

CEO letter

Gjensidige Forsikring joined the UN Global Compact in 2017. I am happy to confirm that we continue our support for the UN Global Compact Principles.

Sustainability has been in our DNA through all of our history. Gjensidige engaged in risk-reducing and preventive measures, increasingly also within the area of climate and environmental risks. For instance, we have played a crucial part in prevention of fire, prevention of traffic accidents and we have implemented an alert system to our customers on extreme weather forecasts. Gjensidige is well known for taking social responsibility through own actions, our products and claims handling, as well as through the Gjensidige Foundation.

Gjensidige's Board of Directors has incorporated sustainability as a key pillar to our strategy, and set goals for the sustainability work going forward. This is because our corporate culture is fit to serve for a bigger purpose, and it is a key to long term value creation in our company and the society. Furthermore, the Board has set corporate sustainability goals.

Gjensidige will in particular support four sustainable development goals /UN SDGs:

1. Good health and well-being (SDG 3)
2. Decent work and economic growth (SDG 8)
3. Sustainable cities and communities (SDG 11)
4. Climate action (SDG 13)

We are now in a process of embedding our corporate sustainability goals into our key processes, and establish measures to make sure that we contribute to these goals. The measures will be presented and explained in our Annual Report for 2018, due to be published in February 2019. The measures will regard all aspects of our company, ranging from products and processes to investments.

In this year's Communication on Progress we have enclosed the sustainability report published in our Annual report for 2017.

Helge Leiro Baastad
CEO
Gjensidige Forsikring ASA

Gjensidige's object is to create value for society through safeguarding life, health and assets and by relieving customers of risk. We shall ensure that our experience and expertise in loss prevention benefit society at large. Our activities shall contribute to a good, sustainable society characterised by respect for human rights and the environment we live in.

Corporate social responsibility

Gjensidige follows Oslo Børs's guidance on the reporting of corporate social responsibility. The report is based on an analysis of the most important stakeholders we interface with in our activities, and of CSR matters that are relevant to our relations with these stakeholders.

In 2016, approximately 30 stakeholder groups were identified and assessed, in a processes that involved a number of key personnel in different positions in the Group, including the senior group management.

Of these groups, five were considered to be of particular importance to the risk analysis:

- Public authorities
- Owners
- Employees
- Customers
- Partner organisations

We meet these stakeholders in various arenas, such as

- Written correspondence
- Meetings
- Conferences
- Presentations
- Phone calls

The assessment of relevant topics is based on

- what topics the stakeholders are concerned with
- what consequences it will have for Gjensidige if we fail to meet stakeholder expectations
- what consequences it will have for the stakeholders if we fail to meet their expectations

The assessments made in 2017 were mostly the same as in 2016. The topic 'Labour rights' was removed from the table, as we do not see any material risk relating to this topic at the overall level of our operational activities. Instead, labour rights are covered as part of 'Socially responsible capital management'.

As regards discrimination, on the other hand, the assessment in 2017 is that the risk relating to this topic must be deemed to be significant, even if the Company has not had to deal with any problematic cases so far.

The result of the analysis can be compiled in a table, where topics of great significance to both stakeholders and Gjensidige are placed in the top right-hand corner. Topics that are less important to Gjensidige and the stakeholders are placed in the bottom left-hand corner.

It is important to underline that all the above-mentioned topics are important. The matrix must be read as a prioritised overview of the areas in which it is natural to have expectations of Gjensidige, how great a risk there is of Gjensidige not meeting expectations, and what the consequences could be if the expectations are not met.

Significance to stakeholders	The environment and climate Employment Direct and indirect taxes Support for local communities Discrimination Possibility of whistleblowing Fair competition	Socially responsible capital management Labour rights Product range Protection of privacy Loss prevention Competence-raising Corruption
	Renewable energy Waste handling Water consumption Environmental emissions Sustainable products Insurance for the financially disadvantaged	Talent mapping Money laundering HSE
Significance to Gjensidige		

Measures and results

Gjensidige offers general insurance products to private and commercial customers in the Nordic region and the Baltic states. In Norway, we also offer banking and savings services to private customers and pension products to commercial customers.

Gjensidige's corporate social responsibility policy is based on our role as one of the biggest insurance companies in the Nordic region with significant engagement in investment activities with a global focus.

In line with this, Gjensidige shall contribute to safe communities where we operate and make arrangements so that our employees can demonstrate social commitment. All aspects of our activities shall be based on respect for human rights and employees' right to meaningful work under safe conditions.

Gjensidige's employees must comply with laws and regulations in the societies in which we do business, and act in accordance with ethical standards. Ethics and compliance with laws and regulations are key aspects of the internal training of our staff.

We shall seek to engage in dialogue with all interest groups affected by our activities. We shall ensure as little negative impact on the environment and climate as possible.

The Board and the management have adopted policies, guidelines and instructions that detail and specify the framework our employees must adhere to in different situations. Documents that are particularly relevant to the exercise of our corporate social responsibility are listed in a table on page 39.

A full version of the group policy for corporate social responsibility (CSR) and socially responsible investments (SRI) is available at www.gjensidige.no.

