committees.

CONTENT

3

About this report

4

The year that passed

6

Key figures and alternative performance measures

11

Chair letter

14

CEO letter

Chapter 1 – This is us

Chapter 2 – Creating added value in Gjensidige

Chapter 3 – Value created in 2020

Chapter 4 – Financial statements and notes

Gjensidige Forsikring Group

Gjensidige Forsikring ASA

242

Income statement

243

Statement of financial position

245

Statement of changes in equity

246

Statement of cash flows

247

Note 1

Accounting policies

253

Note 2

Use of estimates

254

Note 3

Risk and capital management

254

Note 4

Premiums and claims etc. in general insurance

255

Note 5

Shares in subsidiaries and joint ventures

257

Note 6

Net income from investments

258

Note 7

Expenses

259

Note 8

Salaries and remuneration

262

Note 9

Tax

263

Note 10

Pension

267

Note 11

Goodwill and intangible assets

269

Note 12

Owner-occupied and right-of-use property, plant and equipment

271

Note 13

Financial assets and liabilities

274

Note 14

Shares and similar interests

275

Note 15

Loans and receivables

276

Note 16

Insurance-related liabilities and reinsurers' share

277

Note 17

Equity

278

Note 18

Hybrid capital

278

Note 19

Provisions and other liabilities

279

Note 20

Related party transactions

280

Note 21

Contingent liabilities

280

Note 22

Share-based payment

281

Note 23

Events after the balance sheet date

282

Declaration from the Board and CEO

283

Auditor's report

288

Assurance integrated report

Appendix

290

GRI Content Index and Board of Directors Report

296

Selected governing documents

297

Description of ratings and whom we support

298

Statement on equality

304

Certificates and guarantees

310

Climate accounts own operations

9. Tax

NOK millions	2020	2019
Specification of tax expense		
Tax payable	(1,569.4)	(1,117.0)
Correction previous years	52.6	74.9
Change in deferred tax	166.1	(111.5)
Total tax expense	(1,350.7)	(1,153.6)
Taxable temporary differences		
Property, plant and equipment and intangible assets	1,267.8	1,135.8
Shares, bonds and other securities	846.5	1,199.6
Profit and loss account	80.1	100.2
Account for deferred income from technical provisions including security provision	3,266.8	3,780.2
Total taxable temporary differences	5,461.3	6,215.7
Deductible temporary differences		
Loans and receivables	(31.5)	(14.1)
Provisions for liabilities	(288.9)	(294.5)
Net pension liabilities	(332.8)	(326.8)
Total deductible temporary differences	(653.3)	(635.4)
Net temporary differences	4,808.0	5,580.4
Deferred tax liabilities	1,198.9	1,391.4
Reconciliation of tax expense		
Profit before tax expense	5,840.4	8,613.9
Estimated tax of profit before tax expense (25%)	(1,460.1)	(2,153.5)
Tax effect of		
Dividend received	1.9	1.8
Tax exempted income and expenses	46.6	912.8
Tax on interest on Perpetual Tier 1 capital	11.6	12.8
Non-tax-deductible expenses	(2.3)	(3.5)
Profit with lower tax rate	(1.1)	1.1
Correction previous years	52.6	74.9
Total tax expense	(1,350.7)	(1,153.6)
Effective rate of income tax	23.1%	13.4%
Change in deferred tax		
Deferred tax liabilities as at 1 January	1,391.4	1,289.0
Change in deferred tax recognised in profit or loss	(166.1)	111.5
Change in deferred tax recognised in other comprehensive income		
Pensions	(27.4)	(29.1)
Exchange differences	2.0	(0.3)
Change in deferred tax recognised directly in the balance sheet		
Adjustment related to merger with Nykredit and Mølholm		40.5
Adjustment related change in excess value/cost of shares Mølholm	(0.9)	
Adjustment related to initial application of IFRS 16		(20.1)
Net deferred tax liabilities as at 31 December	1,198.9	1,391.4
Tax recognised in other comprehensive income		
Deferred tax pensions	27.4	29.1
Tax payable on exchange rate differences	(64.9)	17.1
Total tax recognised in other comprehensive income	(37.5)	46.2

Tax expense

In connection with the conversion of Gjensidige Forsikring BA to a public limited company in 2010, the Ministry of Finance consented an exemption from capital gains taxation on the transfer of business to the newly formed public limited company under certain conditions. The consequences of the tax relief decision, as calculated by the company, have been incorporated into the tax expense and tax liabilities from the fourth quarter 2010. The tax relief decision involves greater complexity related

to taxable gains from the assets and liabilities which were transferred, which entails a greater degree of uncertainty with respect to the tax expense and tax liabilities until all the effects have ultimately been evaluated by the tax authorities.

The main result from the tax relief decision mentioned above, is that an increase in taxable gain from sale of shares in Gjensidige held by Gjensidigestiftelsen, leads to an increase in the taxable basis for depreciation in Gjensidige, which in turn give a

CONTENT

- 3 About this report
- 4 The year that passed
- 6 Key figures and alternative performance measures
- 11 Chair letter
- 14 CEO letter

Chapter 1 – This is us

Chapter 2 – Creating added value in Gjensidige

Chapter 3 – Value created in 2020

Chapter 4 – Financial statements and notes

Gjensidige Forsikring Group

Gjensidige Forsikring ASA

242	Income statement
243	Statement of financial position
245	Statement of changes in equity
246	Statement of cash flows
247	Note 1 Accounting policies
253	Note 2 Use of estimates
254	Note 3 Risk and capital management
254	Note 4 Premiums and claims etc. in general insurance
255	Note 5 Shares in subsidiaries and joint ventures
257	Note 6 Net income from investments
258	Note 7 Expenses
259	Note 8 Salaries and remuneration
262	Note 9 Tax
263	Note 10 Pension
267	Note 11 Goodwill and intangible assets
269	Note 12 Owner-occupied and right-of-use property, plant and equipment
271	Note 13 Financial assets and liabilities
274	Note 14 Shares and similar interests
275	Note 15 Loans and receivables
276	Note 16 Insurance-related liabilities and reinsurers' share
277	Note 17 Equity
278	Note 18 Hybrid capital
278	Note 19 Provisions and other liabilities
279	Note 20 Related party transactions
280	Note 21 Contingent liabilities
280	Note 22 Share-based payment
281	Note 23 Events after the balance

sheet date

282	Declaration from the Board and CEO
283	Auditor's report
288	Assurance integrated report

Appendix

290	GRI Content Index and Board of Directors Report
296	Selected governing documents
297	Description of ratings and whom we support
298	Statement on equality
304	Certificates and guarantees
310	Climate accounts own operations

Gjensidige Forsikring ASA

decrease in tax payable. In February 2015, Gjensidige received a decision from the Central Tax Office for Large Enterprises in connection with the calculation of a tax gain as a result of the conversion of Gjensidige Forsikring BA into a public limited company (ASA) in 2010. The decision meant an increase in the taxable basis for depreciation and thus reduced the tax payable for 2010 and the following years. Gjensidigestiftelsen received a similar decision, and appealed the decision on the grounds that there was no basis for the change and that the tax office had based its decision on an incorrect valuation. Gjensidige decided to join the complaint.

The appeal was processed by the Tax Appeal Board on 27th January 2020 but was not accepted. For Gjensidige's part, the tribunal's decision entails a reduction of tax payable for 2010 by NOK 42.4 million. If the increased depreciation basis in the decision is used as a basis for the following years, this results in

10. Pension

Gjensidige Forsikring is required to have an occupational pension plan pursuant to the Norwegian Act relating to Mandatory Occupational Pensions. The Company's pension plans meet the requirements of the Act.

Gjensidige has both defined contribution and defined benefit plans for its employees. The defined benefit plan has been placed in a separate pension fund and is closed to new employees. New employees become members of the defined contribution pension plan.

Defined contribution plan

Defined contribution pension is a private pension plan that supplements the National Insurance scheme. Benefits from the pension plan come in addition to retirement pension from the National Insurance scheme. The retirement age is 70.

The defined contribution plan is a post-employment benefit plan under which Gjensidige pays fixed contributions into a separate entity and there is no legal or constructive obligation to pay further amounts. The rates are seven per cent of earnings between 0 and 7.1 times the National Insurance basic amount (G) and 20 per cent of earnings between 7.1 and 12 G.

Disability pension, spouse/cohabitant pension and child's pension are also included in the plan subject to more detailed rules.

Gjensidige Forsikring's branches and some of its subsidiaries have a defined contribution pension plan corresponding to the plan in Gjensidige Forsikring in Norway.

Defined benefit plan

Description of the plan

Together with benefits from the National Insurance scheme and any paid-up policies from former employment relationships, the retirement pension amounts to approximately 70 per cent of the final salary, given a full earning period of 30 years. The retirement age is 70, but it is 65 for underwriters.

The defined benefit plan is a post-employment benefit plan that entitles employees to contractual future pension benefits. Disability pension, spouse/cohabitant pension and child's pension are also included in the plan subject to more detailed rules.

In addition, Gjensidige has pension liabilities to some employees over and above the ordinary group pension agreement. This applies to employees with a lower retirement age, employees who earn more than 12 times the National Insurance basic amount (G) and supplementary pensions.

The ordinary retirement pension is a funded plan where the employer contributes by paying into the pension assets. Pension

a further reduction in tax payable by approximately NOK 140 million.

Gjensidigestiftelsen has filed a lawsuit to have its decision of the Appeals Board changed. Gjensidige supports Gjensidigestiftelsens's view, but has decided not to take part in the lawsuit. For Gjensidige, this means that the Tax Appeals Board's decision has final effect for 2010. The reduction in tax payable for 2010 has consequently been recognised as income of NOK 42.4 million plus interest in the accounts for 2020. For the following years, the outcome of Gjensidigestiftelsen's lawsuit may be significant, even if Gjensidige is not a party to the case. The tax office will await the outcome of the legal process before final determination of these years.

Gjensidige has not yet recognised a reduction in tax payable for the years 2011-2020 in the accounts.

over and above the ordinary group pension agreement is an unfunded plan that is paid for through operations.

Actuarial assumptions

Actuarial assumptions are shown in the table. The discount rate is the assumption that has the greatest impact on the value of the pension liability. Wage growth, pension increases, and the adjustment of the National Insurance basic amount are based on historical observations and expected future inflation. Wage growth is set at 2.7 per cent (3.1) and is adjusted for age based on a decreasing trend. The year-on-year nominal wage growth 2020/21 is calculated to be 0.83 per cent (1.55). The reason for the low wage growth is that the pension plan is closed to new members and that the average age of employee members is 58.2 years (57.9).

The discount rate is based on a yield curve stipulated on the basis of the covered bond yield. The discount rate is based on observed interest approximately ten years ahead. The market's long-term view of the interest rate level is estimated on the basis of the required real interest rate, inflation and future credit risk. An interpolation has been made in the period between the observed interest and long-term market expectations. A discount curve has thus been calculated for each year in which pensions will be disbursed.

The sensitivity analysis is based on only one assumption being changed at a time, while all the others remain constant. This is seldom the case, since several of the assumptions co-vary.

Risk

The risk in the net pension liability is a combination of the pension plan itself, the pension liability, pension assets, financing level and the co-variation between pension liabilities and pension assets.

Gjensidige is exposed to financial risk since the pension assets are managed in Gjensidige Pensjonskasse as an investment choice portfolio. The financial risk is related to investments in equities, interest-bearing securities and property. Most of the investments are in securities funds and bonds. The financial risk comprises stock market, interest rate, credit, currency and liquidity risk, whereas the greatest risk factor is interest rate risk. Financial risk in pension assets is estimated using defined stress parameters for each asset class and assumptions about how the development of the different asset classes will co-vary.

The pension assets are higher than the calculated pension liabilities. However, it must be tested whether the use of pension assets has a limitation. It is expected that part of the overfunding will be used to finance new earnings or be returned to the sponsor. A reduction in the liabilities (for example due to a rise in interest rates) will be partially offset by an increase in potential overfunding. The risk factors below must therefore be seen in the light of the overfunding.

CONTENT

- 3 About this report
- 4 The year that passed
- 6 Key figures and alternative performance measures
- 11 Chair letter
- 14 CEO letter

Chapter 1 – This is us

Chapter 2 – Creating added value in Gjensidige

Chapter 3 – Value created in 2020

Chapter 4 – Financial statements and notes

Gjensidige Forsikring Group

Gjensidige Forsikring ASA

- 242 Income statement
- 243 Statement of financial position
- 245 Statement of changes in equity
- 246 Statement of cash flows
- 247 Note 1 Accounting policies
- 253 Note 2 Use of estimates
- 254 Note 3 Risk and capital management
- 254 Note 4 Premiums and claims etc. in general insurance
- 255 Note 5 Shares in subsidiaries and joint ventures
- 257 Note 6 Net income from investments
- 258 Note 7 Expenses
- 259 Note 8 Salaries and remuneration
- 262 Note 9 Tax
- 263 Note 10 Pension
- 267 Note 11 Goodwill and intangible assets
- 269 Note 12 Owner-occupied and right-of-use property, plant and equipment
- 271 Note 13 Financial assets and liabilities
- 274 Note 14 Shares and similar interests
- 275 Note 15 Loans and receivables
- 276 Note 16 Insurance-related liabilities and reinsurers' share
- 277 Note 17 Equity
- 278 Note 18 Hybrid capital
- 278 Note 19 Provisions and other liabilities
- 279 Note 20 Related party transactions
- 280 Note 21 Contingent liabilities
- 280 Note 22 Share-based payment
- 281 Note 23 Events after the balance

sheet date

- 282 Declaration from the Board and CEO
- 283 Auditor's report
- 288 Assurance integrated report

Appendix

- 290 GRI Content Index and Board of Directors Report
- 296 Selected governing documents
- 297 Description of ratings and whom we support
- 298 Statement on equality
- 304 Certificates and guarantees
- 310 Climate accounts own operations

Gjensidige Forsikring ASA

Interest rate risk

The pension assets' exposure to interest rate risk is deemed to be moderate because the market value-weighted duration is approximately 4.7 years (3.6). The portfolio value will fall by approximately 4.7 per cent in the event of a parallel shift in the yield curve of plus one percentage point.

The pension liability will increase by approximately 12.6 per cent in the event of a parallel shift in the whole yield curve (fall in interest) of minus one percentage point. The value will fall by approximately 10.6 per cent in the event of an interest rate increase of one percentage point.

In the situation of rising interest rates, overfunding will be affected. A change in interest rate below 0.59 per cent will not result in overfunding. A change in interest rate of one percentage point will result in an overfunding of 2.6 per cent of the liability.

Credit risk

The pension assets' exposure to credit risk is deemed to be moderate. Most of the pension fund's fixed-income investments shall be within "investment grade". If the credit risk on a global basis were to increase by a factor corresponding to the factor used in stress tests for pension funds (equal to a deterioration in relation to the 99.5 percentile), this would lead to a fall of approximately nine per cent in the bond portfolio.

The pension liabilities are exposed to some credit risk because the Norwegian covered bond yield, which forms the basis for determining the discount rate, entails a certain credit risk.

Equity and real estate risk

The pension assets are exposed to the stock market and the real estate market through equity funds and real estate funds. At the end of the year, the exposure was 19.6 per cent, divided into 11.9 per cent shares and 7.7 per cent in real estate.

The market value of shares fluctuates sharply. Gjensidige Pensjonskasse continuously measures the equity risk in the pension assets based on the principles in Solvency II. The principles for measuring equity risk are based on the fact that the risk increases when shares rise in value and that the risk declines when shares have fallen in value. As at 31 December 2020, the risk (equal to a deterioration in relation to the 99.5 percentile) is set at 39 per cent. Property risk is set at 25 per cent based on the principles in Solvency II.

Life expectancy and disability

The life expectancy assumptions are based on the K2013BE table as reported by FNO (Finans Norge) AS.

The rate of disability is based on the IR73 table. This measures long-term disability. The incidence of disability is low compared to many other employers.

Gjensidige's employees could be involved in big disaster-like events such as plane crashes, bus crashes, as spectators at sporting events or through incidents in the workplace. If such an event

occurs, the pension liability could significantly increase. Gjensidige has invested in disaster insurance that means that it will receive compensation if such an event occurs.

Wage growth

Future pension benefits depend on future wage growth and the development of the National Insurance basic amount (G). If wage growth in the Company is lower than the increase in G, the benefits will be reduced.

Wage growth will deviate from the path defined by employees getting higher or lower wage growth than what the job indicates. Gjensidige manages employees' wage growth based on collective agreements and individual agreements. Salary levels can increase strongly from one year to the next.

If wage growth is one percentage point higher, it will lead to approximately 3.7 per cent increase in the liability. If wage growth is one percentage point lower, it will lead to approximately 3.0 per cent decrease in the liability. If G is one percentage point higher it will lead to approximately 1.5 per cent decrease in the liability.

Minimum requirement for the level of pension assets

The pension assets must meet certain minimum requirements defined in Norwegian laws, regulations and in orders issued by the Financial Supervisory Authority of Norway (FSA).

If the level of the pension assets falls below a lower limit, Gjensidige will have to pay extra pension contributions to bring them up to the lower limit. On certain conditions, Gjensidige will also be repaid pension assets.

Gjensidige Pensjonskasse measures risk based on requirements set by the Financial Supervisory Authority in the form of stress tests. These tests should reflect 99.5 per cent value at risk. The pension fund has a solvency capital margin of 138 per cent without the use of transitional rules, which indicates that there is no requirement to provide pension funds to improve the pension fund's solvency.

Private collective pension (AFP)

As a member of Finance Norway, Gjensidige has a collective (AFP) pension agreement for its employees. AFP is a defined benefit scheme funded jointly by many employers. The administrator of the pension plan has not presented calculations that allocate the pension assets or liabilities in the plans to the individual member enterprises. Gjensidige therefore recognises the plan as a defined contribution plan.

If the administrator of the AFP plan presents such allocation figures, this could result in the plan being recognised as a defined benefit plan. It is difficult, however, to arrive at an allocation key that is acceptable to the members. An allocation key based on the Gjensidige's share of total annual pay will not be acceptable since such a key is too simple and will not adequately reflect the financial liabilities.

CONTENT

3

About this report

4

The year that passed

6

Key figures and alternative performance measures

11

Chair letter

14

CEO letter

Chapter 1 – This is us

Chapter 2 – Creating added value in Gjensidige

Chapter 3 – Value created in 2020

Chapter 4 – Financial statements and notes

Gjensidige Forsikring Group

Gjensidige Forsikring ASA

242

Income statement

243

Statement of financial position

245

Statement of changes in equity

246

Statement of cash flows

247

Note 1

Accounting policies

253

Note 2

Use of estimates

254

Note 3

Risk and capital management

254

Note 4

Premiums and claims etc. in general insurance

255

Note 5

Shares in subsidiaries and joint ventures

257

Note 6

Net income from investments

258

Note 7

Expenses

259

Note 8

Salaries and remuneration

262

Note 9

Tax

263

Note 10

Pension

267

Note 11

Goodwill and intangible assets

269

Note 12

Owner-occupied and right-of-use property, plant and equipment

271

Note 13

Financial assets and liabilities

274

Note 14

Shares and similar interests

275

Note 15

Loans and receivables

276

Note 16

Insurance-related liabilities and reinsurers' share

277

Note 17

Equity

278

Note 18

Hybrid capital

278

Note 19

Provisions and other liabilities

279

Note 20

Related party transactions

280

Note 21

Contingent liabilities

280

Note 22

Share-based payment

281

Note 23

Events after the balance sheet date

282

Declaration from the Board and CEO

283

Auditor's report

288

Assurance integrated report

Appendix

290

GRI Content Index and Board of Directors Report

296

Selected governing documents

297

Description of ratings and whom we support

298

Statement on equality

304

Certificates and guarantees

310

Climate accounts own operations

Gjensidige Forsikring ASA

NOK millions	Funded 2020	Unfunded 2020	Total 2020	Funded 2019	Unfunded 2019	Total 2019
Present value of the defined benefit obligation						
As at 1 January	2,082.9	608.1	2,691.0	2,043.7	559.9	2,603.6
Current service cost	24.6	9.9	34.6	24.5	9.6	34.1
Employers' national insurance contributions of current service cost	4.7	1.9	6.6	4.7	1.8	6.5
Interest cost	44.8	12.3	57.1	59.4	15.1	74.5
Actuarial gains and losses	238.9	119.1	358.0	145.0	62.8	207.8
Benefits paid	(116.9)	(34.5)	(151.3)	(112.7)	(34.5)	(147.3)
Employers' national insurance contributions of benefits paid	(17.1)	(6.4)	(23.5)	(26.4)	(6.3)	(32.8)
Business combinations	(3.4)		(3.4)	(4.2)		(4.2)
The effect of the asset ceiling	(73.6)		(73.6)	(50.9)		(50.9)
Foreign currency exchange rate changes		2.4	2.4		(0.2)	(0.2)
As at 31 December	2,184.9	712.9	2,897.8	2,082.9	608.1	2,691.0
Fair value of plan assets						
As at 1 January	2,324.7		2,324.7	2,198.8		2,198.8
Interest income	51.7		51.7	64.0		64.0
Return beyond interest income	174.7		174.7	40.5		40.5
Contributions by the employer	106.6	6.4	113.0	164.8	6.3	171.2
Benefits paid	(116.9)		(116.9)	(112.7)		(112.7)
Employers' national insurance contributions of benefits paid	(17.1)	(6.4)	(23.5)	(26.4)	(6.3)	(32.8)
Business combinations	(2.7)		(2.7)	(4.4)		(4.4)
As at 31 December	2,521.0		2,521.0	2,324.7		2,324.7
Amount recognised in the balance sheet						
Present value of the defined benefit obligation	2,184.9	712.9	2,897.8	2,082.9	608.1	2,691.0
Fair value of plan assets	(2,521.0)		(2,521.0)	(2,324.7)		(2,324.7)
Net defined benefit obligation/(benefit asset)	(336.1)	712.9	376.8	(241.8)	608.1	366.3
Pension expense recognised in profit or loss						
Current service cost	24.6	9.9	34.6	24.5	9.6	34.1
Interest cost	44.8	12.3	57.1	59.4	15.1	74.5
Interest income	(51.7)		(51.7)	(64.0)		(64.0)
Employers' national insurance contributions	4.7	1.9	6.6	4.7	1.8	6.5
Pension cost	22.4	24.1	46.5	24.5	26.5	51.0
The expense is recognised in the following line in the income statement						
Insurance-related adm. expenses including provisions for received reinsurance and sales expenses	22.4	24.1	46.5	24.5	26.5	51.0
Remeasurement of the net defined benefit liability/asset recognised in other comprehensive income						
Cumulative amount as at 1 January			(2,801.7)			(2,685.3)
Return on plan assets			174.7			40.5
Changes in demographic assumptions			(135.8)			(133.4)
Changes in financial assumptions			(222.2)			(74.4)
The effect of the asset ceiling			73.6			50.9
Exchange rate differences			0.6			(0.0)
Cumulative amount as at 31 December			(2,910.7)			(2,801.7)
The effect of the asset ceiling						
Cumulative amount as at 1 January			73.6			124.6
Change in the effect of the asset ceiling			(73.6)			(50.9)
Cumulative amount as at 31 December						73.6

CONTENT

3

About this report

4

The year that passed

6

Key figures and alternative performance measures

11

Chair letter

14

CEO letter

Chapter 1 – This is us

Chapter 2 – Creating added value in Gjensidige

Chapter 3 – Value created in 2020

Chapter 4 – Financial statements and notes

Gjensidige Forsikring Group

Gjensidige Forsikring ASA

242

Income statement

243

Statement of financial position

245

Statement of changes in equity

246

Statement of cash flows

247

Note 1

Accounting policies

253

Note 2

Use of estimates

254

Note 3

Risk and capital management

254

Note 4

Premiums and claims etc. in general insurance

255

Note 5

Shares in subsidiaries and joint ventures

257

Note 6

Net income from investments

258

Note 7

Expenses

259

Note 8

Salaries and remuneration

262

Note 9

Tax

263

Note 10

Pension

267

Note 11

Goodwill and intangible assets

269

Note 12

Owner-occupied and right-of-use property, plant and equipment

271

Note 13

Financial assets and liabilities

274

Note 14

Shares and similar interests

275

Note 15

Loans and receivables

276

Note 16

Insurance-related liabilities and reinsurers' share

277

Note 17

Equity

278

Note 18

Hybrid capital

278

Note 19

Provisions and other liabilities

279

Note 20

Related party transactions

280

Note 21

Contingent liabilities

280

Note 22

Share-based payment

281

Note 23

Events after the balance sheet date

282

Declaration from the Board and CEO

283

Auditor's report

288

Assurance integrated report

Appendix

290

GRI Content Index and Board of Directors Report

296

Selected governing documents

297

Description of ratings and whom we support

298

Statement on equality

304

Certificates and guarantees

310

Climate accounts own operations

Gjensidige Forsikring ASA

NOK millions	Funded 2020	Unfunded 2020	Total 2020	Funded 2019	Unfunded 2019	Total 2019
Actuarial assumptions						
Discount rate			1.67%			2.21%
Future salary increases ¹			2.65%			3.14%
Change in social security base amount			2.77%			3.14%

Other specifications						
Amount recognised as expense for the defined contribution plan			218.8			203.9
Amount recognised as expense for Fellesordningen LO/NHO			21.4			22.7
Expected contribution to Fellesordningen LO/NHO next year			22.0			23.8
Expected contribution to the defined benefit plan for the next year			91.9			142.7

¹ Future salary increases represent our expected average future salary increase for the industry. Since Gjensidige has a closed plan, average future salary increase for Gjensidige's population is 0.83 per cent (1.55). See explanation under Actuarial assumptions.

