



# Annual Review

2022

 **baloise**



# **Baloise Group Annual Review 2022**

# Overview of the reporting environment

## Overview of Baloise's external reporting

The external reporting procedures of the Baloise Group are based on relevant statutory and regulatory requirements and applicable standards and guidelines, such as those issued by the International Accounting Standards Board and SIX Swiss Exchange, where the shares of Baloise Holding Ltd are listed.

The Annual Report forms the core of the reporting activities and comprises the management report, the financial

report and the income statement of Baloise Holding Ltd. The review of the financial year also serves to provide a holistic view of the added value generated by Baloise under its value creation approach. This approach is based on the integrated reporting framework (<IR> Framework) of the International Integrated Reporting Council (IIRC).

### Reporting processes in detail

#### Baloise Annual Report

The Annual Report of the Baloise Group comprises the management review of the operating performance, the corporate governance report, the remuneration report and the financial report. The financial report contains the consolidated annual financial statements of the Baloise Group and the income statement of Baloise Holding Ltd.

#### Baloise Annual Review

The review of the financial year of the Baloise Group provides an overview of important financial key figures as well as comprehensive information on non-financial disclosure. The report outlines the value creation of Baloise across the six resources of the value creation approach (investors, employees, customers, partners, environment and society) and the four framework processes (IT, compliance, corporate governance and risk management). The aim of the report is to provide a comprehensive view of Baloise's value creation.

#### Presentation for financial analysts

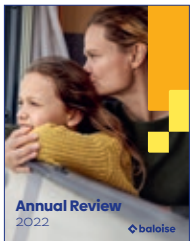
The presentation for financial analysts is specifically aimed at investors. It is made available only on our website and exclusively in English, and it provides detailed information on the financial performance of Baloise and its individual operating segments and strategic business units. The reports published by the Baloise Group are also available online at [www.baloise.com/annual-report](http://www.baloise.com/annual-report).

#### Continuous reporting

In addition, Baloise uses its website, [www.baloise.com](http://www.baloise.com), to share updates on various initiatives and activities as well as background stories about the implementation of its strategy on an ongoing basis.

#### Reporting by national organisations

In some cases, Baloise's national organisations publish their own external reports in accordance with the statutory and regulatory requirements of the jurisdiction in which they operate. These reports are published on the websites of Baloise in Belgium [www.baloise.be/fr/a-propos-de-nous](http://www.baloise.be/fr/a-propos-de-nous), Germany [www.baloise.de/de/ueber-uns](http://www.baloise.de/de/ueber-uns) and Switzerland [www.baloise.com/en/home/investors/publications/financial-condition-report](http://www.baloise.com/en/home/investors/publications/financial-condition-report).



# About this report

Baloise aspires to be more than just an insurance company. Our aim is to play an important part in people's lives. Our products have been enabling customers to live more care-free and more self-determined lives for 160 years. We assume risks that companies and individuals would not be able to afford on their own, thereby contributing to a more equitable society and a more resilient economy. Our Simply Safe strategy, which is now in its second phase (season 2), pursues three core objectives: We want to be a top-notch employer, the provider of choice for our customers, and a reliable and attractive investment proposition for our investors. The Baloise value creation approach (see page 22) also forms the basis for our sustainability strategy. It offers an integrated view of how Baloise generates value across six resources (investors, employees, customers, partners, environment and society).

This report aims to highlight the way in which Baloise creates value for all stakeholders and how we act responsibly. It covers the business strategy and business model and includes in-depth information about the activities of the Baloise Group in 2022. It also outlines the economic, social and environmental effects of Baloise's activities. The disclosures and the Baloise value creation approach are based on the integrated reporting framework (<IR> Framework) of the International Integrated Reporting Council (IIRC). In 2022, we made intensive preparations for the expansion of non-financial reporting requirements in Europe and Switzerland. The new transparency provisions of Art. 964a et seq. of the Swiss Code of Obligations (OR) will apply in Switzerland from the 2023 financial year, while the Corporate Sustainability Reporting Directive (CSRD) and European Sustainability Reporting Standards (ESRS) come into effect in the European Union (EU) from the 2024 financial year. The CSRD replaces the Non-Financial Reporting Directive (NFRD). The International Sustainability Standards Board (ISSB), which is overseen by the IFRS Foundation, is also expected to publish the final version of the first IFRS standards on the disclosure of general and climate-related sustainability information in the first half of 2023. We will continue to monitor the progress of the ESRS and the IFRS standards. Much of the information contained in this report is designed to meet the future regulations.

# Baloise takes responsibility

## Dear reader,

When times are uncertain, the demands placed on insurance companies are even greater. The coronavirus pandemic, the conflict in Ukraine, geopolitical challenges, inflation and interest rates, energy crises, supply chain issues and other problems have shown us that we cannot take prosperity, security and a promising future for granted. There have been many events and periods since the end of the Second World War that have shaken Europe, but over the past 30 years or so we have grown used to our lives and the economy being relatively secure and predictable. Today's challenges weigh more heavily than those of the past, because of globalisation. The world is changing and this will inevitably affect the European and Swiss economies too, with business, policymakers and society facing new challenges. Baloise aims to proactively help shape the upcoming changes.

As an insurance company, we have traditionally felt a great social responsibility towards our customers, our employees and our investors. It was one of the most catastrophic blazes of the 19th century, the Glarus fire of 1861, that led to the founding of Baloise. The conflagration destroyed two-thirds of the town and left around half of its population homeless. The inadequacy of the insurance cover led to the growth of the Swiss insurance industry with the establishment of new insurance companies, and in 1863 Baloise was founded as an insurance company specialising in fire cover. 160 years later, our products and services are still contributing to a more stable society and economy.

Our products protect private individuals and businesses against financial risks and enable people to make provision for their old age. We are not only catering to individual needs, but also making an important contribution to social stability. In addition, we enable companies to plan and operate on a sustainable basis, which is important during periods of uncertainty.

We are very conscious of this responsibility, especially in challenging times. This awareness of our responsibility is therefore at the heart of everything we plan and do when it comes to adapting and developing our business model to meet changing conditions. We believe in a long-term perspective, for example in pension provision, pandemic preparedness, cyber security and support for the transformation needed to tackle climate change.

In this report, we show how Baloise takes responsibility for its stakeholders and for society at large.

Basel, March 2023



**Dr Thomas von Planta**  
Chairman of the  
Board of Directors



**Gert De Winter**  
Group CEO



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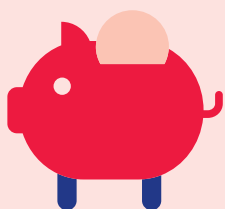


# Baloise

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# At a glance



CHF **4,552.1** million  
equity



**91.9%**  
net combined ratio



**53.5%**  
New business margin  
in the life business

CHF **548.0** million  
profit attributable  
to shareholders

**79%**

of employees  
responded positively  
in Baloise's employee  
satisfaction survey



**+173,000**  
additional  
customers

**2.0%**

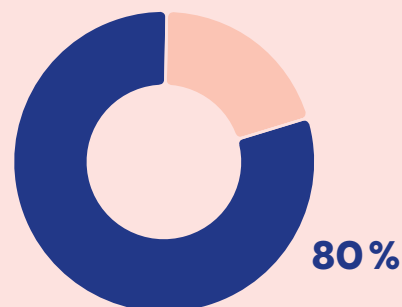
net investment yield  
on insurance assets

## Asset Management

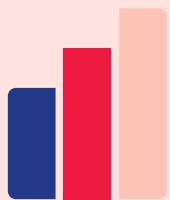
Total assets under management	CHF 55.8 billion
Third-party assets under management	CHF 12.6 billion
Net new third-party assets	CHF 960.0 million
Cost/income-Ratio	65.5%
Employees	234

## Bank

Customer assets under management generated by sales force	CHF 2,664.3 million
Lending business assets generated by sales force	CHF 1,658.8 million
Wealth & pension advisory mandates	5,052
Return on equity	8.6%
Employees	395



**80%**  
A-AAA MSCI ESG rating for rated  
insurance investments



CHF **471** million  
cash remittance

Dividend of

CHF **7.40** per share

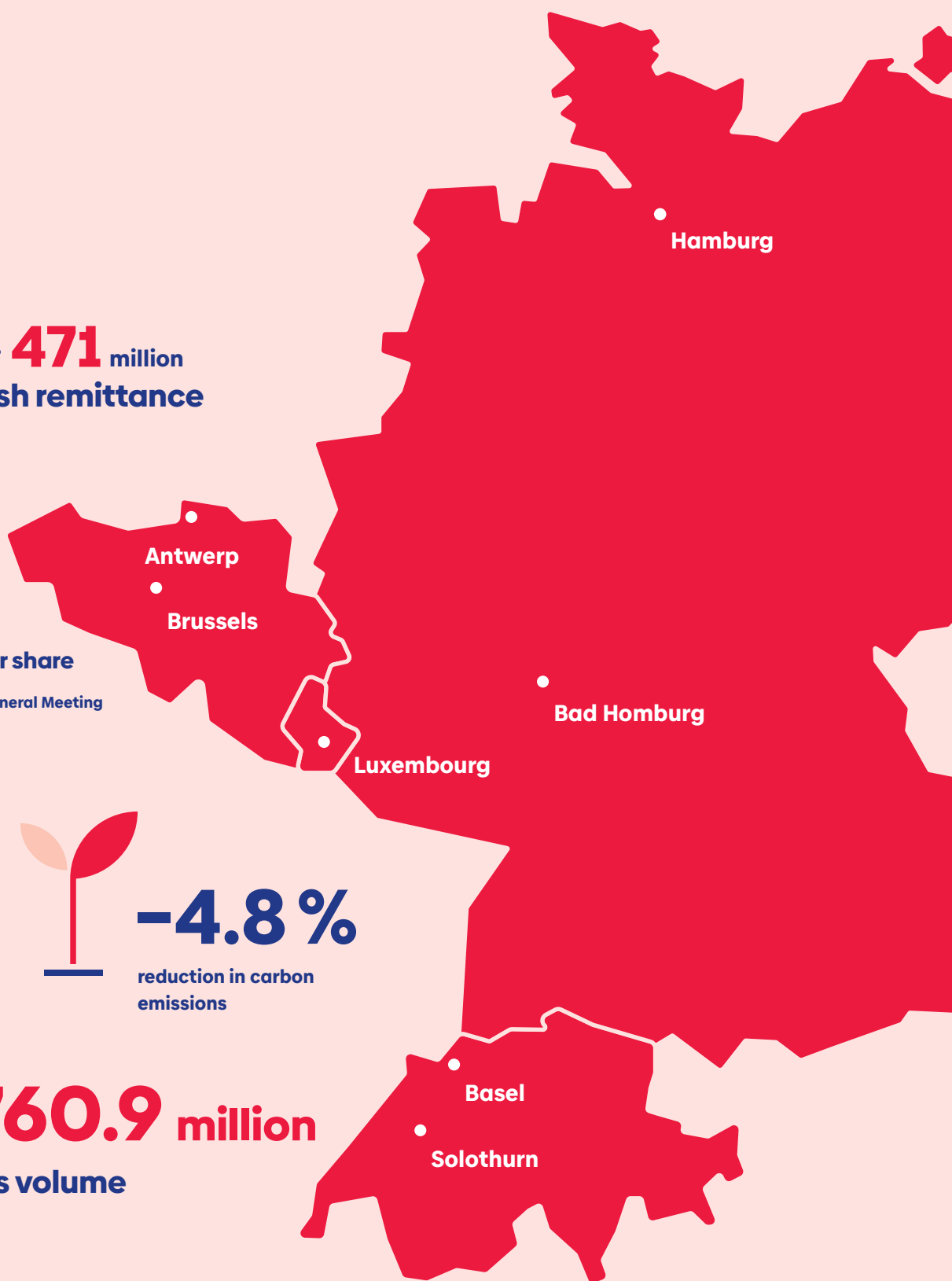
(proposal to the Annual General Meeting  
on 28 April 2023)



**-4.8%**

reduction in carbon  
emissions

CHF **8,760.9** million  
total business volume



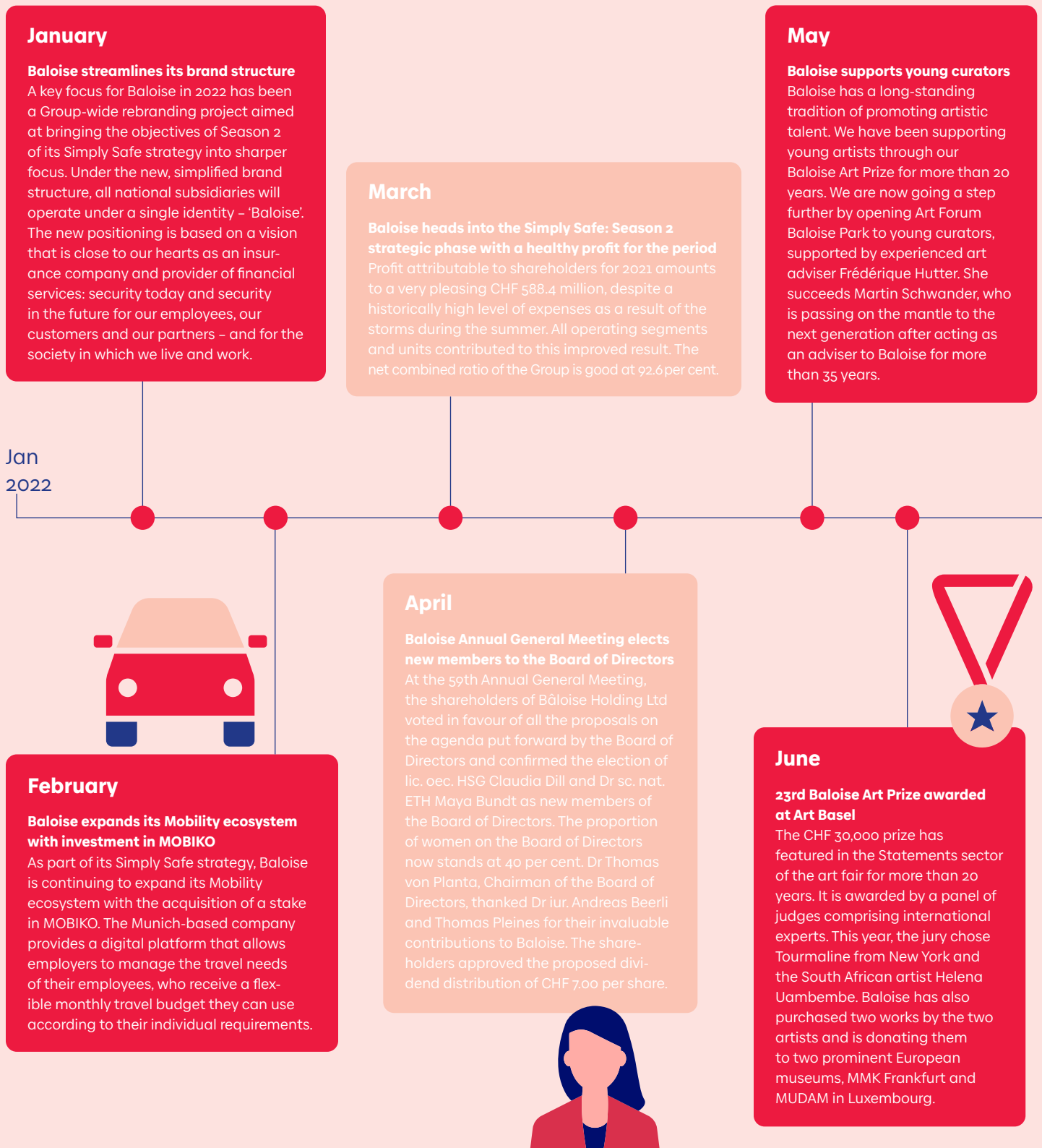
	Switzerland	Germany	Belgium	Luxembourg
<b>Business volume (CHF million)</b>				
Life	2,638.6	554.2	573.7	1,025.2
Non-life	1,429.9	802.5	1,538.9	141.8
Investment-type premiums	126.0	168.8	377.9	958.3
Employees	4,050 <sup>1</sup>	1,558	1,730	687 <sup>2</sup>
Net combined ratio	92.0%	93.5%	92.1%	88.3%