Several other chapters in this annual report are relevant to understanding how Gjensidige exercises its corporate social responsibility. The most important are:

- Corporate governance. Page 40
- Note 3, Risk and capital management. Page 94
- Note 8, Salaries and remuneration. Page 116
- Note 22, Share-based payment. Page 141

The Company's operations are described in more detail on page 8. Our strategy, financial targets and key figures are described on pages 8 and 9, respectively.

Socially responsible capital management

Gjensidige's asset management shall be based on the ten UN Global Compact principles:

1. Businesses should support and respect the protection of internationally proclaimed human rights
2. Businesses should make sure that they are not complicit in human rights abuses
3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining
4. Businesses should uphold the elimination of all forms of forced and compulsory labour
5. Businesses should uphold the effective abolition of child labour
6. Businesses should uphold the elimination of discrimination in respect of employment and occupation
7. Businesses should support a precautionary approach to environmental challenges
8. Businesses should undertake initiatives to promote greater environmental responsibility
9. Businesses should encourage the development and diffusion of environmentally friendly technologies
10. Businesses should work against corruption in all its forms, including extortion and bribery

In addition, asset management shall comply with international conventions on inhumane weapons.

The guidelines apply to investments in equities, fixed-income instruments, hedge funds and property.

The Group's Chief Investment Officer is responsible for ensuring compliance with the policy and guidelines. We have hired the recognised consultancy firm Global Ethical Standard (GES) to carry out an ethical screening of companies. GES's analyses form the basis for our assessment of whether to exclude companies from our investment universe.

One member of the capital management team is responsible for reviewing and compiling all information from the external consultants. This employee draws up a recommendation to the Chief Investment Officer and the Chief Risk Officer, who reach a final decision on whether to exclude the company in question.

Companies that commit serious or systematic violations of our ethical guidelines and fail to take satisfactory steps to correct their conduct shall be placed on the list of excluded companies.

When a company is excluded, we will make sure that the company is not part of any portfolios that we manage ourselves, either by not buying securities in the company or by selling any securities we own.

Socially responsible management is always a topic when we hire external managers. We only enter into agreements with investment managers who have appropriate guidelines and a satisfactory investment history.

If excluded companies nonetheless appear in externally managed funds, we will ask the manager 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 criteria will not be given new investment mandates. Gjensidige's Chief Investment Officer decides in each case whether the violation is severe enough for existing investments to be terminated.

In 2017, it was decided to exclude 10 companies from Gjensidige's investment portfolio, while 11 previously excluded companies were re-included. At year-end, a total of 89 companies had been excluded.

In 2017, we contacted 9 external managers about 25 companies that were on our list of excluded companies. At the end of the year, we were still in dialogue with the managers about these companies.

Our real estate investments are made through the property company Oslo Areal, a company that engages in property development 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.

Loss prevention

Our core business—insurance—gives customers security by reducing or removing negative financial consequences of damage, injuries and accidents. This is an important welfare need in modern societies. It is nonetheless better for the customer, the insurance company and society as a whole to prevent such events occurring. Loss prevention is therefore a natu-

ral and important part of Gjensidige's core activities and corporate social responsibility.

Through our operations, we have acquired extensive expertise in loss prevention. This know-how shall as far as possible be used for the benefit of society as a whole.

Most insurance policies are designed to motivate the customer to avoid losses, both through incentives to reduce risk and through the customers usually having to carry some of the financial risk themselves.

The price customers pay for their insurance is normally strongly affected by the financial risk the customer represents. This risk is affected by the customer's choice of house, car and behaviour, among other things. We reward a number of security measures by giving a discount on the insurance premium. Measures that contribute to reducing the risk for both us and customers include burglar alarms, inspections of electrical systems in buildings, the installation of equipment that reduces the risk of water damage in buildings, and tracking systems for cars.

Road safety

Young drivers are especially at risk of being involved in car 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. In 2017, we contributed to the «ErDuSikker» campaign, which raises road safety awareness through a competition in which pupils solve various assignments. Examples of assignments are exercises that highlight dangerous behaviour in traffic, for example sending text messages while driving. The contributions are submitted via social media. More than 8,000 pupils from 38 schools all over the country submitted contributions in 2017.

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.

Bad weather forecast

With the help of weather data, we send text messages to customers 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.

In 2017 we sent 291,000 such warnings to customers.

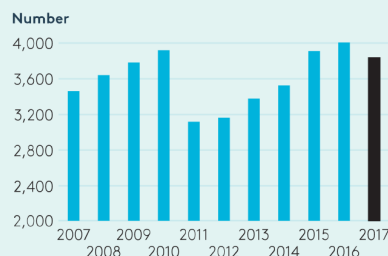
Fire prevention

Together with the Norwegian Fire Protection Association, the Directorate for Civil Protection and Emergency Planning (DSB) and local fire brigades, we organised Røykvarslerdagen – the smoke detector awareness day – on 1 December 2017. The goal of the campaign is to raise awareness about how important an early warning is in the event of fire. An important message is that people should change the batteries in their smoke detectors on a set date every year. Gjensidige makes essential contributions to the campaign by planning, making and funding information videos and other material, and through marketing, funding of batteries and participating in stands and home visits. Approximately 40,000 households received a visit from the fire service and an electricity inspector in connection with the campaign. This was the 14th year the campaign was held. Statistics from DSB suggest that the campaign has contributed to a marked reduction in the number of deaths caused by fire.