Per cent	Change in pension benefit obligation 2020	Change in pension benefit obligation 2019
Sensitivity		
- 1%-point discount rate	12.6%	12.2%
+ 1%-point discount rate	(10.6%)	(10.1%)
- 1%-point salary adjustment	(3.0%)	(2.7%)
+ 1%-point salary adjustment	3.7%	3.6%
- 1%-point social security base amount	1.7%	1.6%
+ 1%-point social security base amount	(1.5%)	(1.3%)
+ 1%-point future pension increase	10.8%	10.3%
10% decreased mortality	3.0%	2.8%
10% increased mortality	(4.0%)	(3.8%)

Valuation hierarchy 2020		Level 1	Level 2	Level 3	Total as at 31.12.2020
		Quoted prices in active markets	Valuation techniques based on observable market data	Valuation techniques based on non-observable market data	
NOK millions					
Shares and similar interests			494.1		494.1
Bonds			1,994.1		1,994.1
Loans, receivables and bank deposits			32.8		32.8
Total			2,521.0		2,521.0

Valuation hierarchy 2019		Level 1	Level 2	Level 3	Total as at 31.12.2019
		Quoted prices in active markets	Valuation techniques based on observable market data	Valuation techniques based on non-observable market data	
NOK millions					
Shares and similar interests			199.9		199.9
Bonds			2,066.6		2,066.6
Derivatives			58.1		58.1
Total			2,324.7		2,324.7

CONTENT

3

About this report

4

The year that passed

6

Key figures and alternative performance measures

11

Chair letter

14

CEO letter

Chapter 1 – This is us

Chapter 2 – Creating added value in Gjensidige

Chapter 3 – Value created in 2020

Chapter 4 – Financial statements and notes

Gjensidige Forsikring Group

Gjensidige Forsikring ASA

242

Income statement

243

Statement of financial position

245

Statement of changes in equity

246

Statement of cash flows

247

Note 1

Accounting policies

253

Note 2

Use of estimates

254

Note 3

Risk and capital management

254

Note 4

Premiums and claims etc. in general insurance

255

Note 5

Shares in subsidiaries and joint ventures

257

Note 6

Net income from investments

258

Note 7

Expenses

259

Note 8

Salaries and remuneration

262

Note 9

Tax

263

Note 10

Pension

267

Note 11

Goodwill and intangible assets

269

Note 12

Owner-occupied and right-of-use property, plant and equipment

271

Note 13

Financial assets and liabilities

274

Note 14

Shares and similar interests

275

Note 15

Loans and receivables

276

Note 16

Insurance-related liabilities and reinsurers' share

277

Note 17

Equity

278

Note 18

Hybrid capital

278

Note 19

Provisions and other liabilities

279

Note 20

Related party transactions

280

Note 21

Contingent liabilities

280

Note 22

Share-based payment

281

Note 23

Events after the balance sheet date

282

Declaration from the Board and CEO

283

Auditor's report

288

Assurance integrated report

Appendix

290

GRI Content Index and Board of Directors Report

296

Selected governing documents

297

Description of ratings and whom we support

298

Statement on equality

304

Certificates and guarantees

310

Climate accounts own operations

11. Goodwill and intangible assets

NOK millions	Goodwill	Customer relationship	Software	Other intangible assets	Total
Cost					
As at 1 January 2019	1,946.6	753.2	1,300.7	350.3	4,350.7
Additions through merger	1,123.9	487.5	13.8	329.8	1,955.0
Additions			229.3		229.3
Disposals/reclassifications		(26.6)	(534.2)	(57.1)	(617.9)
Exchange differences	(20.3)	(8.3)	(6.0)	(11.7)	(46.3)
As at 31 December 2019	3,050.1	1,205.7	1,003.6	611.3	5,870.8
Uncompleted projects			280.6		280.6
As at 31 December 2019, including uncompleted projects	3,050.1	1,205.7	1,284.3	611.3	6,151.4
Amortisation and impairment losses					
As at 1 January 2019	(100.0)	(598.8)	(791.4)	(196.7)	(1,686.9)
Additions through merger		(349.9)	(4.3)	(291.1)	(645.4)
Amortisation		(127.5)	(235.5)	(70.8)	(433.8)
Disposals/reclassifications		26.6	493.1	57.1	576.9
Exchange differences		5.3	2.4	6.3	14.0
As at 31 December 2019	(100.0)	(1,044.3)	(535.7)	(495.3)	(2,175.3)
Carrying amount					
As at 1 January 2019	2,950.1	606.9	492.9	414.5	4,464.5
As at 31 December 2019	2,950.1	161.4	748.6	116.0	3,976.2
Cost					
As at 1 January 2020	3,050.1	1,205.7	1,003.6	611.3	5,870.8
Additions / change in cost		(3.9)	87.5		83.6
Additions from internal development			16.8		16.8
Disposals/reclassifications		(495.8)	(499.9)		(995.7)
Exchange differences	180.9	85.2	27.3	50.4	343.8
As at 31 December 2020	3,231.1	791.2	635.3	661.7	5,319.2
Uncompleted projects			78.0		78.0
As at 31 December 2020, including uncompleted projects	3,231.1	791.2	713.3	661.7	5,397.3
Amortisation and impairment losses					
As at 1 January 2020	(100.0)	(1,044.3)	(535.7)	(495.3)	(2,175.3)
Amortisation		(56.8)	(200.7)	(67.8)	(325.3)
Disposals/reclassifications		495.8	412.2		908.0
Exchange differences		(72.6)	(14.9)	(40.2)	(127.6)
As at 31 December 2020	(100.0)	(677.8)	(339.0)	(603.3)	(1,720.1)
Carrying amount					
As at 1 January 2020	2,950.1	161.4	748.6	116.0	3,976.2
As at 31 December 2020	3,131.1	113.4	374.3	58.4	3,677.1
Amortisation method	N/A	Straight-line	Straight-line	Straight-line	
Useful life (years)	N/A	5-10	5-8	1-10	

The company's intangible assets are either acquired or internally developed. Goodwill, customer relationships and parts of other intangible assets are all acquired through acquisition of portfolios or mergers and are a result of a purchase price allocation of initial cost of the acquisition. Software is developed for use in the insurance business. External and internal assistance used in relation developed software is developed for use in the insurance business. External and internal assistance is used in relation with implementation or substantial upgrade of software, including adjustment of standard systems, are capitalized as intangible assets. Amortisation is included in the accounting line Insurance-related administration expenses including commissions for received reinsurance and sales expenses.

The company has not acquired any portfolio or company in 2020. It has been assessed whether goodwill and intangible assets have been negatively affected by Covid-19, without this being the case.

Impairment testing goodwill

The carrying amount of goodwill in the company as at 31 December 2020 is NOK 3,131.1 million.

NOK millions	2020	2019
Goodwill		
General Insurance Denmark	2,771.2	2,699.7
General Insurance Sweden	231.2	121.7
General Insurance Private	128.7	128.7
Total	3,131.1	2,950.1

Each of the units above is the smallest identifiable group of assets that generates cash inflows and considered as separate cash-generating units. Normally, each segment will be

CONTENT

3

About this report

4

The year that passed

6

Key figures and alternative performance measures

11

Chair letter

14

CEO letter

Chapter 1 – This is us

Chapter 2 – Creating added value in Gjensidige

Chapter 3 – Value created in 2020

Chapter 4 – Financial statements and notes

Gjensidige Forsikring Group

Gjensidige Forsikring ASA

242

Income statement

243

Statement of financial position

245

Statement of changes in equity

246

Statement of cash flows

247

Note 1

Accounting policies

253

Note 2

Use of estimates

254

Note 3

Risk and capital management

254

Note 4

Premiums and claims etc. in general insurance

255

Note 5

Shares in subsidiaries and joint ventures

257

Note 6

Net income from investments

258

Note 7

Expenses

259

Note 8

Salaries and remuneration

262

Note 9

Tax

263

Note 10

Pension

267

Note 11

Goodwill and intangible assets

269

Note 12

Owner-occupied and right-of-use property, plant and equipment

271

Note 13

Financial assets and liabilities

274

Note 14

Shares and similar interests

275

Note 15

Loans and receivables

276

Note 16

Insurance-related liabilities and reinsurers' share

277

Note 17

Equity

278

Note 18

Hybrid capital

278

Note 19

Provisions and other liabilities

279

Note 20

Related party transactions

280

Note 21

Contingent liabilities

280

Note 22

Share-based payment

281

Note 23

Events after the balance sheet date

282

Declaration from the Board and CEO

283

Auditor's report

288

Assurance integrated report

Appendix

290

GRI Content Index and Board of Directors Report

296

Selected governing documents

297

Description of ratings and whom we support

298

Statement on equality

304

Certificates and guarantees

310

Climate accounts own operations

Gjensidige Forsikring ASA

considered as a cash-generating unit. Acquired portfolios are integrated into the operations in the various countries and have joint management follow-up and management. The annual assessment of impairment losses was carried out in the third quarter of 2020. There has also been carried out indication assessments during other quarters in order to assess whether there is new evidence that calls for a new impairment assessment. In the fourth quarter, an updated assessment was made of whether the termination of the agreement with Nykredit will have a significant effect on goodwill related to Gjensidige Forsikring, Danish branch. The updated assessment gives no indication of impairment losses.

Recoverable amount for the cash-generating units is determined based on an assessment of value in use. The value in use is based on a discounting of future cash flows, with a relevant discount rate that takes into account maturity and risk.

Budgets/prognoses and the period for which the cash flows are projected

The projection of cash flows is based on budget and forecast for the next four years reviewed by the management and approved by the Board. The growth in this five-year period is higher than the long-term growth expectancy. In the period after 2024 a lower annual growth has been used than in the budget period to arrive at a normal level before a terminal value is calculated. The terminal value is calculated in 2029. Gjensidige normally has a ten-year horizon on its models, as the acquired companies are in a growth phase and a shorter period will give a less correct view of expected cash flows. The long-term growth rate beyond the board approved plan, is no higher than the long-term growth in the market for the respective cash generating units.

The management’s method

As far as possible, the management has sought to document the assumptions upon which the models are based through external information. External information is first and foremost used in the assessment of discount rate and exchange rates. When it comes to future cash flows, the management has also considered the degree of historical achievement of budgets. If expected budgeted results are not achieved, the management has conducted a deviation analysis. These deviation analyses are reviewed by the Board of the respective subsidiaries, as well as the management in Gjensidige Forsikring.

Level of combined ratio (CR)

The expected CR level is both in the growth period and when estimating the terminal value considered to be from 85.3 to 97.0.

Cash-generating units	CR-level in growth period	CR-level when calculating terminal value
General Insurance Denmark	85,3-89,1 %	90,0 %
General Insurance Sweden	91,1-97,0 %	91,1 %
General Insurance Private	86,0-88,8 %	88,6 %

The growth rate in terminal value calculation

The growth rate is determined to 2.5 per cent in Scandinavia and the same that was used in 2019. The growth rate corresponds to the best estimate of long-term nominal GDP growth for the various countries and represents the expectations for growth in the various insurance markets.

Discount rate

The discount rate is before tax, and is composed of a risk-free interest rate, a risk premium and a market beta. The discount rate used corresponds to the group's required return of 6 per cent, reduced from 6.5 per cent in 2019. The group's required return represents the group's risk appetite, and this is the same regardless of country. Land risk is corrected directly in the cash flow on all units. An assessment has been made of whether a discount rate per. geography would have given a different outcome. As a rate that is specific to the asset is not directly available in the market, a rate with a corresponding deduction is used to estimate the discount rate. To determine the discount rate, we use the capital value model as a starting point. The risk-free interest rate corresponds to a ten-year interest rate on government bonds in the respective countries in which the subsidiaries and branches operate. In order to determine the beta, the starting point is observable values for Nordic non-life insurance companies. Compared with the group's required rate of return, the calculated discount rates are lower and therefore the group's required rate of return is used as the discount rate.

Sensitivity analysis to key assumptions

The excess values related to the acquisitions are based on different key assumptions. If these assumptions change significantly from what they are expected to be in the impairment models, a need for impairment may arise. See table.

Sensitivity table goodwill	Discount rate increases by 1%	Growth reduces by 2% compared to expected next 3 years	CR increases by 2% next 3 years	Growth reduces by 1% i terminal value calculation compared to expected	All circumstances occur simultaneously
General Insurance Denmark	No need for impairment	No need for impairment	No need for impairment	No need for impairment	No need for impairment
General Insurance Sweden	No need for impairment	No need for impairment	No need for impairment	No need for impairment	No need for impairment
General Insurance Private	No need for impairment	No need for impairment	No need for impairment	No need for impairment	No need for impairment

CONTENT

3

About this report

4

The year that passed

6

Key figures and alternative performance measures

11

Chair letter

14

CEO letter

Chapter 1 – This is us

Chapter 2 – Creating added value in Gjensidige

Chapter 3 – Value created in 2020

Chapter 4 – Financial statements and notes

Gjensidige Forsikring Group

Gjensidige Forsikring ASA

242

Income statement

243

Statement of financial position

245

Statement of changes in equity

246

Statement of cash flows

247

Note 1

Accounting policies

253

Note 2

Use of estimates

254

Note 3

Risk and capital management

254

Note 4

Premiums and claims etc. in general insurance

255

Note 5

Shares in subsidiaries and joint ventures

257

Note 6

Net income from investments

258

Note 7

Expenses

259

Note 8

Salaries and remuneration

262

Note 9

Tax

263

Note 10

Pension

267

Note 11

Goodwill and intangible assets

269

Note 12

Owner-occupied and right-of-use property, plant and equipment

271

Note 13

Financial assets and liabilities

274

Note 14

Shares and similar interests

275

Note 15

Loans and receivables

276

Note 16

Insurance-related liabilities and reinsurers' share

277

Note 17

Equity

278

Note 18

Hybrid capital

278

Note 19

Provisions and other liabilities

279

Note 20

Related party transactions

280

Note 21

Contingent liabilities

280

Note 22

Share-based payment

281

Note 23

Events after the balance sheet date

282

Declaration from the Board and CEO

283

Auditor's report

288

Assurance integrated report

Appendix

290

GRI Content Index and Board of Directors Report

296

Selected governing documents

297

Description of ratings and whom we support

298

Statement on equality

304

Certificates and guarantees

310

Climate accounts own operations

12. Owner-occupied and right-of-use property, plant and equipment

NOK millions	Owner-occupied property	Right-of-use property	Plant and equipment ¹	Right-of-use plant and equipment	Total
Cost					
As at 1 January 2019	28.5		456.6		485.1
Implementation of IFRS 16		1,110.3		13.0	1,123.3
Merger			2.3		2.2
Additions		35.5	29.3	3.6	68.4
Disposals		(33.2)	(103.2)		(136.4)
Exchange differences		(2.9)	(1.5)		(4.4)
As at 31 December 2019	28.5	1,109.7	383.5	16.5	1,538.1
Uncompleted projects			48.4		48.4
As at 31 December 2019, including uncompleted projects	28.5	1,109.7	431.9	16.5	1,586.5
Depreciation and impairment losses					
As at 1 January 2019			(298.4)		(298.4)
Merger			(0.7)		(0.7)
Depreciation		(143.0)	(44.4)	(6.2)	(193.6)
Disposals			90.1		90.1
Exchange differences		(0.1)	1.1		1.0
As at 31 December 2019		(143.1)	(252.3)	(6.2)	(401.6)
Carrying amount					
As at 1 January 2019	28.5		203.7		232.2
As at 31 December 2019	28.5	966.7	179.5	10.3	1,184.9
Cost					
As at 1 January 2020	28.5	1,109.7	383.5	16.5	1,538.1
Additions		47.7	25.4	3.6	76.6
Disposals		(54.4)	(118.0)	(6.2)	(178.6)
Exchange differences		20.5	2.6	0.5	23.6
As at 31 December 2020	28.5	1,123.4	293.5	14.4	1,459.7
Uncompleted projects			11.0		11.0
As at 31 December 2020, including uncompleted projects	28.5	1,123.4	304.4	14.4	1,470.7
Depreciation and impairment losses					
As at 1 January 2020		(143.1)	(252.3)	(6.2)	(401.6)
Depreciation		(161.6)	(42.9)	(6.4)	(210.9)
Disposals		15.2	95.7	6.2	117.1
Exchange differences		(2.4)	(1.6)	(0.2)	(4.2)
As at 31 December 2020		(291.8)	(201.1)	(6.7)	(499.6)
Carrying amount					
As at 1 January 2019	28.5	966.7	179.5	10.3	1,184.9
As at 31 December 2019	28.5	831.6	103.4	7.7	971.1
Depreciation method	Straight-line	Straight-line	Straight-line	Straight-line	
Useful life (years)	10-50	2-10	3-10	1-3	

¹ Plant and equipment consist mainly of machinery, vehicles, fixtures and furniture.

Owner-occupied property in Gjensidige Forsikring ASA mainly consists of leisure houses and cottages that are not depreciated.

There are no restrictions on owner-occupied property, plant and equipment. Owner-occupied property, plant and equipment are not pledged as security for liabilities.

Gjensidige has assessed the consequences of Covid-19 in valuing owner-occupied and right-to-use property, plant and equipment, without having found a need for write-downs of any of the values.

CONTENT

3

About this report

4

The year that passed

6

Key figures and alternative performance measures

11

Chair letter

14

CEO letter

Chapter 1 – This is us

Chapter 2 – Creating added value in Gjensidige

Chapter 3 – Value created in 2020

Chapter 4 – Financial statements and notes

Gjensidige Forsikring Group

Gjensidige Forsikring ASA

242

Income statement

243

Statement of financial position

245

Statement of changes in equity

246

Statement of cash flows

247

Note 1

Accounting policies

253

Note 2

Use of estimates

254

Note 3

Risk and capital management

254

Note 4

Premiums and claims etc. in general insurance

255

Note 5

Shares in subsidiaries and joint ventures

257

Note 6

Net income from investments

258

Note 7

Expenses

259

Note 8

Salaries and remuneration

262

Note 9

Tax

263

Note 10

Pension

267

Note 11

Goodwill and intangible assets

269

Note 12

Owner-occupied and right-of-use property, plant and equipment

271

Note 13

Financial assets and liabilities

274

Note 14

Shares and similar interests

275

Note 15

Loans and receivables

276

Note 16

Insurance-related liabilities and reinsurers' share

277

Note 17

Equity

278

Note 18

Hybrid capital

278

Note 19

Provisions and other liabilities

279

Note 20

Related party transactions

280

Note 21

Contingent liabilities

280

Note 22

Share-based payment

281

Note 23

Events after the balance sheet date

282

Declaration from the Board and CEO

283

Auditor's report

288

Assurance integrated report

Appendix

290

GRI Content Index and Board of Directors Report

296

Selected governing documents

297

Description of ratings and whom we support

298

Statement on equality

304

Certificates and guarantees

310

Climate accounts own operations

Lease liability

NOK millions	2019	2019
Lease liability		
Undiscounted lease liability 1 January	1,167.2	1,352.1
Effect of discounting of the lease liability	(106.7)	(148.3)
Discounted lease liability 1 January	1,060.5	1,203.8
Summary of the lease liability in the financial statements		
As at 1 January	1,060.5	1,203.8
Change in lease liability	15.8	27.3
New lease liabilities	(4.6)	(21.4)
Paid installment (cash flow)	(163.3)	(146.0)
Paid interest (cash flow)	(28.1)	(30.4)
Accrued interest (profit and loss)	28.1	30.4
Exchange rate differences (other comprehensive income)	20.5	(3.2)
As at 31 December	928.9	1,060.5
Expenses related to short-term contracts (including short-term low value contracts)	9.5	2.6
Expenses related to low value contracts (excluding short-term low value contracts)	0.3	0.9
Undiscounted lease liability and maturity of cash flows		
Less than 1 year	179.9	181.4
1-2 years	166.4	175.6
2-3 years	147.1	160.1
3-4 years	122.2	142.2
4-5 years	118.4	119.9
More than 5 years	274.7	387.8
Total undiscounted lease liability as at 31 December	1,008.6	1,167.2
Weighted average interest rate	2.9 %	2.3 %

To determine whether a contract contains a lease, it is considered whether the contract conveys the right to control the use of an identified asset. This is for Gjensidige considered to be the case for office leases, leases for cars and some office machines etc. However, the main part of the latter group is exempted for recognition due to low value. IT agreements are not considered to fall under IFRS 16 since these are based on the purchase of capacity that is not physically separated and thus not identifiable.

The rental period is calculated based on the duration of the agreement plus any option periods if these with reasonable certainty will be exercised. Joint expenses etc. are not recognised in the lease liability for the rental contracts.

The discount rate for the rental contracts is determined by looking at observable borrowing rates in the bond market for each of the countries in which Gjensidige operates. The interest rates are adapted to the actual lease contracts duration and currency. The discount rate for the leasing cars is determined based on an assessment of which loan interest Gjensidige would achieve for financing cars from a financing company.

Payment of interest related to lease liabilities is presented as cash flow from financing activities as this is best in accordance with the objective of the rental agreements.

Gjensidige has recognised its lease liabilities at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate at the date of initial application, as well as the recognition of related right-of-use assets to an amount corresponding to the lease liability according to the modified retrospective approach. However, for the largest rental agreements in Norway, Sweden and Denmark, Gjensidige chose as at 1. January 2019 to recognise the right-of-use asset at the carrying amount as if the standard had been applied since the commencement date but discounted using the lessee's incremental borrowing rate at the date of initial application. Transaction costs were not included.

Gjensidige has chosen to recognise deferred tax on the net value of assets and liabilities. This represented a deferred tax asset of NOK 20.1 million. The difference between this and the lease liability, less deferred tax, amounted to NOK 61.4 million and was recognised directly in equity on 1 January 2019.

Gjensidige has not received a reduction in rental costs or other relief as a result of Covid-19, and therefore has no further information in accordance with IFRS 16.60A.

CONTENT

3

About this report

4

The year that passed

6

Key figures and alternative performance measures

11

Chair letter

14

CEO letter

Chapter 1 – This is us

Chapter 2 – Creating added value in Gjensidige

Chapter 3 – Value created in 2020

Chapter 4 – Financial statements and notes

Gjensidige Forsikring Group

Gjensidige Forsikring ASA

242

Income statement

243

Statement of financial position

245

Statement of changes in equity

246

Statement of cash flows

247

Note 1

Accounting policies

253

Note 2

Use of estimates

254

Note 3

Risk and capital management

254

Note 4

Premiums and claims etc. in general insurance

255

Note 5

Shares in subsidiaries and joint ventures

257

Note 6

Net income from investments

258

Note 7

Expenses

259

Note 8

Salaries and remuneration

262

Note 9

Tax

263

Note 10

Pension

267

Note 11

Goodwill and intangible assets

269

Note 12

Owner-occupied and right-of-use property, plant and equipment

271

Note 13

Financial assets and liabilities

274

Note 14

Shares and similar interests

275

Note 15

Loans and receivables

276

Note 16

Insurance-related liabilities and reinsurers' share

277

Note 17

Equity

278

Note 18

Hybrid capital

278

Note 19

Provisions and other liabilities

279

Note 20

Related party transactions

280

Note 21

Contingent liabilities

280

Note 22

Share-based payment

281

Note 23

Events after the balance sheet date

282

Declaration from the Board and CEO

283

Auditor's report

288

Assurance integrated report

Appendix

290

GRI Content Index and Board of Directors Report

296

Selected governing documents

297

Description of ratings and whom we support

298

Statement on equality

304

Certificates and guarantees

310

Climate accounts own operations

13. Financial assets and liabilities

Fair value

Financial assets and liabilities measured at fair value are carried at the amount each asset/liability can be settled to in an orderly transaction between market participants at the measurements date at the prevailing market conditions.

Different valuation techniques and methods are used to estimate fair value depending on the type of financial instruments and to which extent they are traded in active markets. Instruments are classified in their entirety in one of three valuation levels in a hierarchy on the basis of the lowest level input that is significant to the fair value measurement in its entirety.

The different valuation levels and which financial assets/liabilities that are included in the respective levels are accounted for below.

Quoted prices in active markets

Quoted prices in active markets are considered the best estimate of an asset/liability's fair value. A financial asset/liability is considered valued based on quoted prices in active markets if fair value is estimated based on easily and regularly available prices and these prices represent actual and regularly occurring transactions at arm's length principle. Financial assets/liabilities valued based on quoted prices in active markets are classified as level one in the valuation hierarchy.

The following financial assets are classified as level one in the valuation hierarchy:

- Listed shares
- Norwegian government/government backed bonds and other fixed income securities
- Exchange traded funds (ETF)

Valuation based on observable market data

When quoted prices in active markets are not available, the fair value of financial assets/liabilities is preferably estimated on the basis of valuation techniques based on observable market data.

A financial asset/liability is considered valued based on observable market data if fair value is estimated with reference to prices that are not quoted, but are observable either directly (as prices) or indirectly (derived from prices).