<sup>1</sup> including Asset Management and Bank

<sup>2</sup> including Liechtenstein [22] and FRIDAY [205]

# A look back at the year

## Baloise's highlights in 2022



## July

### Baloise successfully places its second green bond

Baloise successfully places a CHF 110 million green bond which matures in July 2028, based on its existing green bond framework. The six-year senior green bond with a volume of CHF 110 million was issued with a coupon of 1.90 per cent in a challenging market environment. The capital raised with the issuance of the green bond will be used to finance green properties under Baloise's existing green bond framework.

### Baloise sells German run-off portfolio

Baloise sells a run-off portfolio for hospital liability insurance in Germany to Bothnia International Insurance Company Ltd., a subsidiary of UK run-off specialist CompRe. The sale encompasses the entire hospital liability insurance portfolio of Baloise Sachversicherungs-AG in Germany, with reserves of around EUR 200 million.

## October

### Christophe Hamal appointed new CEO of Baloise in Belgium

Henk Janssen, CEO of Baloise in Belgium, retires and hands over the chairmanship of the Executive Committee to Christophe Hamal, who joined the Executive Committee in May 2022. The 44-year-old dual Belgian-British national holds a Master of Science in Business Engineering from the Catholic University of Leuven as well as an MBA from INSEAD. Until April 2022, he was CEO of Buy Way Personal Finance, one of the biggest fintech companies in Belgium.

### Baloise launches single brand identity with new campaign

Baloise launches a Group-wide campaign to unveil its new branding. The various subjects covered offer a light-hearted take on the new experiences that our customers have in their day-to-day lives. But trying things for the first time does not always work out as expected. Here at Baloise, we do not see this as a failure but as learning something new for the future. As the campaign slogan says: 'Sometimes it works. Sometimes you learn.'

## November

### Baloise successfully places a CHF 225 million senior bond maturing in May 2029

Baloise successfully issues a 6.5-year senior bond with a volume of CHF 225 million and a coupon of 2.20 per cent. The bond was issued directly by Baloise Holding Ltd, which has a Standard & Poor's rating of A- with a stable outlook.



Dec 2022

## September

### Baloise now classified as one of the 25 most sustainable listed companies in Switzerland

Baloise shares were included in the SXI Switzerland Sustainability 25 index of the Swiss stock exchange on 19 September 2022. This index measures the performance of the 25 Swiss companies that have the highest sustainability rating according to the criteria used in Inrate's ESG impact rating. The 25 companies with the highest score are selected from the SMI Expanded index.

### MSCI upgrades Baloise's sustainability rating once again

The internationally respected rating agency MSCI upgraded Baloise's sustainability rating for the second time in succession. This means that Baloise's ESG rating has now improved from A to AA, the second-highest level on the scale. Baloise is continuously improving. In April 2017 its rating was BB.

## December

### Baloise invests in mobility platform Vianova

Baloise takes a stake in Vianova, the leading collaborative platform for mobility data that is paving the way for safe, connected and sustainable urban transport for all. Vianova's cloud-based transport analysis software gives access to movement data obtained from more than a million connected vehicles and from hardware installed in towns and cities. The data is updated on a daily basis.



# How does an insurance company work?

In addition to providing society with a well-functioning safety and security mechanism to protect against risks, insurance companies offer a partnership that enables companies and individuals to take risks and engage in business activity. Insurance is essentially a way of sharing risk among lots of people. Insurance companies need a sufficiently large pool of customers in order to be able to offer their products, which can be divided into three areas: risk, savings and service. We cover risk in both the non-life and life insurance business. Non-life business essentially comprises property and liability insurance, while life insurance protects against the financial consequences of accident or death.

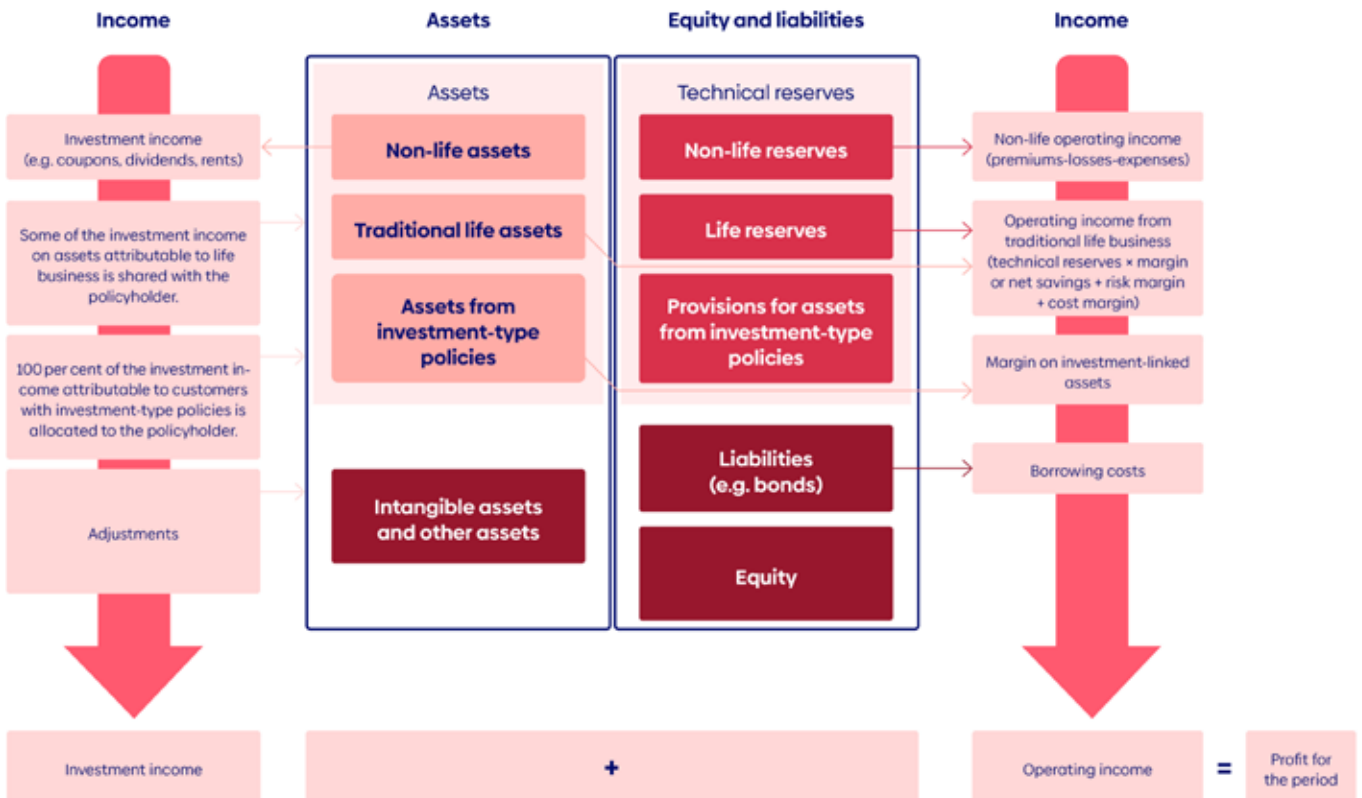
Where required, we supplement the element of risk protection in the life insurance business with services such as saving and pensions. An insurance company's balance

sheet (see chart) is a good way to obtain a better understanding of its business and how it adds value.

The four key value drivers of insurance work hand in hand:

- Assets
- Technical non-life reserves
- Technical life reserves
- Equity

We use the premiums paid by our customers to buy assets (investments) such as fixed-income securities, real estate and equities. We use the regular income from these investments to provide our customers with the safety and security that we have promised them. We offset the value of these promises on the equity and liabilities side of the balance



sheet by setting aside technical reserves for our life and non-life business. We always have to keep sufficient equity available to ensure that we can honour the promises made to our customers at any time. The minimum amount of equity that we need is determined partly by our own calculations and partly by the requirements set by the regulatory authorities. This equity is provided to us by investors (shareholders). Because this equity is risk capital which – in the worst-case scenario – could be lost, our investors demand in return a level of compensation commensurate with the risk involved. This compensation is provided in the form of profits that are returned to investors via dividends, share buyback programmes or a rising share price. Consequently, this circular flow of funds between risk sellers (customers) and risk buyers (shareholders) only works if an insurance company can earn profits. It does so if it invests its assets as profitably as possible and if the insurance claims that occur do not exceed the amounts set aside by the insurer in its technical reserves. Shareholders will continue to provide the insurance company with equity if the ratio between the profit that it generates and the capital that it employs (return on equity) is adequate, compared with the market as a whole.

These four drivers of value within the insurance business are explained in more detail in the sections that follow.

## Non-life business

Non-life business essentially comprises property and liability insurance, such as motor vehicle and personal liability insurance. The profitability of this business consists of two components: the technical result and the Company's gains or losses on its investments. Based on the premium payments received from customers, it is calculated as follows:

Customers pay an annual premium. If a claim occurs, the insurance company uses part of the premium earned to cover costs that have already been incurred. Because the claim has still generally not been finally settled, however, a further portion of the premiums earned is used to set aside claims reserves for future insurance benefits and is channelled into investments that will yield a return. Then there are also insurance business operating expenses such as claims handling costs and staff expenses. If the claims paid, the expenses for insurance benefit payments and the insurance business operating expenses are lower than the premiums collected, the technical result is positive and the insurance company earns a gross profit. The better the insurance company's cost containment and the lower the risks in its client portfolio, the higher the gross profit will be. Technical profitability is measured in terms of the so-called combined ratio, which is one of the key performance indicators used in insurance. It is a relative figure that denotes the ratio between an insurer's costs plus the claims incurred, and its premium income. If its combined ratio is less than 100 per cent, an insurance company has generated a technical profit.

In years when high levels of claims occur, an insurer's claims ratio may be above 100 per cent. In order to ensure

that enough capital is still available to pay insurance benefits in such years, equity is required so that non-life business can be transacted. The amount of capital needed here depends on risk-related and business-specific factors and on regulatory requirements. Gains or losses on investments are calculated as the investment yield on the equity provided by shareholders and on the technical reserves. The gains on investments and the technical result must be used to cover all taxes, borrowing costs and the minimum rate of return required by shareholders.

## Life business

Life insurance enables policyholders to build wealth, make provision for their old age and protect themselves against risk (e.g. in the event of accident or death). These benefits are usually offered in combination, but pure risk life insurance and pure endowment insurance are also available. Risk insurance benefits are paid out if an unforeseen event – such as the policyholder's occupational disablement – occurs. In the case of endowment insurance, on the other hand, the event that triggers the payment of benefits is the endowment date following a contractually agreed period. Endowment insurance policies are therefore used as savings vehicles – mostly as a form of retirement pension – which is why they are sometimes paid out as monthly annuities.

A distinction can be made between **traditional life insurance** and investment-type insurance policies. In traditional life insurance business, the premium can be broken down into the following three components that provide benefits for the customer:

- Risk component – benefits payable on death or disability
- Savings component – capital protection and guaranteed interest income
- Cost component – for various services such as processing annuities

The premiums paid by customers for their life insurance policies are divided in the same way. The savings component protects and builds the customer's capital. It is invested in portfolios of different assets in order to ensure that the promise of a guaranteed return is kept and to achieve surpluses over and above the guaranteed returns. The risk component is used to create a technical reserve for claims – for example in the event of the policyholder's death. The cost component covers the costs incurred by the insurance company for administering the policy.

Depending on how successfully the insurance company invests the assets, how cost-efficient its operations are and the level of risk in the client portfolio, the insurance company is left with a return after providing the services. This amount then goes into gross profit. The majority of the gross profit, often over 90 per cent, e.g. for occupational pension insurance schemes in Switzerland or individual life insurance in

## Baloise

Germany, is generally transferred back to customers in the form of surpluses. The amount that remains is the profit for the period. This profit must be sufficient to adequately compensate the shareholders who have provided the equity required for the business.

There are various forms of **investment-type insurance** policy, such as investment-linked life insurance and variable annuities. In contrast to traditional life business, the insurance company is merely responsible for the administration of these policies. If the premiums are invested in funds, customers often make the necessary investment decisions themselves. The insurance company receives commission for its asset administration services but is not involved in investing the insurance assets in the way that it is in the case of traditional life insurance policies offering guaranteed returns. Although modern life insurance policyholders therefore bear the investment risk, they can earn a far higher profit than they could from traditional life insurance that offers guaranteed returns. This is because customers benefit fully from any return on investments. This line of business is highly lucrative for insurers because it can generate fees but the insurer only has to provide a relatively small amount of risk-bearing capital, as the policyholders bear the investment risk.