We also contributed to the development and marketing of educational material on fire prevention for schools. Approximately 20,000 children a year take part in this training.

Every year, Gjensidige is represented on a number of councils, committees and boards that work on fire prevention, prevention of water damage and other initiatives for the benefit of Norwegian society.

Number of employees



Sponsorships

For many years, we have been the main sponsor of the Norwegian women's and men's national handball teams. In 2017, we were also the main partner of the Norwegian Confederation of Sports (NIF) / Olympiatoppen and its 15 individual sport federations. During the year, we signed new sponsorship agreements with the Norwegian Ice Hockey Association, the Norwegian Swimming Federation and the Norwegian Athletics Association.

We use our sponsorships to create activities for children and young people, so that we help to recruit new athletes and promote a healthier lifestyle.

For the last few years, we have organised two projects called Minihåndballjentene and Minihåndballgutta that have been very popular. The projects target children between the ages of 9 and 12, and it entails that a number of boys and girls are selected as mascots for the national handball teams. The national team members mentor their mascots throughout the year, and attend practice sessions with the mascot's teams. It is highly motivating for both the children and their parents, who often do voluntary work for the team, to meet top players this way. The age group was chosen because figures from the Handball Association show that many children drop out of the sport when they reach their early teens. The projects are considered an important contribution to the Handball Association seeing a 5-per cent rise in recruitment from 2016 to 2017.

In 2018, we will initiate projects relating to our three new sponsorship agreements. The projects will benefit the grassroots level of the sports as well as Norwegian society as a whole. We will also continue our grassroots-level handball projects.

Employees

Competence development

Business-driven development of employees, managers and the organisation is one of Gjensidige's focus areas. We believe that employees thrive when

they can use their abilities, develop and be part of a group. The Group has adopted a People Strategy that prioritises competence-raising measures, because the right expertise will be critical to Gjensidige's chances of succeeding going forward.

Measures to follow up competence and development needs include:

1. A management tool that enables an analytical approach to competence and staff planning.
2. Follow-up and reporting of course days and completed e-learning organised by the Gjensidige Customer and Brand School
3. Follow-up to ensure that all employees have relevant development plans in place based on analyses of Gjensidige's needs.

At year-end 2017, the Group had a total of 3,834 employees.

Management

Good management and continuous competence-raising measures will give Gjensidige important competitive advantages, and the Group can thereby make a contribution to society by being an attractive employer.

Measure:

1. Customised management development programmes have been developed for groups of managers with different experience backgrounds, from newly appointed managers to the senior management group. The management training programme was updated towards the end of 2016 with a view to making the training more individually adapted.

An annual employee survey is conducted in the whole Group. It is followed up to ensure correct development and learning. All managers receive feedback from their employees through a structured process. We see that it pays off to involve individual employees in establishing measures that will help them to be happier at work.

Measures:

1. A main survey that is presented to the Board, the senior group management and all middle managers in autumn
2. A follow-up survey to see whether the measures implemented are effective

3. Special measures for entities that deviate significantly from the goal of employee engagement and job satisfaction.
4. Included in the follow-up of managers and the scorecards for the senior group management
5. In 2018, we will become better at following up and learning from best practice

Recruitment and retention

We work systematically on recruitment and have developed an employer branding strategy to this end. In 2017, Universum named Gjensidige Norway's most attractive employer for economists within the insurance industry. Regardless of industry, we came in as number 45 on the list. This is six places lower than the year before, but reflects a trend across the financial industry. We were also named 'climber of the year' by working IT professionals, and climbed a total of 14 places to number 38. Among women working in IT, we climbed from number 79 in 2016 all the way to number 28 on this year's list.

Measures to recruit and retain critical expertise:

1. We have gathered employees with expertise in employer branding, recruitment and onboarding on the same team. This will create synergies going forward at all stages of the process, from attracting the right expertise to retaining it.
2. We are making targeted efforts to raise Gjensidige's profile as an employer, both through digital channels and activities at relevant educational institutions, such as stands and presentations to students.
3. We have established an internal mentoring programme, intended as a supplement to the personal growth and development of individual employees and managers. This is a measure we believe will help us to retaining critical expertise, promote Gjensidige's culture and contribute to internal career development across divisions and business areas. The programme has resulted in 22 mentors being trained in the Company. The programme runs for one year at a time.
4. We have established an internship scheme, where students work for us for a whole academic year. In 2017, we had 16 students in internships. The work is intended to be relevant for their studies and to help them to put theory into practice.
5. Every year, we organise the Gjensidige Day at Gjensidige's head office, which offers a varied programme for students. In 2017, 60 students

participated in presentations, workshops, group interviews and a social event in the afternoon.

Developing our employees

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 are sales, claims settlement and management. It offers courses and programmes that underpin our group 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.