The following financial assets/liabilities are classified as level two in the valuation hierarchy:

- Currency derivatives, equity options and forward rate agreements, in which fair value is derived from the value of underlying instruments. These derivatives are valued using common valuation techniques for derivatives (option pricing models etc.).
- Equity funds, bond funds, hedge funds and combination funds, in which fair value is estimated based on the fair value of the underlying investments of the funds.
- Bonds, certificates or index bonds that are unlisted, or that are listed but where transactions are not occurring regularly. The unlisted instruments in this category are valued based on observable yield curves and estimated credit spreads where applicable.
- Listed subordinated notes where transactions are not occurring regularly.

Valuation based on non-observable market data

When neither quoted prices in active markets nor observable market data is available, the fair value of financial assets/liabilities is estimated based on valuation techniques which are based on non-observable market data.

A financial asset/liability is considered valued based on non-observable market data if fair value is estimated without being based on quoted prices in active markets or observable market data. Financial assets/liabilities valued based on non-observable market data are classified as level three in the valuation hierarchy.

The following financial assets are classified as level three in the valuation hierarchy:

- Unlisted private equity investments. The private equity investments that are not organized as funds are valued using cash flow analysis, price multiples and recent market transactions. The private equity investments that are organized as funds are valued based on NAV (Net Asset Value) as reported by the fund administrators in accordance with IPEV guidelines (International Private Equity and Venture Capital Valuation. Because of late reporting from the funds, the NAV from the previous quarterly reporting is used in estimating fair value. The NAV is then assessed for discretionary adjustments based on objective events since the last reporting date. Objective events may be the development in underlying values of listed companies since the last reporting, changes in regulations or substantial market movements.
- Loan funds containing secured debt and real estate funds. The funds are valued based on reported NAV values as reported by the fund administrators. Because of late reporting from the funds, the NAV values from the previous quarterly reporting are used in estimating fair value.

The valuation process for financial assets classified as level three

In consultation with the Investment Performance and Risk Measurement department, the Chief Investment Officer decides which valuation models will be used when valuing financial assets classified as level three in the valuation hierarchy. The models are evaluated as required. The fair value and results of the investments and compliance with the stipulated limits are reported weekly to the Chief Financial Officer and Chief Executive Officer, and monthly to the Board.

Sensitivity financial assets level three

Shares and similar interests (mainly unlisted private equity investments and loan funds and real estate funds), as well as bonds and other fixed-income securities are included in level three in the valuation hierarchy. General market downturns or a worsening of the outlook can affect expectations of future cash flows or the applied multiples, which in turn will lead to a reduction in the value of shares and similar interests. Bonds and other fixed-income securities primarily have interest rate and credit risk as a result of changes in the yield curve or losses due to unexpected default on Gjensidige's debtors. However, the sensitivity to change in the yield curve is reduced through hedging using interest rate swaps classified as level 2

CONTENT

3

About this report

4

The year that passed

6

Key figures and alternative performance measures

11

Chair letter

14

CEO letter

Chapter 1 – This is us

Chapter 2 – Creating added value in Gjensidige

Chapter 3 – Value created in 2020

Chapter 4 – Financial statements and notes

Gjensidige Forsikring Group

Gjensidige Forsikring ASA

242

Income statement

243

Statement of financial position

245

Statement of changes in equity

246

Statement of cash flows

247

Note 1

Accounting policies

253

Note 2

Use of estimates

254

Note 3

Risk and capital management

254

Note 4

Premiums and claims etc. in general insurance

255

Note 5

Shares in subsidiaries and joint ventures

257

Note 6

Net income from investments

258

Note 7

Expenses

259

Note 8

Salaries and remuneration

262

Note 9

Tax

263

Note 10

Pension

267

Note 11

Goodwill and intangible assets

269

Note 12

Owner-occupied and right-of-use property, plant and equipment

271

Note 13

Financial assets and liabilities

274

Note 14

Shares and similar interests

275

Note 15

Loans and receivables

276

Note 16

Insurance-related liabilities and reinsurers' share

277

Note 17

Equity

278

Note 18

Hybrid capital

278

Note 19

Provisions and other liabilities

279

Note 20

Related party transactions

280

Note 21

Contingent liabilities

280

Note 22

Share-based payment

281

Note 23

Events after the balance sheet date

282

Declaration from the Board and CEO

283

Auditor's report

288

Assurance integrated report

Appendix

290

GRI Content Index and Board of Directors Report

296

Selected governing documents

297

Description of ratings and whom we support

298

Statement on equality

304

Certificates and guarantees

310

Climate accounts own operations

Gjensidige Forsikring ASA

NOK millions	Notes	Carrying amount as at 31.12.2020	Fair value as at 31.12.2020	Carrying amount as at 31.12.2019	Fair value as at 31.12.2019
Financial assets					
Financial derivatives					
Financial derivatives at fair value through profit or loss		1,294.3	1,294.3	934.1	934.1
Financial assets at fair value through profit or loss, designated upon initial recognition					
Shares and similar interests	14	5,522.4	5,522.4	6,545.3	6,545.3
Bonds and other fixed income securities		28,245.9	28,245.9	28,446.3	28,446.3
Loans		1.9	1.9	2.2	2.2
Loans and receivables					
Bonds and other fixed income securities classified as loans and receivables	15	15,208.3	16,210.0	14,705.4	15,226.1
Loans		2,371.5	2,371.5	2,410.8	2,410.8
Receivables related to direct operations and reinsurance		7,460.9	7,460.9	6,867.0	6,867.0
Receivables from group companies	20	26.1	26.1	7.1	7.1
Other receivables		364.5	364.5	975.4	975.4
Cash and cash equivalents		2,365.0	2,365.0	1,796.1	1,796.1
Total financial assets		62,860.8	63,862.6	62,689.5	63,210.2
Financial liabilities					
Financial derivatives					
Financial derivatives at fair value through profit or loss		767.4	767.4	641.0	641.0
Financial liabilities at amortised cost					
Subordinated debt	18	1,198.9	1,209.0	1,198.6	1,201.6
Other liabilities	19	2,615.4	2,615.4	2,650.7	2,650.7
Liabilities related to direct insurance and reinsurance		497.9	497.9	427.0	437.8
Liabilities within the group	20	85.4	85.4	56.7	45.8
Total financial liabilities		5,164.9	5,175.0	4,973.9	4,976.9
Gain/(loss) not recognised in profit or loss			991.6		517.6

Valuation hierarchy 2020

The table shows a valuation hierarchy where financial assets/liabilities are divided into three levels based on the method of valuation.

NOK millions	Level 1 Quoted prices in active markets	Level 2 Valuation techniques based on observable market data	Level 3 Valuation techniques based on non-observable market data	Total
Financial assets				
Financial derivatives				
Financial derivatives at fair value through profit or loss		1,294.3		1,294.3
Financial assets at fair value through profit or loss, designated upon initial recognition				
Shares and similar interests	146.2	4,099.0	1,277.3	5,522.4
Bonds and other fixed income securities	11,893.0	16,074.9	277.9	28,245.9
Loans			1.9	1.9
Financial assets at amortised cost				
Bonds and other fixed income securities classified as loans and receivables		16,210.0	(0.0)	16,210.0
Loans			2,371.5	2,371.5
Financial liabilities				
Financial derivatives				
Financial derivatives at fair value through profit or loss		767.4		767.4
Financial liabilities at amortised cost				
Subordinated debt		1,209.0		1,209.0

CONTENT

3

About this report

4

The year that passed

6

Key figures and alternative performance measures

11

Chair letter

14

CEO letter

Chapter 1 – This is us

Chapter 2 – Creating added value in Gjensidige

Chapter 3 – Value created in 2020

Chapter 4 – Financial statements and notes

Gjensidige Forsikring Group

Gjensidige Forsikring ASA

242

Income statement

243

Statement of financial position

245

Statement of changes in equity

246

Statement of cash flows

247

Note 1

Accounting policies

253

Note 2

Use of estimates

254

Note 3

Risk and capital management

254

Note 4

Premiums and claims etc. in general insurance

255

Note 5

Shares in subsidiaries and joint ventures

257

Note 6

Net income from investments

258

Note 7

Expenses

259

Note 8

Salaries and remuneration

262

Note 9

Tax

263

Note 10

Pension

267

Note 11

Goodwill and intangible assets

269

Note 12

Owner-occupied and right-of-use property, plant and equipment

271

Note 13

Financial assets and liabilities

274

Note 14

Shares and similar interests

275

Note 15

Loans and receivables

276

Note 16

Insurance-related liabilities and reinsurers' share

277

Note 17

Equity

278

Note 18

Hybrid capital

278

Note 19

Provisions and other liabilities

279

Note 20

Related party transactions

280

Note 21

Contingent liabilities

280

Note 22

Share-based payment

281

Note 23

Events after the balance sheet date

282

Declaration from the Board and CEO

283

Auditor's report

288

Assurance integrated report

Appendix

290

GRI Content Index and Board of Directors Report

296

Selected governing documents

297

Description of ratings and whom we support

298

Statement on equality

304

Certificates and guarantees

310

Climate accounts own operations

Gjensidige Forsikring ASA

Valuation hierarchy 2019

The table shows a valuation hierarchy where financial assets/liabilities are divided into three levels based on the method of valuation.

	Level 1	Level 2	Level 3	
	Quoted prices in active markets	Valuation techniques based on observable market data	Valuation techniques based on non-observable market data	Total
NOK millions				
Financial assets				
Financial derivatives				
Financial derivatives at fair value through profit or loss		934.1		934.1
Financial assets at fair value through profit or loss, designated upon initial recognition				
Shares and similar interests	69.2	5,170.0	1,306.1	6,545.3
Bonds and other fixed income securities	10,051.3	17,686.4	708.6	28,446.3
Loans			2.2	2.2
Financial assets at amortised cost				
Bonds and other fixed income securities classified as loans and receivables		15,226.1	0.0	15,226.1
Loans			2,410.8	2,410.8
Financial liabilities				
Financial derivatives				
Financial derivatives at fair value through profit or loss		641.0		641.0
Financial liabilities at amortised cost				
Subordinated debt		1,201.6		1,201.6

Reconciliation of financial assets valued based on non-observable market data (level 3) 2020

	As at 1.1.2020	Net realised/unrealised gains recognised in profit or loss	Purchases	Sales	Settlements	Transfers into/out of level 3	Currency effect	As at 31.12.2020	Amount of net realised/unrealised gains recognised in profit or loss that are attributable to instruments held as at 31.12.2020
NOK millions									
Shares and similar interests	1,306.1	(126.9)	164.1	(66.4)			0.4	1,277.3	(126.9)
Bonds and other fixed income securities	708.6	(19.1)		(469.2)			57.7	277.9	
Loans	2.2	1.6		(1.9)				1.9	1.8
Total	2,016.9	(144.4)	164.1	(537.6)			58.1	1,557.1	(125.1)

Reconciliation of financial assets valued based on non-observable market data (level 3) 2019

	As at 1.1.2019	Net realised/unrealised gains recognised in profit or loss	Purchases	Sales	Settlements	Transfers into/out of level 3	Currency effect	As at 31.12.2019	Amount of net realised/unrealised gains recognised in profit or loss that are attributable to instruments held as at 31.12.2019
NOK millions									
Shares and similar interests	1,352.5	(41.9)	184.8	(189.4)				1,306.1	(42.8)
Bonds and other fixed income securities	778.7	89.2		(155.4)			(3.9)	708.6	
Loans				(1.7)		3.8		2.2	
Total	2,131.2	47.3	184.8	(346.5)		3.8	(3.8)	2,016.9	(42.8)

CONTENT

3

About this report

4

The year that passed

6

Key figures and alternative performance measures

11

Chair letter

14

CEO letter

Chapter 1 – This is us

Chapter 2 – Creating added value in Gjensidige

Chapter 3 – Value created in 2020

Chapter 4 – Financial statements and notes

Gjensidige Forsikring Group

Gjensidige Forsikring ASA

242

Income statement

243

Statement of financial position

245

Statement of changes in equity

246

Statement of cash flows

247

Note 1

Accounting policies

253

Note 2

Use of estimates

254

Note 3

Risk and capital management

254

Note 4

Premiums and claims etc. in general insurance

255

Note 5

Shares in subsidiaries and joint ventures

257

Note 6

Net income from investments

258

Note 7

Expenses

259

Note 8

Salaries and remuneration

262

Note 9

Tax

263

Note 10

Pension

267

Note 11

Goodwill and intangible assets

269

Note 12

Owner-occupied and right-of-use property, plant and equipment

271

Note 13

Financial assets and liabilities

274

Note 14

Shares and similar interests

275

Note 15

Loans and receivables

276

Note 16

Insurance-related liabilities and reinsurers' share

277

Note 17

Equity

278

Note 18

Hybrid capital

278

Note 19

Provisions and other liabilities

279

Note 20

Related party transactions

280

Note 21

Contingent liabilities

280

Note 22

Share-based payment

281

Note 23

Events after the balance sheet date

282

Declaration from the Board and CEO

283

Auditor's report

288

Assurance integrated report

Appendix

290

GRI Content Index and Board of Directors Report

296

Selected governing documents

297

Description of ratings and whom we support

298

Statement on equality

304

Certificates and guarantees

310

Climate accounts own operations

Gjensidige Forsikring ASA

Reconciliation of liabilities arising from financing activities 2020

NOK millions	As at 1.1.2020	Cash flows	Non-cash flows			As at 31.12.2020
			Aqui- sitions	Ex- change diffe- rences	Other changes	
Perpetual Tier 1 capital ¹	1,002.3					1,002.2
Subordinated debt	1,198.6				0.3	1,198.9

¹ Including accrued interest, NOK 2.6 million.

Reconciliation of liabilities arising from financing activities 2019

NOK millions	As at 1.1.2019	Cash flows	Aqui- sitions	Non-cash flows		As at 31.12.2019
				Ex- change diffe- rences	Other changes	
Perpetual Tier 1 capital ¹	1,000.5				1.8	1,002.3
Subordinated debt	1,198.3				0.3	1,198.6

¹ Including accrued interest, NOK 3.3 million.

14. Shares and similar interests

NOK millions	Organisation number	Type of fund	31.12.2020
Gjensidige Forsikring ASA			
Norwegian financial shares and primary capital certificates			
Sparebanken Vest	832 554 332		5.6
SpareBank 1 BV	944 521 836		5.2
SpareBank 1 Østlandet	920 426 530		4.6
SpareBank 1 SR-Bank	937 895 321		4.6
SpareBank 1 Ringerike Hadeland	937 889 275		2.9
SpareBank 1 SMN	937 901 003		2.4
Sogn Sparebank	837 897 912		0.5
Total Norwegian financial shares and primary capital certificates			25.7
Other shares			
SOS International A/S			126.5
Cloudberry Clean Energy AS	919 967 072		40.4
Sampo Oyj			34.0
Mimiro Holding AS	821 186 382		25.0
Entra ASA	999 296 432		23.5
Helgeland Invest AS	939 150 234		16.7
Sector Asset Management AS	887 139 342		14.3
Telenor ASA	982 463 718		12.2
Equinor ASA	923 609 016		9.3
Scalepoint Technologies Limited			7.6
Paydrive AB			6.8
Tryg A/S			5.4
Quantafuel AS	915 119 484		5.2
Yara International ASA	986 228 608		4.3
Aker ASA	886 581 432		4.0
Nordic Credit Rating AS	917 685 991		3.7
Tun Media AS	982 519 985		3.7
Bone Support AB			3.6
Norwegian Energy Company ASA	987 989 297		3.5
Svenska Handelsbanken AB			3.4
Other shares			25.5
Total other shares			378.7

CONTENT

3 About this report

4 The year that passed

6 Key figures and alternative performance measures

11 Chair letter

14 CEO letter

Chapter 1 – This is us

Chapter 2 – Creating added value in Gjensidige

Chapter 3 – Value created in 2020

Chapter 4 – Financial statements and notes

Gjensidige Forsikring Group

Gjensidige Forsikring ASA

242 Income statement

243 Statement of financial position

245 Statement of changes in equity

246 Statement of cash flows

247 Note 1 Accounting policies

253 Note 2 Use of estimates

254 Note 3 Risk and capital management

254 Note 4 Premiums and claims etc. in general insurance

255 Note 5 Shares in subsidiaries and joint ventures

257 Note 6 Net income from investments

258 Note 7 Expenses

259 Note 8 Salaries and remuneration

262 Note 9 Tax

263 Note 10 Pension

267 Note 11 Goodwill and intangible assets

269 Note 12 Owner-occupied and right-of-use property, plant and equipment

271 Note 13 Financial assets and liabilities

274 Note 14 Shares and similar interests

275 Note 15 Loans and receivables

276 Note 16 Insurance-related liabilities and reinsurers' share

277 Note 17 Equity

278 Note 18 Hybrid capital

278 Note 19 Provisions and other liabilities

279 Note 20 Related party transactions

280 Note 21 Contingent liabilities

280 Note 22 Share-based payment

281 Note 23 Events after the balance sheet date

282 Declaration from the Board and CEO

283 Auditor's report

288 Assurance integrated report

Appendix

290 GRI Content Index and Board of Directors Report

296 Selected governing documents

297 Description of ratings and whom we support

298 Statement on equality

304 Certificates and guarantees

310 Climate accounts own operations

Gjensidige Forsikring ASA

NOK millions	Organisation number	Type of fund	31.12.2020
Funds ¹			
Shenkman Global Convertible Bond Fund		Convertible bond fund	1,680.8
Wells Fargo Lux Worldwide EM Equity Fund		Equity fund	608.0
RBC Funds Lux - Global Equity Focus Fund		Equity fund	571.4
Nordea Stabile Aksjer Global	989 851 020	Equity fund	234.2
JSS Sustainable Equity - Global Thematic		Equity fund	213.7
AB SICAV I - Global Core Equity Portfolio		Equity fund	212.8
Incentive Active Value Fund Cl. A EUR Unrestricted		Hedge fund	169.2
Storebrand Norge I	981 672 747	Equity fund	113.6
Danske Invest Norske Aksjer Institusjon I	981 582 020	Equity fund	111.3
American Century Concentrated Global Growth Equity Fund		Equity fund	103.6
HitecVision VI LP		Private equity fund	90.1
Norvestor VII LP		Private equity fund	87.5
Invesco Credit Partners LPA		Hedge fund	65.9
HitecVision Private Equity V LP		Private equity fund	64.7
Viking Venture III		Private equity fund	62.5
HitecVision VII		Private equity fund	54.9
Northzone VIII L.P.		Private equity fund	53.8
Argentum Secondary III		Private equity fund	47.4
HitecVision Private Equity IV LP		Private equity fund	44.3
NPEP Erhvervsinvest IV IS		Private equity fund	36.1
Procuritas Capital Investor V		Private equity fund	35.8
Other funds			449.3
Total funds			5,110.9

¹ Norwegian Private Equity funds organised as internal partnerships do not have organisation number.

Shares and similar interests owned by branches

Shares and similar interests owned by Gjensidige Forsikring ASA, Danish branch	7.1
Total shares and similar interests owned by branches	7.1

Total shares and similar interests owned by Gjensidige Forsikring ASA	5,522.4

15. Loans and receivables

NOK millions	2020	2019
Loans and receivables		
Bonds classified as loans and receivables	15,208.3	14,705.4
Other loans	5.8	9.4
Total loans and receivables	15,214.1	14,714.8

Other receivables		
Receivables in relation with asset management	196.1	776.9
Other receivables	57.4	87.5
Total other receivables	253.5	864.4

Bonds are securities classified as loans and receivables in accordance with IAS 39.

Receivables in relation with asset management is short-term receivables regarding financial investments.

Beyond the liabilities that arise from insurance contracts, Gjensidige Forsikring has not issued guarantees for which provisions have been made.

CONTENT

3

About this report

4

The year that passed

6

Key figures and alternative performance measures

11

Chair letter

14

CEO letter

Chapter 1 – This is us

Chapter 2 – Creating added value in Gjensidige

Chapter 3 – Value created in 2020

Chapter 4 – Financial statements and notes

Gjensidige Forsikring Group

Gjensidige Forsikring ASA

242

Income statement

243

Statement of financial position

245

Statement of changes in equity

246

Statement of cash flows

247

Note 1

Accounting policies

253

Note 2

Use of estimates

254

Note 3

Risk and capital management

254

Note 4

Premiums and claims etc. in general insurance

255

Note 5

Shares in subsidiaries and joint ventures

257

Note 6

Net income from investments

258

Note 7

Expenses

259

Note 8

Salaries and remuneration

262

Note 9

Tax

263

Note 10

Pension

267

Note 11

Goodwill and intangible assets

269

Note 12

Owner-occupied and right-of-use property, plant and equipment

271

Note 13

Financial assets and liabilities

274

Note 14

Shares and similar interests

275

Note 15

Loans and receivables

276

Note 16

Insurance-related liabilities and reinsurers' share

277

Note 17

Equity

278

Note 18

Hybrid capital

278

Note 19

Provisions and other liabilities

279

Note 20

Related party transactions

280

Note 21

Contingent liabilities

280

Note 22

Share-based payment

281

Note 23

Events after the balance

sheet date

282

Declaration from the Board and CEO

283

Auditor's report

288

Assurance integrated report

Appendix

290

GRI Content Index and Board of Directors Report

296

Selected governing documents

297

Description of ratings and whom we support

298

Statement on equality

304

Certificates and guarantees

310

Climate accounts own operations

16. Insurance-related liabilities and reinsurers' share

NOK millions						
Movements in insurance-related liabilities and reinsurers' share	Gross	2020 Reinsurers' share	Net of re-insurance ¹	Gross	2019 Reinsurers' share	Net of re-insurance ¹
Claims and claims handling costs						
Claims reported and claims handling costs	13,843.6	(554.5)	13,289.1	13,593.0	(473.6)	13,119.4
Claims incurred, but not reported	13,849.7		13,849.7	15,176.8		15,176.8
Total as at 1 January	27,693.3	(554.5)	27,138.8	28,769.8	(473.6)	28,296.2
Additions through merger						
Claims paid, prior year claims	(7,515.0)		(7,515.0)	(5,550.8)	104.7	(5,446.1)
Increase in liabilities						
Arising from current year claims	18,834.8	(359.6)	18,475.2	18,395.3	(330.9)	18,064.4
- of this paid	(10,703.8)	480.9	(10,222.8)	(12,865.5)	214.3	(12,651.2)
Arising from prior years (run-off)	(1,069.1)	(39.8)	(1,108.9)	(1,245.7)	(81.7)	(1,327.4)
Other changes, including effects from discounting	176.0		176.0	231.4		231.4
Exchange differences	681.1	(43.7)	637.4	(96.6)	12.7	(83.9)
Total as at 31 December	28,097.3	(516.6)	27,580.7	27,693.4	(554.5)	27,138.9
Claims reported and claims handling costs						
Claims incurred, but not reported	12,161.4	(516.6)	11,644.7	13,843.6	(554.5)	13,289.1
Claims incurred, but not reported	15,936.0		15,936.0	13,849.7		13,849.7
Total as at 31 December	28,097.3	(516.6)	27,580.7	27,693.3	(554.5)	27,138.8
Provisions for unearned premiums						
As at 1 January	10,003.0	(42.3)	9,960.7	9,399.6	(39.6)	9,360.1
Addition through merger				172.8		172.8
Increase in the period	27,195.6	(646.7)	26,548.9	24,703.4	(716.3)	23,987.2
Earned in the period	(26,608.4)	650.3	(25,958.1)	(24,236.4)	712.9	(23,523.5)
Exchange differences	202.7	(1.3)	201.4	(36.4)	0.6	(35.8)
Total as at 31 December	10,792.8	(39.9)	10,752.9	10,003.0	(42.3)	9,960.7

¹ For own account.

NOK millions			2020	2019
Discounted claims provision, gross - annuities			6,335.7	5,904.9
Nominal claims provision, gross - annuities			6,419.7	6,203.7

The claims provisions shall cover future claims payments. The claims provisions for insurances with annuity payments are converted to present value (discounted), whereas other provisions are undiscounted.

The reason why the claims provisions for annuities are discounted is due to very long cash flows and substantial future interest income. The claims for workers’ compensation in Denmark are paid either as annuities or as lump-sum indemnities (which are calculated mainly as discounted annuities). Therefore, it is most expedient to regard the whole

portfolio as annuities. For Swedish and Baltic bodily injuries for motor insurance are paid as lifelong annuities. The discount rate used is the swap rate.

Over the next two years, average annual run-off gains are expected to be around NOK 1,000 million, moving the expected reported combined ratio to the lower end of the 86-89 corridor (undiscounted).

CONTENT

3

About this report

4

The year that passed

6

Key figures and alternative performance measures

11

Chair letter

14

CEO letter

Chapter 1 – This is us

Chapter 2 – Creating added value in Gjensidige

Chapter 3 – Value created in 2020

Chapter 4 – Financial statements and notes

Gjensidige Forsikring Group

Gjensidige Forsikring ASA

242

Income statement

243

Statement of financial position

245

Statement of changes in equity

246

Statement of cash flows

247

Note 1

Accounting policies

253

Note 2

Use of estimates

254

Note 3

Risk and capital management

254

Note 4

Premiums and claims etc. in general insurance

255

Note 5

Shares in subsidiaries and joint ventures

257

Note 6

Net income from investments

258

Note 7

Expenses

259

Note 8

Salaries and remuneration

262

Note 9

Tax

263

Note 10

Pension

267

Note 11

Goodwill and intangible assets

269

Note 12

Owner-occupied and right-of-use property, plant and equipment

271

Note 13

Financial assets and liabilities

274

Note 14

Shares and similar interests

275

Note 15

Loans and receivables

276

Note 16

Insurance-related liabilities and reinsurers' share

277

Note 17

Equity

278

Note 18

Hybrid capital

278

Note 19

Provisions and other liabilities

279

Note 20

Related party transactions

280

Note 21

Contingent liabilities

280

Note 22

Share-based payment

281

Note 23

Events after the balance sheet date

282

Declaration from the Board and CEO

283

Auditor's report

288

Assurance integrated report

Appendix

290

GRI Content Index and Board of Directors Report

296

Selected governing documents

297

Description of ratings and whom we support

298

Statement on equality

304

Certificates and guarantees

310

Climate accounts own operations

17. Equity

Share capital

At the end of the year the share capital consisted of 500 million ordinary shares with a nominal value of NOK 2, according to the statutes. All issued shares are fully paid in.