### Asset management & banking

The prudent management of investments is one of the most important capabilities that an insurer must possess. By successfully investing the premiums it receives, the insurance company ensures that it can meet its financial obligations towards its customers while making a contribution to its overall profitability. The safety of these investments must be guaranteed at all times. Baloise therefore ensures that its investments are widely diversified across several asset classes such as fixed-income securities, real estate and equities. Within each asset class the focus is on high-quality investments that yield consistent returns. The Company's investments must be carefully matched with its obligations. So-called asset/liability management (ALM) is used for this purpose. This involves matching the cash flows from the Company's investments with those from its liabilities.

Baloise is increasingly offering its asset management services to third parties as a means of expanding this area of its business. The Company offers investment solutions in the areas of equities, bonds, alternative investments, real estate and multi assets. Customers benefit from the specific expertise and experience of Baloise Asset Management, while Baloise is able to take advantage of economies of scale and keep its cost base under control more easily.



# Simply Safe: Season 2 strategic phase launched

In 2016, we launched our strategy and targets for the period up to 2021 in the form of our Simply Safe strategy (Simply Safe: Season 1). Customer focus is at the heart of this strategy, but it's not just about providing cover and insuring risks: we are also seeking to address the wider needs of customers in a changing environment. In the next phase, which started in 2022, we aim to go even further and become an important part of people's lives. We have integrated the value creation model and retained the clear focus on three simple and yet ambitious objectives in relation to employees, customers and shareholders as we continue our strategic journey towards future growth.

The Simply Safe: Season 2 strategic phase will run from 2022 to 2025 and will see us building on the goals and successes of the last strategic phase while continuing to focus on our core stakeholders (customers, employees and shareholders). At the same time, we are prioritising the value creation model that underpins the sustainability strategy, which is an integral part of the corporate strategy and also includes our wider obligations to partners, society and the environment (see chapter 'The Baloise value creation model' from page 22 onwards).

## Simply Safe: Season 2: The same objectives as in season 1, but more ambitious

Simply Safe: Season 2 marks the start of our next strategic phase and sets out the ambitions and targets of the Company for the period from 2022 to 2025. By 2025, we aim to:

- break into the **top 5 per cent of the best companies to work for** in Europe;
- attract **1.5 million new customers**;
- generate **CHF 2 billion in cash**.

The targets for Simply Safe: Season 2 are more ambitious than those of Season 1, particularly since this phase is one year shorter. Based on the insights gained from Season 1, the following four strategy areas have been defined:

- **Focus:** focusing on the core insurance business
- **Reimagine:** improving the customer experience
- **Diversify:** moving into new business areas
- **Transform:** harnessing the corporate culture, sustainability and agility as key drivers of the transformation

The 'Focus' strategy area encompasses all initiatives in the core insurance business concerning the life and non-life segments, as well as matters relating to cash and capital. In the non-life business, the target is a combined ratio of around 90 per cent. In the life business, the target is earnings before interest and tax (EBIT) in excess of CHF 200 million annually and a further substantial contribution to cash remittance. For cash and capital, our aim is to distribute 60 to 80 per cent of cash as dividends. We intend to use a further 10 to 30 per cent for additional investments in innovation and for capital management.

The objective of 'Reimagine' and the related aim of 'improving the customer experience' is to make collaboration with our customers and partners even easier. We are looking to provide a simpler and more enjoyable experience for customers by systematically harnessing their feedback and doing more to understand their needs. Cutting-edge data analysis and further significant investment in digital technologies will help us to do this. We also aim to establish the 1.5 million new customers we will have attracted by 2025 as loyal, long-term and more profitable sources of revenue by engaging in cross-selling and upselling activities. Third-party business in the asset management segment is to be increased by CHF 10 billion in net new assets.

'Diversify': Diversification of the business will be key to long-term competitive success in the insurance market. That is why we will be looking to further exploit the potential for growth of our digital insurer FRIDAY. Our Home and Mobility ecosystems will be significantly expanded, with revenue in excess of CHF 350 million targeted for 2025. Baloise aims to reach a total value creation figure of approximately CHF 1 billion for all Baloise innovations by 2025, making this a third key pillar alongside the insurance and asset management & banking businesses.

'Transform' encompasses Baloise's unique corporate culture that has been both a resource and a driver for the ambitious strategic realignment that began with the launch of Simply Safe. In addition to the ambition of using agile working methods to be a consistently innovative and effective business, we also aim to be an employer that fulfils the needs of our employees and provides opportunities for continuous personal and professional development.

With the new Simply Safe: Season 2 phase, we intend to become a technology-driven financial services provider and leading provider of ecosystems that, in a rapidly changing world, fulfils the needs of its customers in the best possible way. We want to be more than an insurance company – we aim to play an important role in people's lives.

### Simply Safe: Season 2 has launched

2022 was the first year of Simply Safe: Season 2.

#### Employees

In the previous strategic phase, we achieved our objective of making ourselves a more attractive employer and were placed in the top 10 per cent of best employers in the European financial sector multiple times. For Simply Safe: Season 2, we have made our target for attractiveness as an employer significantly more ambitious. We want to be among the top 5 per cent of the best companies to work for in Europe – across all sectors – by the end of 2025. In Season 2, we are measuring satisfaction ('employee happiness') by asking our employees "How happy are you to work at Baloise?". Nearly 80 per cent of employees provided a positive response to this question in 2022, and just 4 per cent of responses were negative. A substantially expanded benchmark of companies from various sectors across Europe was used to measure this target in 2022. The baseline measurement places us in the top 36 per cent of these companies. In a challenging environment, this puts Baloise within touching distance of the top third in the ranking of the best employers in Europe. Baloise is perceived as a very good place to work that offers employees plenty of scope to make their own decisions and clearly highlights their own personal contribution to the Company's success. In the coming years, we will work to increase employee satisfaction even further.

#### Customers

We have set ourselves the target of 1.5 million new customers by 2025. This is even more ambitious than in Simply Safe: Season 1, when we gained almost a million new customers. An even stronger focus on customer needs, tailored omnichannel communication and innovative products and services in the areas of insurance, assistance and pensions will help us to achieve our target. Due to the challenging economic conditions, the growth was slightly lower in 2022 than we had originally anticipated. Nonetheless, in the first year of Simple Safe: Season 2, we were able to further expand our customer base, adding 173,000 new customers through organic growth. The Home and Mobility ecosystems accounted for a good portion of this. All national Baloise companies contributed to the positive growth.

#### Shareholders

We aim to transfer CHF 2 billion in cash to the holding company by 2025, a 25 per cent increase on the target from the previous phase of the strategy. In Season 1, we transferred CHF 2 billion in cash over a five-year period. Shareholders benefit from a healthy level of cash remittance, as it allows us to continue our attractive and sustainable dividend policy. Targeted capital investment in new strategic projects that will generate additional income in existing and new areas of business also creates the option for further capital growth. We have announced a target of paying out 60 to 80 per cent of cash to shareholders as dividends while 10 to 30 per cent will be invested in innovation. In 2022, we managed to exceed the healthy level of cash remittance of previous years. At CHF 471 million, it was up by 9 per cent compared with the prior year.

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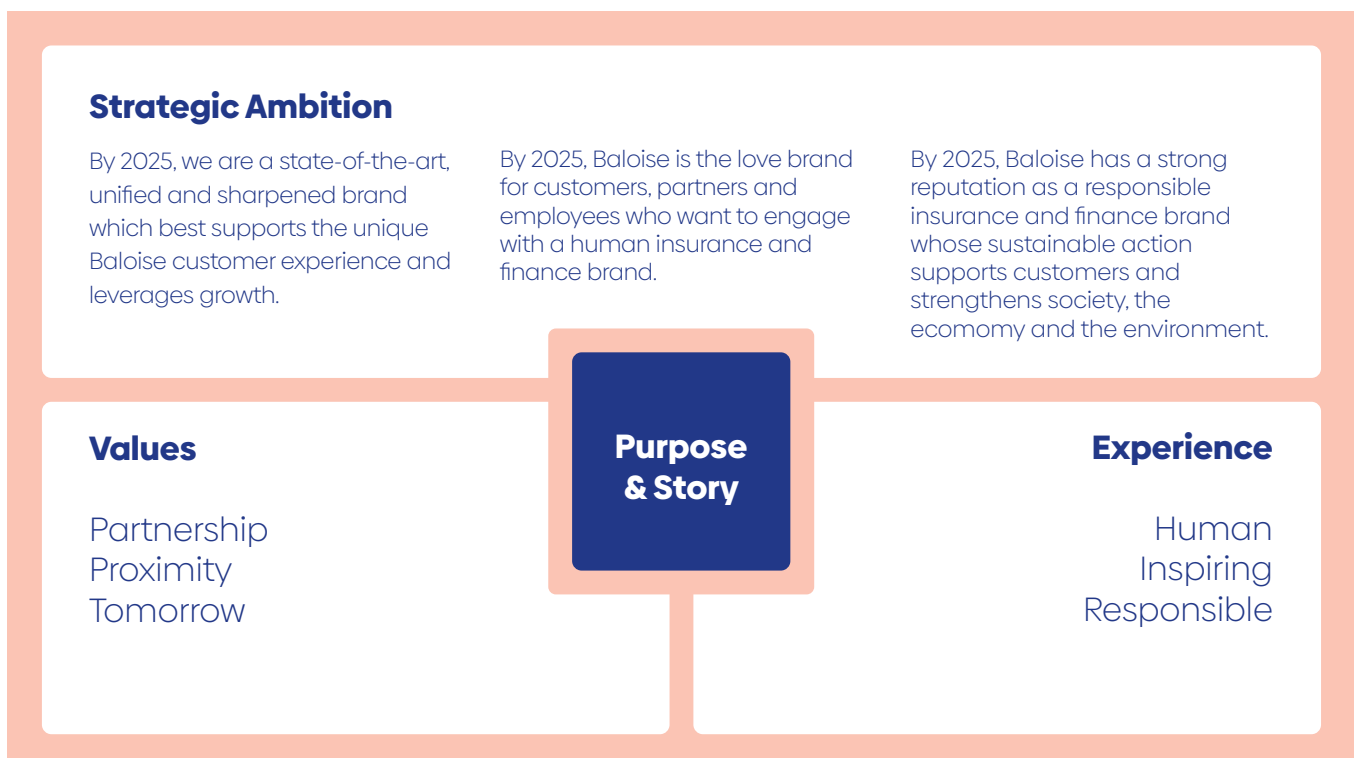
# More growth with a new brand identity

The single Baloise brand identity sends a strong signal to the public

The process of consolidating all the existing brands into a single Baloise brand was completed in autumn, transforming the Baloise brand into a strategic asset. This streamlining of the brand identity means we are now called Baloise in all markets and languages. The brands used in Germany (Basler Versicherungen) and Switzerland (Basler Versicherungen, Bâloise Assurances, Basilese Assicurazione, Baloise Bank SoBa) have undergone the most noticeable change, and will now all share the same Baloise identity. All legal entities have also been adapted in line with the rebranding.

Our new identity connects the brand to the strategy and unlocks the full potential of a single brand as a driver of growth. The brand is the link between the customers and Baloise and its services. It communicates the brand promise and strengthens trust in the Company's services. The trust in a brand is also reflected in the reputation of the company. Having a single brand allows us to manage our reputation more effectively and efficiently. The brand builds trust, which

enables Baloise to stand out in the market and communicate its strategy. Baloise aims to make even better use of this trust through the single brand identity. Building on our existing strengths, we will use the opportunity to establish a single, shared brand identity, independent of language or national borders. For the first time in the Company's history, all employees are now united under a common brand umbrella and the Baloise name. We have formulated a target for the new brand as part of our strategy phase ending in 2025.



## Strategic Ambition

By 2025, we are a state-of-the-art, unified and sharpened brand which best supports the unique Baloise customer experience and leverages growth.

By 2025, Baloise is the love brand for customers, partners and employees who want to engage with a human insurance and finance brand.

By 2025, Baloise has a strong reputation as a responsible insurance and finance brand whose sustainable action supports customers and strengthens society, the economy and the environment.

## Values

Partnership  
Proximity  
Tomorrow

## Purpose & Story

## Experience

Human  
Inspiring  
Responsible

## Brand values and brand experience

The Baloise brand has been continuously refined over the decades. With this rebranding, we have further honed our brand values and the brand experience and adapted them in preparation for future challenges.

Our brand values are partnership, closeness and tomorrow. That's what we stand for and what we believe in.

### We believe in partnership

That is why we treat our colleagues, customers and partners as equals. That is why we build our relationships on mutual trust. Because for us, business success begins with a strong partnership.

### We believe in closeness

That is why we take care of our customers, employees and partners. That is why we behave like a reliable friend. Because for us, solutions by people for people start with proximity.

### We believe in the future

That is why we act responsibly for the benefit of people today and with consideration for future generations. That is why we want to make a difference in the society we live and work in. Because for us, being an inspiring partner begins with optimism and confidence about the future.

The brand experience is extremely important in external communications, particularly in the campaign to launch the rebranding. It encapsulates the way we want to be perceived by our customers and partners: as human, responsible and inspiring.

## Rebranding campaign

To mark the start of the rebranding, Baloise launched an international advertising campaign that communicated the Company's brand identity and its new brand experience. The new positioning is based on a vision that is close to the heart of Baloise as a financial services provider: security today and security in the future for our customers, partners and employees – and for the society in which we all live and work. The foundation for this is partnership, optimism and trust.

The campaign slogan 'Sometimes it works. Sometimes you learn.' is the core message of a number of short stories that are taken from everyday life and retold by Baloise in an entertaining way as part of the new brand campaign. An action that doesn't initially appear to have had the desired outcome is turned into a positive. The focus is not on failure, but on having successfully learned something.

