

Our mission and vision – goals and strategies

Our goals are based on ambitions to achieve good financial results and as sustainable operations as possible. Strategic priorities are aimed at efficiency in the short run, development in the longer run – with sustainable value creation as a long-term priority.



Gjensidige shall be a leading general insurance company with business in the Nordic and Baltics. A high degree of customer orientation shall be combined with cost efficient operations. Sustainable choices and solutions are a precondition for long term value creation. Mergers, acquisitions and strategic alliances will complement organic growth and help the Group deliver on strategic goals. Profitability shall still be prioritised ahead of growth.

Who we are

Gjensidige's core activity is to offer general insurance and risk-based accident and health insurance. We also offer pension services that naturally support our core activity in Norway. We will also to an increasing extent, alone or together with others, develop and offer value-adding additional services aimed at making life easier for and increasing our customers' sense of security and well-being. Gjensidige's head office is in Oslo, Norway.

For more than 200 years, Gjensidige has sought to create a sense of security for our customers by safeguarding life, health and assets. That's our mission. We have continuously implemented damage prevention measures, and provided help when the damage was done. Our experience and expertise shall benefit society at large. Gjensidige shall maintain a stronger focus on sustainability and thereby help to implement the Paris Agreement and the UN Sustainable Development Goals.

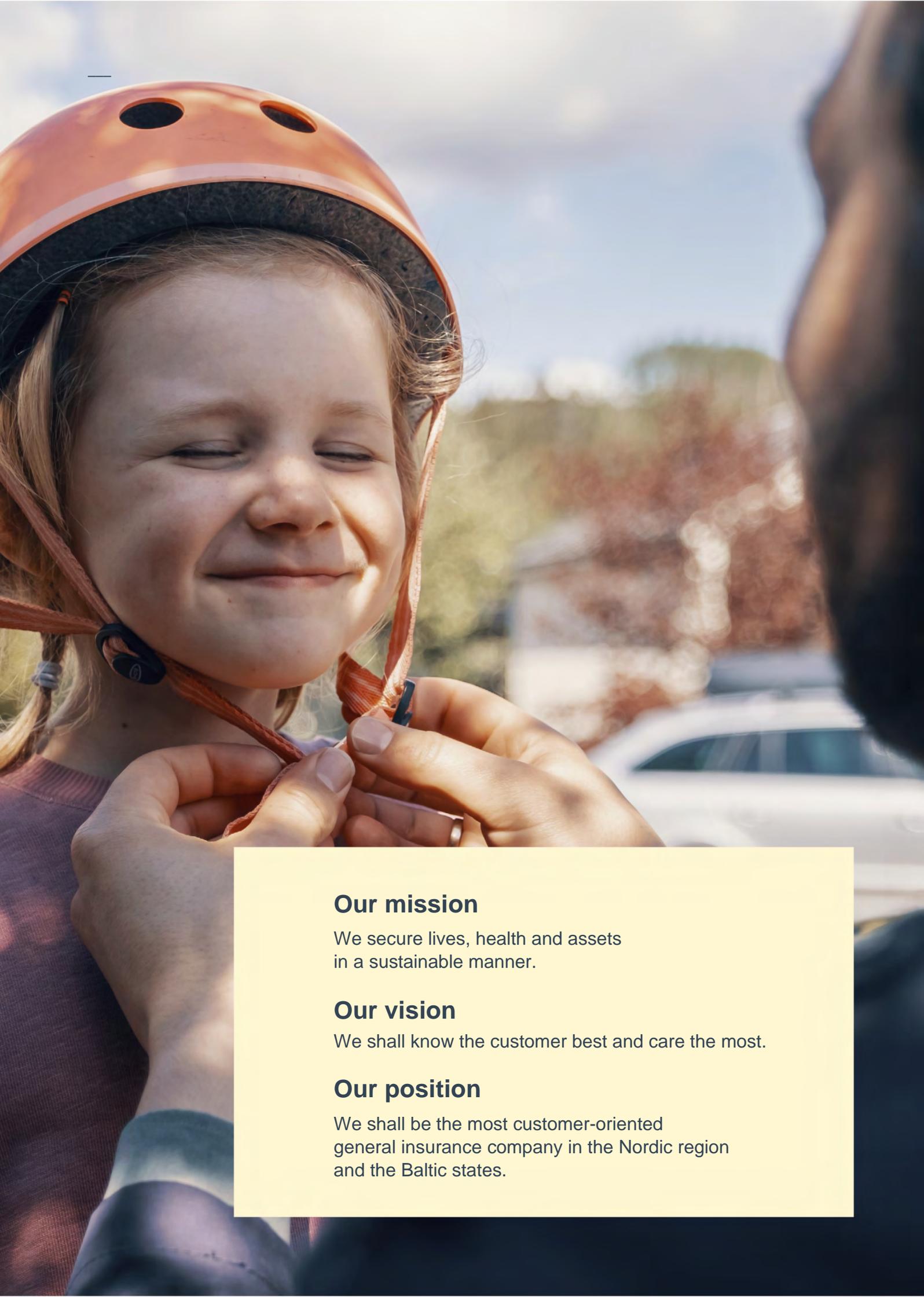
Climate and environmental challenges give rise to new risks and opportunities for the insurance industry. Integrating sustainable solutions into our core activities and strategy is vital to value creation in the long term.