Employee development measures:

1. We have established a 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.
2. 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.
3. The Gjensidige Customer and Brand School had 6,960 course days in 2017 (7,113 in 2016). More than 1,700 employees attended courses in 2017 (approx. 1,600 in 2016).
4. We make substantial investments in our customer advisers – both in sales and in claims handling – and in 2017, we spent an average of 10,300 per employee. In 2016, the amount was NOK 15,000. The decrease was due to changes in reporting following a reorganization, and partly due to cost measures.
5. E-learning plays an increasingly important role in the school's programmes. It is mainly used for training in insurance subjects, systems, ethics and procedures. In 2017, staff have completed and passed 7,927 e-learning courses. A total of 701 different competence tests were held.
6. We have an active career development programme in the Company. Among other things, it facilitates internal mobility for the purpose of broadening the employees' range of competence and experience.

Cooperation with employee representatives

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

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 employee 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.

In 2017, 86 per cent of the Company's employees in Norway were covered by collective agreements. In Denmark, 80 per cent of our employees were covered by collective agreements, and in Sweden 100 per cent.

Diversity, equality and anti-discrimination measures

Gjensidige's overriding goal is that all employees in the Group shall have equal opportunities for personal and professional development. We have zero tolerance for discrimination on grounds of

- gender
- age
- disability
- ethnic origin
- sexual orientation
- religion

Measures:

1. Gjensidige shall be an inclusive workplace for all employees. We are an Inclusive Workplace (IW) 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 still manage to work.

Employees as at 31.12.2017



Average salary employees (NOK)

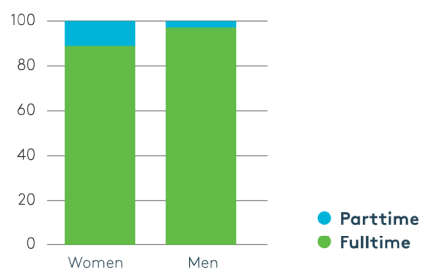
	Women	Men	Women's pay as share of men's pay
Group management	2,820,466	3,101,100	91.00 %
Other managers	967,096	1,043,731	92.70 %
Employees	538,763	616,526	87.40 %
Total	583,810	694,595	84.10 %

- 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. The average retirement age has increased over time, but fell somewhat in 2016 due to employees taking early retirement in connection with restructuring.
- All our big office buildings are of universal design in order to accommodate employees with disabilities.
- We are working on a new diversity policy that will address age, background, mobility impairments and other factors.

Mapping of gender differences in pay and working conditions in Gjensidige Forsikring.

Our statistics are based on full-time equivalents, so that differences in full-time and part-time positions do not explain wage disparities. We see that the wage disparities are greatest in the oldest age groups. Our target is to level wage disparities between male and female employees

Employees per cent 2017



Very few positions in Gjensidige are defined as part-time positions. Part-time work is therefore mainly the result of employees' own choices. We have not gathered information about why employees choose to work part-time.

Gender distribution in executive positions

Gjensidige wishes to increase the proportion of women in executive positions, and this is well known among managers at all levels. It is also an express wish to increase diversity in general, in terms of employees' age, qualifications, background and gender. This is followed up with managers:

Measures implemented in 2017:

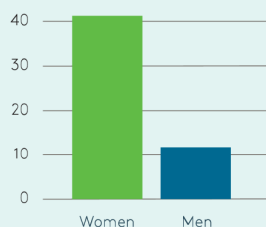
- Focus on follow-up of and scorecards for senior managers
- Systematic reporting of the staff composition, including gender balance, in the follow-up of senior managers
- Reporting procedures for employees who experience discrimination
- Gjensidige has an equality and discrimination committee that convenes as necessary. The committee comprises staff from the HR department and employee representatives. It is the Group's HSE manager who decides when to convene the committee. The committee had one meeting in 2016 and one in 2017. The topic was equal pay for women and men. No wage disparities on the basis of gender were identified in Gjensidige.

No special measures relating to equality or discrimination have been necessary in 2016 or 2017.

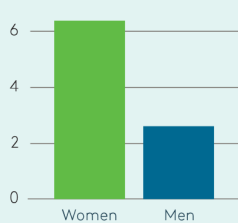
A family-friendly company

By law, parents are entitled to paid leave in connection with childbirth in all the countries where Gjensidige has employees.

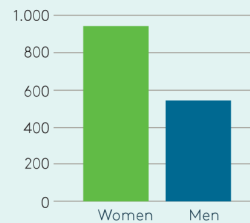
Parental leave
Number of weeks 2017



Sickness absence in
per cent 2017



Absence with sick child 2017
Number of days



Parents are allowed to stay home from work when their children are ill, as long as this is necessary and reasonable.

We take steps to ensure that employees can work from home, out of consideration for their family or for other reasons.

Human capital and competence development

Good management and continuous competence-raising measures will give Gjensidige important competitive advantages. We also have a responsibility to each individual employee and to society to make sure that employees are sufficiently qualified to be attractive employees.

Management and employee development is attended to by the Gjensidige Customer and Brand School, which is part of the HR Department and is the responsibility of the EVP of Group Staff and General Services.

The HR Department is responsible for strategic staff planning, including mapping of critical roles and expertise in the Company. The plan ensures that there are successors to all critical positions in the Company, and that we always cultivate talents who can take over key positions.

We work systematically on talent recruitment and have developed an employer branding strategy to this end. We make targeted efforts to raise Gjensidige's profile as an employer through digital channels.