The owners of ordinary shares have dividend and voting rights. There are no rights attached to the holding of own shares.

In thousand shares	2020	2019
Issued 1 January	500,000	500,000
Issued 31 December	500,000	500,000

Own shares

In the column for own shares in the statement of changes in equity the nominal value of the company's holdings of own shares is presented. Amounts paid in that exceeds the nominal value is charged to other equity so that the cost of own shares reduces the Group's equity. Gains or losses on transactions with own shares are not recognised in the income statement.

At the end of the year the number of own shares was 11,800 (18,529).

A total of 257,046 (238,679) own shares at an average share price of NOK 192.92 (162.16) have been acquired to be used in Gjensidige's share-based payment arrangements. Of these 199,495 (186,524) shares have been sold to employees, at the same price, but with a discount in the form of a contribution, see note 22. In addition, 19,495 (28,343) shares have been allocated to executive personnel within the share-based remuneration scheme and 44,940 (36,654) bonus shares have been allocated to employees in the share savings programme. The number of own shares is reduced by 6,729 (reduced by 12,842) through the year.

Share premium

Payments in excess of the nominal value per share are allocated to share premium.

Other paid-in capital

Other paid in equity consists of wage costs that are recognised in profit and loss as a result of the share purchase program for employees.

Perpetual Tier 1 capital

Perpetual Tier 1 capital consists of a perpetual hybrid instrument in Forsikring ASA, classified as equity.

Exchange differences

Exchange differences consist of exchange differences that occur when converting foreign subsidiaries and branches, and when converting liabilities that hedge the company's net investment in foreign subsidiaries and branches.

Remeasurement of the net defined benefit liability/asset

Remeasurement of the net defined benefit liability/asset consists of the return of plan assets beyond interest income and gains/losses occurring by changing the actuarial assumptions used when calculating pension liability.

Other earned equity

Other earned equity consists of this year's and previous year's retained earnings that are not disposed to other purposes and includes provisions for compulsory funds (natural perils fund, guarantee scheme).

Natural perils capital

All insurance companies that take out fire insurance in Norway are obliged under Norwegian law to be a member of the Norwegian Natural Perils Pool. Objects in Norway and Svalbard that are insured against fire damage are also insured against natural damage, if the damage to the thing in question is not covered by other insurance. Natural peril is defined as claim in direct relation to natural hazard, such as landslide, storm, flood, storm surge, earthquake or eruption. It is the individual insurance company that is the insurer, ie issues insurance certificates, settles and has direct contact with the customers. The Natural Perils Pool administers the equalization between the companies. Natural perils capital is capital that can only be used to cover claims for natural damage, but which in an insolvent situation can also be used to cover other obligations.

Guarantee scheme

Norwegian companies and companies from the EEA area with a branch in Norway are members of the Guarantee Scheme for non-life insurance. The purpose of the guarantee scheme is to prevent or reduce losses for individuals and small and medium-sized businesses if their insurance companies are unable to meet their obligations. The provision for guarantee scheme is restricted capital and shall contribute to securing claims arising from an agreement on direct non-life insurance, to the insured and injured third party.

Dividend

Proposed and approved dividend per ordinary share

NOK millions	2020	2019
As at 31 December		
NOK 7.40 kroner (7.25) based on profit for the year ¹	3.700,0	3,625.0
NOK 2.40 kroner (5.00) based on excess capital distribution ^{1, 2}	1,200.0	2,500.0

¹ Proposed dividend for 2020 is at the reporting date recognised in Gjensidige Forsikring ASA's financial statement, but not in the Group's financial statement. The dividend does not have any tax consequences.
² Based on the financial position as at 31 December 2019.

Shareholders

Shareholders owning more than 1 per cent

Investor	Ownership in %
Gjensidigestiftelsen	62.24%
Folketrygdfondet	4.14%
Deutsche Bank	3.58%
BlackRock Inc	3.04%
Nordea	1.36%
State Street Corporation	1.11%
Svenska Handelsbanken Group	1.08%
The Vanguard Group, Inc	1.00%

The shareholder list is based on the VPS shareholder registry as of 31 December 2020.

CONTENT	
3	About this report
4	The year that passed
6	Key figures and alternative performance measures
11	Chair letter
14	CEO letter
Chapter 1 – This is us	
Chapter 2 – Creating added value in Gjensidige	
Chapter 3 – Value created in 2020	
Chapter 4 – Financial statements and notes	
Gjensidige Forsikring Group	
Gjensidige Forsikring ASA	
242	Income statement
243	Statement of financial position
245	Statement of changes in equity
246	Statement of cash flows
247	Note 1 Accounting policies
253	Note 2 Use of estimates
254	Note 3 Risk and capital management
254	Note 4 Premiums and claims etc. in general insurance
255	Note 5 Shares in subsidiaries and joint ventures
257	Note 6 Net income from investments
258	Note 7 Expenses
259	Note 8 Salaries and remuneration
262	Note 9 Tax
263	Note 10 Pension
267	Note 11 Goodwill and intangible assets
269	Note 12 Owner-occupied and right-of-use property, plant and equipment
271	Note 13 Financial assets and liabilities
274	Note 14 Shares and similar interests
275	Note 15 Loans and receivables
276	Note 16 Insurance-related liabilities and reinsurers' share
277	Note 17 Equity
278	Note 18 Hybrid capital
278	Note 19 Provisions and other liabilities
279	Note 20 Related party transactions
280	Note 21 Contingent liabilities
280	Note 22 Share-based payment
281	Note 23 Events after the balance sheet date
282	Declaration from the Board and CEO
283	Auditor's report
288	Assurance integrated report
Appendix	
290	GRI Content Index and Board of Directors Report
296	Selected governing documents
297	Description of ratings and whom we support
298	Statement on equality
304	Certificates and guarantees
310	Climate accounts own operations

18. Hybrid capital

	Subordinated debt	Perpetual Tier 1 capital
	FRN Gjensidige Forsikring ASA 2014/2044 SUB	FRN Gjensidige Forsikring ASA 2016/PERP C HYBRID
ISIN	NO0010720378	NO0010771546
Issuer	Gjensidige Forsikring ASA	Gjensidige Forsikring ASA
Principal, NOK millions	1,200	1,000
Currency	NOK	NOK
Issue date	2.10.2014	8.9.2016
Maturity date	3.10.2044	Perpetual
First call date	2.10.2024	8.9.2021
Interest rate	NIBOR 3M + 1.50%	NIBOR 3M + 3.60%
General terms		
Regulatory regulation	Solvency II	Solvency II
Regulatory call	Yes	Yes
Conversion right	No	No

19. Provisions and other liabilities

NOK millions	2020	2019
Other provisions and liabilities		
Restructuring costs ¹	65.5	71.6
Other provisions ²	223.4	222.9
Total other provisions and liabilities	288.9	294.5
Restructuring costs ¹		
Provision as at 1 January	71.6	125.6
New provisions	18.4	11.3
Provisions used during the year	(25.5)	(65.2)
Exchange rate difference	1.0	(0.1)
Provision as at 31 December	65.5	71.6
¹ In 2020 NOK 18,4 million is allocated to restructuring provision, due to a decision of changes in processes in Denmark and Sweden. The processes have been communicated to all entities affected by the changes.		
² Other provisions are various bonus schemes.		
Other liabilities		
Outstanding accounts Fire Mutuals	48.2	32.6
Accounts payable	116.7	211.5
Liabilities to public authorities	284.5	266.3
Motor insurance tax to Norwegian Motor Insurers' Bureau (TFF)	1,651.9	1,616.5
Other liabilities	514.1	523.9
Total other liabilities	2,615.4	2,650.7
Other accrued expenses and deferred income		
Liabilities to public authorities	59.8	30.9
Accrued personnel costs	287.7	303.1
Other accrued expenses and deferred income	18.4	20.2
Total other accrued expenses and deferred income	365.9	354.2

CONTENT

3

About this report

4

The year that passed

6

Key figures and alternative performance measures

11

Chair letter

14

CEO letter

Chapter 1 – This is us

Chapter 2 – Creating added value in Gjensidige

Chapter 3 – Value created in 2020

Chapter 4 – Financial statements and notes

Gjensidige Forsikring Group

Gjensidige Forsikring ASA

242

Income statement

243

Statement of financial position

245

Statement of changes in equity

246

Statement of cash flows

247

Note 1

Accounting policies

253

Note 2

Use of estimates

254

Note 3

Risk and capital management

254

Note 4

Premiums and claims etc. in general insurance

255

Note 5

Shares in subsidiaries and joint ventures

257

Note 6

Net income from investments

258

Note 7

Expenses

259

Note 8

Salaries and remuneration

262

Note 9

Tax

263

Note 10

Pension

267

Note 11

Goodwill and intangible assets

269

Note 12

Owner-occupied and right-of-use property, plant and equipment

271

Note 13

Financial assets and liabilities

274

Note 14

Shares and similar interests

275

Note 15

Loans and receivables

276

Note 16

Insurance-related liabilities and reinsurers' share

277

Note 17

Equity

278

Note 18

Hybrid capital

278

Note 19

Provisions and other liabilities

279

Note 20

Related party transactions

280

Note 21

Contingent liabilities

280

Note 22

Share-based payment

281

Note 23

Events after the balance sheet date

282

Declaration from the Board and CEO

283

Auditor's report

288

Assurance integrated report

Appendix

290

GRI Content Index and Board of Directors Report

296

Selected governing documents

297

Description of ratings and whom we support

298

Statement on equality

304

Certificates and guarantees

310

Climate accounts own operations

20. Related party transactions

Overview

Gjensidige Forsikring ASA is the Group's parent company. As at 31 December 2020 the following companies are regarded related parties. See note 5 in Gjensidige Forsikring ASA for specification of subsidiaries and joint ventures.

	Registered office	Interest held
Ultimate parent company		
Gjensigestiftelsen holds 62.24 per cent of the shares in Gjensidige Forsikring ASA	Oslo, Norway	
Other related parties / cooperating companies ¹		
Fire Mutuals	All over the country, Norway	
Gjensidige Pensjonskasse	Oslo, Norway	94.7 %

¹ Cooperating companies are defined as companies with which Gjensidige Forsikring has entered into a long-term strategic alliance.

Transactions

Income statement

The table below shows transactions the parent company has with related parties recognised in the income statement.

NOK millions	2020		2019	
	Income	Expense	Income	Expense
Earned premiums written and gross claims	32.8	45.7	28.1	50.0
Administration expenses ²	175.0	927.6	325.1	392.5
Interest income and expenses	44.5		60.4	
Gain and losses on sale and impairment losses on subsidiaries and liquidation of subsidiaries	5.6		3,093.3	153.2
Total	257.9	973.3	3,507.0	595.8

² The increase in administration expenses in 2020 is mainly due to ICT deliveries from the newly established subsidiary Gjensidige Business Services AB.

NOK millions	2020		2019	
	Received	Given	Received	Given
Group contributions				
Gjensidige Tech AS (former Gjensidige Bolighandel AS)				24.2
Dividends				
Gjensidigestiftelsen (proposed and declared)		3,049.8		3,812.2
NAF Forsikringsformidling AS			0.2	
Total group contributions and dividends		3,049.8	0.2	3,836.4

Balances

The table below shows a summary of receivables/liabilities the parent company has from/to related parties.

NOK millions	2020		2019	
	Receivables	Liabilities	Receivables	Liabilities
Non-interest-bearing receivables and liabilities	26.1	85.4	7.1	56.7
Interest-bearing receivables and liabilities	2,365.6		2,401.4	
Reinsurance deposits, premiums and claims provision		105.8		86.7
Total balances within the Group	2,391.7	191.2	2,408.5	143.4
Fire Mutuals and Gjensidige Pensjonskasse ³	111.0	48.2	111.0	32.6
Total balances	2,502.7	239.4	2,519.5	176.0

³ Gjensidige Forsikring ASA is a sponsor of Gjensidige Pensjonskasse and has contributed with funds equivalent to NOK 111.0 million.

Guarantees

Gjensidige Forsikring ASA is responsible externally for any insurance claim arising from the cooperating mutual fire insurers' fire insurance business, see note 21.

Transactions with related parties that are defined as core business (reinsurance, distribution, claims handling) are priced based on market prices. Group functions of a purely

administrative nature (such as IT, purchasing, accounting) are priced based on the cost-plus method.

CONTENT

3

About this report

4

The year that passed

6

Key figures and alternative performance measures

11

Chair letter

14

CEO letter

Chapter 1 – This is us

Chapter 2 – Creating added value in Gjensidige

Chapter 3 – Value created in 2020

Chapter 4 – Financial statements and notes

Gjensidige Forsikring Group

Gjensidige Forsikring ASA

242

Income statement

243

Statement of financial position

245

Statement of changes in equity

246

Statement of cash flows

247

Note 1

Accounting policies

253

Note 2

Use of estimates

254

Note 3

Risk and capital management

254

Note 4

Premiums and claims etc. in general insurance

255

Note 5

Shares in subsidiaries and joint ventures

257

Note 6

Net income from investments

258

Note 7

Expenses

259

Note 8

Salaries and remuneration

262

Note 9

Tax

263

Note 10

Pension

267

Note 11

Goodwill and intangible assets

269

Note 12

Owner-occupied and right-of-use property, plant and equipment

271

Note 13

Financial assets and liabilities

274

Note 14

Shares and similar interests

275

Note 15

Loans and receivables

276

Note 16

Insurance-related liabilities and reinsurers' share

277

Note 17

Equity

278

Note 18

Hybrid capital

278

Note 19

Provisions and other liabilities

279

Note 20

Related party transactions

280

Note 21

Contingent liabilities

280

Note 22

Share-based payment

281

Note 23

Events after the balance sheet date

282

Declaration from the Board and CEO

283

Auditor's report

288

Assurance integrated report

Appendix

290

GRI Content Index and Board of Directors Report

296

Selected governing documents

297

Description of ratings and whom we support

298

Statement on equality

304

Certificates and guarantees

310

Climate accounts own operations

21. Contingent liabilities

NOK millions	2020	2019
Guarantees and committed capital		
Committed capital, not paid	582.8	590.5
Credit facility Oslo Areal	1,634.4	1,598.6

As part of its ongoing financial management, Gjensidige has undertaken to invest up to NOK 582.8 million (590.5) in loan funds containing senior secured debt and various private equity and real estate investments, over and above amounts recognised in the balance sheet.

The timing of the outflow of capital is dependent on when the funds are making capital calls from their investors. Average remaining operating time for the funds, based on fair value, is slightly less than three years (four) and slightly less than four years (five) in average including option for extension.

22. Share-based payment

Description of the share-based payment arrangements

As at 31 December 2020, Gjensidige has the following share-based payment arrangements:

Share-based remuneration for executive personnel with settlement in equity and cash (remuneration scheme)
Gjensidige has established equity-settled share-based payment for the group management and more explicitly defined executive personnel.

As described in the Board's statement on the stipulation of pay and other remuneration in note 8, half of the variable remuneration is paid in the form of shares in Gjensidige Forsikring ASA, one third of which will be available in each of the following three years. The part that is to cover the tax liability is withheld and settled in the form of cash (net settlement) and the remaining is distributed in the form of shares.

The fair value at the grant date is measured based on the market price. The amount is recognised as payroll expenses at grant date with a corresponding increase in other paid-in equity, both for the part that is settled in shares and for the part that is settled in cash to cover the tax obligations. No specific company-related or market-related entitlement criteria apply to the shares, but the Company may carry out a reassessment if subsequent results and development suggest that the bonus was based on incorrect assumptions. The expected allocation is set to 100 per cent. No adjustment is made to the value of the cash-settled share based on the share price at the reporting date. The number of shares is adjusted for dividend paid.

The following assumptions were used in the calculation of fair value at the time of calculation

	Remuneration scheme		Share savings programme	
	2020	2019	2020	2019
Weighted average share price (NOK)	189.00	143.00	163.02	163.02
Expected turnover	N/A	N/A	10%	10%
Expected sale	N/A	N/A	5%	5%
Lock-in period (years)	3	3	2	2
Expected dividend (NOK per share) ¹	6.45	10.92	6.45	10.92

¹ The expected return is based on the Group's actual profit/loss after tax expense as of the third quarter, grossed up to a full year, plus the maximum distribution of dividend corresponding to 80 per cent (80) of the profit after tax expense. This was carried out as a technical calculation because the Company's forecast for the fourth quarter result was not available at the time the calculations were carried out.

CONTENT

3

About this report

4

The year that passed

6

Key figures and alternative performance measures

11

Chair letter

14

CEO letter

Chapter 1 – This is us

Chapter 2 – Creating added value in Gjensidige

Chapter 3 – Value created in 2020

Chapter 4 – Financial statements and notes

Gjensidige Forsikring Group

Gjensidige Forsikring ASA

242

Income statement

243

Statement of financial position

245

Statement of changes in equity

246

Statement of cash flows

247

Note 1

Accounting policies

253

Note 2

Use of estimates

254

Note 3

Risk and capital management

254

Note 4

Premiums and claims etc. in general insurance

255

Note 5

Shares in subsidiaries and joint ventures

257

Note 6

Net income from investments

258

Note 7

Expenses

259

Note 8

Salaries and remuneration

262

Note 9

Tax

263

Note 10

Pension

267

Note 11

Goodwill and intangible assets

269

Note 12

Owner-occupied and right-of-use property, plant and equipment

271

Note 13

Financial assets and liabilities

274

Note 14

Shares and similar interests

275

Note 15

Loans and receivables

276

Note 16

Insurance-related liabilities and reinsurers' share

277

Note 17

Equity

278

Note 18

Hybrid capital

278

Note 19

Provisions and other liabilities

279

Note 20

Related party transactions

280

Note 21

Contingent liabilities

280

Note 22

Share-based payment

281

Note 23

Events after the balance sheet date

282

Declaration from the Board and CEO

283

Auditor's report

288

Assurance integrated report

Appendix

290

GRI Content Index and Board of Directors Report

296

Selected governing documents

297

Description of ratings and whom we support

298

Statement on equality

304

Certificates and guarantees

310

Climate accounts own operations

Gjensidige Forsikring ASA

Payroll expenses

NOK millions	2020	2019
Share-based remuneration for key personnel	7.0	3.7
Share savings programme for employees	8.9	7.9
Total expenses (note 7)	16.0	11.6

Share savings programme

	2020	2019
The number of bonus shares		
Outstanding 1 January	90,484	88,765
Granted during the period	46,253	44,326
Forfeited during the period	(2,549)	(3,692)
Released during the period	(42,514)	(34,533)
Cancelled during the period	(4,569)	(3,854)
Movement to/(from) during the period	(177)	(528)
Outstanding 31 December	86,928	90,484
Exercisable 31 December	0	0
Average remaining life of outstanding bonus shares		
	0.96	1.02
Weighted average fair value of bonus shares granted	175.94	135.53
Weighted average share price of bonus shares released during the period	192.65	163.02

Weighted average exercise price will always be 0, since the scheme comprises bonus shares and not options.

Remuneration scheme

	Number of shares 2020	Number of cash-settled shares 2020	Number of shares 2019	Number of cash-settled shares 2019
The number of shares				
Outstanding 1 January	30,190	27,405	31,885	28,868
Granted during the period	16,249	15,065	14,084	12,869
Exercised during the period	(15,512)	(14,036)	(17,097)	(15,565)
Modification dividend during the period	2,040	1,874	1,318	1,233
Outstanding 31 December	32,967	30,308	30,190	27,405
Exercisable 31 December	0	0	0	0
Average remaining life of outstanding shares				
	0.80	0.80	0.73	0.73

	2020	2019
Weighted average fair value of shares granted ²	189.00	143.00
Weighted average share price of shares released during the period	201.02	143.00
Fair value of shares granted that are to be settled in cash	191.40	184.25

² The fair value is calculated based on the market value of the share at the time of allocation.

Weighted average exercise price will always be 0, since the scheme comprises shares and not options.

23. Events after the balance sheet date

At a board meeting on 21 January 2021, it was decided to distribute a dividend of NOK 2.40 per share, a total of NOK 1.2 billion, based on the board's authorisation. The dividend is related to the 2019 accounts and constitutes payment of surplus capital. The payment was made on 4 February 2021.

No significant events have occurred after the balance sheet date.

CONTENT

3

About this report

4

The year that passed

6

Key figures and alternative performance measures

11

Chair letter

14

CEO letter

Chapter 1 – This is us

Chapter 2 – Creating added value in Gjensidige

Chapter 3 – Value created in 2020

Chapter 4 – Financial statements and notes

Gjensidige Forsikring Group

Gjensidige Forsikring ASA

242

Income statement

243

Statement of financial position

245

Statement of changes in equity

246

Statement of cash flows

247

Note 1

Accounting policies

253

Note 2

Use of estimates

254

Note 3

Risk and capital management

254

Note 4

Premiums and claims etc. in general insurance

255

Note 5

Shares in subsidiaries and joint ventures

257

Note 6

Net income from investments

258

Note 7

Expenses

259

Note 8

Salaries and remuneration

262

Note 9

Tax

263

Note 10

Pension

267

Note 11

Goodwill and intangible assets

269

Note 12

Owner-occupied and right-of-use property, plant and equipment

271

Note 13

Financial assets and liabilities

274

Note 14

Shares and similar interests

275

Note 15

Loans and receivables

276

Note 16

Insurance-related liabilities and reinsurers' share

277

Note 17

Equity

278

Note 18

Hybrid capital

278

Note 19

Provisions and other liabilities

279

Note 20

Related party transactions

280

Note 21

Contingent liabilities

280

Note 22

Share-based payment

281

Note 23

Events after the balance sheet date

282

Declaration from the Board and CEO

283

Auditor's report

288

Assurance integrated report

Appendix

290

GRI Content Index and Board of Directors Report

296

Selected governing documents

297

Description of ratings and whom we support

298

Statement on equality

304

Certificates and guarantees

310

Climate accounts own operations

Statement from the Board and the CEO

The Board of Directors and the CEO have today considered and approved the integrated annual report for Gjensidige Forsikring ASA, the Group and parent company, for the 2020 calendar year and as of 31 December 2020. The integrated annual report includes the annual accounts, the Directors' report and statements on corporate governance and corporate social responsibility.

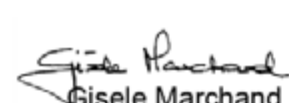
The consolidated accounts have been prepared in accordance with the EU-approved IFRS standards and pertaining interpretation statements applicable as of 31 December 2020, disclosure requirements that follow from the Norwegian Accounting Act as of 31 December 2020, and more detailed disclosure requirements that follow from the Regulations relating to annual accounts for general insurance companies (Regulations No 1775 of 18 December 2015) issued pursuant to the accounting Act.

We hereby declare that, to the best of our knowledge:

- the 2020 annual accounts for the Group and the parent company have been prepared in accordance with applicable accounting standards;
- the information in the accounts gives a true and fair picture of the Group and the parent company's assets, liabilities, financial position and overall performance as of 31 December 2020;
- the integrated annual report, prepared in accordance with the International Integrated Reporting Framework (IR), meets the requirements for the content of the Directors' report, the statement on corporate governance, and the Global Reporting Initiative's (GRI) standards for corporate social responsibility and sustainability reporting;
- the integrated annual report for the Group and the parent company, including the Directors' report, gives a true and fair picture of
 - the Group and the parent company's development, performance and position,
 - key risk and uncertainty factors facing the Group and the parent company.