Gjensidige defines sustainability in line with the UN Sustainable Development Goals. This means that Gjensidige's activities shall help to strike a balance between climate and environmental considerations, social conditions, good corporate governance and finances, to ensure that future generations have the same ability to meet their needs as we do today.

The customer in focus

Gjensidige's vision is to know the customer best, and care the most. We aim to be the most customer-oriented general insurance company in the Nordic and Baltic area. This goal shall permeate the Company's solutions and development agenda and characterise Gjensidige as a brand. The modern-day Gjensidige carries on a more than 200-year tradition of helping customers during the most difficult moments of their lives.

Our social mission and responsibility have been key factors in the emergence of the modern welfare society. It is only natural that we continue and further develop our role now that society is facing new, far-reaching challenges. A consequence of this is that helping our customers and society to prevent losses and make sustainable choices will be a key part of our customer orientation.



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.

Gjensidige's targets

The Board has adopted targets to ensure that Gjensidige meets its obligations to the Company's stakeholders. The board has adopted both sustainability targets and financial targets.

In order to support these targets, the management has adopted operational targets.

Sustainability targets

Gjensidige shall contribute to the attainment of the 17 UN Sustainable Development Goals. The Group shall help to promote five of the goals in particular: Good Health and Well-being, Decent Work and Economic Growth, Sustainable Cities and Communities, Responsible Consumption and Production, and Climate Action. The background for this is described in more detail on page 32.

Gjensidige's sustainability targets (see **Value created in 2019** on page 85-97) focus on three areas: a safer society, reduced carbon intensity and socially responsible investments. Some of the targets 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

The most important thing we can do to contribute to a safer society is to work on damage prevention activities. Sustainable products shall reflect customer needs, and we shall use our know-how and expertise to put the right price on insurable risks. We shall be a problem-solver that provides our customers with relevant services. We shall utilise the damage prevention opportunities technology and digitalisation present. Insurance is very important to society and therefore subject to strict regulation. Good corporate governance is decisive to achieving our goals.

We need committed employees to be able to run an efficient business and achieve our goals. Taking social responsibility and supporting underprivileged people in different ways are important ways of creating social commitment and a meaningful workplace.

Reducing carbon intensity

We have ambitious goals of reducing our carbon intensity – meaning greenhouse gas emissions relative to earned premiums – for both our own operations and claims settlements.

For our own operations, our ambition is to be climate neutral by 2030.

Our most important measure to reduce CO₂-intensity is damage prevention. When a damage has occurred, our greatest opportunity to reduce our carbon intensity is to motivate customers and suppliers to make more environmentally friendly choices in connection with claims payments. We see great opportunities for encouraging more reuse and promoting the circular economy. We will contribute to this in the way we design our products and through collaboration with suppliers and other partners. Using the resources where they generate the greatest effect is essential, which is why we implement climate accounts as the basis for decisions going forward.

Socially responsible investments

Gjensidige shall help to ensure that the transition to a zero emission-society is as smooth as possible. Our investments shall be in accordance with the Board's ESG policy (our policy for sustainable operations, of which investments are a part). Furthermore, the investments shall comply with the company's SRI-policy and strategy to ensure that the investments are in accordance with Gjensidige's ethical profile, and as far as possible in accordance with the UN Principles for Responsible Investments (PRI).