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-promo-

ting workplace. We therefore work on preventing and following up sickness absence and on making adaptations for employees with disabilities.

The work stations of all new employees are inspected as soon as possible by a physiotherapist or an occupational therapist, if practically possible. The purpose of this is to adapt the work station with a view to avoiding repetitive strain injuries, and to provide information about the prevention of health problems.

Our health-promoting measures include (this varies from office to office):

- Arrangements to facilitate cycling to work in the form of bicycle parking and changing rooms
- Gym rooms
- Competitions that motivate employees for moderate physical activity on a daily basis
- Short exercise breaks during working hours
- Company sports club that organises a range of activities

Special adaptation procedures have been adopted for employees who have health problems that are aggravated by computer work or who 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.

Sickness absence was 3.9 per cent in Norway, Denmark and Sweden in 2017. Our goal is to reduce sickness absence to 3.0 per cent by 2019.

Measures to ensure a satisfactory HSE situation:

1. Internal HSE audits are carried out to ensure compliance with statutory requirements and internal guidelines. In 2017, as the year before,

- three such audits were carried out in Norway, two in Denmark and two in Sweden.
2. Working environment issues are integrated in the annual employee satisfaction survey that is conducted among all employees to identify matters that require special attention.
 3. 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.

The result shows that the Company takes a systematic approach to health, safety and the environment, and that relevant measures are successfully implemented. The nonconformities that were found will be addressed and closed.

No work accidents resulting in personal injury or material damage occurred in 2017 (none in 2016).

Customer satisfaction and product quality

It is Gjensidige's goal to be the most customer-oriented company in the Nordic insurance industry. Customer orientation permeates our behaviour, priorities and communication at all levels of the organisation.

The focus on customers is a key part of product and service development, the training of employees, advisory services, sales, claims settlement and the handling of complaints.

Customers' satisfaction with the Company and individual 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.

In 2017, Gjensidige's customer satisfaction index (KTI) was 77.9 at group level, which is an increase of 0.5 from 2016, and the best result we have ever achieved.

The quality of insurance products is not directly measurable. Quality for the individual customer will depend on the extent to which their expectations are met in connection with claims settlements. It is Gjensidige's ambition that all customers shall receive the right settlement as soon as possible.

Both factors are important to their perception of quality.

The possibility of efficient but thorough complaints handling is part of delivering high-quality claims settlements. Gjensidige has established a complaints system whereby customer complaints can be considered at three levels. The first level is the case officer. If the case officer does not reverse the decision, the customer can complain to the second level – the customer ombudsman – which is 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.

The third level is 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.

The number of complaints can provide an indication of how well Gjensidige succeeds in its ambition to deliver high-quality claims settlements.

The Financial Services Complaints Board received 324 complaints from Gjensidige customers in 2017. They accounted for about 12 per cent of all insurance-related complaints to the Board. This must be seen in conjunction with the fact that Gjensidige had a market share of just over 25 per cent in 2017.

Of the cases reported to the Financial Services Complaints Board, the Board found in favour of the customer in whole or in part in 15 per cent of the cases, compared with 21 per cent in 2016. A high percentage would indicate that the threshold for succeeding with a complaint internally in Gjensidige was high.

Innovation and technology development

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.

Other Norwegian companies and public bodies also participate in the project, which is called Big Insight.

In 2017, the project focused on two topics: click data from web portals, to give us a better understanding of customer' online behaviour, and a network analysis of relations between customer that will be used to improve methods for identifying signs of insurance fraud.

Customers and data protection

The Norwegian Data Protection Agency has granted Gjensidige a licence to process personal data, and laws and regulations regulate our collection, storage and use of such data. A group policy and instructions provide detailed guidelines on the processing of personal data. 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 new employees and is also a part of the introductory programme. Access to personal customer 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 what it needs to serve the individual customer.

Personal data shall only be used and stored for as long as this is necessary, and they shall be deleted immediately when they are no longer needed, unless special exemptions are authorised by law.

The Senior Group Management has 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 be able to comply with the regulations and protect the customer's personal data.

The data protection officers have an independent role and are in contact with the Norwegian

Data Protection Agency and with customers and employees who have enquiries about personal data. They also have an internal control function.

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

The requirements for information security are revised at least once a year. Risk assessments relating to personal data shall be carried out on a regular basis, as part of the Company's ordinary internal control process, and in connection with any change that can affect security.

In 2017, we started an extensive process to ensure that we meet the requirements set out in the new personal data legislation that enters into force in spring 2018.

Notification of matters warranting criticism

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.

Employees are encouraged to report matters warranting criticism and matters they perceive as ethically questionable. 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 established notification channels in all countries we operate in.
- In Norway, whistleblowing is facilitated through two electronic mailboxes:
- An internal mailbox for reporting ethics-related matters
- An external mailbox for reporting irregularities and malpractices

Notifications addressed to the internal mailbox are dealt with by the Company's HR department

based on clear procedures. Relevant matters are reported to the Group's risk committee and the Board of Directors.

Whistleblowers are protected by Norwegian 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 own name. Employees may submit notifications to this mailbox anonymously, as may customers, suppliers and other external stakeholders.

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 investigation uncovers matters that warrant criticism, HR will take over the case and ensure that it is dealt with. The CEO will decide whether to report employees to the police.