All national Baloise companies were involved in the creation and production of the campaign. As well as TV advertising (Belgium, Luxembourg, Switzerland) and radio campaigns (Luxembourg), print, billboard and online advertising was used in all markets, along with activities involving

customers and partners. A tram in Basel, home of the Baloise head office, and buses in other Swiss towns and cities have taken to the streets decked out in the new colour scheme.

## A strong brand underpins the strategy

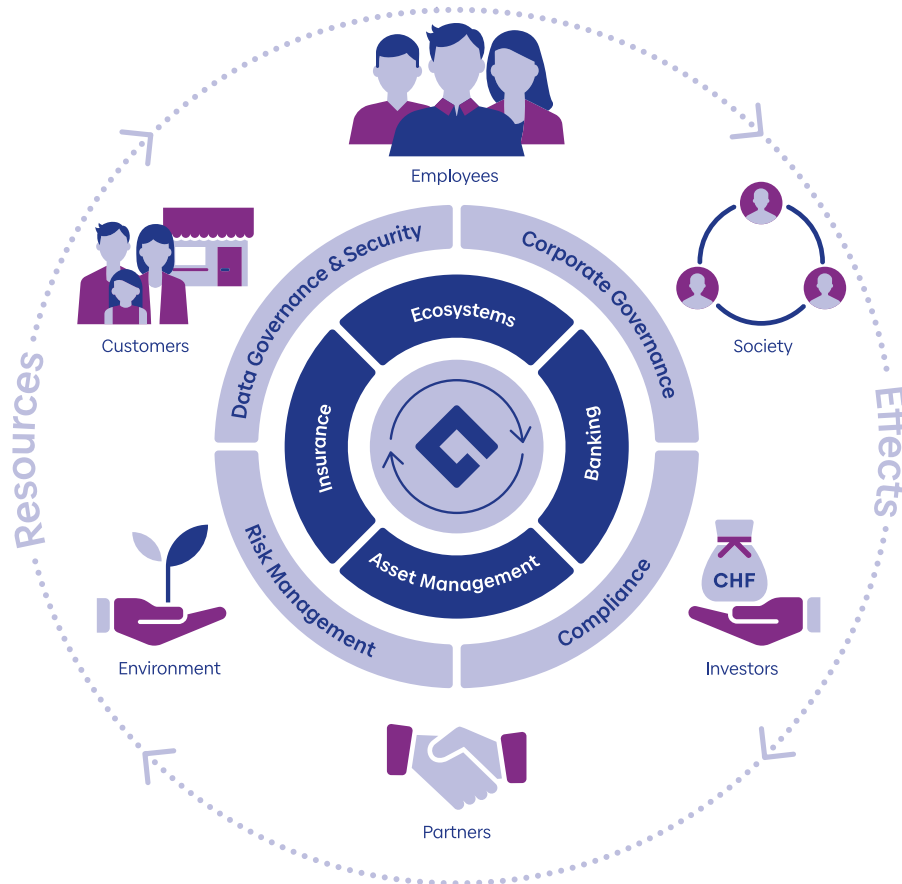
The new brand identity has four goals that will help us to successfully implement the strategy, and in particular Simply Safe: Season 2. Firstly, by focusing on the single brand, Baloise, we are reducing the complexity of the previous identity and its various brands. Processes will be simplified and visibility strengthened. Secondly, we are sending a clear signal concerning the transformation of Baloise. We are the inspiring partner for a shared tomorrow. The new positioning provides a clear direction for the future. Thirdly, a strong brand will help us to stand out in the insurance and financial services market. And, last but not least, we will be able to attract new customers who will get to know the new Baloise for the first time.

The single Baloise brand is a milestone and a clear signal both internally and externally. The new branding will help to bring the strategy to life and to communicate the values of Baloise and the people behind the brand more clearly to our customers.

[www.baloise.ch/de/ueber-uns/wir-sind-baloise](http://www.baloise.ch/de/ueber-uns/wir-sind-baloise)  
(only in German)

# Baloise value creation model

Baloise’s approach to sustainable value creation



## Commitments

### Employees

Baloise employees at all Baloise sites

### Customers

Retail and corporate customers

### Investors

Institutional and private investors and shareholders, who invest in Baloise

### Society

The communities in which we operate at all Baloise sites, and the society of each country in which we operate

### Environment

The direct natural environment at all Baloise sites and the global environment that we influence through our business decisions and activities

### Partners

Innovation partners such as start-ups, outsourcing partners, suppliers, brokers and agents

## Definitions

### Employees

Greater wellbeing

### Customers

Increased customer satisfaction

### Investors

Attractive, reliable and responsible investment

### Society

Valued member of society

### Environment

Climate protection

### Partners

Responsible and successful collaboration

# The Baloise value creation model

Our commitment to corporate responsibility affects everything we do. We practise sustainable business management in accordance with the Baloise value creation model (see illustration on the left). This, in turn, is based on the integrated reporting framework of the International Integrated Reporting Council (IIRC), but is specifically aligned with our business model, the aspects that are important to us, and our corporate values.

## Strategic integration through value creation model

Insurance companies grew out of the idea of risk sharing. The strength of a community sharing the insurance risk is that a community is more than the sum of its parts. No matter how careful an individual may be, he or she is still exposed to risks that can be better managed and mitigated by being spread – along with cost – across the community. Of course this only works if the community of insured persons is effectively and efficiently organised. This is precisely where we have seen our role ever since Baloise was founded in the 19th century: in ensuring the sustainable functioning of this community. Responsible and socially engaged behaviour is also an integral element of our Simply Safe strategy, alongside sustainable business management that takes account of our stakeholders.

At the core of the Baloise value creation model is our strategic direction. Our strategy is influenced by external factors such as climate change and changes in the geopolitical landscape. At the same time, the implementation of our strategy has implications for our environment. This reciprocal influence emphasises for Baloise that aspects of sustainable business management cannot be viewed in isolation from the commercial management of a company. In its role as an insurance and pension provider with product and service ecosystems that cut across insurance, banking and asset management, Baloise not only looks after individuals but also protects companies, economies and communities and helps them to function properly – every day of the year. Thanks to us, individuals and companies can take risks that they would not be able to manage on their own. We enable individuals to live more carefree lives and give companies the opportunity to do business sustainably. In this way, we also help to ensure economic and social stability in the countries where we operate. We have to be able to offer our customers the sort of long-term security that cannot be sustained by the pursuit of short-term profits alone. Through the key parameters of corporate governance, compliance, data governance and security, and risk management, Baloise can make a lasting positive impact and, in so doing, create value for employees, customers, society, the environment, partners and investors. In the value creation model, which is based

on the integrated reporting framework of the International Integrated Reporting Council (IIRC), these stakeholder groups and the environment are described as resources. The newly created value benefits the aforementioned resources and Baloise itself. It becomes fresh input for the ongoing value creation process, driving forward sustainable development.

[www.baloise.com/sustainability](http://www.baloise.com/sustainability)

[www.baloise.com/strategy](http://www.baloise.com/strategy)

## Strategic integration through commitments in the area of sustainability

At the heart of our belief is sustainable value creation, with a promise not to create value for certain individuals at the expense of others. Baloise has therefore made six commitments in the area of sustainability that cover all the resources in our value creation model. During the Simply Safe: Season 2 strategic phase, which runs until 2025, these six commitments will add to the three strategic goals relating to employees, customers and investors. Our value creation model is guided by the United Nations' sustainable development goals (SDGs). The goals that are important to us are reflected in our commitments.

[www.baloise.com/sustainability](http://www.baloise.com/sustainability)

## Stakeholder dialogue

We regularly discuss issues relating to the environment, society and corporate governance (ESG) with our stakeholders. Dialogue takes place within various associations and organisations, for example, or in the form of direct talks with our investors:

[www.baloise.com/sustainability-ratings-2022](http://www.baloise.com/sustainability-ratings-2022)

# Materiality

## Materiality assessment approach

A structured and focused approach to sustainability is important to us. That is why we carried out a detailed materiality assessment for the relevant aspects in the area of sustainability and published it in 2022. This analysis is guided by the requirements of the Integrated Reporting Framework, the sector-specific requirements of the Sustainability Accounting Standards Board (SASB) and a dialogue with stakeholders based on our value creation model. As sustainability is a rapidly evolving area, the results of our materiality analysis are reviewed internally every year. Depending on the outcome of the review, the analysis is repeated on an ad hoc basis or at least every four years.

## Identification of material issues

We combine external and internal sources to identify material topics. The first step is to collect the topics from sources such as sector analyses, requirements in the market, regulations, standards and ESG ratings. In a second step, the topics identified are consolidated by internal specialists.

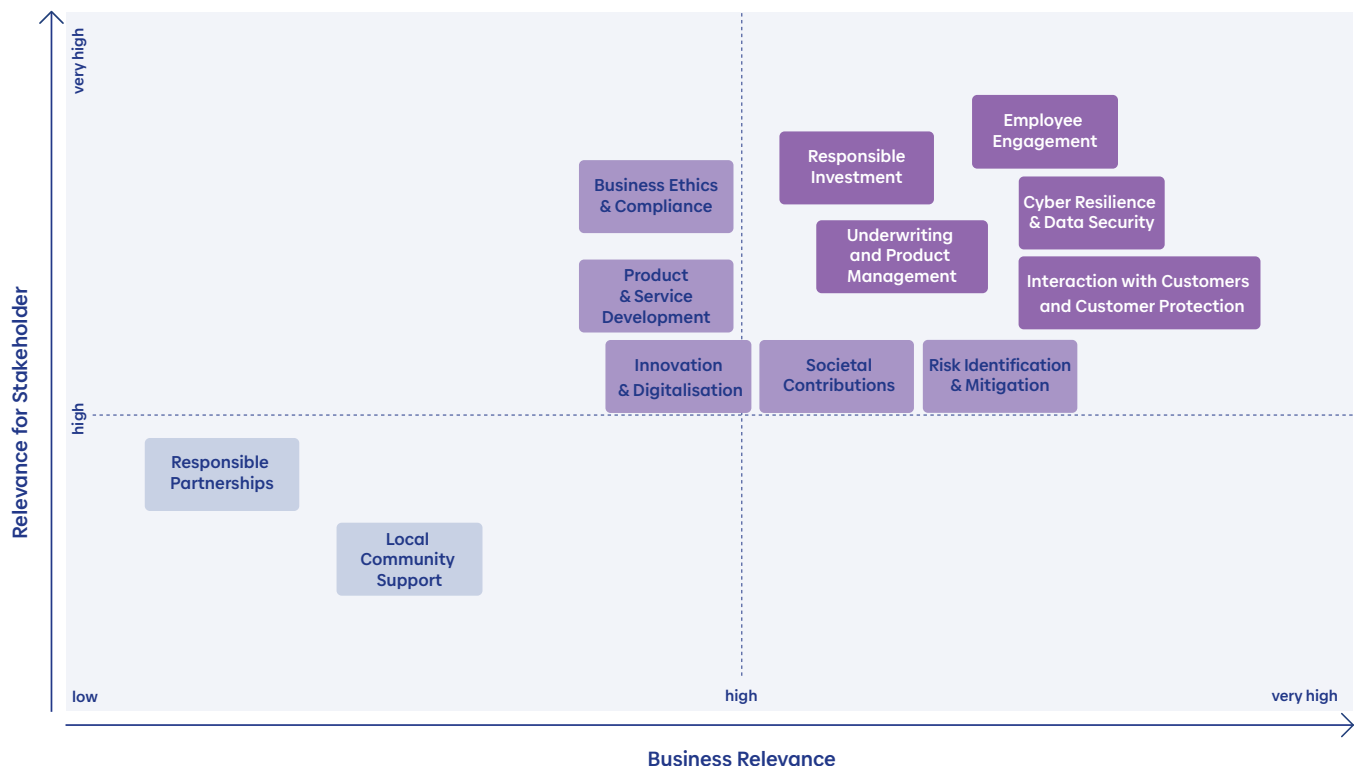
## Comprehensive assessment of the material topics

The topics identified are assessed from four perspectives:

1. Departmental relevance – qualitative and quantitative assessment by departments within the Baloise internal sustainability network
2. Business relevance – quantitative assessment by the Baloise management
3. Relevance for stakeholders – quantitative assessment by the internal and external stakeholders in accordance with the Baloise value creation model
4. Impact on sustainable development – qualitative assessment by external experts in accordance with the Baloise value creation model

Finally, the quantitative and qualitative assessments are analysed and conclusions are drawn from the results to produce a materiality matrix for the whole Baloise Group.

## Materiality matrix





## Results of the materiality assessment

The materiality matrix produced by the analysis is used as a strategic guide for implementation of sustainability aspects in our business and determines which topics will be included in the reporting.

[www.baloise.com/sustainability](http://www.baloise.com/sustainability)

## Conclusions from the 2022 materiality assessment

The topics rated as being of high or very high relevance for Baloise and its stakeholders and assessed by the expert surveys as having a strong impact on sustainable development coincide with the three strategic targets for customers, employees and investors. The analysis thus validates the three strategic targets determined by Baloise for the Simply Safe: Season 2 strategic phase and extends them to include social aspects in various areas, as well as cyber resilience, data security, responsible investment, underwriting, product management, interaction with and protection of customers, the identification and mitigation of risk, business ethics and compliance, the development of products and services, and innovation and digitalisation. This affirms our strategic expansion of the three targets to include commitments derived from our value creation model.

In relation to the environment and climate, our focus is on investment and underwriting, including product management. Reducing the carbon footprint of our own business activities is regarded as an obvious step with relatively little impact on sustainable development. Our activities in the area of investment – with regard to the continuous development of our responsible investment policy – and the Group-wide integration of ESG criteria into the underwriting process and product management reflect these priorities. In the area of underwriting and product management, we are at the start of the integration process. We will gather experience as this progresses and make use of this experience as we continue to drive integration forward. Reducing our carbon footprint is part of doing business sustainably. It is generally accepted that this part of our business has a lesser impact on our commitment to climate change mitigation than the integration of climate and environmental criteria into investment and underwriting.

Social factors are extremely relevant to Baloise as a provider of insurance and financial services. They include topics relating to employees and customers as well as social aspects in the areas of investment, underwriting, partnerships, compliance and business ethics. The fact that social aspects are not only viewed through the lens of our CSR activities, but are in fact part of our core business, is illustrated by the integration of social criteria into our investment decisions through our responsible investment policy, the extension of these criteria through our active ownership strategy, the factoring of social criteria such as human rights

and workers' rights into our underwriting decisions, and the progressive integration of these criteria into our supply chains. The results of the materiality assessment confirm that the key to further progress with regard to sustainability within Baloise also lies in these areas and that the focus should be on social aspects.