A safer society

- Damage prevention measures
- Sustainable products
- Engaged employees
- Social commitment
- Good corporate governance



Reducing carbon intensity

- Sustainable claims settlements
- Digital transformation
- Reducing our own climate footprint



Socially responsible investments

- SRI policy
- UN Global Compact principles
- Follow-up of external managers



Financial and operational targets 2019–2022

The Board has adopted financial targets that apply to each year from 2019 up to and including 2022.

Financial targets:

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 Q4 2019.

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

The following operational targets shall underpin the Group's financial targets.

Operational targets

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

Our operational targets towards 2022 are based on the following priorities:

- Maintaining customer satisfaction at a very high level
- Maintaining the very high customer loyalty in Norway and increasing loyalty significantly outside Norway.
- Increasing sales efficiency, among other things through a larger proportion of digital sales and more analytical CRM. When customers receive more targeted advice and information about products, it saves time for them and our customer advisers. It also increases the likelihood of customers buying a product that meets their need. We will also increase sales efficiency by optimising our channel mix through the use of internal distribution channels and optimal use of our channels.
- Development of a process for automating development, monitoring and updating of tariff models. This presupposes increased analytical capacity, standardisation and automation of pricing processes and a gradual development of more sophisticated tariff models. The new tariff models can be updated significantly quicker than before.
- Increasing the proportion of digital claims reports and straight-through claims processing in Norway and, in the longer term, in Denmark, Sweden and the Baltics. This will be made possible with the help of standardisation, digital claims forms and algorithms built into our core system. Digitalisation and automation of claims handling processes contribute to good customer experiences and increased cost efficiency.
- Reducing claims incurred through better control of repair methods and selection of suppliers, and reducing fraud, as well as cutting costs through increased automation.

Gjensidige's strategy

The board has determined Gjensidige's group strategy for the coming years. The group strategy guides the business strategies of each business segment.