11. February 2021

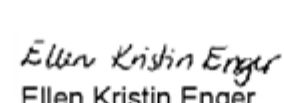
The Board of Gjensidige Forsikring ASA



Gisele Marchand
Chair



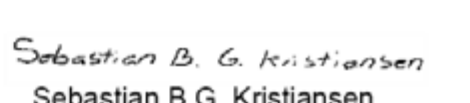
Eivind Elnan
Board member



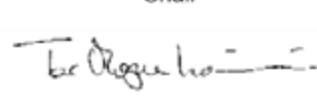
Ellen Kristin Enger
Board member



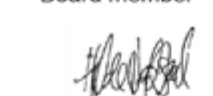
Vibeke Krag
Board member



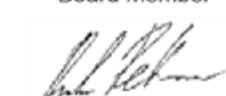
Sebastian B.G. Kristiansen
Board member



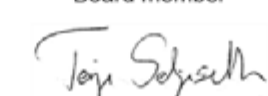
Tor Magne Lønnum
Board member



Hilde M. Nafstad
Board member



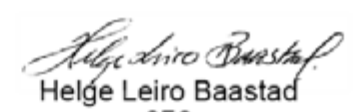
Ruben Pettersen
Board member



Terje Seljeseth
Board member



Gunnar Robert Sellæg
Board member



Helge Leiro Baastad
CEO

CONTENT

3

About this report

4

The year that passed

6

Key figures and alternative performance measures

11

Chair letter

14

CEO letter

Chapter 1 – This is us

Chapter 2 – Creating added value in Gjensidige

Chapter 3 – Value created in 2020

Chapter 4 – Financial statements and notes

Gjensidige Forsikring Group

182

Consolidated income statement

183

Consolidated statement of comprehensive income

184

Consolidated statement of financial position

185

Consolidated statement of changes in equity

186

Consolidated statement of cash flows

187

Note 1 Accounting policies

195

Note 2 Use of estimates

196

Note 3 Risk and capital management

211

Note 4 Segment information

212

Note 5 Investments in associates and joint ventures

213

Note 6 Net income from investments

214

Note 7 Expenses

215

Note 8 Salaries and remuneration

218

Note 9 Tax

219

Note 10 Pension

223

Note 11 Goodwill and intangible assets

225

Note 12 Owner-occupied and right-off-use property, plant and equipment

227

Note 13 Financial assets and liabilities

232

Note 14 Shares and similar interests

233

Note 15 Loans and receivables

234

Note 16 Insurance-related liabilities and reinsurers’ share

235

Note 17 Equity

236

Note 18 Hybrid capital

237

Note 19 Provisions and other liabilities

238

Note 20 Related party transactions

239

Note 21 Contingent liabilities

239

Note 22 Share-based payment

241

Note 23 Events after the balance sheet date

241

Note 24 Earnings per share

Gjensidige Forsikring ASA

282

Declaration from the Board and CEO

283

Auditor’s report

288

Assurance integrated report

Appendix

290

GRI Content Index and Board of Directors Report

296

Selected governing documents

297

Description of ratings and whom we support

298

Statement on equality

304

Certificates and guarantees

310

Climate accounts own operations

To the General Meeting i Gjensidige Forsikring ASA

INDEPENDENT AUDITOR’S REPORT

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Gjensidige Forsikring ASA, which comprise:

- The financial statements of the parent company, which comprise the balance sheet as at 31 December 2020, the income statement, statement of changes in equity and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and
- The financial statements of the group, which comprise the statement of financial position as at 31 December 2020, the income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion:

- The financial statements are prepared in accordance with the law and regulations.
- The accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2020, and its financial performance and its cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.
- The accompanying consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2020, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

Basis for Opinion

We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing (ISAs). Our responsibilities under those 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 Company and the Group as required by laws and regulations, 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.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, 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.

CONTENT

3

About this report

4

The year that passed

6

Key figures and alternative performance measures

11

Chair letter

14

CEO letter

Chapter 1 – This is us

Chapter 2 – Creating added value in Gjensidige

Chapter 3 – Value created in 2020

Chapter 4 – Financial statements and notes

Gjensidige Forsikring Group

182

Consolidated income statement

183

Consolidated statement of comprehensive income

184

Consolidated statement of financial position

185

Consolidated statement of changes in equity

186

Consolidated statement of cash flows

187

Note 1 Accounting policies

195

Note 2 Use of estimates

196

Note 3 Risk and capital management

211

Note 4 Segment information

212

Note 5 Investments in associates and joint ventures

213

Note 6 Net income from investments

214

Note 7 Expenses

215

Note 8 Salaries and remuneration

218

Note 9 Tax

219

Note 10 Pension

223

Note 11 Goodwill and intangible assets

225

Note 12 Owner-occupied and right-off-use property, plant and equipment

227

Note 13 Financial assets and liabilities

232

Note 14 Shares and similar interests

233

Note 15 Loans and receivables

234

Note 16 Insurance-related liabilities and reinsurers’ share

235

Note 17 Equity

236

Note 18 Hybrid capital

237

Note 19 Provisions and other liabilities

238

Note 20 Related party transactions

239

Note 21 Contingent liabilities

239

Note 22 Share-based payment

241

Note 23 Events after the balance sheet date

241

Note 24 Earnings per share

Gjensidige Forsikring ASA

282

Declaration from the Board and CEO

283

Auditor’s report

288

Assurance integrated report

Appendix

290

GRI Content Index and Board of Directors Report

296

Selected governing documents

297

Description of ratings and whom we support

298

Statement on equality

304

Certificates and guarantees

310

Climate accounts own operations

Measurement of claims provision

Key audit matter	How the matter was addressed in the audit
Measurement of the Groups claims provisions is based on different methods and models, complex calculations and a number of assumptions and estimates related to future developments that are uncertain.	Gjensidige has established various control activities related to the measurement of claims provisions.
The accounting principles are described in note 1, significant accounting estimates are described in in note 2, insurance risk is described in note 3 and insurance provisions are specified in note 16.	We assessed and tested the design of control activities related to data source, calculation models and determination of assumptions. For a sample of these controls, we tested if they operated effectively in the reporting period.
The calculation models, assumptions and estimates applied are of great significance when measuring the claims provisions. The most important assumptions and estimates relate to:	We challenged and evaluated the choice of models and the use of assumptions and estimates in the measurement of claims provisions.
- Estimate of future claims payments, which, among other, are based on historic payment patterns. - Determination of the margin included in the claims provisions to address the uncertainty related to calculated provisions.	We assessed whether the disclosure information related to claims provisions is adequate.
The calculation models, assumptions and estimates are essential for the measurement of claims provisions and are therefore identified as a key audit matter.	We have involved our own actuaries in the work to assess choice of models and the use of assumptions.

IT systems: Controls relevant for financial reporting and data quality

Key audit matter	How the matter was addressed in the audit
Gjensidige has an extensive IT environment with a variety of different IT systems that support financial reporting. IT systems include both in-house developed and standardized systems with different degrees of adaptations and changes. A significant part of the IT operations and infrastructure is outsourced to service providers. The IT systems are essential to recording and reporting of transactions and to provide data for significant estimates and calculations as well to as obtain relevant additional information. Refer to note 3 for further information on operational risk in Gjensidige.	Gjensidige has established an overall governance model and control activities related to its IT systems. We have obtained an understanding of the overall governance model for IT systems that are relevant for financial reporting.
Good governance and control of IT systems in Gjensidige and service providers are essential for ensuring accurate, complete and reliable financial reporting and is thus identified as a key audit matter.	We have assessed the design of control activities related to IT operations that are relevant for financial reporting, change management and access controls. For a sample of these controls, we tested if they operated effectively in the reporting period.
	We assessed the third party confirmation (ISAE 3402) from several of Gjensidige’s service providers to assess whether the service provider had adequate internal controls in areas that are important for Gjensidige’s financial reporting.
	We used our own IT specialists to understand the overall governance model for IT systems and in the assessment and testing of control activities related to IT.

CONTENT

3

About this report

4

The year that passed

6

Key figures and alternative performance measures

11

Chair letter

14

CEO letter

Chapter 1 – This is us

Chapter 2 – Creating added value in Gjensidige

Chapter 3 – Value created in 2020

Chapter 4 – Financial statements and notes

Gjensidige Forsikring Group

182

Consolidated income statement

183

Consolidated statement of comprehensive income

184

Consolidated statement of financial position

185

Consolidated statement of changes in equity

186

Consolidated statement of cash flows

187

Note 1 Accounting policies

195

Note 2 Use of estimates

196

Note 3 Risk and capital management

211

Note 4 Segment information

212

Note 5 Investments in associates and joint ventures

213

Note 6 Net income from investments

214

Note 7 Expenses

215

Note 8 Salaries and remuneration

218

Note 9 Tax

219

Note 10 Pension

223

Note 11 Goodwill and intangible assets

225

Note 12 Owner-occupied and right-off-use property, plant and equipment

227

Note 13 Financial assets and liabilities

232

Note 14 Shares and similar interests

233

Note 15 Loans and receivables

234

Note 16 Insurance-related liabilities and reinsurers’ share

235

Note 17 Equity

236

Note 18 Hybrid capital

237

Note 19 Provisions and other liabilities

238

Note 20 Related party transactions

239

Note 21 Contingent liabilities

239

Note 22 Share-based payment

241

Note 23 Events after the balance sheet date

241

Note 24 Earnings per share

Gjensidige Forsikring ASA

282

Declaration from the Board and CEO

283

Auditor’s report

288

Assurance integrated report

Appendix

290

GRI Content Index and Board of Directors Report

296

Selected governing documents

297

Description of ratings and whom we support

298

Statement on equality

304

Certificates and guarantees

310

Climate accounts own operations

Other information

Management is responsible for the other information. The other information comprises information in the Integrated annual report, except the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the 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 and the Managing Director for the Financial Statements

The Board of Directors and the Managing Director (Management) are responsible for the preparation in accordance with law and regulations, including a true and fair view of the financial statements of the Company in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and for the preparation and true and fair view of the financial statements of the Group in accordance accordance with International Financial Reporting Standards as adopted by the EU, and for such internal control as management 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, management is responsible for assessing the Company’s and the Group’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern. The financial statements of the Company use the going concern basis of accounting insofar as it is not likely that the enterprise will cease operations. The financial statements of the Group use the going concern basis of accounting unless management 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 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 laws, regulations, and auditing standards and practices generally accepted in Norway, including ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and 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 these financial statements.

As part of an audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error. We design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's or the Group's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

CONTENT

3

About this report

4

The year that passed

6

Key figures and alternative performance measures

11

Chair letter

14

CEO letter

Chapter 1 – This is us

Chapter 2 – Creating added value in Gjensidige

Chapter 3 – Value created in 2020

Chapter 4 – Financial statements and notes

Gjensidige Forsikring Group

182

Consolidated income statement

183

Consolidated statement of comprehensive income

184

Consolidated statement of financial position

185

Consolidated statement of changes in equity

186

Consolidated statement of cash flows

187

Note 1 Accounting policies

195

Note 2 Use of estimates

196

Note 3 Risk and capital management

211

Note 4 Segment information

212

Note 5 Investments in associates and joint ventures

213

Note 6 Net income from investments

214

Note 7 Expenses

215

Note 8 Salaries and remuneration

218

Note 9 Tax

219

Note 10 Pension

223

Note 11 Goodwill and intangible assets

225

Note 12 Owner-occupied and right-off-use property, plant and equipment

227

Note 13 Financial assets and liabilities

232

Note 14 Shares and similar interests

233

Note 15 Loans and receivables

234

Note 16 Insurance-related liabilities and reinsurers’ share

235

Note 17 Equity

236

Note 18 Hybrid capital

237

Note 19 Provisions and other liabilities

238

Note 20 Related party transactions

239

Note 21 Contingent liabilities

239

Note 22 Share-based payment

241

Note 23 Events after the balance sheet date

241

Note 24 Earnings per share

Gjensidige Forsikring ASA

282

Declaration from the Board and CEO

283

Auditor’s report

288

Assurance integrated report

Appendix

290

GRI Content Index and Board of Directors Report

296

Selected governing documents

297

Description of ratings and whom we support

298

Statement on equality

304

Certificates and guarantees

310

Climate accounts own operations

- conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company and the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Company and the Group to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor’s report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Opinion on the Integrated annual report

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Integrated annual report concerning the financial statements, required by the Norwegian Accounting Act section 3-3a, 3-3b and 3-3-c (the Board of Directors’ report, the statements on Corporate Governance and Corporate Social Responsibility) the going concern assumption, and the proposed allocation of the result is consistent with the financial statements and complies with the law and regulations.

Opinion on Registration and Documentation

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements (ISAE) 3000, Assurance Engagements Other than Audits or Reviews of Historical Financial Information, it is our opinion that management has fulfilled its duty to produce a proper and clearly set out registration and documentation of the Company’s accounting information in accordance with the law and bookkeeping standards and practices generally accepted in Norway.

Oslo, 11 February 2021
Deloitte AS

Aase Aa. Lundgaard
State Authorised Public Accountant (Norway)

Note: This translation from Norwegian has been prepared for information purposes only.

CONTENT

- 3 About this report
- 4 The year that passed
- 6 Key figures and alternative performance measures
- 11 Chair letter
- 14 CEO letter

Chapter 1 – This is us

Chapter 2 – Creating added value in Gjensidige

Chapter 3 – Value created in 2020

Chapter 4 – Financial statements and notes

Gjensidige Forsikring Group

182	Consolidated income statement
183	Consolidated statement of comprehensive income
184	Consolidated statement of financial position
185	Consolidated statement of changes in equity
186	Consolidated statement of cash flows
187	Note 1 Accounting policies
195	Note 2 Use of estimates
196	Note 3 Risk and capital management
211	Note 4 Segment information
212	Note 5 Investments in associates and joint ventures
213	Note 6 Net income from investments
214	Note 7 Expenses
215	Note 8 Salaries and remuneration
218	Note 9 Tax
219	Note 10 Pension
223	Note 11 Goodwill and intangible assets
225	Note 12 Owner-occupied and right-off-use property, plant and equipment
227	Note 13 Financial assets and liabilities
232	Note 14 Shares and similar interests
233	Note 15 Loans and receivables
234	Note 16 Insurance-related liabilities and reinsurers’ share
235	Note 17 Equity
236	Note 18 Hybrid capital
237	Note 19 Provisions and other liabilities
238	Note 20 Related party transactions
239	Note 21 Contingent liabilities
239	Note 22 Share-based payment
241	Note 23 Events after the balance sheet date
241	Note 24 Earnings per share

Gjensidige Forsikring ASA

282	Declaration from the Board and CEO
283	Auditor’s report
288	Assurance integrated report

Appendix

290	GRI Content Index and Board of Directors Report
296	Selected governing documents
297	Description of ratings and whom we support
298	Statement on equality
304	Certificates and guarantees
310	Climate accounts own operations

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CONTENT

3

About this report

4

The year that passed

6

Key figures and alternative performance measures

11

Chair letter

14

CEO letter

Chapter 1 – This is us

Chapter 2 – Creating added value in Gjensidige

Chapter 3 – Value created in 2020

Chapter 4 – Financial statements and notes

Gjensidige Forsikring Group

182

Consolidated income statement

183

Consolidated statement of comprehensive income

184

Consolidated statement of financial position

185

Consolidated statement of changes in equity

186

Consolidated statement of cash flows

187

Note 1 Accounting policies

195

Note 2 Use of estimates

196

Note 3 Risk and capital management

211

Note 4 Segment information

212

Note 5 Investments in associates and joint ventures

213

Note 6 Net income from investments

214

Note 7 Expenses

215

Note 8 Salaries and remuneration

218

Note 9 Tax

219

Note 10 Pension

223

Note 11 Goodwill and intangible assets

225

Note 12 Owner-occupied and right-off-use property, plant and equipment

227

Note 13 Financial assets and liabilities

232

Note 14 Shares and similar interests

233

Note 15 Loans and receivables

234

Note 16 Insurance-related liabilities and reinsurers’ share

235

Note 17 Equity

236

Note 18 Hybrid capital

237

Note 19 Provisions and other liabilities

238

Note 20 Related party transactions

239

Note 21 Contingent liabilities

239

Note 22 Share-based payment

241

Note 23 Events after the balance sheet date

241

Note 24 Earnings per share

Gjensidige Forsikring ASA

282

Declaration from the Board and CEO

283

Auditor’s report

288

Assurance integrated report

Appendix

290

GRI Content Index and Board of Directors Report

296

Selected governing documents

297

Description of ratings and whom we support

298

Statement on equality

304

Certificates and guarantees

310

Climate accounts own operations

To the Board of Directors of Gjensidige Forsikring ASA

INDEPENDENT AUDITOR’S ASSURANCE REPORT ON GJENSIDIGE – INTEGRATED ANNUAL REPORT 2020

We have been engaged by the Board of Directors of Gjensidige Forsikring ASA to provide limited assurance in respect of the sustainability information presented in Gjensidige – Integrated annual report 2020. The assurance covers information in Chapter 2 – Creating added value in Gjensidige, subsection Creating value for our stakeholders, and information presented in Chapter 3 – Value created in 2020, up to the section Financial result, hereinafter referred to as “the Report”. Our responsibility is to provide a limited level of assurance on the subject matters concluded on below.

Responsibilities of the Board of Directors

The Board of Directors are responsible for the preparation and presentation of the Report prepared in accordance with GRI Standards, level Core, and other reporting criteria described in the Report. They are also responsible for establishing such internal controls that they determine are necessary to ensure that the information is free from material misstatement, whether due to fraud or error.

Auditor’s responsibilities

Our responsibility is to express a limited assurance conclusion on the information in the Report. We have conducted our work in accordance with ISAE 3000 (Revised) Assurance Engagements other than Audits or Reviews of Historical Financial Information, issued by the International Auditing and Assurance Standards Board.

Deloitte AS is subject to International Standard on Quality Control 1 and, accordingly, applies a comprehensive quality control system, including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Considering the risk of material misstatement, our work included analytical procedures and interviews with management and individuals responsible for sustainability management, as well as a review on a sample basis of evidence supporting the information in the Report.

We believe that our work provides an appropriate basis for us to provide a conclusion with a limited level of assurance on the subject matters.

CONTENT

3

About this report

4

The year that passed

6

Key figures and alternative performance measures

11

Chair letter

14

CEO letter

Chapter 1 – This is us

Chapter 2 – Creating added value in Gjensidige

Chapter 3 – Value created in 2020

Chapter 4 – Financial statements and notes

Gjensidige Forsikring Group

182

Consolidated income statement

183

Consolidated statement of comprehensive income

184

Consolidated statement of financial position

185

Consolidated statement of changes in equity

186

Consolidated statement of cash flows

187

Note 1

Accounting policies

195

Note 2

Use of estimates

196

Note 3

Risk and capital management

211

Note 4

Segment information

212

Note 5

Investments in associates and joint ventures

213

Note 6

Net income from investments

214

Note 7

Expenses

215

Note 8

Salaries and remuneration

218

Note 9

Tax

219

Note 10

Pension

223

Note 11

Goodwill and intangible assets

225

Note 12

Owner-occupied and right-off-use property, plant and equipment

227

Note 13

Financial assets and liabilities

232

Note 14

Shares and similar interests

233

Note 15

Loans and receivables

234

Note 16

Insurance-related liabilities and reinsurers’ share

235

Note 17

Equity

236

Note 18

Hybrid capital

237

Note 19

Provisions and other liabilities

238

Note 20

Related party transactions

239

Note 21

Contingent liabilities

239

Note 22

Share-based payment

241

Note 23

Events after the balance sheet date

241

Note 24

Earnings per share

Gjensidige Forsikring ASA

282

Declaration from the Board and CEO

283

Auditor’s report

288

Assurance integrated report

Appendix

290

GRI Content Index and Board of Directors Report

296

Selected governing documents

297

Description of ratings and whom we support

298

Statement on equality

304

Certificates and guarantees

310

Climate accounts own operations



Conclusions

Based on our work, nothing has come to our attention causing us not to believe that:

- Gjensidige has completed a materiality analysis to identify material sustainability aspects to include in the Report, as described in the Report and in accordance with the GRI Standards.
- Gjensidige has applied procedures to identify, collect, compile and validate information for 2020 to be included in the Report, as described in the Report.
- The information presented for 2020 is consistent with data accumulated as a result of these procedures and appropriately presented in the Report.
- Gjensidige applies a reporting practice for its sustainability reporting aligned with the Global Reporting Initiative (GRI) Standards reporting principles and the reporting fulfils level Core according to the GRI Standards. Gjensidige’s GRI Content Index presented in Appendix 1 in the Report, appropriately reflects where information on each of the disclosures of the GRI Standards can be found in the Gjensidige – Integrated Annual Report 2020.

Oslo, 11 February 2021

Deloitte AS

Aase Aa. Lundgaard
State Authorised Public Accountant

Frank Dahl
Sustainability Expert

Note: Translation has been made for information purposes only.

CONTENT

3

About this report

4

The year that passed

6

Key figures and alternative performance measures

11

Chair letter

14

CEO letter

Chapter 1 – This is us

Chapter 2 – Creating added value in Gjensidige

Chapter 3 – Value created in 2020

Chapter 4 – Financial statements and notes

Gjensidige Forsikring Group

182 Consolidated income statement

183 Consolidated statement of comprehensive income

184 Consolidated statement of financial position

185 Consolidated statement of changes in equity

186 Consolidated statement of cash flows

187 Note 1 Accounting policies

195 Note 2 Use of estimates

196 Note 3 Risk and capital management

211 Note 4 Segment information

212 Note 5 Investments in associates and joint ventures

213 Note 6 Net income from investments

214 Note 7 Expenses

215 Note 8 Salaries and remuneration

218 Note 9 Tax

219 Note 10 Pension

223 Note 11 Goodwill and intangible assets

225 Note 12 Owner-occupied and right-off-use property, plant and equipment

227 Note 13 Financial assets and liabilities

232 Note 14 Shares and similar interests

233 Note 15 Loans and receivables

234 Note 16 Insurance-related liabilities and reinsurers' share

235 Note 17 Equity

236 Note 18 Hybrid capital

237 Note 19 Provisions and other liabilities

238 Note 20 Related party transactions

239 Note 21 Contingent liabilities

239 Note 22 Share-based payment

241 Note 23 Events after the balance sheet date

241 Note 24 Earnings per share

Gjensidige Forsikring ASA

282 Declaration from the Board and CEO

283 Auditor's report

288 Assurance integrated report

Appendix

290 GRI Content Index and Board of Directors Report

296 Selected governing documents

297 Description of ratings and whom we support

298 Statement on equality

304 Certificates and guarantees

310 Climate accounts own operations

Appendix 1 – GRI Content Index and Board of Directors Report

The integrated annual report 2020 for the Gjensidige group is prepared according to the Global Reporting Initiative (GRI) Standards, the reporting level Core.

In accordance with the GRI Standards, an assessment of relevance has been conducted in order to identify the most relevant sustainability issues for Gjensidige and our stakeholders. This assessment is further elaborated in chapter 2 – Creating added value in Gjensidige. The table below indicates according to which GRI standards we consider the relevance of these issues. References are provided as to where to find the information related to the different GRI elements in our integrated annual report. This encompass both the information providing a partial and a complete description, according to the requirements of the GRI standards. The table below also indicates which reported GRI elements that at the same time comply with the information required for the Board of Directors' Report. In relation to this, general reporting elements which are not compulsory for reporting at the GRI Core level, are also included. In our opinion, the present reporting should mainly be in accordance with the GRI reporting principles, as well as fulfilling the Core level of the GRI Standards. In addition, the Norwegian Accounting Act's requirements on corporate social responsibility are fulfilled.

We have commissioned Deloitte AS to conduct an independent attestation of our reporting, according to the GRI Standards. The attestation is based on the standard ISAE3000 «Revised, assurance engagements other than audits or reviews of historic, financial information», published by the International Auditing and Assurance Standard Boards, and is issued with a moderate degree of certainty. The auditor's statement is cited at page 288.