The topics in the area of corporate governance with the greatest relevance are the identification and mitigation of risk, business ethics and compliance, and cyber resilience and data security. This is consistent with our efforts with regard to the recommendations of the Task Force on Climate-Related Financial Disclosure, our strong corporate governance and compliance culture and the stepping up of activity in connection with our digital responsibility.

# Memberships and ratings

## Baloise ESG ratings

Explanations of our current ESG ratings and indices are part of transparent sustainability communication.

[www.baloise.com/sustainability-ratings-2022](http://www.baloise.com/sustainability-ratings-2022)

MSCI has upgraded Baloise's ESG rating for the second time in succession thanks to our transparent reporting on our activities. The rating improved in 2022 from A to AA, the second-highest level on the scale. The latest rating increase was awarded by MSCI in recognition of Baloise's leading performance in the field of corporate governance compared with an international peer group. MSCI highlighted the positive developments in the organisation of the Board of Directors and noted that Baloise has also made progress in the field of talent management and has introduced initiatives to mitigate climate risks.

[www.baloise.com/media-releases-27-09-22](http://www.baloise.com/media-releases-27-09-22)

In September 2022, Baloise shares were included in the SXI Switzerland Sustainability 25 index of the Swiss stock exchange. This measures the performance of the 25 Swiss companies that are judged to have the highest sustainability rating according to the criteria used in Inrate's ESG impact rating.

[www.baloise.com/media-releases-19-09-22](http://www.baloise.com/media-releases-19-09-22)

As evidenced by the various ESG ratings, Baloise is not involved in any controversies in the environmental (E), social (S) or corporate governance (G) spheres.

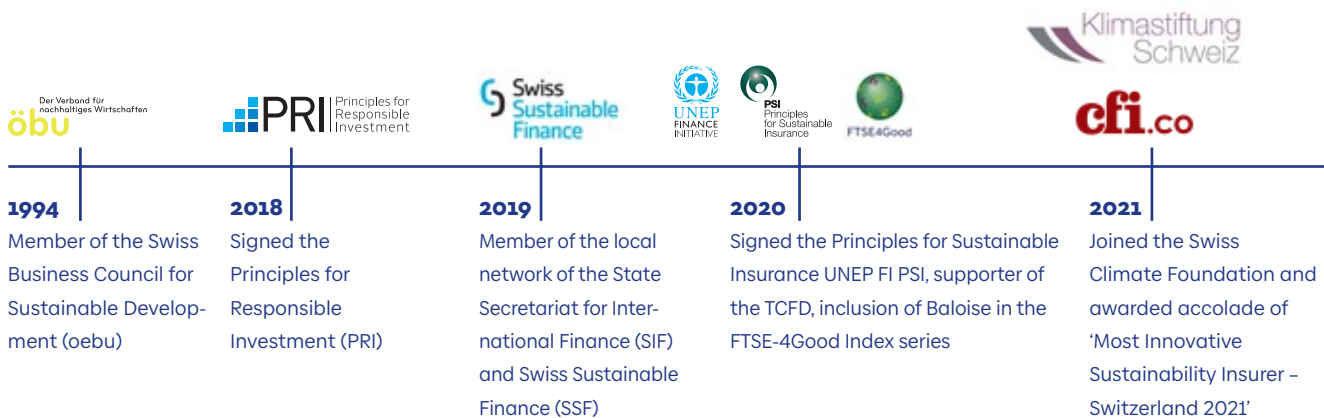
We will carry on using the information from our ESG ratings to continuously improve sustainability activities and the reporting on these in future.

## Baloise memberships

Collaboration with other companies, institutions and organisations is essential to drive sustainable development forward. That is why we support sustainable development goal (SDG) no. 17 of the United Nations (partnerships for achieving the goals). We regard partnerships as a fundamental requirement for the achievement of sustainability objectives.

[www.baloise.com/sustainability-ratings-2022](http://www.baloise.com/sustainability-ratings-2022)

As a member of the Swiss Insurance Association (SVV), we work on standards relating to sustainability for the entire Swiss insurance sector, act jointly on matters relating to regulation and share expertise relating to the integration of ESG criteria into business processes. In 2022, we actively participated in the preparation of the SVV's industry reporting on sustainability topics, as we had also done in previous years.



# Recommendations of the Task Force on Climate-related Financial Disclosures (TCFD)

The Task Force on Climate-related Financial Disclosures (TCFD) is an initiative that was founded in December 2015 by the Financial Stability Board (FSB), an international body created by the G20 member states with the aim of promoting international financial stability. The TCFD's recommendations help investors, lenders and insurance companies like Baloise to identify the information that is needed in order to appropriately assess and evaluate climate-related risks and opportunities, and develop suitable measures to address them. We have been an official supporter of the TCFD's recommendations since 2020 and are progressively integrating them into our reporting processes.



## Overview and references to relevant information

### Governance

- Sustainability governance from page 97
- Risk management from page 101
- Environment from page 79
- Responsible investment from page 87
- Responsible underwriting from page 93

### Strategy

- Business model, strategy and brand from page 14
- The Baloise value creation model from page 22
- Risk management from page 101
- Environment from page 79
- Responsible investment from page 87
- Responsible underwriting from page 93
- Customers from page 59

### Risk management

- Risk management from page 101
- Responsible investment from page 87
- Responsible underwriting from page 93

### Metrics and targets

- The Baloise value creation model from page 22
- Sustainability KPIs from page 30

# UNEP FI Principles for Sustainable Insurance (UNEP FI PSI)

The Principles for Sustainable Insurance (PSI) of the United Nations Environment Programme Finance Initiative (UNEP FI) serve as a global framework for the insurance industry to integrate environmental, social and governance aspects into business processes and identify the associated risks and opportunities. Baloise signed up to the principles in 2020.



“Joining the UNEP FI Principles for Sustainable Insurance Initiative strengthens our ability to create value for a decent future, as the Principles provide the entire industry with a framework to integrate environmental, social and governance aspects into the insurance business, enabling collective action and initiatives. For Baloise, joining the PSI initiative was a logical next step after signing up to the PRI, as it demonstrates our commitment to playing an active role in sustainable development.”

**Gert De Winter, CEO Baloise Group**

## Overview and references to relevant information

### Principle 1

We will embed in our decision-making environmental, social and governance issues relevant to our insurance business.

- Baloise/Business model, strategy and brand from page 14
- Baloise/The Baloise value creation model from page 22
- Baloise/Materiality from page 24
- Investors from page 35
- Employees from page 49
- Customers from page 59
- Partners from page 67
- Society from page 71
- Environment from page 79
- Responsible investment from page 87
- Responsible underwriting from page 93
- Risk management from page 101
- Data governance & security from page 111

### Principle 2

We will work together with our clients and business partners to raise awareness of environmental, social and governance issues, manage risk and develop solutions.

- Baloise/Materiality from page 24
- Customers from page 59
- Partners from page 67
- Responsible investment from page 87
- Responsible underwriting from page 93

**Principle 3**

We will work together with governments, regulators and other key stakeholders to promote widespread action across society on environmental, social and governance issues.

- Memberships and ratings  
from page 26
- Responsible investment  
from page 87
- Responsible underwriting  
from page 93

**Principle 4**

We will demonstrate accountability and transparency in regularly disclosing publicly our progress in implementing the Principles.

- Annual reports:  
[www.baloise.com/annual-report](http://www.baloise.com/annual-report)
- Website:  
[www.baloise.com/sustainability](http://www.baloise.com/sustainability)
- Blog posts and press releases:  
[www.baloise.com/en/home/news-stories](http://www.baloise.com/en/home/news-stories)
- PRI transparency report Baloise Asset Management\*

\*[https://stpublic.blob.core.windows.net/pri-ra/2020/Investor/Public-TR/\(Merged\)\\_Public\\_Transparency\\_Report\\_Baloise%20Asset%20Management\\_2020.pdf](https://stpublic.blob.core.windows.net/pri-ra/2020/Investor/Public-TR/(Merged)_Public_Transparency_Report_Baloise%20Asset%20Management_2020.pdf)

# Sustainability KPIs

## Environment

	Unit	2018	2019	2020	2021	2022	Relative	Reference
<b>CO<sub>2</sub> emissions</b>								
Total emissions <sup>1</sup>	tonnes	14,773	13,731	11,247	12,473	-	2,130 kg/employee	Page 81
Total emissions <sup>2</sup>	tonnes CO <sub>2</sub> equivalent	-	-	-	-	11,873	1,480 kg/employee <sup>3</sup>	
Scope 1 emissions	tonnes CO <sub>2</sub> equivalent	-	-	-	-	3,659	-	
Scope 2 emissions	tonnes CO <sub>2</sub> equivalent	-	-	-	-	729	-	
Scope 3 emissions	tonnes CO <sub>2</sub> equivalent	-	-	-	-	7,485	-	
Reduction in operational emissions	%	-5.2	-7.1	-18.1	-10.9	-4.8	-	
<b>Energy</b>								
Energy reference area <sup>4</sup>	EBF m <sup>2</sup>	142,409	155,853	167,571	162,701	186,017		Page 81
Share produced from renewable sources	%	-	-	-	100	100		
Electricity consumption	kWh	18,314,747	16,381,853	14,703,323	15,963,123	14,723,762	1,835 kWh/employee	
Heating consumption	kWh	8,269,769	9,553,480	9,813,735	10,272,130	12,415,493	67 kWh/m <sup>2</sup>	
Water consumption	m <sup>3</sup>	45,421	41,341	33,677	25,331	32,424	18 l/employee/day	
Paper consumption	tonnes	300	318	232	310	242	30 kg/employee	
<b>Types of paper</b>								
Recycled	%	2.0	6.0	2.0	2.0	25.2	-	Page 82
Chlorine-free-bleached	%	89.0	84.0	98.0	98.0	15.7	-	
Santary paper	%	-	-	-	-	9.6		
Envelopes and external printed matter	%	-	-	-	-	49.5		
Photocopy paper consumption	million A4 sheets	66.1	62.7	35.2	37.6	22.0	2,741 sheets A4/employee	
<b>Business travel</b>								
Total business travel	million km	22.4	20.7	12.9	14.0	21.5	2,680 km/employee	Page 83
Air	%	23.1	20.6	6.1	6.1	6.8	-	
Car	%	52.3	50.7	53.7	53.7	73.4	-	
Public transport	%	24.6	28.7	40.2	40.2	19.8	-	
<b>Refuse</b>								
Total amount of refuse	tonnes	843.0	922.0	1,124.0	575.0	400.4	50 kg/employee	Page 82
Paper	%	53.0	51.0	41.0	41.0	45.9	-	
Other materials	%	7.0	10.0	8.0	8.0	3.9	-	
Special waste	%	2.0	2.0	1.0	1.0	0.1	-	
Misc. waste/refuse	%	38.0	36.0	50.0	50.0	50.1	-	

1 According to VfU standard (see Baloise Annual Review 2021, 'Environment' chapter, page 94).

2 According to GHG protocol with expansion of the reported emissions categories.

3 Taking into account all headcounts of Baloise Group.

4 Taking into account the insurance branch offices in Switzerland.

## Social

	Unit	2018	2019	2020	2021	2022	Reference
<b>Employment and retention</b>							
Number of employees		7,203	7,646	7,693	7,944	8,025	Page 51
Part-time employees	%	20.0	22.8	23.4	23.7	24.1	Page 52
Staff turnover	%	5.9	6.3	6.1	5.8	7.41	Page 51
Duration of employment	years	12.9	12.8	12.1	11.6	12.5	Page 51
Participation in the employee share programme	%	66	67	70	72	-	
Proportion of employees with access to the share programme	%	-	-	-	43.7	43.9	Page 51
Would recommend Baloise as an employer <sup>1</sup>	%	82	83	86	81	-	
Positive mentions for employee satisfaction	%	-	-	-	-	79	Page 51
<b>Health and safety</b>							
Friendly Work Space (certification in Switzerland)	out of a possible 5 points	4.43	4.43	4.83	4.83	4.83	Page 54
<b>Training and development</b>							
Proportion of trainees in the workforce	%	3.9	3.7	3.4	3.8	3.9	Page 52
Number of apprentices, trainees, interns and student interns		283	281	262	300	319	Page 52
<b>Philanthropy</b>							
Total donations by the Baloise Group	CHF million	-	-	-	1.0	0.7	Page 56
Number of employees engaging in voluntary work		-	-	-	372	770	Page 56
<b>Diversity and inclusion</b>							
Proportion of women in the workforce	absolute	3,140	3,280	3,042	3,511	3,553	Page 52
	%	43.6	42.9	49.8	44.2	44.3	Page 52
Age distribution of employees							Page 52
under 35	%	26.1	27.0	27.4	29.2	26.6	
35 to 45	%	23.5	22.7	22.7	22.5	25.4	
45 to 56	%	32.1	31.6	29.9	28.7	30.3	
over 56	%	18.3	18.6	19.5	19.6	17.7	
Average age	years	43.6	43.8	43.9	43.9	43.8	Page 51
<b>Responsible investment</b>							
Total AGMs at which Baloise Asset Management voted <sup>2</sup>	number	27	27	22	28	25	Page 87
Total agenda items on which Baloise Asset Management voted <sup>2</sup>	number	13	13	13	12	13	
Proportion of votes against the management's recommendations at the AGMs <sup>2</sup>	number	35	40	28	53	42	
Distribution of ESG ratings across Baloise insurance investments <sup>3</sup>							Page 89
A-AAA	%	-	-	-	75	80	
B-BBB	%	-	-	-	25	20	

1 Will no longer be queried with the new measurement as of 2022.

2 See [www.baloise.com/corporate-governance](http://www.baloise.com/corporate-governance).

3 See 'Responsible Investment' chapter from page 87 onwards.

## Governance<sup>1</sup>

	Unit	2018	2019	2020	2021	2022	Reference, corporate governance report
<b>Board of Directors</b>							
Independence	%	100	100	100	100	100	Page 37
Average term in post	years	5.2	4.9	5.9	4.7	3.6	Page 37
<b>Diversity on the Board of Directors</b>							
Number of women on the Board of Directors		2	1	1	2	4	Page 38
Proportion of women on the Board of Directors	%	20	10	10	20	40	Page 38
Average age of the members of the Board of Directors		58	59	60	60	58	Page 37
<b>Remuneration</b>							
Total remuneration of CEO	CHF million	2,094.9	2,210.6	2,039.7	2,191.7	2,140.3	Page 70

<sup>1</sup> See [www.baloise.com/corporate-governance](http://www.baloise.com/corporate-governance).