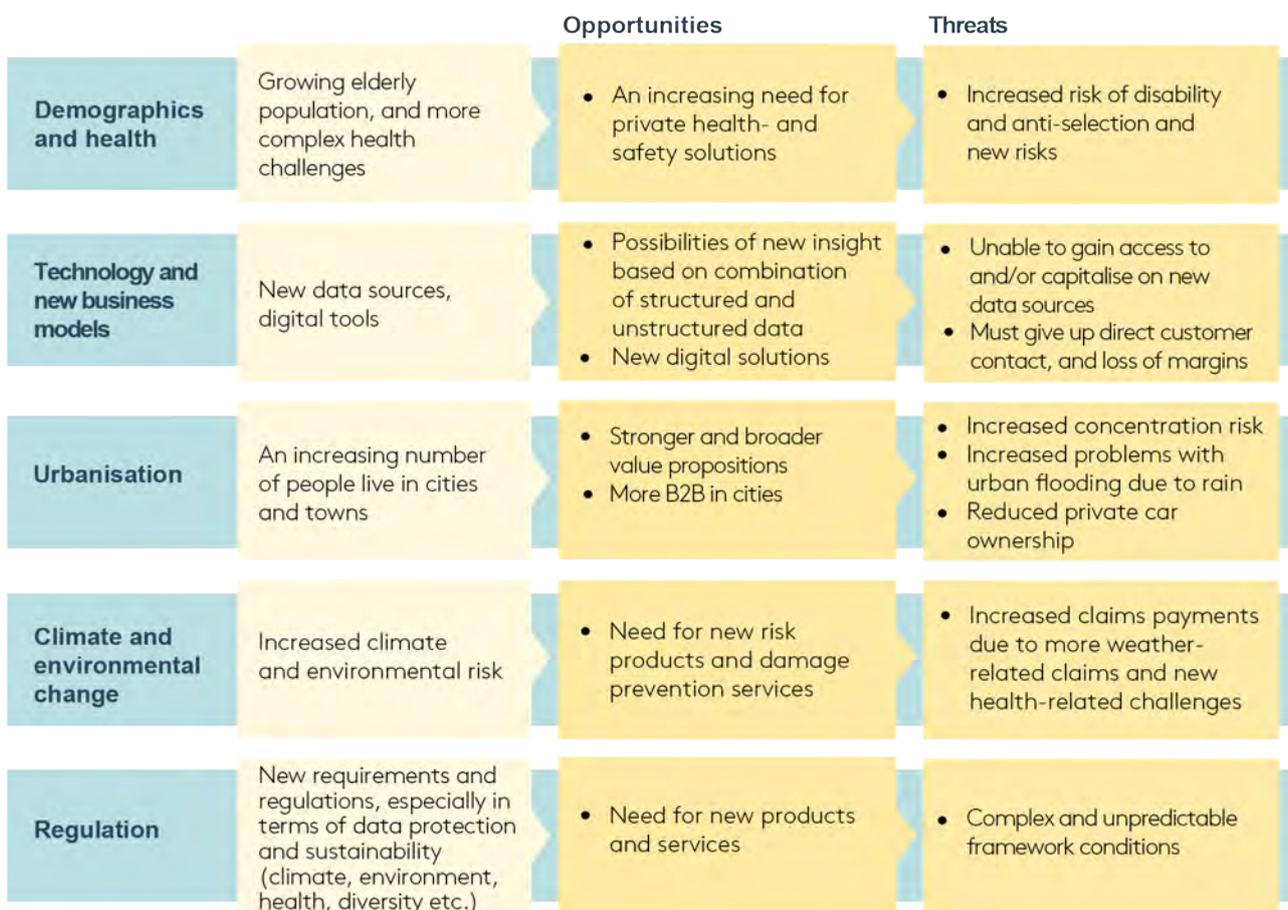
Global megatrends towards 2030

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

- The growing elderly population challenges the Scandinavian welfare model, but also creates opportunities for new products, services and partnerships.
- Digital user habits have spillover effects across industries, giving rise to expectations of good, personal digital services – also in insurance.
- Increased urbanisation provides opportunities for new value propositions, but also leads to environmental threats and changed insurance needs.

- Climate risks have consequences for life, health and environment, and will influence products and value propositions.
- EU Sustainable Finance has launched several initiatives that can give rise to new regulation that will affect products, claims settlement (e.g. the choice of material) and investments.

In the strategy period, we will pay special attention to and be alert to the development of new business models, for example related to open platforms and sharing of data, vertical integration, and more comprehensive risk relief.



Strategic platform

In order to ensure competitiveness, and to succeed with long term value creation, we will have to balance customer orientation with efficient operations. Both must be based on an analytical approach through the entire value chain, and key girders to succeed are a strong brand, technology/ infrastructure that underpins flexibility, and relevant competencies and culture. Sustainable choices and solutions are a fundamental precondition for long term value creation.



Customer orientation

Gjensidige shall be characterised by having the best customer experiences in the industry. Customer needs shall form the basis for Gjensidige's development of products, services and solutions, and relevance shall characterise all contact with customers.

Efficient operations

Continuous improvement and rationalisation of all processes creates room for investment to ensure future flexibility, agility and competitiveness. Efficient omni/multi-channel distribution and digital solutions are fundamental preconditions for succeeding and are given high priority. A proactive approach to climate and environmental challenges, including through more damage prevention and more reuse/circular economy in claims processes, combined with a higher degree of automation, shall help us to achieve our goals of higher profitability and lower carbon intensity.

Analytics-driven business processes

If we are to succeed in maintaining customer orientation and efficient operations, we need good analytics-driven business processes throughout the value chain. This primarily concerns analyses of customer behaviour for the purpose of prediction and increased relevance in our contact with customers – whether in connection with sales, advice or claims settlement – and more automated tariffs and analytics for the purpose of optimal risk selection and pricing and prevention of fraud. The climate and environmental challenges society is facing require us to use our expertise and insight to contribute with analytics and activities to reduce the risk of climate-related damages.

Brand platform

Gjensidige operates in a trust-based industry where the importance of a strong brand is expected to increase further. Customer orientation shall be a clearly differentiating advantage of the Gjensidige brand. Solutions will be developed based on the customer perspective, with the focus on simplification and increased value for the customer.

Technology platform

Scenario analytics confirm the need for continuing to give priority to investments in technology and data. This will not only reduce the costs of today's core system, but also ensure improved functionality and agility to provide for a more flexible partner integration and product modularity. To achieve this, we need to continuously improve our core processes and make investments to ensure future flexibility and agility. 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.