Ethical and customer-friendly business operations

Gjensidige shall have a corporate culture where each individual employee exercises good judgement and is able to handle difficult situations that may arise. Our value creation shall take place in accordance with our ethical guidelines. They are set out in a number of policy documents that are adopted by the Board and managed by the EVP of Group Staff and General Services.

Our code of ethics describes our values and underlines that all our activities must stand up to public scrutiny. Together with other documents, the code of ethics 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 ethics is monitored as part of our internal

control system. The Board has chief responsibility for risk management and the compliance programme, and the CEO is responsible for the implementation. Our most important risk areas and the compliance programme are reviewed annually by the Board. Risk management and internal control are described in more detail on page 48 and 73 and in Note 3.

Zero tolerance for corruption

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 the definition used in Norwegian law: abusing one's position to obtain an advantage for the company, oneself or others. 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 policies 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.

It follows from this that our employees are not allowed to offer or receive 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, 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 partiality or independence can be placed in doubt.

All gifts and hospitality activities must be registered in the Company's gift and hospitality register.

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. Our 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 can 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.

Investigation of suspicion of unethical conduct

The Internal Investigation Unit considered 48 cases in 2017 concerning suspicion of malpractices or irregularities. Four of these cases gave grounds for

especially thorough investigations, but none of them concluded that corruption had taken place.

Money laundering and financing of terrorism

Gjensidige Forsikring is required to implement a risk-based approach to money laundering and financing of terrorism. This means that, in the field of insurance, we must take a risk-based approach to 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.

As part of the risk assessment of individual customers, all customers are checked against sanction lists and lists of politically exposed persons.

The risk assessment may result in more extensive customer due diligence measures. Customer service staff are subject to clear guidelines for when such measures shall be initiated, and how to handle such a situation.

If such measures fail to clarify the situation, the Company will carry out more detailed 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 and have expertise in and experience of investigation.

In cases where there is a sufficiently strong suspicion of money laundering or financing of terrorism, 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 money laundering or financing of terrorism can be substantiated, 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 of official instructions. In the insurance business, money laundering

often goes hand in hand with insurance fraud. At Gjensidige, we look at the fight against money laundering as a natural part of good risk selection, based on the principle 'know your customers'.

The work to combat money laundering is prioritised at corporate management level. Instructions relating to money laundering have been adopted by the Board, and a risk assessment focusing on money laundering is presented to the senior group management once a year. The importance of combating money laundering is clearly communicated at all levels.

The money laundering regulations for banking and investment services deviate slightly from the insurance industry. Separate money laundering instructions have been established for Gjensidige Bank, as well as clear procedures for uncovering and dealing with suspected money laundering. An anti-money laundering officer has been appointed, who follows up cases that the customer service staff cannot resolve themselves.

Employees who have contact with customers undergo thorough training in money laundering regulations and procedures. This applies in all parts of the Group.

Underwriting policy

Good risk selection is decisive for financial strength and profitability. Gjensidige's underwriting policy is intended to provide the Company with an overview and control of its risk exposure. It is also intended to ensure that the Company complies with applicable laws and regulations, including EOPA requirements, and that it acts in a way that is generally perceived as fair and reasonable, and that is in line with Gjensidige's guidelines for ethical business operations.

The underwriting policy explicitly states that the Company shall not enter into insurance contracts that form the basis for the payment of claims or other benefits to states or geographical areas subject to sanctions adopted by the UN or the EU.

Procurements and suppliers

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 our suppliers must sign

a self-declaration on corporate social responsibility. By signing this declaration, they undertake to:

- Conduct their business in a way that does not violate internationally recognised principles and guidelines relating to human and labour rights
- Ensure that manufacturers and 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

All procurements shall be as environmentally effective as possible, meaning that they shall seek to achieve maximum value creation and minimum environmental harm.

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. Documents relating to invitations to tender, negotiations and agreements are stored electronically. Competitive tender procedures are carried out through online portals.

The use of electronic tools ensures that all processes are documented and verifiable, and this prevents irregularities.

The environment and climate

Gjensidige's activities do not pollute the natural environment to any material extent. Our CSR policy states that we shall have as little negative impact on the environment and climate as possible.

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

The offices that are certified Eco-Lighthouses use an environmental management system for the

handling and reduction of materials consumption, waste, energy consumption and transport.

An annual environmental report is prepared for all these offices that documents the status of implemented environmental measures and action plans for the coming year. Among other things, the report covers waste handling, energy consumption, procurements, paper consumption, transport and climate accounts.

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. In 2017, our offices in Bodø, Drammen, Fredrikstad, Moelv, Skien and Steinkjer were recertified.

Annual reporting and regular recertification ensure that our offices live up to the highest standards for environmentally friendly operations.

At our Copenhagen office, systems and procedures for handling and sorting waste are approved by the City of Copenhagen's environmental authorities.

As a knowledge-based company, our direct emissions are largely related to the running of offices and to travel and transport.

We work systematically to reduce our impact on the natural environment by limiting our consumption of energy and the generation of various types of waste, such as paper, office supplies, electrical appliances and household waste.