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# Investors

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# How we create value for our investors

## Resource: Baloise's shareholders (institutional and private investors)

### Commitment: Attractive, reliable and responsible investment

#### Elements of value creation

- A broadly diversified shareholder base, including institutional investors from Switzerland, the rest of Europe and the US (most with a long-term investment horizon)
- Open and transparent communication with all capital market participants
- 'ECCO' (Earnings, Cash, Capital, Optionality) values-based management system
- High operational profitability and good income diversification between the non-life, life and asset management & banking operating segments
- Strong balance sheet
- Focused and value-based innovation strategy

#### Impact of value creation

- Attractive total shareholder return through reliable dividends based on the ECCO value drivers
- One of the most profitable non-life portfolios in Europe, a life insurance business that is well positioned to benefit from an improved interest-rate environment, and steady and reliable contributions from asset management and banking
- Strong and well diversified operational cash generation and achievement of an attractive and reliable cash remittance to Baloise Holding
- High financial stability and flexibility
- Optionality thanks to innovation as a source of future value



## Creating value for investors

As a European insurance company with Swiss roots, we have a robust and profitable business model. Its value generation is anchored in the Baloise value creation model, which is based on the six resources of employees, customers, partners, investors, the environment and society. Our commitment to our investors is that we will use the capital they make available to us efficiently and in their interests and thereby generate value. The strong operational profitability and good income diversification between the non-life, life and asset management & banking operating segments are important, not least because they also result in strong and well diversified cash generation. Our focus on cash generation enables Baloise to pursue an attractive and reliable dividend policy for our shareholders. The strong balance sheet and high degree of financial flexibility are key factors in Baloise's ability to weather adverse market conditions and, at the same time, to benefit from promising growth opportunities. Its very strong capital base was acknowledged again in the reporting year by the ratings agency Standard & Poor's, which confirmed the very good credit rating of 'A+' with a stable outlook.

As a provider of insurance and pensions, a long-term perspective is at the heart of everything Baloise does. Every day, we help companies, communities and economies to function effectively. Sustainability therefore plays a key role both in Baloise's values-based management and in the corporate strategy.

This ties in with Baloise's firm conviction that motivated and satisfied employees are the key to happy customers, who in turn are what make the business an attractive investment for shareholders.

Together with our efforts in the area of sustainable development, these factors make Baloise not only an attractive and sustainable investment target but also a responsible one.

[www.baloise.com/ratings](http://www.baloise.com/ratings)

[www.baloise.com/risk-management](http://www.baloise.com/risk-management)

[www.baloise.com/investors](http://www.baloise.com/investors)

## Our value creation system for our investors

Baloise has a stable and broadly diversified base of providers of equity capital and borrowing. 100 per cent of Baloise shares are free float. Institutional investors from Switzerland, the rest of Europe and the US (most with a long-term investment horizon) play an important role. Baloise communicates openly and transparently with all capital market participants and thereby ensures that a solid basis of facts is available at all times to enable investors to make informed investment decisions.

Baloise has developed the 'ECCO' values-based management system in order to offer our shareholders consistently high levels of added value and to achieve our financial objectives. The system is based on four value drivers that are also key factors in Baloise's total shareholder return:

- **Earnings:** Strong operational profitability and one of the most profitable non-life portfolios in Europe
- **Cash:** Strong and well diversified operational cash generation
- **Capital:** Strong capitalisation, conservatively managed investment portfolio and high financial flexibility
- **Optionality:** Full innovation pipeline and well positioned for the digital age

## Strategy and objectives

Our Simply Safe strategy is based on an excellent track record over the past decade: one of the most profitable non-life portfolios in Europe, strong market positions, forward-looking capital management, state-of-the-art IT systems and an attractive dividend policy.

Baloise's Simply Safe strategy builds on this to pursue the goal of further strengthening the core business while also developing the business model to take account of changing customer needs for security and services in the digital age. This ties in with Baloise's firm conviction that satisfied employees are the key to happy customers, who in turn are what make our Company an attractive investment for investors. For the second phase of the Simply Safe strategy, which began in 2022, Baloise has set itself the following goals to be achieved by 2025:

- Break into the **top 5 per cent of the best companies to work for** in Europe
- Attract **1.5 million new customers**
- Generate **CHF 2 billion in cash**

To achieve the ambitious targets of Simply Safe: Season 2, four strategy areas have been defined based on the insights gained from Season 1:

- **Focus:** focusing on the core insurance business
- **Reimagine:** improving the customer experience
- **Diversify:** moving into new business areas
- **Transform:** harnessing the corporate culture, sustainability and agility as key drivers of the transformation

We want to be more than just an insurance company: we want to be an important part of people's lives. The 'Business model, strategy and brand' chapter contains more information on our corporate strategy.

## Impact of our value creation

After the Simply Safe: Season 1 phase had been brought to a successful close, Baloise moved on to Season 2 in 2022:

- We are currently among the top 36 per cent of all employers in Europe.
- We gained 173,000 new customers.
- We generated CHF 471 million in cash.

Through its Simply Safe strategy, Baloise has also secured a leading and now multi-award-winning position in recent years with regard to innovation and the use of digital technologies. This is reflected in the core business through the optimisation of processes and the customer experience, and through product and service innovations. It relates both to the insurtech company FRIDAY, launched in 2017, and to the Home and Mobility ecosystems, which have been significantly expanded through selected investments and new partnerships.

[www.baloise.com/innovation-story](http://www.baloise.com/innovation-story)

In the capital markets, too, Baloise was able to position itself more strongly as a sustainable investment in 2022, as this was the year in which we successfully issued our second green bond. The green bond also contributes directly to Baloise's sustainability strategy, as the capital raised with the issuance of the bond will be used to finance sustainability-certified new-build projects and the renovation of existing properties under Baloise's green bond framework.

Thanks to the strong levels of cash generated, Baloise was able to continue its attractive dividend policy in 2022. Baloise has kept the dividend the same or increased it every year since 2003. In 2022, we were able to raise it again, enabling shareholders to participate directly in Baloise's success.

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# Key figures

	2021	2022	Change (%)
CHF million			
<b>Business volume</b>			
Gross non-life premiums written	4,063.4	3,969.1	-2.3
Gross life premiums written	3,389.7	3,160.8	-6.8
Sub-total of IFRS gross premiums written <sup>1</sup>	7,453.1	7,130.0	-4.3
Investment-type premiums	2,138.0	1,631.0	-23.7
<b>Total business volume</b>	<b>9,591.1</b>	<b>8,760.9</b>	<b>-8.7</b>
<b>Operating profit (loss)</b>			
Profit/loss for the period before borrowing costs and taxes			
Non-life	303.9	321.7	5.9
Life <sup>2</sup>	406.7	376.7	-7.4
Asset Management & Banking	82.5	63.5	-23.0
Other activities	-70.5	-56.5	-19.9
Consolidated profit for the period	583.3	544.5	-6.7
<b>Balance sheet</b>			
Technical provisions	48,661.4	44,605.2	-8.3
Equity	7,299.9	4,552.1	-37.6
<b>Ratios (per cent)</b>			
Return on equity (RoE)	8.3	9.4	-
Gross non-life combined ratio	99.3	91.7	-
Net non-life combined ratio	92.6	91.9	-
New business margin (life, as percentage)	39.0	53.5	-
Investment performance (insurance) <sup>3</sup>	1.4	-8.1	-
<b>New life insurance business</b>			
Annual premium equivalent (APE)	340.5	243.6	-28.5
Value of new business	133.1	130.3	-2.1
<b>Key figures on the Company's shares</b>			
Shares issued (units)	45,800,000	45,800,000	0.0
Basic earnings per share <sup>4</sup> (CHF)	13.06	12.13	-7.1
Diluted earnings per share <sup>4</sup> (CHF)	13.05	12.12	-7.1
Equity per share <sup>4</sup> (CHF)	161.7	100.5	-37.8
Closing price (CHF)	149.10	142.70	-4.3
Market capitalisation (CHF million)	6,828.8	6,535.7	-4.3
Dividend per share <sup>5</sup> (CHF)	7.00	7.40	5.7

1 Premiums written and policy fees (gross).

2 Of which deferred gains/losses from other operating segments (31 December 2021: CHF -2.5 million; 31 December 2022: CHF -2.8 million).

3 Excluding investments for the account and at the risk of life insurance policyholders.

4 Calculation is based on the profit for the period attributable to shareholders and the equity attributable to shareholders.

5 2022 based on the proposal submitted to the Annual General Meeting.

## 2022: a difficult trading year

2022 was a year of geopolitical tensions, rocketing energy and commodity prices, an across-the-board rise in inflation rates and consequent abandonment of the negative interest-rate policy, and increasingly bleak economic forecasts. The leading Swiss index, the SMI, began 2022 at an all-time high, but soon came under pressure and ended the year down by around 17 per cent. In this challenging market environment, Baloise shares\* held up well, ending 2022 around 4 per cent below their value at the start of the year. Continuing Baloise's reliable and attractive dividend policy, the Board of Directors is proposing to raise the dividend for 2022 by 5.7 per cent to CHF 7.40.

The equity markets had begun to recover from the COVID-19 pandemic in 2021, with the SMI reaching a new all-time high on 3 January 2022, but Russia's invasion of Ukraine at the start of 2022, coupled with inflation fears and the expectation of a sharp rise in interest rates, brought the upward trend to an abrupt halt. Russia, one of the European Union's main sources of fossil fuels, reacted to the West's support for Ukraine by restricting supplies. The two warring countries are also among the world's most important suppliers of commodities for industries such as the food and automotive sectors. Rising prices in the energy and commodity markets combined with the ongoing COVID-19-related production and supply problems in China to further fuel inflationary pressure, which had already been building as a consequence of the comprehensive monetary and economic policy measures implemented in recent years to contain the economic effects of the pandemic. Inflation rates for consumers rose dramatically over the course of the year, reaching double digits in many European countries. Inflation in Switzerland remained at a moderate level, peaking at 3.5 per cent. This was partly because energy prices make up a smaller share of the statistical basket of goods in Switzerland and partly because the Swiss franc remained strong against the euro, even going above parity. In response to the sudden and unexpectedly sharp rise in inflation, the US Federal Reserve, the Swiss National Bank (SNB) and the European Central Bank hiked base rates several times over the course of the year. The central banks also reduced the supply of liquidity by scaling back their quantitative easing programmes. On 23 September, the SNB finally abandoned the negative interest-rate policy it had been pursuing for almost eight years and increased base rates for Switzerland several times, reaching 1 per cent by December. The difficult economic environment is also reflected in the expectations for economic growth in the coming years, which have been revised downwards.

In the first half of 2022, Baloise shares proved relatively resilient to the market turbulence. They reached their highest price in April at CHF 176.00 (closing price). Until August, they were outperforming both the European insurance industry index (STOXX Europe 600 Insurance Index – SXIP) and the Swiss Exchange Supersector Insurance Index (SMINNX). However, the price dropped back in the second half of the year, ending the year at CHF 142.70, around 4.3 per cent below the price at the end of 2021. The SXIP also ended the year in negative territory, falling by 1.0 per cent, while the SMINNX made a small gain of 2.0 per cent.

\*Baloise shares = shares in Baloise Holding Ltd



## Dividends paid to shareholders

The Board of Directors of Baloise Holding Ltd will propose to the Annual General Meeting on 28 April 2023 that a cash dividend of CHF 7.40 per share be paid for the 2022 financial year, a year-on-year increase of 5.7 per cent. This represents an attractive dividend yield of 5.2 per cent of the year-end share price.

## Shareholder structure

The shares in Baloise Holding Ltd are widely held and their free float remains unchanged at 100 per cent. There were no material changes in the Company's shareholder base in 2022. Further information on Baloise's significant shareholders as

at 31 December 2022 can be found in table 15 on page 251 of the 2022 Annual Report.

	Cash dividends	Share buy-backs	Total
Year (CHF million)			
2018	292.8	135.1	427.9
2019	312.3	190.0	502.3
2020	312.3	92.8	405.1
2021	320.6	-	320.6
2022	338.9 <sup>1</sup>	-	338.9
<b>Total</b>	<b>1,576.9</b>	<b>417.9</b>	<b>1,994.8</b>

All figures stated as at 31 December.

<sup>1</sup> Proposal to the Annual General Meeting on 28 April 2023.

## Statistics on Baloise shares

	31.12.2018	31.12.2019	31.12.2020	31.12.2021	31.12.2022
Price at year-end (CHF)	135.40	175.00	157.50	149.10	142.70
High (CHF)	159.40	186.60	182.10	168.80	176.00
Low (CHF)	131.60	135.80	107.90	137.60	125.50
Market capitalisation (CHF million)	6,607.5	8,540.0	7,686.0	6,828.8	6,535.7
Basic earnings per share (CHF)	11.14	15.02	9.65	13.06	12.13
Diluted earnings per share (CHF)	11.12	14.99	9.63	13.05	12.12
Price/earnings (p/e) ratio <sup>1</sup>	12.15	11.65	16.32	11.42	11.76
Price/book (p/b) ratio <sup>1</sup>	1.07	1.20	1.02	0.92	1.42
Number of shares issued (units)	48,800,000	48,800,000	48,800,000	45,800,000	45,800,000
Minus the number of treasury shares (units)	2,218,134	3,238,607	3,750,453	648,730	545,636
Number of shares in circulation (units)	46,581,866	45,561,393	45,049,547	45,151,270	45,254,364
Average number of shares outstanding <sup>2</sup>	46,979,421	46,219,774	45,031,594	45,062,127	45,176,614
Dividend per share <sup>3</sup> (CHF)	6.00	6.40	6.40	7.00	7.40
Dividend payout ratio <sup>3</sup>	53.9	42.6	66.3	53.6	61.0
Dividend yield <sup>3</sup>	4.4	3.7	4.1	4.7	5.2

<sup>1</sup> Calculation is based on the profit for the period attributable to shareholders and the equity attributable to shareholders.