Leadership, expertise and culture

Gjensidige has demonstrated a willingness and ability to change for more than 200 years. To succeed in the future, diversity, inclusion and trust – both vertically and horizontally – must underpin increased flexibility and our ability to adapt to developments even quicker than before. This requires managers who are able to strike a balance between sound operations and smooth development and the ability to attract, develop and retain relevant expertise at all times, and ensure a flat organisation structure and short decision-making paths. Gjensidige's core values – create a sense of security, apply new thinking, and go for it – shall drive the organisation.

Further developing the Group's analytical capacity and expertise will be especially important. Not only regarding CRM, dynamic pricing and risk selection, but also with a view to achieving a more comprehensive customer orientation and partner/alliance development when faced with new customer channels and far more open and dynamic business models. The management must have broad expertise to be able to recognise opportunities, make the right choices and lead capable employees in a manner that generates value creation. Job rotation as a means of building expertise across business areas and staff entities, along with the recruitment and development of employees, is an important strategic tool.

Corporate social responsibility/sustainability

Sustainable choices and solutions are a precondition for long-term value creation. Gjensidige's business model is based on relevant expertise and efficient risk assessment systems that permeate all our activities, from optimal risk selection and pricing to capital and asset management. Sales, advisory and claims processes shall be characterised by a focus on damage prevention and sustainable solutions in products and claims processes that contribute to reuse and the circular economy. The investment portfolio shall be managed responsibly in accordance with the UN Global Compact principles, monitored in accordance with recognised ESG requirements and, as far as expedient, comply with the UN Principles for Responsible Investments.



Strategy towards 2025

We expect that the business model and the market players will be broadly the same in the period up until 2025. 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.

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 customer loyalty, and the development of a strong brand.

Our corporate strategy is about maintaining and cultivating our close relationship to the customers through direct contact. We aim to achieve greater relevance and create sales opportunities by offering 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 damage prevention – and thereby further strengthening ownership of the customer relationship.



Improvement and development agendas

Going forward, Gjensidige must safeguard and strengthen 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.

Improvement agenda

We will continuously develop and rationalise our core processes based on our customers' needs, behaviour and expectations, and make investments to ensure future flexibility and agility. Investing in a modern, flexible technology platform and next generation tariffs and analytical CRM are crucial focus areas. The investments on the improvement agenda will make heavy demands on the Group's ability to follow through, especially at the start of the strategy period. Combined with good cost discipline, however, this will gradually allow the Group to free up resources for new and other development ambitions towards the end of the strategy period.

Learning and development agenda

In the period towards 2025, we will engage in continuous development, testing and learning to be able to meet the needs of future customers. We will pay close attention to developments in the markets and explore more innovative concepts. We will position ourselves for the future through new damage-preventing customer concepts and by participating in relevant ecosystems. This will ensure greater relevance in relation to customers and make us more attractive to potential alliance partners.

Segment strategies

We shall maintain our strong and unique position in Norway, and ensure continued profitability. We shall adjust our prices quickly, and make sure that they reflect expected claims inflation. We continuously work on major and minor efficiency measures that generate cost savings, better customer experiences and greater competitiveness.

Our overriding goal for the Private segment 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.

For the Commercial segment the 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 this by building digital service solutions, refining our role as a damage-preventing problem-solver, exploring new growth industries and developing preparedness strategies for important product areas for the Group.

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

In Denmark, the focus will be on continued growth and a stronger market position, especially for home insurance in the private market and health insurance in the commercial market. In the Baltics, we will continue to focus on more efficient operations combined with growth in a market that is expected to grow more than the Nordic market. In Sweden, measures to achieve improved profitability and a stronger market position will continue.

Capital strategy

Capital discipline will continue to be given high priority, and our capital strategy will support 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 capitalisation of the Group will be based on a solvency margin target of 150–200 per cent for the Partial Internal Model (PIM). This applies to both the regulatory approved model (legal perspective) and the calibrated model (own partial internal model). The solvency margin level should support 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 all forms of subordinated loans and other external financing, in a responsible and value-optimising manner and within the limits set by authorities and rating agencies.

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 ability to follow through. 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.