Abbreviations applied: Rskl = the Norwegian Accounting Act (Regnskapsloven), NRS = Norwegian Accounting Standards Board (Norsk Regnskapsstiftelse), Vphl = the Norwegian Securities Trading Act (Verdipapirhandeloven), Vpf = the Norwegian Securities Regulation (Verdipapirforskriften)

GRI Content Index and Board of Directors' report

GRI reference	Require-ments for the Board of Directors' Report	Description of the GRI Standards	Comments	Page
GENERAL REQUIREMENTS				
Organisational profile	Rskl§ 3-3a			
102-1		Name of the organisation	Gjensidige Forsikring ASA	42
102-2	NRS 16 2-4	Activities, brands, products, and services	Gjensidige's business model Our insurance segments Sustainable products and services	36, 42, 62-63
102-3	NRS 16 2-4	Location of headquarters	Schweigaardsgate 21, Oslo, Norge	
102-4	NRS 16 2-4	Location of operations	Note 5 Gjensidige Forsikring ASA	212
102-5		Ownership and legal form	Corporate governance, and Our commitment to our owners and creditors	114-119, 120-123
102-6		Markets served	Our insurance segments	42-47
102-7		Scale of the organization	Our insurance segments	42-47
102-8		Information on employees and other workers	Engaged employees	84-88
102-9		Supply chain	Gjensidige's business model	36
102-10		Significant changes to the organization and its supply chain	No substantial changes in 2020	
102-11		Precautionary principle or approach	Included in Sustainability policy, and by the suppliers' requirements, following the self-declaration on corporate social responsibility	38
102-12		External initiatives	See appendix 3	
102-13		Membership of associations	See appendix 3	

CONTENT

3

About this report

4

The year that passed

6

Key figures and alternative performance measures

11

Chair letter

14

CEO letter

Chapter 1 – This is us

Chapter 2 – Creating added value in Gjensidige

Chapter 3 – Value created in 2020

Chapter 4 – Financial statements and notes

Gjensidige Forsikring Group

182 Consolidated income statement

183 Consolidated statement of comprehensive income

184 Consolidated statement of financial position

185 Consolidated statement of changes in equity

186 Consolidated statement of cash flows

187 Note 1 Accounting policies

195 Note 2 Use of estimates

196 Note 3 Risk and capital management

211 Note 4 Segment information

212 Note 5 Investments in associates and joint ventures

213 Note 6 Net income from investments

214 Note 7 Expenses

215 Note 8 Salaries and remuneration

218 Note 9 Tax

219 Note 10 Pension

223 Note 11 Goodwill and intangible assets

225 Note 12 Owner-occupied and right-off-use property, plant and equipment

227 Note 13 Financial assets and liabilities

232 Note 14 Shares and similar interests

233 Note 15 Loans and receivables

234 Note 16 Insurance-related liabilities and reinsurers’ share

235 Note 17 Equity

236 Note 18 Hybrid capital

237 Note 19 Provisions and other liabilities

238 Note 20 Related party transactions

239 Note 21 Contingent liabilities

239 Note 22 Share-based payment

241 Note 23 Events after the balance sheet date

241 Note 24 Earnings per share

Gjensidige Forsikring ASA

282 Declaration from the Board and CEO

283 Auditor’s report

288 Assurance integrated report

Appendix

290 GRI Content Index and Board of Directors Report

296 Selected governing documents

297 Description of ratings and whom we support

298 Statement on equality

304 Certificates and guarantees

310 Climate accounts own operations

GRI reference	Require-ments for the Board of Directors’ Report	Description of the GRI Standards	Comments	Page
GENERAL REQUIREMENTS				
Strategy				
102-14	NRS 16 2	Statement from senior decision-maker	Statement from senior decision-maker Gjensidige’s strategy	12-13
102-15	NRS 16 2.7	Key impacts, risks, and opportunities	Gjensidige’s strategy Risk strategy and risk management	26-31 54-57
Ethics and integrity				
102-16		Values, principles, standards, and norms of behavior	Our core values Our mission and vision “Code-of-conduct” Value created 2020- Good management and control	19 18 109 152-157
Governance				
102-18 – 102-37	Rskl §3-3b / Vphl5-8a	Governance structure	Responsible risk management and control Corporate governance	101-102
102-38,39		Annual total compensation ratio	Value created – engaged employees	144-145
Stakeholder engagement				
102-40		List of stakeholder groups	Creating values for our stakeholders	49-51
102-41		Collective bargaining agreements	Engaged employees: ILO and cooperation with union representatives. All employees have full freedom of association. Norway: 58.8 % union members. Denmark: 87.97 % encompassed by collective agreements. Sweden: 97 % union members.	87, 144
102-42		Identifying and selecting stakeholders	Creating values for our stakeholders	49-51
102-43		Approach to stakeholder engagement	Creating values for our stakeholders	49-51
102-44		Key topics and concerns raised	Creating values for our stakeholders	49-51
Reporting practice				
102-45		Entities included in the consolidated financial statements	Note 5 Gjensidige Forsikring ASA	212
102-46		Defining report content and topic Boundaries	Introduction	3
102-47		List of material topics	Risk and materiality assessment	50
102-48		Restatements of information	Not relevant	
102-49		Changes in reporting	Introduction	3
102-50		Reporting period	1.1.2020-31.12.2020	
102-51		Date of previous report	1.1.2019-31.12.2019	
102-52		Reporting cycle	Annual. In addition, quarterly market reports	
102-53		Contact point	www.gjensidige.no/konsern/investorinformasjon/kontakt-ir	
102-54		Claims of reporting in accordance with the GRI Standards	Introduction. Reporting according to the Core level	3
102-55		GRI content index	See appendix 1	
102-56		External assurance	Attestation statement from Deloitte	288

CONTENT

3

About this report

4

The year that passed

6

Key figures and alternative performance measures

11

Chair letter

14

CEO letter

Chapter 1 – This is us

Chapter 2 – Creating added value in Gjensidige

Chapter 3 – Value created in 2020

Chapter 4 – Financial statements and notes

Gjensidige Forsikring Group

182

Consolidated income statement

183

Consolidated statement of comprehensive income

184

Consolidated statement of financial position

185

Consolidated statement of changes in equity

186

Consolidated statement of cash flows

187

Note 1

Accounting policies

195

Note 2

Use of estimates

196

Note 3

Risk and capital management

211

Note 4

Segment information

212

Note 5

Investments in associates and joint ventures

213

Note 6

Net income from investments

214

Note 7

Expenses

215

Note 8

Salaries and remuneration

218

Note 9

Tax

219

Note 10

Pension

223

Note 11

Goodwill and intangible assets

225

Note 12

Owner-occupied and right-off-use property, plant and equipment

227

Note 13

Financial assets and liabilities

232

Note 14

Shares and similar interests

233

Note 15

Loans and receivables

234

Note 16

Insurance-related liabilities and reinsurers’ share

235

Note 17

Equity

236

Note 18

Hybrid capital

237

Note 19

Provisions and other liabilities

238

Note 20

Related party transactions

239

Note 21

Contingent liabilities

239

Note 22

Share-based payment

241

Note 23

Events after the balance sheet date

241

Note 24

Earnings per share

Gjensidige Forsikring ASA

282

Declaration from the Board and CEO

283

Auditor’s report

288

Assurance integrated report

Appendix

290

GRI Content Index and Board of Directors Report

296

Selected governing documents

297

Description of ratings and whom we support

298

Statement on equality

304

Certificates and guarantees

310

Climate accounts own operations

GRI reference	Require-ments for the Board of Directors’ Report	Description of the GRI Standards	Comment	Page
ISSUE SPECIFIC REQUIREMENTS				
Economic topics				
103-1 – 103-3	NRS 16 2.5/2.6	Management approach – Economic	Statement concerning the annual accounts Value created 2020 – Financial result	159 -178
201	Rskl §3-3a	Economic Performance	Statement concerning the annual accounts	
201-1	NRS 16 2.5/2.6	Direct economic value generated and distributed	Statement concerning the annual accounts	159
201-2	NRS 16 2.7/2.10	Financial implications and other risks and opportunities due to climate change	Strategy Climate-related financial disclosures (TCFD) Responsible investments	26-31 54-57 70, 147-151
201-3		Defined benefit plan obligations and other retirement plans	Note 10 Pension	219-222
202		Market presence		
202-2		Proportion of senior management hired from the local community	All segments have locally employed managers, with the exception of segment managers for Sweden and Denmark.	
204		Procurement practices		
204-1		Proportion of spending on local suppliers	We create value in partnership with our suppliers, and Value created – Climate and the Environment	81-82, 131-138
205	Rskl §3-3c	Anti-corruption		
205-2	NRS 16 2.2	Communication and training about anti-corruption policies and procedures	Ethical operations, Anti-corruption	112
205-3	NRS 16 2.2	Confirmed incidents of corruption and actions taken	Ethical operations, Anti-corruption. No cases in 2020.	153-157
206		Anti-competitive behavior		
206-3	NRS 16 2.2	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	Ethical operations, Anti-corruption. No cases in 2020.	21, 109-113 153-157
207		Tax		
207-4		Country-by-country reporting	Value created – A safer society – Direct and indirect taxes paid locally. Note 9.	130, 218
Environmental topics				
103-1 – 103-3	Rskl §3-3a, c	Management approach – Environment	Our climate and environmental commitment, Value crated 2020 – Climate and the environment	66-81, 132
301		Materials		
301-1	Rskl §3-3a, c	Materials used by weight and volume	Our climate and environmental commitment, Value created in Gjensidige – Climate-related financial disclosures (TCFD), and Value crated 2020 – Climate and the environment	67-69 70-72 132-138
302		Energy		
302-1	Rskl §3-3a, c	Energy consumption within the organisation	Key figures and alternative performance measures Value crated 2020 – Climate and the environment Appendix 6 – Climate account	9, 134 310

CONTENT

3

About this report

4

The year that passed

6

Key figures and alternative performance measures

11

Chair letter

14

CEO letter

Chapter 1 – This is us

Chapter 2 – Creating added value in Gjensidige

Chapter 3 – Value created in 2020

Chapter 4 – Financial statements and notes

Gjensidige Forsikring Group

182 Consolidated income statement

183 Consolidated statement of comprehensive income

184 Consolidated statement of financial position

185 Consolidated statement of changes in equity

186 Consolidated statement of cash flows

187 Note 1 Accounting policies

195 Note 2 Use of estimates

196 Note 3 Risk and capital management

211 Note 4 Segment information

212 Note 5 Investments in associates and joint ventures

213 Note 6 Net income from investments

214 Note 7 Expenses

215 Note 8 Salaries and remuneration

218 Note 9 Tax

219 Note 10 Pension

223 Note 11 Goodwill and intangible assets

225 Note 12 Owner-occupied and right-off-use property, plant and equipment

227 Note 13 Financial assets and liabilities

232 Note 14 Shares and similar interests

233 Note 15 Loans and receivables

234 Note 16 Insurance-related liabilities and reinsurers’ share

235 Note 17 Equity

236 Note 18 Hybrid capital

237 Note 19 Provisions and other liabilities

238 Note 20 Related party transactions

239 Note 21 Contingent liabilities

239 Note 22 Share-based payment

241 Note 23 Events after the balance sheet date

241 Note 24 Earnings per share

Gjensidige Forsikring ASA

282 Declaration from the Board and CEO

283 Auditor’s report

288 Assurance integrated report

Appendix

290 GRI Content Index and Board of Directors Report

296 Selected governing documents

297 Description of ratings and whom we support

298 Statement on equality

304 Certificates and guarantees

310 Climate accounts own operations

GRI reference	Require-ments for the Board of Directors’ Report	Description of the GRI Standards	Comment	Page
305		Emissions		
305-1	Rskl §3-3a, c	Direct (Scope 1) GHG emissions	Key figures and alternative performance measures Climate-related financial disclosures (TCFD) Value crated 2020 – Climate and the environment	9 79-80, 132-137,
305-2	Rskl §3-3a, c	Energy indirect (Scope 2) GHG emissions	Key figures and alternative performance measures Climate-related financial disclosures (TCFD) Value crated 2020 – Climate and the environment	9, 79-80, 132-137,
305-3	Rskl §3-3a, c	Other indirect (Scope 3) GHG emissions	Key figures and alternative performance measures Climate-related financial disclosures (TCFD) Value created 2020 – Climate and the environment	9-10, 79-80, 132-137,
305-4	Rskl §3-3a, c	GHG emission intensity	Key figures and alternative performance measures Climate-related financial disclosures (TCFD) Value crated 2020 – Climate and the environment	9, 79-80, 132-137,
305-5	Rskl §3-3a, c	Reduction of GHG emissions	Key figures and alternative performance measures Climate-related financial disclosures (TCFD) Value crated 2020 – Climate and the environment	9, 79-80, 132-137,
306		Effluents and waste		
306-3	Rskl §3-3a, c	Waste generated	Climate-related financial disclosures (TCFD) Value crated 2020 – Climate and the environment	79-80, 132-137
306-4	Rskl §3-3a, c	Waste diverted from disposal	Climate-related financial disclosures (TCFD) Value crated 2020 – Climate and the environment	79-80, 132-137
307		Environmental Compliance		
307-1	Rskl §3-3a, c	Non-compliance with environmental laws and regulations	No cases in 2020	
308		Supplier Environmental Assessment		
308-2	Rskl §3-3a, c	Negative environmental impacts in the supply chain and actions taken	We create value in partnership with our suppliers Reduce CO ₂ -intensity Value created 2020 – Climate and the environment	81-82, 134-135
Social topics				
103-1 – 103-3	Rskl §3-3a, c	Management approach – Social	Stakeholder analysis Our engaged employees Value created 2020 – engaged employees	49 84-88 140-145
401		Employment		
401-1	Rskl §3-3c	New employee hires and employee turnover	Key figures and alternative performance measures Value created 2020 – engaged employees	9-10, 139-145
401-3	Rskl §3-3c	Parentel leave	Value created 2020 – engaged employees	139-145
402		Labour / Management Relations		
402-1		Minimum notice periods regarding operational changes	Value created 2020 – engaged employees Mechanism implemented to involve and prepare employees’ representatives for eventual downsizing, including duly pre-notice.	139-145
403		Occupational Health and Safety		
403-9	Rskl §3-3a, c	Work-related injuries	Value created 2020 – engaged employees No serious injuries leading to absence and no accidents involving employees in 2020.	139-145

CONTENT

3

About this report

4

The year that passed

6

Key figures and alternative performance measures

11

Chair letter

14

CEO letter

Chapter 1 – This is us

Chapter 2 – Creating added value in Gjensidige

Chapter 3 – Value created in 2020

Chapter 4 – Financial statements and notes

Gjensidige Forsikring Group

182 Consolidated income statement

183 Consolidated statement of comprehensive income

184 Consolidated statement of financial position

185 Consolidated statement of changes in equity

186 Consolidated statement of cash flows

187 Note 1 Accounting policies

195 Note 2 Use of estimates

196 Note 3 Risk and capital management

211 Note 4 Segment information

212 Note 5 Investments in associates and joint ventures

213 Note 6 Net income from investments

214 Note 7 Expenses

215 Note 8 Salaries and remuneration

218 Note 9 Tax

219 Note 10 Pension

223 Note 11 Goodwill and intangible assets

225 Note 12 Owner-occupied and right-off-use property, plant and equipment

227 Note 13 Financial assets and liabilities

232 Note 14 Shares and similar interests

233 Note 15 Loans and receivables

234 Note 16 Insurance-related liabilities and reinsurers’ share

235 Note 17 Equity

236 Note 18 Hybrid capital

237 Note 19 Provisions and other liabilities

238 Note 20 Related party transactions

239 Note 21 Contingent liabilities

239 Note 22 Share-based payment

241 Note 23 Events after the balance sheet date

241 Note 24 Earnings per share

Gjensidige Forsikring ASA

282 Declaration from the Board and CEO

283 Auditor’s report

288 Assurance integrated report

Appendix

290 GRI Content Index and Board of Directors Report

296 Selected governing documents

297 Description of ratings and whom we support

298 Statement on equality

304 Certificates and guarantees

310 Climate accounts own operations

GRI reference	Require-ments for the Board of Directors’ Report	Description of the GRI Standards	Comment	Page
404		Training and Education		
404-1		Average hours of training per year per employee	Key figures and alternative performance measures Value created 2020 – engaged employees	9-10, 103-108, 139-145
405		Diversity and Equal Opportunity		
405-1	RskI §3-3c	Diversity of governance bodies and employees	Key figures and alternative performance measures Value created in Gjensidige – Gjensidige’s Board of directors Value created in 2020 – Engaged employees	9-10, 139-145
405-2	RskI §3-3c	Ratio of basic salary and remuneration of women to men	Value created in 2020 – Engaged employees	139-145
405-3	Equality and nondiscrimin-ation act §26	Statement on equality	Appendix 4 Statement on equality	298-303
406		Non-discrimination		
406-1	NRS 16 2.10	Incidents of discrimination and corrective actions taken	Value created in 2020 – Results of our commitment to management and control Appendix 4 Statement on equality: No deviations reported through the notification channel, nor through the mailbox for ethical operations.	153-157 298
407		Freedom of Association and Collective Bargaining		
407-1	NRS 16 2.10	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Value created in Gjensidige – We create value in partnership in partnership with our suppliers Follow-up of our suppliers No significant risk identified related to own operations	81-82 137
408		Child labor		
408-1	RskI §3-3c	Operations and suppliers at significant risk for incidents of child labor	Banned by local law. Our sustainability policy requires compliance with the Global Compact principles, including ban on child labour. No significant risk identified related to own operations	81-82
409		Forced or Compulsory Labor		
409-1	RskI §3-3c	Operations and suppliers at significant risk for incidents of forced or compulsory labor	Banned by local law. Our sustainability policy requires compliance with the Global Compact principles, including ban on forced labour. No significant risk identified related to own operations	81-82
412		Human Rights Assessment		
412-3	RskI §3-3c	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	Value created in Gjensidige – We create value in partnership in partnership with our suppliers Covered both by own operations, requirements for suppliers, and as part of the follow-up of the investments. All contracts contain clauses concerning human rights.	81-82
414		Supplier Social Assessment		
414-1	RskI §3-3c	New suppliers that were screened using social criteria	Value created in Gjensidige – We create value in partnership in partnership with our suppliers Value created in 2020 – Climate and the environment – Follow-up of our suppliers	81-82 137
414-2	RskI §3-3c	Negative social impacts in the supply chain and actions taken	Value created in Gjensidige – We create value in partnership in partnership with our suppliers Value created in 2020 – Climate and the environment – Follow-up of our suppliers	81-82 137

CONTENT

3

About this report

4

The year that passed

6

Key figures and alternative performance measures

11

Chair letter

14

CEO letter

Chapter 1 – This is us

Chapter 2 – Creating added value in Gjensidige

Chapter 3 – Value created in 2020

Chapter 4 – Financial statements and notes

Gjensidige Forsikring Group

182

Consolidated income statement

183

Consolidated statement of comprehensive income

184

Consolidated statement of financial position

185

Consolidated statement of changes in equity

186

Consolidated statement of cash flows

187

Note 1 Accounting policies

195

Note 2 Use of estimates

196

Note 3 Risk and capital management

211

Note 4 Segment information

212

Note 5 Investments in associates and joint ventures

213

Note 6 Net income from investments

214

Note 7 Expenses

215

Note 8 Salaries and remuneration

218

Note 9 Tax

219

Note 10 Pension

223

Note 11 Goodwill and intangible assets

225

Note 12 Owner-occupied and right-off-use property, plant and equipment

227

Note 13 Financial assets and liabilities

232

Note 14 Shares and similar interests

233

Note 15 Loans and receivables

234

Note 16 Insurance-related liabilities and reinsurers’ share

235

Note 17 Equity

236

Note 18 Hybrid capital

237

Note 19 Provisions and other liabilities

238

Note 20 Related party transactions

239

Note 21 Contingent liabilities

239

Note 22 Share-based payment

241

Note 23 Events after the balance sheet date

241

Note 24 Earnings per share

Gjensidige Forsikring ASA

282

Declaration from the Board and CEO

283

Auditor’s report

288

Assurance integrated report

Appendix

290

GRI Content Index and Board of Directors Report

296

Selected governing documents

297

Description of ratings and whom we support

298

Statement on equality

304

Certificates and guarantees

310

Climate accounts own operations

GRI reference	Require-ments for the Board of Directors’ Report	Description of the GRI Standards	Comment	Page
415		Public Policy		
415-1		Political contribution	Value created in Gjensidige – Ethical operations. Gjensidige offers no direct nor indirect support for political parties	109-113
417		Marketing and Labelling		
417-2		Incidents of non-compliance concerning product and service information and labeling	Value created in Gjensidige – Ethical operations – Complaints handling, Values created 2020 – Results of our commitment to management and control	110-111 155
417-3		Incidents of non-compliance concerning marketing communications	Value created in Gjensidige – Ethical operations – Complaints handling, Values created 2020 – Results of our commitment to management and control	110-111 155
418		Customer Privacy		
418-1		Substantiated complaints concerning breaches of customer privacy and losses of customer data	Values created 2020 – Results of our commitment to management and control No significant deviations in 2020.	111 155-157
Other legal requirements to be reported				
	NRS 3	Events after the balance sheet day	Statement concerning the annual account	177
	NRS 16 2.5	Research and development	Statement concerning the annual account	160
	NRS 16 2.5.3	Cash flow	Statement concerning the annual account	165
	NRS 16 2.5.2	Financial position and capital base	Statement concerning the annual account	159
	NRS 16 2.8	Continued operations	Statement concerning the annual account	163
	NRS 16 2.9	Allocation of the profit before other income and expenses	Statement concerning the annual account	178
	Vphl §5-5/ Vpf §5-2	Declaration from the Board of Directors, and the CEO		282

CONTENT

3

About this report

4

The year that passed

6

Key figures and alternative performance measures

11

Chair letter

14

CEO letter

Chapter 1 – This is us

Chapter 2 – Creating added value in Gjensidige

Chapter 3 – Value created in 2020

Chapter 4 – Financial statements and notes

Gjensidige Forsikring Group

182 Consolidated income statement

183 Consolidated statement of comprehensive income

184 Consolidated statement of financial position

185 Consolidated statement of changes in equity

186 Consolidated statement of cash flows

187 Note 1 Accounting policies

195 Note 2 Use of estimates

196 Note 3 Risk and capital management

211 Note 4 Segment information

212 Note 5 Investments in associates and joint ventures

213 Note 6 Net income from investments

214 Note 7 Expenses

215 Note 8 Salaries and remuneration

218 Note 9 Tax

219 Note 10 Pension

223 Note 11 Goodwill and intangible assets

225 Note 12 Owner-occupied and right-off-use property, plant and equipment

227 Note 13 Financial assets and liabilities

232 Note 14 Shares and similar interests

233 Note 15 Loans and receivables

234 Note 16 Insurance-related liabilities and reinsurers’ share

235 Note 17 Equity

236 Note 18 Hybrid capital

237 Note 19 Provisions and other liabilities

238 Note 20 Related party transactions

239 Note 21 Contingent liabilities

239 Note 22 Share-based payment

241 Note 23 Events after the balance sheet date

241 Note 24 Earnings per share

Gjensidige Forsikring ASA

282 Declaration from the Board and CEO

283 Auditor’s report

288 Assurance integrated report

Appendix

290 GRI Content Index and Board of Directors Report

296 Selected governing documents

297 Description of ratings and whom we support

298 Statement on equality

304 Certificates and guarantees

310 Climate accounts own operations

Appendix 2 – Selected governing documents

Governing documents shall ensure that Gjensidige as a group acts in accordance with the requirements set by society, the expectations of important stakeholders to the group, and the ambitions set by the board and management. Selected documents are published in their entirety on www.gjensidige.no, but some Internal documents are also relevant for understanding Gjensidige's framework for good governance and control.

Governing documents classified as Public are posted at gjensidige.no

Governing documents	Status
Risk management	
Group policy for risk management and internal controls	Internal
Underwriting policy	Internal
Capital management policy	Internal
Group policy for sustainability	Public
Ethics	
Ethical rules - Gjensidige	Public
Instructions for gifts and relations activities	Internal
Policy on forbidden competitive limitations	Internal
HR	
Instruction for diversity	Internal
Personal policy	Internal
Guidelines for Internal mobility	Internal
Procurement	
Group Procurement Policy	Public
Procurement Guideline	Internal
Security	
Information Security policy	Internal
Specific security requirements for a selection of employees(s. a. HR, Group Procurement, Technology and Infrastructure, Sales and Claims services, Investor Relations, M&A, Capital Management)	Internal
Privacy	
Privacy declaration – available at all web-cites in all countries	Public
Group policy for treatment of personal information	Internal
Instructions for treatment of personal information	Internal
Instruction for treatment of personal information for employees	Internal
Customer complaints	
Instruction for claims handling	Internal

Governing documents	Status
Anti-Corruption	
Handbook for anti-corruption	Public
Group policy for rectifying irregularities and fraud, included corruption	Internal
Instructions for rectifying irregularities and fraud, included corruption	Internal
Anti-Money Laundry	
Policy for measures against money laundry and finance of terror	Internal
Taxes	
Tax, group policy	Public
Capital management	
Group policy for Responsible Investments	Public
Strategy for investments	Internal
Instructions for Exercise of Ownership Rights	Public
Instructions for Exclusions	Public
Investor Relations	
Corporate policy for financial and other investor information (IR policy)	Public
Governance	
The Articles of Association of Gjensidige Forsikring ASA	Public
Rules of procedure for the nomination committee of Gjensidige Forsikring	Public
Instruction for the Board of Directors in Gjensidige Forsikring ASA	Public

CONTENT

3

About this report

4

The year that passed

6

Key figures and alternative performance measures

11

Chair letter

14

CEO letter

Chapter 1 – This is us

Chapter 2 – Creating added value in Gjensidige

Chapter 3 – Value created in 2020

Chapter 4 – Financial statements and notes

Gjensidige Forsikring Group

182 Consolidated income statement

183 Consolidated statement of comprehensive income

184 Consolidated statement of financial position

185 Consolidated statement of changes in equity

186 Consolidated statement of cash flows

187 Note 1 Accounting policies

195 Note 2 Use of estimates

196 Note 3 Risk and capital management

211 Note 4 Segment information

212 Note 5 Investments in associates and joint ventures

213 Note 6 Net income from investments

214 Note 7 Expenses

215 Note 8 Salaries and remuneration

218 Note 9 Tax

219 Note 10 Pension

223 Note 11 Goodwill and intangible assets

225 Note 12 Owner-occupied and right-off-use property, plant and equipment

227 Note 13 Financial assets and liabilities

232 Note 14 Shares and similar interests

233 Note 15 Loans and receivables

234 Note 16 Insurance-related liabilities and reinsurers' share

235 Note 17 Equity

236 Note 18 Hybrid capital

237 Note 19 Provisions and other liabilities

238 Note 20 Related party transactions

239 Note 21 Contingent liabilities

239 Note 22 Share-based payment

241 Note 23 Events after the balance sheet date

241 Note 24 Earnings per share

Gjensidige Forsikring ASA

282 Declaration from the Board and CEO

283 Auditor's report

288 Assurance integrated report

Appendix

290 GRI Content Index and Board of Directors Report

296 Selected governing documents

297 Description of ratings and whom we support

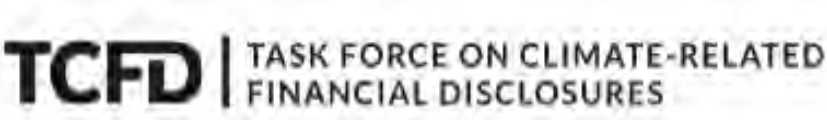
298 Statement on equality

304 Certificates and guarantees

310 Climate accounts own operations

Appendix 3 – Description of ratings and whom we support

Memberships, obligations, certifications.