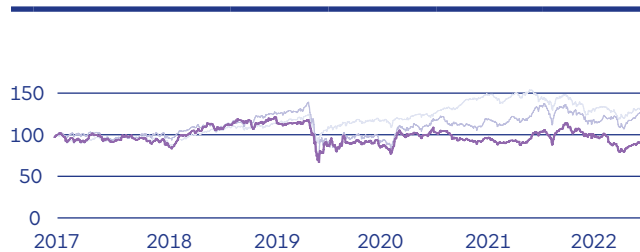
<sup>2</sup> Relevant for calculation of earnings per share (see page 218 of the Financial Report).

<sup>3</sup> 2022 based on the proposal submitted to the Annual General Meeting.

## Baloise shares

Security symbol	BALN
Nominal value	CHF 0.10
Security number	1.241.051
ISIN	CH0012410517
Exchange	SIX Swiss Exchange
Security type	100% registered shares

## Indexed share price performance<sup>1</sup> Baloise Holding registered shares 2018 – 2022



<sup>1</sup> 31 December 2017 = 100

■ Baloise Holding registered shares (BALN)  
 ■ SWX SP Insurance Price Index (SMINNX)  
 ■ Swiss Performance Index (SPI)

# Solid results, increased cash remittance and higher dividend at Baloise

The global economy faced persistent challenges in 2022 that will affect the business activities of many companies this year too. Against the backdrop of these market conditions, we are especially proud that we can once again present solid financial results for 2022. In the attractive non-life business, Baloise generated growth in local currency terms and improved the profit contribution despite the strengthening of reserves to reflect inflation. We achieved an excellent level of earnings in the life business. This resulted in profit attributable to shareholders of CHF 548.0 million. Based on the high operational profitability and reliable cash remittance, we intend to request to increase the dividend by CHF 0.40 to CHF 7.40. This confirms once again that Baloise is a reliable and attractive investment. Over the past 20 years, we have continuously increased the dividend, one of only very few European insurance companies to do so.

## Annual financial results in brief

- **Profit attributable to shareholders** for 2022 amounted to CHF 548.0 million (2021: CHF 588.4 million). The rapid rise in inflation in 2022 resulted in non-recurring effects in the non-life business that had a net negative impact of CHF 37.2 million on profit.
- The **volume of business** amounted to CHF 8,760.9 million owing to a lower volume of premiums in the traditional life insurance business and unfavourable currency effects (2021: CHF 9,591.1 million). Adjusted for currency effects, this equated to a decrease of 5.1 per cent.
- The volume of premiums in the **non-life business** rose by a healthy 2.4 per cent, adjusted for currency effects. In Swiss francs, the volume of premiums fell slightly to CHF 3,969.1 million (2021: CHF 4,063.4 million).
- The **net combined ratio** of the Group was 91.9 per cent (2021: 92.6 per cent). Non-recurring effects during the reporting year, particularly the strengthening of reserves in view of inflation, had a negative impact on the net combined ratio, adding 1.4 percentage points.
- **Earnings before interest and tax (EBIT) in the non-life business** came to CHF 321.7 million, which represented a good year-on-year improvement of 5.9 per cent (2021: CHF 303.9 million).
- The level of gross premiums in the **life business** reflected the continuing trend towards partially autonomous occupational pension solutions. As a result, the volume of premiums in the traditional life insurance business fell by 6.8 per cent year on year to CHF 3,160.8 million (2021: CHF 3,389.7 million). **EBIT attributable to the life business** came to a very healthy CHF 376.7 million, which was down only slightly on the exceptionally strong prior-year figure (2021: CHF 406.7 million).
- The **new business margin** in the life business stood at a very solid 53.5 per cent in 2022 (2021: 39.0 per cent). The interest rate margin improved to 117 basis points (2021: 108 basis points) thanks to a rise in current income.

- **Asset management** delivered a **net return on insurance assets** of 2.0 per cent (2021: 2.2 per cent). Net new assets from third parties increased once again, rising by around CHF 1 billion.
- Baloise's **capitalisation** remained robust. We expect the SST ratio as at 1 January 2023 to be over 230 per cent (2021: 220 per cent). Consolidated equity amounted to CHF 4,552.1 million (30 June 2022: CHF 5,021.0 million). In June 2022, Standard & Poor's confirmed its rating of A+ for the Baloise Group.
- In 2022, the **cash remittance** increased by 9 per cent to CHF 471 million (2021: CHF 431 million). The Board of Directors intends to request to increase the **dividend** by CHF 0.40 to CHF 7.40 per share.
- Reporting in accordance with the new **IFRS 17 and 9 accounting standards** will be published for the first time in the half-year financial statements on 20 September 2023. We will provide an update for capital market participants on 29 June 2023.

### Baloise sustainably successful in a challenging environment

**Profit attributable to shareholders** for 2022 amounted to CHF 548.0 million, a year-on-year fall of 6.9 per cent (2021: CHF 588.4 million). There was a non-recurring positive effect on profit from reserves that were no longer needed in view of the planned sale of the German hospital liability business and from the interest-rate-related reversal of reserves for the accident and health insurance business in Switzerland. Conversely, the strengthening of reserves to reflect the increase in inflation had an adverse effect on profit. These effects together had a net negative impact of CHF 37.2 million on profit. There was a particularly strong profit contribution from the Swiss life business, which benefited from a rise in interest rates and the continual optimisation of the life insurance portfolio. Overall, all operating segments contributed to Baloise's sound profit.

The **Group's earnings before interest and tax (EBIT)** amounted to CHF 705.3 million (2021: CHF 722.5 million).

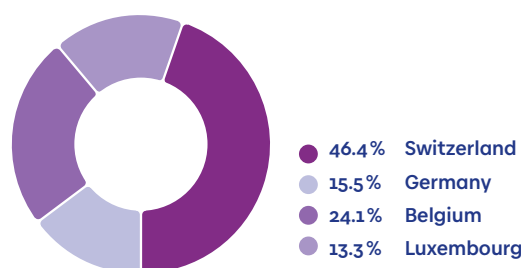
The **Group's business volume** declined year on year owing to shifts within the traditional life insurance business involving occupational pensions, lower volumes in the investment-linked life insurance business and currency effects. The total volume of business went down by 8.7 per cent to CHF 8,760.9 million (2021: CHF 9,591.1 million). In local currency terms, the decrease was 5.1 per cent.

### Business volume

	2021	2022	+/- %
CHF million			
Total business volume	9,591.1	8,760.9	-8.7
Life	3,389.7	3,160.8	-6.8
Non-life	4,063.4	3,969.1	-2.3
Investment-type premiums	2,138.0	1,631.0	-23.7

### Business volume in 2022 (gross)

by strategic business unit\*



\* 0.6% group business

### Higher profit contribution from non-life business; strengthening of reserves to reflect inflation takes its toll on the combined ratio

Adjusted for currency effects, the **non-life business** generated organic growth in all markets. In Swiss francs, there was a fall of 2.3 per cent to CHF 3,969.1 million (2021: CHF 4,063.4 million), whereas the increase in local currency terms was 2.4 per cent.

Gross premiums written in the Swiss market rose by a healthy 2.7 per cent to CHF 1,429.9 million (2021: CHF 1,392.7 million).

The Belgian unit recorded modest year-on-year growth of 0.7 per cent in local currency terms. In Swiss francs, gross premiums written decreased by 6.4 per cent to CHF 1,538.9 million (2021: CHF 1,644.3 million).

In Germany, we achieved very satisfying growth of 5.2 per cent in local currency terms. In Swiss francs, there was a fall of 2.2 per cent to CHF 802.5 million (2021: CHF 821.0 million).

Business in Luxembourg recorded gross premiums written of CHF 141.8 million. This amounted to growth of 2.7 per cent in local currency terms and a decrease of 4.5 per cent in Swiss francs (2021: CHF 148.5 million).

**Earnings before interest and tax (EBIT)** in the non-life business rose by 5.9 per cent to CHF 321.7 million despite the strengthening of reserves to cushion the effects of inflation (2021: CHF 303.9 million). The aforementioned non-recurring effects added 1.4 percentage points to the net combined ratio. Nonetheless, this ratio improved to a robust 91.9 per cent (2021: 92.6 per cent), partly due to the lower level of claims incurred compared with 2021 and partly due to a reduction in costs.

## Review of operating performance

### Development of net combined ratio



### Another very good profit contribution from the life business thanks to the improved interest-rate situation and optimisation of the business mix

The volume of life insurance business fell by 13.3 per cent in Swiss francs and by 10.6 per cent in local currency terms to stand at CHF 4,791.8 million (2021: CHF 5,527.7 million). This decrease was primarily attributable to the emerging trend of a preference for partially autonomous solutions in the Swiss group life business over the comprehensive insurance model. We are therefore seeing a reduction in premiums in the **traditional life insurance business**, which declined by 6.8 per cent to CHF 3,160.8 million in 2022 (2021: CHF 3,389.7 million). The bulk of this decrease was attributable to business in Switzerland, which registered a fall of 7.9 per cent to CHF 2,512.6 million (2021: CHF 2,727.8 million).

In Germany, the volume of premiums grew by 4.2 per cent to CHF 385.4 million in local currency terms (2021: CHF 379.9 million) as a result of increased new business involving biometric products and pension products. In Swiss francs, the volume of premiums contracted by 3.1 per cent.

Gross premiums written in the life business in Belgium rose by a good 3.4 per cent to CHF 195.7 million (2021: CHF 189.3 million). In local currency terms, the increase was a substantial 11.2 per cent.

Business declined in Luxembourg, resulting in a premium volume of CHF 66.9 million (2021: CHF 74.5 million).

The volume of **investment-type premiums** slumped by 23.7 per cent year on year to CHF 1,631.0 million (2021: CHF 2,138.0 million). As observed in the recent past, the 'freedom of service' business – which is mainly operated from Luxembourg – is sensitive to market uncertainty and tends to react with a high level of volatility. Capital market conditions in 2022 and the significant uncertainty provoked by the war in Europe resulted in a sharp fall in premiums in the reporting year.

**EBIT in the life business** remained at a high level, amounting to a very healthy CHF 376.7 million in 2022 (2021: CHF 406.7 million). Although this was down slightly year on year, the prior-year figure had been exceptionally high owing to the very upbeat conditions in the capital markets in 2021. The profit contribution was excellent once again in 2022 thanks to continual optimisation of the business mix, profit contributions from our property portfolio and the improved interest-rate situation.

The new business margin in the life business swelled to 53.5 per cent in 2022 owing to the rise in interest rates (2021: 39.0 per cent).

The interest rate margin improved to a solid 117 basis points (2021: 108 basis points). This increase was due to higher current income, whereas the average guaranteed rate of return was on a par with 2021.

Buoyed by the trend towards partially autonomous collective foundations, the performance of the **Perspectiva** collective foundation was very satisfying in 2022. Perspectiva's customer base continued to see steady growth in its eighth year of operation and included 4,427 companies with around 19,600 policyholders at the end of 2022. The foundation assets stood at approximately CHF 1.4 billion. Despite the prevailing cautious sentiment, the trend towards partially autonomous pension solutions remains intact.

### Insurance assets: solid investment yield despite highly challenging market conditions

The war in Ukraine and rising inflation dominated the global economy in 2022. This triggered sharp rises in interest rates in the bond market. Moreover, the global equity market lost almost 20 per cent in value over the course of the year. Given the very challenging market conditions, the gains on the investment of insurance assets were at a healthy level at CHF 1,123.0 million (2021: CHF 1,351.2 million). Moreover, current income was on a par with the prior-year level at CHF 1,085.7 million as a result of further reallocations from bonds to private debt (2021: CHF 1,088.0 million). Gross impairment losses were up by CHF 76.9 million year on year and were mainly attributable to adverse market movements. The gain of CHF 414.0 million recognised in the income statement was therefore very satisfying (2021: CHF 507.4 million). Higher currency hedging costs and the depreciation of the euro against the Swiss franc caused an additional year-on-year reduction in profit of CHF 66.1 million. Nonetheless, the investment yield on insurance assets held up well at 2.0 per cent (2021: 2.2 per cent). Unrealised gains fell by CHF 5.7 billion due to significantly higher interest rates and spreads and due to the correction in the equity markets. The IFRS investment performance on insurance assets, which includes unrealised net gains and losses on investments but excludes gains and losses on held-to-maturity debt instruments, was minus 8.1 per cent, representing a decrease compared to the 1.4 per cent IFRS investment performance in 2021.

As at 31 December 2022, the total assets under management (AuM) at Baloise Asset Management stood at CHF 55.8 billion, a decrease of 15.1 per cent compared with the end of 2021 (31 December 2021: CHF 65.7 billion). This reduction was attributable to rising interest rates and the resulting decrease in value of the bond portfolio in the insurance assets, the downtrend in the equity markets, and the weakness of the euro against the Swiss franc. The favourable business mix meant that fee income remained at a good level despite the decrease in AuM.