The environmental measures focus on energy efficiency, reduced travel through increased use of video conferences, and responsible waste management with extensive use of separation at source.

The Group's energy consumption in 2017 was 12,773 MWh. Most of our energy consumption is related to lighting, heating and computers. The energy carriers are electricity, which in Norway is almost exclusively based on hydropower; district heating, which is largely based on waste incineration; and fuel oil.

The consumption breaks down as follows:

- Electricity: 8,100 MWh
- District heating: 1,713 MWh
- Fuel oil: 48 MWh

Approximately 63 per cent of the electricity was consumed in Norway.

The emission of greenhouse gases from our operations is extremely modest. We work continuously to further reduce our emissions, and we report our emissions to the Carbon Disclosure Project.

The use of electricity and district heating does not cause greenhouse gas emissions, which must therefore be calculated on the basis of an assumed energy mix. The production of hydropower does not cause emissions either. We have calculated that our operations in 2017 caused emissions of 2,470 tonnes of CO₂ equivalents, (scope 1 and 2), compared with 2,164 tonnes the year before. The increase in reported emissions is due to a sizeable increase in the number of company cars as a result of integration of new business in our Baltic operations.

We have established a company car policy that entails that CO₂ 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.

We help our employees to be environmentally friendly, both in the performance of their duties, as employees in general and in their spare time, among other things through information published on our intranet site.

The information includes tips on

- how to reduce the generation of waste, and how to recycle as much as possible
- energy saving
- how to reduce the use of polluting transport and travel

The assets we insure, such as cars, buildings and companies, will cause pollution to a varying extent. Sensible risk-pricing will usually have a favourable environmental profile, in the sense that large objects that are demanding in terms of resources have a higher insurance premium than less demanding objects.

By their nature, losses have a negative impact on the environment, since resources are needed to repair the damage or replace the loss. The insurance premium is affected by the risk of loss, and, together with our loss prevention work, this contributes to fewer losses and less harm to the environment.

Gjensidige did not cause illegal emissions or receive fines or other sanctions relating to the environment in 2017.

Sustainable products

In cooperation with the Norwegian Automobile Federation (NAF), the member organisation for car owners, we have developed an environmentally friendly car loan for hybrid, hydrogen and electric cars. The loan is distributed by NAF and furnished by Gjensidige Bank.

We work continuously to increase the proportion of 'paperless' customers, meaning customers who choose to receive information from us through digital channels instead of on paper. With the exception of information that is required by law to be distributed on paper, paperless customers receive all documentation and other information by email, text messages or by logging in to our web portal.

Digital customer communication improves the customer experience and helps to reduce costs and paper consumption.

In 2017, the proportion increased from 65 to 70 per cent.

Climate change, trends and insurance

Global warming and climate change will affect our business, our customers and the society we are part of. The same applies to changes in technology, demographics and a number of other factors.

In the countries where we do business, climate change will most likely lead to increased precipitation and more frequent storms. This will increase the risk of both personal injuries and material damage. Weather data and claims incurred in the last 35 years indicate that this is already happening.

In 2017, we estimated that claims expenses resulting from climate-related losses amounted to NOK 292 million. These are losses that can be linked to specific weather events such as storms, flooding and unusually heavy precipitation. The claims mostly concern property, and primarily buildings and their contents. A lower proportion of the claims concern cars, boats, caravans etc.

We have funded and contributed to several studies of how this will affect Norway, and how well-prepared Norwegian society is for a 'wilder and wetter' climate. Together with other major insurance companies in the Nordic region, we have funded the development of the climate tool 'VisAdapt', which can help home owners and house builders in the Nordic countries to adapt to the climate in the best possible way.

Risk relating to such factors is largely addressed as part of ordinary underwriting operations and tariff setting. Examples of environmental and climate-related trends are the increase in the number of electric and hybrid cars, and the increase in the extent of damage to buildings due to more extreme weather. We also see an increased risk of higher prevalence of diseases, especially insect-borne diseases.

We continuously assess whether prices, terms and conditions and compensation rules need to be adapted as a consequence of these trends.

Every year, Gjensidige conducts an emerging risk analysis in order to identify risk relating to phenomena and trends that may represent new risk or changed risk. Such trends can represent both threats against our business and opportunities to create new business. The analysis is intended to describe risks that can be significant, but that cannot be quantified by means of experience-based methods. The purpose of this exercise is not to calculate an exact value for different outcomes, but rather to establish a basis for further discussion, analysis and decisions.

In 2017, we have studied the following emerging risks:

Extreme weather: We can calculate the risk of this phenomenon based on experience. Climate change can give rise to events that lie beyond our realm of experience. We have therefore used simulation models to calculate worst-case scenarios.

Sharing economy: Platforms that allow consumers and businesses to exchange goods and services without traditional intermediaries can represent a risk to our business model. We have therefore taken a closer look at the threats and possibilities that the sharing economy entails.

Block chain: This technology is best known for digital currencies, but it enables completely new ways of handling transactions and keeping an overview of rights. It is important for us to keep up to date on this technology and to be prepared to start using it if it becomes expedient.

Synthetic biology: Technology for growing cells and tissue in laboratories and tailoring them to specific purposes opens up new possibilities in the prevention and treatment of diseases and injuries. This may affect mortality, life expectancy and treatment needs, and could significantly impact the financial aspects of life and health insurance.