Rating Morgan Stanley (MSCI) Sustainalytics Standard & Poor's (S&P) Carbone Disclosures Project (CDP) Ipsos Sustainable Brand Universum	Result A BBB A/Stable C  NO 1: The best financial undertaking in Ipsos's reputation survey in Norway, and NO 6 among all rated companies in Norway NO 1: The most sustainable brand in the Norwegian financial industry N O1: Most attractive insurance company among students in Norway 
We support Paris agreement 2015 UN Global Compact UN EP FI PSI UN PRI NORSIF Carbone Disclosures Project (CDP) Task Force on Climate related Financial Disclosures (TCFD)	  
Certified Eco-lighthouse in Norway	

CONTENT

3

About this report

4

The year that passed

6

Key figures and alternative performance measures

11

Chair letter

14

CEO letter

Chapter 1 – This is us

Chapter 2 – Creating added value in Gjensidige

Chapter 3 – Value created in 2020

Chapter 4 – Financial statements and notes

Gjensidige Forsikring Group

182 Consolidated income statement

183 Consolidated statement of comprehensive income

184 Consolidated statement of financial position

185 Consolidated statement of changes in equity

186 Consolidated statement of cash flows

187 Note 1 Accounting policies

195 Note 2 Use of estimates

196 Note 3 Risk and capital management

211 Note 4 Segment information

212 Note 5 Investments in associates and joint ventures

213 Note 6 Net income from investments

214 Note 7 Expenses

215 Note 8 Salaries and remuneration

218 Note 9 Tax

219 Note 10 Pension

223 Note 11 Goodwill and intangible assets

225 Note 12 Owner-occupied and right-off-use property, plant and equipment

227 Note 13 Financial assets and liabilities

232 Note 14 Shares and similar interests

233 Note 15 Loans and receivables

234 Note 16 Insurance-related liabilities and reinsurers’ share

235 Note 17 Equity

236 Note 18 Hybrid capital

237 Note 19 Provisions and other liabilities

238 Note 20 Related party transactions

239 Note 21 Contingent liabilities

239 Note 22 Share-based payment

241 Note 23 Events after the balance sheet date

241 Note 24 Earnings per share

Gjensidige Forsikring ASA

282 Declaration from the Board and CEO

283 Auditor’s report

288 Assurance integrated report

Appendix

290 GRI Content Index and Board of Directors Report

296 Selected governing documents

297 Description of ratings and whom we support

298 Statement on equality

304 Certificates and guarantees

310 Climate accounts own operations

Appendix 4 - Statement on equality

At Gjensidige, we work to make sure that we have an inclusive culture where everyone is treated equally and with respect. We must acknowledge our employees’ knowledge, competencies and strengths, regardless of gender, pregnancy, leave of absence for childbirth or adoption, care responsibilities, ethnicity, religion, beliefs, functional impairment, sexual orientation, gender identity and gender expression, and combinations of the above.

Part 1 – Gender equality status

	2019	2020
Proportion of women by job level		
Level 1 – Senior group management	30.0%	30.0%
Level 2	30.3%	36.8%
Level 3	41.0%	42.0%
Level 4	38.6%	34.6%
Level 5 – Only two persons at this level in 2020	66.7%	100.0%
Other employees	48.7%	47.8%
Proportion of women on the Board of Directors	50.0%	40.0%
Average pay (all employees)		
Women	638,764	681,013
Men	755,071	793,948
Women’s pay as a proportion of men’s (by job level)		
Level 1	A pay review will be carried out for the first time for the 2021 financial year	
Level 2		
Level 3		
Level 4		
Level 5		
Other levels		
Parental leave (number of person-days)		
Women	14,320	13,242
Men	6,189	5,522
Sickness absence		
Women	5.46%	4.13%
Men	2.77%	2.47%
Absence due to child sickness (total number of person-days)		
Women	1,694	1,793
Men	1,042	1,685
Proportion of part-time employment		
Women	13.5 %	12.2%
Men	3.9%	3.9%
Proportion of temporary employment		
Women	7.1%	6.3%
Men	4.4%	4.9%

At Gjensidige, all employees are normally hired in full-time positions. An exception can be made if an employee applies for a temporary or a permanent reduction in working hours for social, health-related or other weighty welfare reasons. Some of our employees work less than 100 per cent of a full-time position, but they are positions of a temporary nature, such as student internships. On this basis, we believe we can say for certain that none of our employees work part-time involuntarily.

CONTENT

3

About this report

4

The year that passed

6

Key figures and alternative performance measures

11

Chair letter

14

CEO letter

Chapter 1 – This is us

Chapter 2 – Creating added value in Gjensidige

Chapter 3 – Value created in 2020

Chapter 4 – Financial statements and notes

Gjensidige Forsikring Group

182

Consolidated income statement

183

Consolidated statement of comprehensive income

184

Consolidated statement of financial position

185

Consolidated statement of changes in equity

186

Consolidated statement of cash flows

187

Note 1 Accounting policies

195

Note 2 Use of estimates

196

Note 3 Risk and capital management

211

Note 4 Segment information

212

Note 5 Investments in associates and joint ventures

213

Note 6 Net income from investments

214

Note 7 Expenses

215

Note 8 Salaries and remuneration

218

Note 9 Tax

219

Note 10 Pension

223

Note 11 Goodwill and intangible assets

225

Note 12 Owner-occupied and right-off-use property, plant and equipment

227

Note 13 Financial assets and liabilities

232

Note 14 Shares and similar interests

233

Note 15 Loans and receivables

234

Note 16 Insurance-related liabilities and reinsurers' share

235

Note 17 Equity

236

Note 18 Hybrid capital

237

Note 19 Provisions and other liabilities

238

Note 20 Related party transactions

239

Note 21 Contingent liabilities

239

Note 22 Share-based payment

241

Note 23 Events after the balance sheet date

241

Note 24 Earnings per share

Gjensidige Forsikring ASA

282

Declaration from the Board and CEO

283

Auditor's report

288

Assurance integrated report

Appendix

290

GRI Content Index and Board of Directors Report

296

Selected governing documents

297

Description of ratings and whom we support

298

Statement on equality

304

Certificates and guarantees

310

Climate accounts own operations

Part 2 – Work to promote equality and combat discrimination

Principles, procedures and standards for equality and anti-discrimination

At Gjensidige, we work to make sure that we have a good, inclusive corporate culture where everyone is treated equally and with respect. We wish to develop an organisation in which diversity characterises our activities and generates new ideas and perspectives. It should be possible for all our employees to balance their work and personal life, and we make arrangements to help them achieve this. We expect all employees to be respectful and considerate and to display common courtesy in relation to colleagues, competitors, customers and others. We believe that we make each other better by being inclusive and engaged.

We have zero tolerance for discrimination and harassment, and anyone who feels that they are being discriminated or harassed/bullied shall be taken seriously. In 2018, we adopted new and updated guidelines to prevent unwanted sexual attention.

Our principles and procedures for equality and anti-discrimination are aligned with the company’s HR strategy and the pertaining guidelines, personnel policy and ethical rules (Code of Conduct).

Our efforts to ensure equality and non-discrimination in practice

Gjensidige has good processes in place to ensure employee representatives are involved in recruitment, pay reviews, health and safety work, reorganisation and staff reductions.

In cooperation with the HR department, the employee representatives on the Diversity and Inclusion Committee are involved in the work of fulfilling the company’s activity and reporting obligation through a four-stage method. We have looked at factors in our organisation that can contribute to discrimination and be an obstacle to equality in connection with recruitment, pay and working conditions, promotion, opportunities for development, adaptation and possibilities of combining work and family life, in addition to other relevant factors.

Our efforts to identify the risk of discrimination and obstacles to equality

Gjensidige makes continuous efforts to ensure equality and prevent discrimination. We have a Diversity and Inclusion Committee consisting of trade union and HR representatives. The committee usually meets every quarter or as needed, but at least once a year. The committee has been involved in our work to fulfil the activity and reporting obligation.

The new engagement survey ‘My Voice’ was introduced in November 2019. We have thereby gone from annual measurements to continuous development and learning through monthly engagement surveys. Throughout 2020, the claim ‘People from all backgrounds are treated fairly at Gjensidige’ has returned a stable high score. In November 2020, the score was 9.1, up from 8.8 in November 2019, on a scale from 1 to 10. The proportion of negative scores (0–6) went down from 7 per cent to 4 per cent during the same period. We also ask the following question: ‘If I were to experience gross misconduct or violations, I am certain that Gjensidige will take steps to resolve the situation’. The score in November 2020 was 8.7, up from 8.2 in November 2019. The proportion of negative scores (0–6) went down from 16 per cent to 7 per cent during the same period. We keep a close eye on the proportion of negative responses to these questions, as we work to ensure that all our employees are treated fairly regardless of their background. We also have zero tolerance of discrimination, ***violations and misconduct.

Through our health and safety work, we make targeted efforts to achieve higher job satisfaction, reduced sickness absence and a healthy working environment for all our employees. In line with the company’s action plan for health, safety and environmental work, we conduct an annual HSE survey that forms the basis for risk assessments and measures. All managers with personnel responsibility are responsible for following up the results and presenting them to their departments. The results form the basis for completion of the HSE Risk Assessment form. All managers contribute to achieving the measures in the action plan by putting bullying/harassment, unwanted sexual attention, threats and threatening behaviour on the agenda for departmental meetings where the pertaining guidelines are also reviewed. Managers are also responsible for ensuring that all employees are familiar with the company’s handbooks, which include ethics, company regulations and descriptions of various HR processes, including whistleblowing procedures.

In cooperation with the employee representatives (represented on the Diversity and Inclusion Committee), the HR department works to identify the risk of discrimination and obstacles to equality. We have looked at the likelihood of individual risks/obstacles arising in different HR areas, in addition to the seriousness of the individual risk/obstacle.

We identified the following risks of discrimination and obstacles to equality

Through our work to identify risks of discrimination and obstacles to equality, we found that there was a risk of our job advertisements being more appealing to one of the genders. We hired more men than women in 2019, and the gender balance among managers does not tally with our ambition. We also found a risk that our hiring processes do not help to ensure a sufficient degree of diversity.

We want to give all employees equal opportunities for career development. We see that there is a risk that, by holding seminars, meetings, courses etc. in places that may require employees to spend several nights away from home, we may be excluding certain groups of employees.

CONTENT

3

About this report

4

The year that passed

6

Key figures and alternative performance measures

11

Chair letter

14

CEO letter

Chapter 1 – This is us

Chapter 2 – Creating added value in Gjensidige

Chapter 3 – Value created in 2020

Chapter 4 – Financial statements and notes

Gjensidige Forsikring Group

182

Consolidated income statement

183

Consolidated statement of comprehensive income

184

Consolidated statement of financial position

185

Consolidated statement of changes in equity

186

Consolidated statement of cash flows

187

Note 1 Accounting policies

195

Note 2 Use of estimates

196

Note 3 Risk and capital management

211

Note 4 Segment information

212

Note 5 Investments in associates and joint ventures

213

Note 6 Net income from investments

214

Note 7 Expenses

215

Note 8 Salaries and remuneration

218

Note 9 Tax

219

Note 10 Pension

223

Note 11 Goodwill and intangible assets

225

Note 12 Owner-occupied and right-off-use property, plant and equipment

227

Note 13 Financial assets and liabilities

232

Note 14 Shares and similar interests

233

Note 15 Loans and receivables

234

Note 16 Insurance-related liabilities and reinsurers’ share

235

Note 17 Equity

236

Note 18 Hybrid capital

237

Note 19 Provisions and other liabilities

238

Note 20 Related party transactions

239

Note 21 Contingent liabilities

239

Note 22 Share-based payment

241

Note 23 Events after the balance sheet date

241

Note 24 Earnings per share

Gjensidige Forsikring ASA

282

Declaration from the Board and CEO

283

Auditor’s report

288

Assurance integrated report

Appendix

290

GRI Content Index and Board of Directors Report

296

Selected governing documents

297

Description of ratings and whom we support

298

Statement on equality

304

Certificates and guarantees

310

Climate accounts own operations

There is no recurring theme in our diversity work, and see that, without instructions for diversity, we will not manage to gain momentum in this work by understanding, using, developing and recruiting employees from diverse backgrounds. Increased diversity requires a greater understanding of and respect for each other’s differences in culture, religion, attitudes etc. This can be reflected in the dialogue between colleagues, in interaction between managers and staff, in conversations around the lunch table, in connection with seminars and courses, and, not least, in connection with social events.

There is a pay gap between women and men when we look at gender seen in isolation, and we must therefore ensure that our pay policy does not contain any discriminating elements.

We also see that discrimination and obstacles to equality may arise in connection with promotions and in our communication.

We identified the following possible causes of risks and obstacles, and initiated measures

Based on the risks and obstacles identified by the employee representatives and HR, we have devised an action plan describing risks/obstacles with pertaining measures, goals, who is responsible, deadline/status and evaluation.

The action plan (see appendix) shows that we have worked on our job advertisements in 2020. The primary purpose has been to help to ensure a good gender balance among the applicants and to be able to attract applicants from different backgrounds and with different expertise and experience. We are working on several measures to ensure that we maintain focus on diversity and equality through the screening process and the first interview round. We endeavour to maintain the gender balance in the final round of interviews, especially for managerial positions.

We are making efforts to shift the development and follow-up of employees towards an even more continuous process, where employees themselves have a large say in their own development.

Instructions for diversity are being drawn up that will be appended to the company’s sustainability policy. The instructions are expected to be adopted shortly and implementation is scheduled to start in Q1 2021. In addition, we have certified two diversity managers under the auspices of the centre for diversity management (Seema) and Standards Norway, while a further two have started the certification process

We wish to take responsibility in the national initiative to promote inclusion, and have formalised this cooperation further through the inclusion agreement ‘Vi inkluderer’. The agreement means we will make active efforts to ensure that people who are left out of the labour market get a chance to work at Gjensidige by ensuring that candidates with gaps in their CVs are considered for vacancies and that we offer work placements/work training.

As part of our effort to create an inclusive corporate culture, we carried out various culture-building activities in 2020, including a webinar on prejudice and attitudes that was also available as a podcast, and best-practice interviews.

In order to prevent employees who take out parental leave from lagging behind in terms of pay, we decided, starting from 1 May 2018, to give all employees an extra pay grade (or a 1.3 per cent pay increase for employees who are not in the grade system) if they have been on parental leave for five months or more. In the annual pay assessment, we are also concerned with ensuring good processes that do not favour some groups of employees based on assessment criteria etc. In this context, we also see that good training of managers help to ensure transparent, orderly processes.

In 2021, we will continue the work we have started, particularly relating to the recruitment processes, where we must both ensure implementation in the rest of the organisation and look at new measures. The diversity instructions must be implemented, and we believe the work will be of great importance to us as a company and to our employees. In that connection, there will be a need for training of managers and employees to raise awareness of both competence, maturity and management regarding diversity. We will continue working on creating an inclusive corporate culture, through e.g. webinars and by disseminating good examples throughout the organisation. We will also resume the work of reducing turnover among employees wo have been on parental leave during the past two years, which came to a halt because of the coronavirus situation.

Results of our efforts

In December 2020, we conducted an HSE survey that returned high scores for employees’ satisfaction with the company’s health, safety and environmental work. HSE audits have also been carried out. Sickness absence remained stable throughout the year, with a slight decrease towards the end of the year.

As of the end of 2020, the share of women remained unchanged at 46.7 per cent (up 0.5 percentage points from 2019), and the proportion of women in all managerial positions in the company is 39.3 per cent (up 0.9 percentage points from 2019). Level 1 and 2 managers: 37.8 per cent in 2020 (up 4.9 percentage points from 2019).

When it comes to pay differences, women at management level 1 earn 82 per cent of what men earn, and at level 2, they earn 92 per cent. Women at management level 3 earn 96 per cent of what men earn, while at level 4 they earn 101 per cent. For all other positions, women earn 88 per cent of what men earn.

We do not register the gender of applicants for vacant positions and cannot therefore refer to any specific gender balance figures. We are nonetheless of the view that our gender balance has improved, and more women have been recruited for positions dominated by men this year. By focusing more on the job and the role to be filled than on desired qualifications, we attract

CONTENT

3

About this report

4

The year that passed

6

Key figures and alternative performance measures

11

Chair letter

14

CEO letter

Chapter 1 – This is us

Chapter 2 – Creating added value in Gjensidige

Chapter 3 – Value created in 2020

Chapter 4 – Financial statements and notes

Gjensidige Forsikring Group

182

Consolidated income statement

183

Consolidated statement of comprehensive income

184

Consolidated statement of financial position

185

Consolidated statement of changes in equity

186

Consolidated statement of cash flows

187

Note 1 Accounting policies

195

Note 2 Use of estimates

196

Note 3 Risk and capital management

211

Note 4 Segment information

212

Note 5 Investments in associates and joint ventures

213

Note 6 Net income from investments

214

Note 7 Expenses

215

Note 8 Salaries and remuneration

218

Note 9 Tax

219

Note 10 Pension

223

Note 11 Goodwill and intangible assets

225

Note 12 Owner-occupied and right-off-use property, plant and equipment

227

Note 13 Financial assets and liabilities

232

Note 14 Shares and similar interests

233

Note 15 Loans and receivables

234

Note 16 Insurance-related liabilities and reinsurers’ share

235

Note 17 Equity

236

Note 18 Hybrid capital

237

Note 19 Provisions and other liabilities

238

Note 20 Related party transactions

239

Note 21 Contingent liabilities

239

Note 22 Share-based payment

241

Note 23 Events after the balance sheet date

241

Note 24 Earnings per share

Gjensidige Forsikring ASA

282

Declaration from the Board and CEO

283

Auditor’s report

288

Assurance integrated report

Appendix

290

GRI Content Index and Board of Directors Report

296

Selected governing documents

297

Description of ratings and whom we support

298

Statement on equality

304

Certificates and guarantees

310

Climate accounts own operations

applicants from other backgrounds than has traditionally been the case. In 2020, we hired more men than women in total, but, at the same time, the proportion of female managers has increased from 38.3 per cent in Q3 2019 to 39.3 per cent in the corresponding period in 2020.

Work on the big initiative to promote inclusion has been challenging seen in light of how very many employees in our biggest locations have worked from home. As more people start coming back to the office, it will be easier to facilitate work placements / work training. Despite the coronavirus situation, we have recruited employees with gaps in their CVs and had work placement/work training candidates, but our efforts could be intensified further.

Through the year, we have worked on several extensive measures that we believe will be important in our work to fight discrimination and obstacles to equality. The strange year that was 2020 provides opportunity for learning about management, cooperation and workplace requirements. We at Gjensidige will take these lessons with us, actively test and learn more, and use the experience gained to design a new normal for working at Gjensidige.

See the enclosed action plan for more information.

	Background for measure	Description of measure	Goal of measure	Responsibility	Deadline/status	Result
HR area	What did the survey reveal about discrimination risks and obstacles to equality? Is the measure linked to one or more grounds for discrimination?	What measures have been implemented?	How will the measures contribute to greater equality? How do we determine success?	Who is responsible for following up and carrying out various measures?	Deadline? Postponed , started or completed	How did the measure and the process work?
Work-life balance	Seminars/meetings/courses are scheduled for evenings or weekends or in locations that require travel	Create awareness of how the choice of time and place for seminars/meetings/course s unintentionally can lead to discrimination and be an obstacle to equality.	Give everyone equal opportunities to attend	EVP Organisation , HR and Investigation	Postponed	Most activities have taken place online in 2020, which means we need to regain focus on this when society opens again.
Work-life balance	Higher turnover among those who have been on parental leave in the past two years than among other employees	Establish network (support group) for employees on parental leave. Establish interview template for managers to be used before, during and after leaves of absence.	Reduce turnover in the group. Help to ensure increase in the proportion of female employees.	EVP Organisation , HR and Investigation	Postponed	For practical reasons, this has been postponed, but the work will resume in 2021.
Prejudice/attitudes	Attitudes and prejudice among the staff influence our dealings with colleagues, customers and partners.	Completed ‘Rosa Kompetanse’ webinar and pertaining podcast	Help to ensure that all employees are treated with respect and feel free be themselves in the workplace.	EVP Organisation , HR and Investigation	Initiated	A lot of good feedback. Approx. 130 employees participated. Corresponding webinar scheduled for Q1 2021
Prejudice/attitudes	Attitudes and prejudice among the staff influence our dealings with colleagues, customers and partners. Risk of prejudice and attitudes giving rise to discrimination and creating obstacles to equality	Highlight good examples of workplace inclusion.	Contribute to an inclusive environment in which we acknowledge, develop and capitalise on employees’ diversity competence.	EVP Organisation , HR and Investigation	Initiated	Through best-practice interviews on the intranet and Gjensidige TV, we have helped to raise awareness of the importance of workplace inclusion, and that people with slightly different CVs also have a lot to contribute.

CONTENT

3

About this report

4

The year that passed

6

Key figures and alternative performance measures

11

Chair letter

14

CEO letter

Chapter 1 – This is us

Chapter 2 – Creating added value in Gjensidige

Chapter 3 – Value created in 2020

Chapter 4 – Financial statements and notes

Gjensidige Forsikring Group

182

Consolidated income statement

183

Consolidated statement of comprehensive income

184

Consolidated statement of financial position

185

Consolidated statement of changes in equity

186

Consolidated statement of cash flows

187

Note 1 Accounting policies

195

Note 2 Use of estimates

196

Note 3 Risk and capital management

211

Note 4 Segment information

212

Note 5 Investments in associates and joint ventures

213

Note 6 Net income from investments

214

Note 7 Expenses

215

Note 8 Salaries and remuneration

218

Note 9 Tax

219

Note 10 Pension

223

Note 11 Goodwill and intangible assets

225

Note 12 Owner-occupied and right-off-use property, plant and equipment

227

Note 13 Financial assets and liabilities

232

Note 14 Shares and similar interests

233

Note 15 Loans and receivables

234

Note 16 Insurance-related liabilities and reinsurers’ share

235

Note 17 Equity

236

Note 18 Hybrid capital

237

Note 19 Provisions and other liabilities

238

Note 20 Related party transactions

239

Note 21 Contingent liabilities

239

Note 22 Share-based payment

241

Note 23 Events after the balance sheet date

241

Note 24 Earnings per share

Gjensidige Forsikring ASA

282

Declaration from the Board and CEO

283

Auditor’s report

288

Assurance integrated report

Appendix

290

GRI Content Index and Board of Directors Report

296

Selected governing documents

297

Description of ratings and whom we support

298

Statement on equality

304

Certificates and guarantees

310

Climate accounts own operations

HR area	Background for measure What did the survey reveal about discrimination risks and obstacles to equality? Is the measure linked to one or more grounds for discrimination?	Description of measure What measures have been implemented?	Goal of measure How will the measures contribute to greater equality? How do we determine success?	Responsibility Who is responsible for following up and carrying out various measures?	Deadline/status Deadline? Postponed , started or completed	Result How did the measure and the process work?
Promotion	All employees shall be given equal opportunities for career development and promotion	Ensure good gender balance in all personnel processes, including talent programmes, mentor programmes, management development, recruitment	Give all employees equal opportunities and help to raise the proportion of female managers	EVP Organisation , HR and Investigation	Implemented	By raising awareness of the importance of a good gender balance, we see that we have helped to achieve a good gender balance in the different processes that were carried out in 2020.
Promotion	All employees shall be given equal opportunities for career development and promotion	All employees shall have their own development plan, and vacancies shall be advertised internally	Give all employees equal opportunities for promotion/internal mobility	EVP Organisation , HR and Investigation	Implemented	According to the HR dashboard for Q4 2020, 72.9% of our employees have active development goals, compared with 69.9% in Q4 2019
Inclusion	Help to give opportunities to people excluded from the labour market (for example with gaps in their CVs)	Actively facilitate workplace inclusion through the inclusion agreement ('Vi inkluderer')	Give more people who are excluded from the labour market a chance with us, and create an understanding of the importance of each person's diversity competence.	EVP Organisation , HR and Investigation	Initiated	The work has been demanding because so many of our employees have worked from home, which means we have had fewer work placements / less work training. Despite this, we have recruited employees with gaps in their CVs in 2020 and had candidates on work placements and in work training. Hopefully, the work can be intensified in 2021.
Pay and working conditions	Pay gap between men and women	Review the annual wage settlement to identify any gender-based wage disparities From 2018, employees returning from at least five months' parental leave have been given an extra salary grade, or 1.3% pay increase.	Equal pay for equal work	EVP Organisation , HR and Investigation	Implemented	At the end of Q4 2020 (Q4 2019), women earned on average x per cent of what men earn NO: 87.4% (86.0%) DK: 84.1% (116.7%) SE: 96.8% (96.8%)
Diversity	A lot of good work is carried out in relation to diversity and inclusion, but a clear direction and objective is lacking.	Prepare and ensure support for instructions on diversity in the company.	Help to establish a clear direction in the diversity and inclusion work.	EVP Organisation , HR and Investigation	Initiated	Instructions for diversity have been drawn up that will be appended to the company's sustainability policy. Implementation will start in Q1 2021.
Diversity	Contribute to better diversity management	Certify diversity managers	Increasingly acknowledge, develop and capitalise on employees' diversity competence	EVP Organisation , HR and Investigation	Initiated	In 2020, we have certified two diversity managers under the auspices of the centre for diversity management (Seema) and Standards Norway.
Recruitment	Job advertisements appeal more to one of the genders.	Focus on the words used in job advertisements.	Ensure good gender balance and that we attract applicants from different backgrounds with different expertise and experience.	EVP Organisation , HR and Investigation	Implemented	We do not register the gender of applicants and cannot therefore refer to any specific gender balance figures in this context. We are nonetheless of the view that our gender balance has improved, and see that more women have been recruited for positions dominated by men this year. By focusing more on the job than on desired qualifications, we see that we attract applicants from other backgrounds than has traditionally been the case. In 2020, we hired more men than women in total.

CONTENT

- 3 About this report
- 4 The year that passed
- 6 Key figures and alternative performance measures
- 11 Chair letter
- 14 CEO letter

Chapter 1 – This is us

Chapter 2 – Creating added value in Gjensidige

Chapter 3 – Value created in 2020

Chapter 4 – Financial statements and notes

Gjensidige Forsikring Group

- 182 Consolidated income statement
- 183 Consolidated statement of comprehensive income
- 184 Consolidated statement of financial position
- 185 Consolidated statement of changes in equity
- 186 Consolidated statement of cash flows
- 187 Note 1 Accounting policies
- 195 Note 2 Use of estimates
- 196 Note 3 Risk and capital management
- 211 Note 4 Segment information
- 212 Note 5 Investments in associates and joint ventures
- 213 Note 6 Net income from investments
- 214 Note 7 Expenses
- 215 Note 8 Salaries and remuneration
- 218 Note 9 Tax
- 219 Note 10 Pension
- 223 Note 11 Goodwill and intangible assets
- 225 Note 12 Owner-occupied and right-off-use property, plant and equipment
- 227 Note 13 Financial assets and liabilities
- 232 Note 14 Shares and similar interests
- 233 Note 15 Loans and receivables
- 234 Note 16 Insurance-related liabilities and reinsurers’ share
- 235 Note 17 Equity
- 236 Note 18 Hybrid capital
- 237 Note 19 Provisions and other liabilities
- 238 Note 20 Related party transactions
- 239 Note 21 Contingent liabilities
- 239 Note 22 Share-based payment
- 241 Note 23 Events after the balance sheet date
- 241 Note 24 Earnings per share

Gjensidige Forsikring ASA

- 282 Declaration from the Board and CEO
- 283 Auditor’s report
- 288 Assurance integrated report

Appendix

- 290 GRI Content Index and Board of Directors Report
- 296 Selected governing documents
- 297 Description of ratings and whom we support
- 298 Statement on equality
- 304 Certificates and guarantees
- 310 Climate accounts own operations

HR area	Background for measure What did the survey reveal about discrimination risks and obstacles to equality? Is the measure linked to one or more grounds for discrimination?	Description of measure What measures have been implemented?	Goal of measure How will the measures contribute to greater equality? How do we determine success?	Responsibility Who is responsible for following up and carrying out various measures?	Deadline/status Deadline? Postponed , started or completed	Result How did the measure and the process work?
Recruitment	Ensure fair and gender-neutral recruitment process.	Have at least one applicant from each gender in the final round of interviews for managerial positions.	Good gender balance on management teams.	EVP Organisation , HR and Investigation	Implemented	In 2020, the proportion of female managers increased to 39.3% in Q3, compared with 38.3% the same period the year before.
Recruitment	Screening and first-time interviews are conducted by the manager.	Use other methods for screening and first-time interviews to ensure it is not the manager’s task alone.	Good gender balance and diversity in the further process.	EVP Organisation , HR and Investigation	Initiated	By involving more people, we ensure that the process is more objective and thereby help to reduce the possibility of discrimination.
Social events	All employees shall feel comfortable in social settings	Non-alcoholic beverages must be easily accessible. The same applies to food alternatives.	All employees shall feel that social events are 'open' to everyone.	EVP Organisation , HR and Investigation	Initiated	There have been few social events in 2020 and the work will be carried over to the next year.
Harassment, sexual harassment and ***gender-based violence	All employees shall feel that they are treated with respect, consideration and courtesy	Raise employees’ awareness of the guidelines to prevent unwanted sexual attention through departmental meetings and ahead of annual parties/Christmas parties/big gatherings. The new guidelines were adopted in 2018, but we bring them up frequently.	Create a safe working environment. Measured through the HSE survey	EVP Organisation , HR and Investigation	Implemented	In line with the company's HSE action plan, all managers must have addressed the topic at departmental meetings and carried out risk assessments and pertaining measures. See also the chapter on HSE in the annual report.
Development opportunities / training	All employees shall be given equal opportunities for career development	Facilitate equal opportunities for competence-raising measures, for example by considering the time/place of courses. More continuous employee development with greater opportunity to influence one’s own development.	Give all employees equal opportunities for career development	EVP Organisation , HR and Investigation	Initiated	Through the year, we have moved 65% of our competence-raising measures online to ensure the desired development.

CONTENT

3

About this report

4

The year that passed

6

Key figures and alternative performance measures

11

Chair letter

14

CEO letter

Chapter 1 – This is us

Chapter 2 – Creating added value in Gjensidige

Chapter 3 – Value created in 2020

Chapter 4 – Financial statements and notes

Gjensidige Forsikring Group

182

Consolidated income statement

183

Consolidated statement of comprehensive income

184

Consolidated statement of financial position

185

Consolidated statement of changes in equity

186

Consolidated statement of cash flows

187

Note 1

Accounting policies

195

Note 2

Use of estimates

196

Note 3

Risk and capital management

211

Note 4

Segment information

212

Note 5

Investments in associates and joint ventures

213

Note 6

Net income from investments

214

Note 7

Expenses

215

Note 8

Salaries and remuneration

218

Note 9

Tax

219

Note 10

Pension

223

Note 11

Goodwill and intangible assets

225

Note 12

Owner-occupied and right-off-use property, plant and equipment

227

Note 13

Financial assets and liabilities

232

Note 14

Shares and similar interests

233

Note 15

Loans and receivables

234

Note 16

Insurance-related liabilities and reinsurers' share

235

Note 17

Equity

236

Note 18

Hybrid capital

237

Note 19

Provisions and other liabilities

238

Note 20

Related party transactions

239

Note 21

Contingent liabilities

239

Note 22

Share-based payment

241

Note 23

Events after the balance sheet date

241

Note 24

Earnings per share

Gjensidige Forsikring ASA

282

Declaration from the Board and CEO

283

Auditor's report

288

Assurance integrated report

Appendix

290

GRI Content Index and Board of Directors Report

296

Selected governing documents

297

Description of ratings and whom we support

298

Statement on equality

304

Certificates and guarantees

310

Climate accounts own operations

Appendix 5 – Certificates and guarantees



CONTENT

3

About this report

4

The year that passed

6

Key figures and alternative performance measures

11

Chair letter

14

CEO letter

Chapter 1 – This is us

Chapter 2 – Creating added value in Gjensidige

Chapter 3 – Value created in 2020

Chapter 4 – Financial statements and notes

Gjensidige Forsikring Group

182 Consolidated income statement

183 Consolidated statement of comprehensive income

184 Consolidated statement of financial position

185 Consolidated statement of changes in equity

186 Consolidated statement of cash flows

187 Note 1 Accounting policies

195 Note 2 Use of estimates

196 Note 3 Risk and capital management

211 Note 4 Segment information

212 Note 5 Investments in associates and joint ventures

213 Note 6 Net income from investments

214 Note 7 Expenses

215 Note 8 Salaries and remuneration

218 Note 9 Tax

219 Note 10 Pension

223 Note 11 Goodwill and intangible assets

225 Note 12 Owner-occupied and right-off-use property, plant and equipment

227 Note 13 Financial assets and liabilities

232 Note 14 Shares and similar interests

233 Note 15 Loans and receivables

234 Note 16 Insurance-related liabilities and reinsurers' share

235 Note 17 Equity

236 Note 18 Hybrid capital

237 Note 19 Provisions and other liabilities

238 Note 20 Related party transactions

239 Note 21 Contingent liabilities

239 Note 22 Share-based payment

241 Note 23 Events after the balance sheet date

241 Note 24 Earnings per share

Gjensidige Forsikring ASA

282 Declaration from the Board and CEO

283 Auditor's report

288 Assurance integrated report

Appendix

290 GRI Content Index and Board of Directors Report

296 Selected governing documents

297 Description of ratings and whom we support

298 Statement on equality

304 Certificates and guarantees

310 Climate accounts own operations



CLIMATE COMPENSATED
BUSINESS



CLIMATE CERTIFICATE 2020

CEMASys' Climate Certificate™ is hereby issued as a proof of purchase of carbon credits for voluntary offsets of own greenhouse gas emissions. The carbon credits have been issued in accordance to the relevant standard's protocols and tracked in the registry using unique serial numbers to prevent double counting or double selling.

Company	Gjensidige Forsikring ASA
Offsets cover	Climate compensation for own emissions 2020, scope 1, district heating scope 2, and flights scope 3.
Volume (tonnes CO ₂ e)	3000
Type	VER (Verified Emission Reduction)
Issuing body	Gold Standard Foundation
Project name	GS 1385 - Energy Efficiency and Improved Clean Burning Cookstoves in Ghana
Project reference	https://registry.goldstandard.org/projects/details/237

The carbon credits have been retired from the registry permanently, so that no one else can hold or retire them. For more information, see the project description.

Oslo, 16. December 2020



Kjetil Selmer-Olsen

CONTENT

3

About this report

4

The year that passed

6

Key figures and alternative performance measures

11

Chair letter

14

CEO letter

Chapter 1 – This is us

Chapter 2 – Creating added value in Gjensidige

Chapter 3 – Value created in 2020

Chapter 4 – Financial statements and notes

Gjensidige Forsikring Group

182

Consolidated income statement

183

Consolidated statement of comprehensive income

184

Consolidated statement of financial position

185

Consolidated statement of changes in equity

186

Consolidated statement of cash flows

187

Note 1 Accounting policies

195

Note 2 Use of estimates

196

Note 3 Risk and capital management

211

Note 4 Segment information

212

Note 5 Investments in associates and joint ventures

213

Note 6 Net income from investments

214

Note 7 Expenses

215

Note 8 Salaries and remuneration

218

Note 9 Tax

219

Note 10 Pension

223

Note 11 Goodwill and intangible assets

225

Note 12 Owner-occupied and right-off-use property, plant and equipment

227

Note 13 Financial assets and liabilities

232

Note 14 Shares and similar interests

233

Note 15 Loans and receivables

234

Note 16 Insurance-related liabilities and reinsurers' share

235

Note 17 Equity

236

Note 18 Hybrid capital

237

Note 19 Provisions and other liabilities

238

Note 20 Related party transactions

239

Note 21 Contingent liabilities

239

Note 22 Share-based payment

241

Note 23 Events after the balance sheet date

241

Note 24 Earnings per share

Gjensidige Forsikring ASA

282

Declaration from the Board and CEO

283

Auditor's report

288

Assurance integrated report

Appendix

290

GRI Content Index and Board of Directors Report

296

Selected governing documents

297

Description of ratings and whom we support

298

Statement on equality

304

Certificates and guarantees

310

Climate accounts own operations

Improved cookstoves in Ghana – Gold Standard project



The primary objective of the project is to significantly reduce wood fuel consumption of low income Ganesh households by providing them with affordable improved cookstoves in the Ashanti region in Ghana. The improved cookstoves can replace traditional stoves which expose people to toxic smoke and gas from burning wood while cooking.



142 000

Households provided with clean cook stoves through this project



100

jobs 70 men and 30 women



220 000

tonnes CO2e mitigated

PROJECT TYPE

Improved efficiency from reduced consumption of wood as fuel

PROJECT LOCATION

Ghana, Ashanti Region

ANNUAL CO2 REDUCTION

220 000 tonnes CO2e

SITUATION WITHOUT PROJECT

Traditional cookstoves that expose users to toxic smoke and gas from burning biomass will remain the main source of fuel for households for a long time

SDB CONTRIBUTION



PROJECT STANDARD

Gold Standard
Climate Security & Sustainable Development

[Gold Standard # 1385 \(GS VER\)](#)

AWARDS



The project aims to contribute to the socially, economically and environmentally sustainable development of the region by making efficient cookstoves widely available and educating the population about their benefits.

The social benefit of the project is that it creates jobs for local people, with employment of both women and men in the region. They are educated in the health benefits of using clean-burning stoves, and employed in the production of stoves. This gives locals a livelihood, with wages that are 80% higher than the minimum wage. The stoves are produced locally from scrap metal and sold at subsidized prices. The improved stoves are 40% more energy efficient than traditional stoves, and reduce consumption of wood charcoal. The project contributes to reduced demand and thus to less deforestation. A significant proportion of annual household budget is spent on the purchase of charcoal. By reducing the need for charcoal, the project also reduces expenses for a family accordingly.

More efficient stoves provide health benefits by reducing the amount of carbon monoxide and toxic fumes that are being inhaled. The health benefits are more evident among women and children as they traditionally have the responsibility of the household. Surveys show that the project has provided cost savings and improved health for those that adopt the stoves.

CONTENT

3

About this report

4

The year that passed

6

Key figures and alternative performance measures

11

Chair letter

14

CEO letter

Chapter 1 – This is us

Chapter 2 – Creating added value in Gjensidige

Chapter 3 – Value created in 2020

Chapter 4 – Financial statements and notes

Gjensidige Forsikring Group

182 Consolidated income statement

183 Consolidated statement of comprehensive income

184 Consolidated statement of financial position

185 Consolidated statement of changes in equity

186 Consolidated statement of cash flows

187 Note 1 Accounting policies

195 Note 2 Use of estimates

196 Note 3 Risk and capital management

211 Note 4 Segment information

212 Note 5 Investments in associates and joint ventures

213 Note 6 Net income from investments

214 Note 7 Expenses

215 Note 8 Salaries and remuneration

218 Note 9 Tax

219 Note 10 Pension

223 Note 11 Goodwill and intangible assets

225 Note 12 Owner-occupied and right-off-use property, plant and equipment

227 Note 13 Financial assets and liabilities

232 Note 14 Shares and similar interests

233 Note 15 Loans and receivables

234 Note 16 Insurance-related liabilities and reinsurers' share

235 Note 17 Equity

236 Note 18 Hybrid capital

237 Note 19 Provisions and other liabilities

238 Note 20 Related party transactions

239 Note 21 Contingent liabilities

239 Note 22 Share-based payment

241 Note 23 Events after the balance sheet date

241 Note 24 Earnings per share

Gjensidige Forsikring ASA

282 Declaration from the Board and CEO

283 Auditor's report

288 Assurance integrated report

Appendix

290 GRI Content Index and Board of Directors Report

296 Selected governing documents

297 Description of ratings and whom we support

298 Statement on equality

304 Certificates and guarantees

310 Climate accounts own operations



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BUSINESS



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Company	Gjensidige
Offsets cover	Climate compensation for «Innbo Ung og Reise Ung» in Q3 and Q4 2020
Volume (tonnes CO ₂ e)	1 050
Type	VER (Verified Emission Reduction)
Issuing body	Gold Standard Foundation
Project name	GS 1385 – Energy Efficiency and Improved Clean Burning Cookstoves in Ghana
Project reference	https://registry.goldstandard.org/projects/details/237

The carbon credits have been retired from the registry permanently, so that no one else can hold or retire them. For more information, see the project description.

Oslo, 6th July 2020



Kjetil Selmer-Olsen

CONTENT

3

About this report

4

The year that passed

6

Key figures and alternative performance measures

11

Chair letter

14

CEO letter

Chapter 1 – This is us

Chapter 2 – Creating added value in Gjensidige

Chapter 3 – Value created in 2020

Chapter 4 – Financial statements and notes

Gjensidige Forsikring Group

182

Consolidated income statement

183

Consolidated statement of comprehensive income

184

Consolidated statement of financial position

185

Consolidated statement of changes in equity

186

Consolidated statement of cash flows

187

Note 1 Accounting policies

195

Note 2 Use of estimates

196

Note 3 Risk and capital management

211

Note 4 Segment information

212

Note 5 Investments in associates and joint ventures

213

Note 6 Net income from investments

214

Note 7 Expenses

215

Note 8 Salaries and remuneration

218

Note 9 Tax

219

Note 10 Pension

223

Note 11 Goodwill and intangible assets

225

Note 12 Owner-occupied and right-off-use property, plant and equipment

227

Note 13 Financial assets and liabilities

232

Note 14 Shares and similar interests

233

Note 15 Loans and receivables

234

Note 16 Insurance-related liabilities and reinsurers' share

235

Note 17 Equity

236

Note 18 Hybrid capital

237

Note 19 Provisions and other liabilities

238

Note 20 Related party transactions

239

Note 21 Contingent liabilities

239

Note 22 Share-based payment

241

Note 23 Events after the balance sheet date

241

Note 24 Earnings per share

Gjensidige Forsikring ASA

282

Declaration from the Board and CEO

283

Auditor's report

288

Assurance integrated report

Appendix

290

GRI Content Index and Board of Directors Report

296

Selected governing documents

297

Description of ratings and whom we support

298

Statement on equality

304

Certificates and guarantees

310

Climate accounts own operations

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CONTENT

3

About this report

4

The year that passed

6

Key figures and alternative performance measures

11

Chair letter

14

CEO letter

Chapter 1 – This is us

Chapter 2 – Creating added value in Gjensidige

Chapter 3 – Value created in 2020

Chapter 4 – Financial statements and notes

Gjensidige Forsikring Group

182

Consolidated income statement

183

Consolidated statement of comprehensive income

184

Consolidated statement of financial position

185

Consolidated statement of changes in equity

186

Consolidated statement of cash flows

187

Note 1

Accounting policies

195

Note 2

Use of estimates

196

Note 3

Risk and capital management

211

Note 4

Segment information

212

Note 5

Investments in associates and joint ventures

213

Note 6

Net income from investments

214

Note 7

Expenses

215

Note 8

Salaries and remuneration

218

Note 9

Tax

219

Note 10

Pension

223

Note 11

Goodwill and intangible assets

225

Note 12

Owner-occupied and right-off-use property, plant and equipment

227

Note 13

Financial assets and liabilities

232

Note 14

Shares and similar interests

233

Note 15

Loans and receivables

234

Note 16

Insurance-related liabilities and reinsurers' share

235

Note 17

Equity

236

Note 18

Hybrid capital

237

Note 19

Provisions and other liabilities

238

Note 20

Related party transactions

239

Note 21

Contingent liabilities

239

Note 22

Share-based payment

241

Note 23

Events after the balance sheet date

241

Note 24

Earnings per share

Gjensidige Forsikring ASA

282

Declaration from the Board and CEO

283

Auditor's report

288

Assurance integrated report

Appendix

290

GRI Content Index and Board of Directors Report

296

Selected governing documents

297

Description of ratings and whom we support

298

Statement on equality

304

Certificates and guarantees

310

Climate accounts own operations



SERTIFIKAT

Gjensidige Forsikring ASA

(hovedkontor)

Schweigaards gate 21, 0191 OSLO

Virksomheten oppfyller følgende kriteriesett:

- 0 Felles kriterier
- 72 Hovedkontor-for konsern og kommuner
- 0 L Leietaker

Dette innebærer at virksomhetens miljøstandard og rutiner er funnet å være i overensstemmelse med de nevnte kriterier. Virksomheten kan dermed dokumentere at strenge kriterier innen temaene arbeidsmiljø, innkjøp, energi, transport, avfall, utslipp og estetikk er tilfredsstillt.

Sertifiseringen er utført av

Ann-Mari Arnesen Morelle

Sertifisør, på vegne av Oslo kommune

Sertifikatnummer: 1806

Utstedt: 14.01.2018. Sertifikatet er gyldig til: 14.01.2021

Kontrollert av Stiftelsen Miljøfyrtårn:Ja



CONTENT

3

About this report

4

The year that passed

6

Key figures and alternative performance measures

11

Chair letter

14

CEO letter

Chapter 1 – This is us

Chapter 2 – Creating added value in Gjensidige

Chapter 3 – Value created in 2020

Chapter 4 – Financial statements and notes

Gjensidige Forsikring Group

182 Consolidated income statement

183 Consolidated statement of comprehensive income

184 Consolidated statement of financial position

185 Consolidated statement of changes in equity

186 Consolidated statement of cash flows

187 Note 1 Accounting policies

195 Note 2 Use of estimates

196 Note 3 Risk and capital management

211 Note 4 Segment information

212 Note 5 Investments in associates and joint ventures

213 Note 6 Net income from investments

214 Note 7 Expenses

215 Note 8 Salaries and remuneration

218 Note 9 Tax

219 Note 10 Pension

223 Note 11 Goodwill and intangible assets

225 Note 12 Owner-occupied and right-off-use property, plant and equipment

227 Note 13 Financial assets and liabilities

232 Note 14 Shares and similar interests

233 Note 15 Loans and receivables

234 Note 16 Insurance-related liabilities and reinsurers’ share

235 Note 17 Equity

236 Note 18 Hybrid capital

237 Note 19 Provisions and other liabilities

238 Note 20 Related party transactions

239 Note 21 Contingent liabilities

239 Note 22 Share-based payment

241 Note 23 Events after the balance sheet date

241 Note 24 Earnings per share

Gjensidige Forsikring ASA

282 Declaration from the Board and CEO

283 Auditor’s report

288 Assurance integrated report

Appendix

290 GRI Content Index and Board of Directors Report

296 Selected governing documents

297 Description of ratings and whom we support

298 Statement on equality

304 Certificates and guarantees

310 Climate accounts own operations

Appendix 6 – Climate accounts own operations

The table below displays the numbers, in CO₂ equivalents, composing the climate footprint of Gjensidige’s internal operations as a group for 2020. The numbers are registered according to the established guidelines for the scopes 1-3 (following the GHG Protocol). Related to scope 1, the footprint results from travels conducted by car (mostly leased company cars). Concerning scope 2, we use both district heating and electricity for our operations, and we purchase Guarantees of origin for some of our electricity consumption. As for scope 3, this relates to air travels conducted by our employees as part of our operations.

Climate account, own operations -market based											
	Unity	Norway		Sweden		Denmark		Baltics		Total	
Scope 1 Direct emissions		2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Gasoline	litre	21,403	32,959	16,430	5,400	14,341	7,800	51,289	42,092	103,463	88,251
Diesel	litre	17,392	33,099	7,440	4,200	2,671	8,400	47,879	46,021	75,382	91,720
Total	CO ₂ e tonnes	117	162	63	27	49	57	241	217	470	463

Scope 2 Energy use – market based											
District heating	MWh	513	652			1,238	1,173	29	5	1,780	1,830
	CO ₂ e tonnes	89	115			213	207	5	1	307	323
Electricity with Guarantees of origin	MWh	4,359								4.359	
	CO ₂ e tonnes										
Electricity without Guarantees of origin	MWh		5,332	292	256	1,328	1,475	1,280	1,279	2,900	8,342
	CO ₂ e tonnes		2,773	15	133	618	767	450	665	1,083	4,338
Total energy use	MWh	4,872	5,984	292	256	2,566	2,648	1,309	1,284	9,039	10,172
Total energy use market based	CO ₂ e tonnes	89	2,888	15	133	831	974	455	666	1,390	4,661
<i>CO₂ energy based on location</i>		74	101	5	5	135	233	84	90	298	429

Scope 3 Indirect emissions											
Air travels	Number	2,145	9,874	398	1,144	235	1,388	3	414	2,781	12,820
	CO ₂ e tonnes	141	1.480	27	135	15	202	0	98	183	1,915
Total scope 1,2 and 3	CO ₂ e tonnes	347	4,530	105	295	895	1,233	696	981	2,043	7,039

Factors employed for the calculation of CO₂ equivalents

- 1)

Numbers on air travels 2020, delivered by our travel agency Berg-Hansen
- 2)

Numbers delivered by our leasing agency for company cars in Norway 2020
- 3)

The factor employed for energy use based on location is based on the Electricity Disclosure for Norway 2020, issued by the Norwegian Water Resources and Energy Directorate (NVE)
- 4)

DEFRA 2020 Greenhouse gas reporting: converting factors
- 5)

NVE 2020 Electricity Disclosure
- 6)

Electricity cnsumption outside Norway, based on IEA GHG codes

CONTENT

- 3 About this report
- 4 The year that passed
- 6 Key figures and alternative performance measures
- 11 Chair letter
- 14 CEO letter

Chapter 1 – This is us

Chapter 2 – Creating added value in Gjensidige

Chapter 3 – Value created in 2020

Chapter 4 – Financial statements and notes

Gjensidige Forsikring Group

182	Consolidated income statement
183	Consolidated statement of comprehensive income
184	Consolidated statement of financial position
185	Consolidated statement of changes in equity
186	Consolidated statement of cash flows
187	Note 1 Accounting policies
195	Note 2 Use of estimates
196	Note 3 Risk and capital management
211	Note 4 Segment information
212	Note 5 Investments in associates and joint ventures
213	Note 6 Net income from investments
214	Note 7 Expenses
215	Note 8 Salaries and remuneration
218	Note 9 Tax
219	Note 10 Pension
223	Note 11 Goodwill and intangible assets
225	Note 12 Owner-occupied and right-off-use property, plant and equipment
227	Note 13 Financial assets and liabilities
232	Note 14 Shares and similar interests
233	Note 15 Loans and receivables
234	Note 16 Insurance-related liabilities and reinsurers’ share
235	Note 17 Equity
236	Note 18 Hybrid capital
237	Note 19 Provisions and other liabilities
238	Note 20 Related party transactions
239	Note 21 Contingent liabilities
239	Note 22 Share-based payment
241	Note 23 Events after the balance sheet date
241	Note 24 Earnings per share

Gjensidige Forsikring ASA

282	Declaration from the Board and CEO
283	Auditor’s report
288	Assurance integrated report

Appendix

290	GRI Content Index and Board of Directors Report
296	Selected governing documents
297	Description of ratings and whom we support
298	Statement on equality
304	Certificates and guarantees
310	Climate accounts own operations



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