Social commitment

Gjensidige and the Company's employees support and are engaged in various social causes both locally and nationally. The purpose is to make a positive contribution in the communities where we do business, and to underpin our social mission, which is to contribute to a safer society.

In Oslo, Gjensidige cooperates with the Church City Mission on creating a better and safer environment in the city centre, where the Company's head office is located. On Gjensidige's part, this cooperation involves a financial contribution to the Church City Mission and participation by our employees. In 2017, employees from several offices all over the country contributed to the Church City Mission's knitting campaign, which is organised before Christmas every year to get people involved and raise money for a Christmas celebration for disadvantaged people.

Employees also participate in various activities under the auspices of the Church City Mission, including homework help and chess courses for children.

In 2017, we donated NOK 500,000 as a Christmas gift to the Norwegian branch of SOS Children's Villages International, which cares for and protects children who lack adult caregivers. The Company's employees decided which cause would receive the gift through a vote.

In Denmark, Gjensidige supports the Christmas Seal Homes foundation (Julemærkehjemmene), which helps around 750 children every year who are victims of bullying or isolation.

In all the three Baltic countries, we are conducting '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 loss prevention and to prevent accidents, fires and burglaries.

In Lithuania, we cooperate with the aid organisation Food Bank, which distributes food to the poor. Gjensidige provides free insurance, supports activities and encourages employees to take part in the distribution of food packages. In 2017, we funded food packages for 3,500 people. 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. We sponsor and help to organise the Fire Safety Conference, which targets business and industry.

In Estonia, we cooperate with the Food Bank on the distribution of food to the poor.

Gjensidige's social commitment in Norway must be seen in conjunction with the Gjensidige Foundation, our biggest owner. The Foundation makes substantial donations that are funded by the return on the capital that was freed up in connection with the stock exchange listing of Gjensidige Forsikring in 2010.

The Foundation aims to contribute to a safer society and is particularly concerned with preventive measures and activities for children and young people throughout Norway.

Contributing to a safer society

Gjensidige helps to finance the public welfare system by paying direct and indirect taxes and pay to employees. Tax payable amounted to NOK 1,250 million for the Group in 2017. A large amount in value added tax comes in addition. Pay and employee benefits amounted to NOK 2,973 million.

Tax per country (NOK million)

	Result before tax	Tax
Norway	6,032.9	1,239.8
Denmark	153.7	10.4
Sweden	(317.1)	0.2
Baltics	(6.3)	0.0

Dialogue with authorities and the public

Through the industry organisation Finance Norway, we coordinate our dialogue with the authorities on matters concerning the financial industry. Finance Norway is also engaged in extensive work aimed at schools and the general public to provide information about personal finances, economics and statistics from the financial industry.

In addition to the formal contact with our customers, we seek dialogue through social media and email newsletters, and various customer events.

Governing documents of particular relevance to the exercise of corporate social responsibility

- CSR guidelines

Protection of privacy

- Instructions for the processing of personal data
- Group policy for the processing of personal data
- Instructions for employees' processing of personal data

Asset management

- SRI – socially responsible investments, group policy

Complaints handling

- Group policy – complaints handling
- Instructions for the customer ombudsman's complaints handling
- Instructions for the companies' complaints-handling

Ethics

- Code of ethics for Gjensidige
- Specification of ethical guidelines relating to gifts and hospitality activities
- Policy on prohibited restriction of competition

Procurements

- Group Procurement Policy

Corruption

- Group policy for handling irregularities and malpractices, including corruption
- Instructions for handling irregularities and malpractices, including corruption

Money laundering

- Risk analysis, money laundering
- Anti-money laundering officer, job description

Underwriting

- Underwriting Policy

Key figures, CSR

Topic		2017	2016	2015	2014
Value creation and resource use					
Return on equity	Per cent	21.3	21.4	17.4	18.1
Dividend	NOK millions	3,550*	3,400	6,200	2,950
Distribution percentage	Per cent	79.0	73.0	84.5	70.4
Tax	NOK millions	1,250	1,377	1,057	853
Pay and employee benefits	NOK millions	2,973	2,413	2,545	2,263
Customer satisfaction (KTI group)		77.9	77.4	76.2	74.8
The environment					
Energy consumption	MWh	12,773	11,988	11,131	8,060
CO2 emissions, Scope 1 and 2 **	Tonn	2,470	2,164	2,579	3,043
Paperless customers	Per cent	70	65	60	57
Employees					
Employees, proportion men/women ***	Per cent	52/48	53/ 47	52/ 48	50/ 50
Managers, proportion men/women ***	Per cent	63/37	64/ 36	63/ 37	59/ 41
Competence-raising per employee	NOK	10,300	15,000	17,500	17,500
Average retirement age ****	Year	63.2	63.2	64.4	63.5
Sickness absence ***	Per cent	3.9	3.9	4.1	4.5
Socially responsible investments					
Number of excluded companies	Number	89	85	80	85

* Based on the Board's proposal.

** Emissions for 2014 deviates from reported emissions in the Annual report for 2014, when Norwegian only emissions were reported.

*** Norway, Denmark and Sweden

**** Norway