## Key figures for the national Baloise companies

## Key figures for Switzerland

	2021	2022	+/- %
CHF million			
Business volume	4,239.9	4,068.5	- 4.0
Of which: life	2,847.2	2,638.6	- 7.3
Of which: non-life	1,392.7	1,429.9	2.7
Net combined ratio (per cent)	89.2	92.0	2.8
Profit before borrowing costs and taxes	584.6	540.9	- 7.5

## Key figures for Belgium

	2021	2022	+/- %
CHF million			
Business volume	2,302.5	2,112.6	- 8.3
Of which: life	658.2	573.7	- 12.8
Of which: non-life	1,644.3	1,538.9	- 6.4
Net combined ratio (per cent)	93.0	92.1	- 0.9
Profit before borrowing costs and taxes	149.0	149.7	0.5

## Key figures for Germany

	2021	2022	+/- %
CHF million			
Business volume	1,406.4	1,356.8	- 3.5
Of which: life	585.4	554.2	- 5.3
Of which: non-life	821.0	802.5	- 2.2
Net combined ratio (per cent)	96.8	93.5	- 3.3
Profit before borrowing costs and taxes	42.5	31.1	- 26.8

## Key figures for Luxembourg

	2021	2022	+/- %
CHF million			
Business volume	1,585.3	1,167.0	- 26.4
Of which: life	1,436.7	1,025.2	- 28.6
Of which: non-life	148.5	141.8	- 4.5
Net combined ratio (per cent)	93.9	88.3	- 5.6
Profit before borrowing costs and taxes	12.5	13.8	10.4

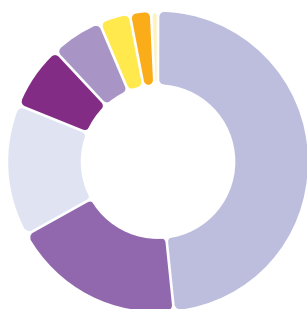
## Assets held by Baloise

as at 31 December 2021	Asset			Total for the Group
	Non-life	Life	Management & Banking	
CHF million				
Investments for own account and at own risk	10,593.7	49,528.2	8,599.6	67,793.5
Asset portfolio for the account and at risk of life insurance policyholders and third parties		17,309.2		17,879.0
<b>Total recognised assets</b>	<b>10,593.7</b>	<b>66,837.3</b>	<b>8,599.6</b>	<b>85,672.6</b>
Third-party assets				13,422.8

as at 31 December 2022	Asset			Total for the Group
	Non-life	Life	Management & Banking	
CHF million				
Investments for own account and at own risk	9,520.5	43,228.4	8,442.1	60,411.7
Asset portfolio for the account and at risk of life insurance policyholders and third parties		14,864.8		15,429.4
<b>Total recognised assets</b>	<b>9,520.5</b>	<b>58,093.2</b>	<b>8,442.1</b>	<b>75,841.1</b>
Third-party assets				12,627.2

## Review of operating performance

### Investment components in 2022



- 48.4% Fixed-income securities
- 18.6% Mortgage assets
- 14.1% Investment property
- 7.0% Policy loans and other loans
- 5.6% Equities
- 3.4% Cash and cash equivalents
- 2.1% Alternative financial assets
- 0.8% Derivates

### Proprietary investments by category<sup>1</sup>

	31.12.2021	31.12.2022	+/- %
CHF million			
Investment property	8,464.5	8,495.1	0.4
Equities	3,946.4	3,378.7	-14.4
Alternative financial assets	1,236.9	1,240.7	0.3
Fixed-income securities	34,886.3	29,237.1	-16.2
Mortgage assets	11,269.3	11,255.3	-0.1
Policy loans and other loans	4,829.6	4,247.5	-12.1
Derivatives	583.3	512.2	-12.2
Cash and cash equivalents	2,577.3	2,045.1	-20.6
<b>Total</b>	<b>67,793.5</b>	<b>60,411.7</b>	<b>-10.9</b>

<sup>1</sup> Excluding investments for the account and at the risk of life insurance policyholders and third parties.

### Continued expansion of third-party business

The existing growth trend remained intact in spite of the generally difficult investment market. Net new assets in the business with external customers amounted to CHF 960.0 million in 2022, which matched the volume of growth in the prior year. Assets under management declined by 5.9 per cent, from CHF 13.4 billion to CHF 12.6 billion, owing to market conditions. Activities in the institutional investor business included the successful launch of a private market strategy for debt finance of infrastructure, in connection with which the first transaction was completed in an amount of EUR 75 million. The Group-wide Baloise brand was launched in the reporting period and, fittingly, collaboration between Asset Management and Banking again contributed to the volume of net new assets in 2022. We were entrusted with the management of assets of CHF 268.5 million in the reporting period.

### An attractive investment for the past 160 years – Baloise raises its dividend for the 13th time in 20 years, taking it to CHF 7.40

Consolidated equity went down from CHF 5,021.0 million as at 30 June 2022 to CHF 4,552.1 million at the end of 2022. As communicated in August 2022, the significant rise in interest rates during the year led to downward adjustments of the valuation of fixed-income investments. This in turn had an adverse effect on equity from an accounting perspective. In the previous ten years, equity had generally grown continuously due to falling interest rates and the resulting higher valuation of investments with more attractive yields. As expected, 2022 saw the inversion of this effect for the first time in a while owing to the sustained increase in interest rates. However, Baloise's capital adequacy remains comfortable, as was evident when Standard & Poor's reaffirmed its rating of A+ for the Baloise Group in June 2022. It awarded this credit rating in recognition of Baloise's excellent capitalisation – which is comfortably above the AAA level according to the S&P capital model – as well as its high operational profitability, robust risk management and solid competitive position in its profitable core markets. The complete report is available at [www.baloise.com/ratings](http://www.baloise.com/ratings).

In the **Swiss Solvency Test (SST)**<sup>\*</sup>, a ratio of over 230 per cent is expected as at 1 January 2023. The Board of Directors of Baloise Holding Ltd is optimistic about Baloise's long-term success in view of its strong operational profitability. It will therefore propose to the 2023 Annual General Meeting that the dividend be raised by CHF 0.40 to CHF 7.40 per share. This means that Baloise will have raised its dividend a total of 13 times in the past 20 years. The average annual dividend increase over the past ten years is over 5 per cent, underlining that we are an attractive investment with long-term success.

<sup>\*</sup>The SST ratio will be published at the end of April 2023.

### **Further growth through innovation, advancement of the sustainable business strategy, first cost savings achieved**

In the first year of the new strategic programme, Simply Safe: Season 2, Baloise gained around 173,000 new customers. Ecosystem innovation initiatives played a major part in this increase.

The **innovation projects and the Home and Mobility ecosystems** generated revenue of CHF 82.5 million (2021: CHF 70.4 million). Baloise's digital insurer FRIDAY made a significant contribution, with a premium volume of CHF 51.9 million. In local currency terms, **FRIDAY** grew by 5.9 per cent.

In addition, we are also seeing the first efficiency gains, which – adjusted for growth – have amounted to around CHF 50 million since launch of the second phase of Simply Safe.

In 2022, existing sustainability criteria were tightened and embedded in more of the Company's business processes. They were also reviewed from a quality and usability perspective. In this context, we are introducing more transparent reporting on sustainability criteria in our underwriting processes. With a view to the future, we updated our Responsible Investment Policy to reflect the changing regulatory environment and it came into effect on 1 January 2023. The ESG ratings from MSCI and Sustainalytics improved once again in 2022. Baloise now holds an AA rating from MSCI, which is the second-highest level in MSCI's rating system. Sustainalytics lowered Baloise's risk exposure again, and it now stands at 20.4.

[www.baloise.com/sustainability-ratings-2022](http://www.baloise.com/sustainability-ratings-2022)

[www.baloise.com/sustainability](http://www.baloise.com/sustainability)

In 2022, Baloise entered a new strategic phase, Simply Safe: Season 2, which continues until 2025. We are building on the successes of the first strategic phase and continuing to focus our ambitious objectives on our stakeholders: customers, shareholders and employees. By the end of 2025, we are aiming to have gained a total of 1.5 million new customers, to have generated CHF 2 billion in cash (of which 60–80 per cent is to be distributed as dividends), and to be in the top 5 per cent of the best companies to work for in Europe. A substantially expanded benchmark of companies from various sectors across Europe was used to measure the latter target in 2022. The baseline measurement places us in the top 36 per cent of these companies.

Our Company is celebrating its 160th anniversary this year. Over the past century and a half, Baloise has repeatedly demonstrated its resilience and ability to adapt. We firmly believe that this will help us to live up to the expectations of all our stakeholders despite the impact of the war in Europe, stubbornly high inflation and disrupted supply chains, and we will continue to build on the successes we have achieved in the past.





# Employees

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# How we create value for our employees

## Resource: Employees

### Commitment: Greater wellbeing at work

#### Elements of value creation

- Modern and future-oriented working models
- Fair and competitive basic salaries as well as attractive profit-sharing programmes and employee retention schemes
- A work environment that promotes good health
- A learning organisation that gives employees a say in the further development of their professional skill set
- A culture of curiosity, integrity and constructive criticism as the foundation for the creation of a comprehensive network within Baloise
- Promotion of an agile way of working: 'smarter together'
- Modern corporate executive development focusing on areas such as reflection and self-organisation
- Promotion of diversity and strategic staff development planning
- Open innovation process for all employees

#### Impact of value creation

- Financially secure and healthy employees
- Strong sense of loyalty in the workforce, resulting in long average periods of employment at the Company
- Opportunity to establish an extensive network and, as a result, to work in different positions over time
- Increasing the employability of Baloise employees
- Ambition to be among Europe's best employers
- Collaboration between employees enables us to respond quickly and flexibly to a changing business environment and customer requirements
- Modern leadership with flat hierarchies and coaching role for managers
- Improved customer experience thanks to employees with skill sets that are focused on future needs, working in diverse teams
- Innovative solutions for our customers, supported by employees with a high level of personal responsibility



## Strategic relevance of employee satisfaction

### Tailwind from the last strategic phase

Our employees are a core focus of our Simply Safe strategy. Our aim in the last strategic phase – Season 1 – was to break into the top 10 per cent of the best employers in the financial sector. Six years ago, we started off in the 30th percentile and were able to significantly improve our position. Engagement surveys conducted in 2020 and 2021 confirmed that Baloise achieved its target of being in the top 10 per cent. In the period from April 2020 to May 2021, Baloise was placed in the top 10 per cent of the best employers on four occasions. Excellent scores, achieved during a period of huge transformation.

### Start of Simply Safe: Season 2

Bolstered by its previous successes, Baloise launched its new Simply Safe: Season 2 strategic phase in 2022. Our new employee target is to be among the top 5 per cent of the best companies to work for in Europe by 2025. This is twice as ambitious as our target for the last strategic phase:

- By choosing the 5th percentile, we have set ourselves a higher target than in the last period.
- We are now measuring ourselves against a benchmark that encompasses all sectors, which means we are also comparing ourselves against companies outside the financial sector.

### New measuring method

As well as the new target, we introduced a new method of measuring our performance at the start of Season 2. It will enable us to measure even more accurately how satisfied our employees are and where we stand relative to our competitors. Changes include the following:

- The employee surveys are conducted by a new provider and permit even broader benchmarking.
- Instead of questioning sample groups of employees, all staff will now be surveyed twice yearly.
- The surveys and the presentation of the results will be more user-friendly.
- To avoid blind spots, there will be more opportunity to add comments, while the number of questions has been reduced.

- It will now be possible to add questions tailored to specific business units, alongside those applicable to all parts of the Group.
- Artificial intelligence (AI) will be used to help to analyse the comments and the resulting influencing factors.
- Transparency is extremely important to us. For that reason, the results of the surveys will be broken down by team and made accessible to all employees, not just to managers. This will encourage dialogue and enable us to take action together.
- There is now an option for action planning within the survey tool itself. The platform offers suggestions for specific actions as well as learning videos on particular topics.

**Baseline position maintained in a challenging environment**

We have set ourselves a very ambitious target for Season 2 and this is also reflected in our ranking position. We began the new strategic phase among the top 36 per cent of the best employers in Europe and, at the end of 2022, we were at the benchmark position of the top 36 per cent, i.e. around the same level as at the start of the year and within touching distance of the top third of the best companies to work for in Europe.

**Employee satisfaction survey (November 2022)**

	2022
Per cent	
<b>Participation in the employee survey</b>	<b>75</b>
Women	74
Men	76
<b>Average employee satisfaction<sup>1</sup></b>	<b>76</b>
Under 26 years of age	77
26 to 35 years of age	75
36 to 45 years of age	76
46 to 55 years of age	77
56 years of age and above	76
<b>Employee satisfaction (proportion of responses)<sup>2</sup></b>	
Positive	79
Neutral	17
Negative	4

1 Employee satisfaction ('employee happiness at work') measures the average responses of our employees to the question "How happy are you to work at Baloise?" on a scale of 0 to 100 ("not at all happy" to "totally happy"). The responses of all employees are recorded using a five-point scale and then converted on a linear basis to a scale of 0 - 100.

2 Employees who give a positive response (5 or 4) are categorised as 'positive', 'neutral' corresponds to a value of (3) and 'negative' to a negative response (1 or 2).

Our absolute values for employee satisfaction remained stable or slipped slightly over the course of 2022. This was true not just for us but generally, both globally and in Europe. The economic and political situation is creating greater challenges for companies and employees than in previous years, and the after-effects of the pandemic are also putting a strain on businesses in terms of workplace and corporate culture.

**Game changers and team-specific measures**

Baloise has recognised these challenges and identified the action it needs to take in response. As the results of the employee surveys will be made available at the level of the smallest possible unit (mostly team level), team-specific measures can be developed and tracked. At business unit level, specific 'game changers' - the most important areas where action is needed and the specific measures required - have been defined. Examples include increasing the reliability of our IT systems and making progress in the agile transformation of certain divisions. We will work together to raise our above-average employee satisfaction levels even higher in this undoubtedly challenging environment.



Happiness at work - this is a matter of strategic importance for us.

**Our employee key figures at a glance**

	2021	2022
Employees, total	7,944	8,025
Average age	43.9	43.8
Average years of service	12.6	12.5
Staff turnover (per cent)	5.8	7.4
Percentage of employees with access to the share programme	43.7	43.9
Personnel expenses (CHF million)	952.5	968.6

## Employees

### Distribution of employees by gender

	2021	Per cent	2022	Per cent
Female	3,511	44.2	3,553	44.3
Male	4,433	55.8	4,467	55.7
Not specified	-	-	5	0.1

### Age distribution

		Number	Per cent
Over 56	Female	540	6.7
	Male	883	11.0
	<b>Sub-total over 56</b>	<b>1,423</b>	<b>17.7</b>
46 to 56	Female	1,090	13.6
	Male	1,343	16.7
	Not specified	1	0.01
	<b>Sub-total 46 to 56</b>	<b>2,434</b>	<b>30.3</b>
35 to 45	Female	915	11.4
	Male	1,119	13.9
	Not specified	3	0.04
	<b>Sub-total 46 to 56</b>	<b>2,037</b>	<b>25.4</b>
Below 35	Female	1,008	12.6
	Male	1,122	14.0
	Not specified	1	0.01
	<b>Sub-total below 35</b>	<b>2,131</b>	<b>26.6</b>
<b>Total</b>		<b>8,025</b>	<b>100</b>

### Distribution of full and part-time

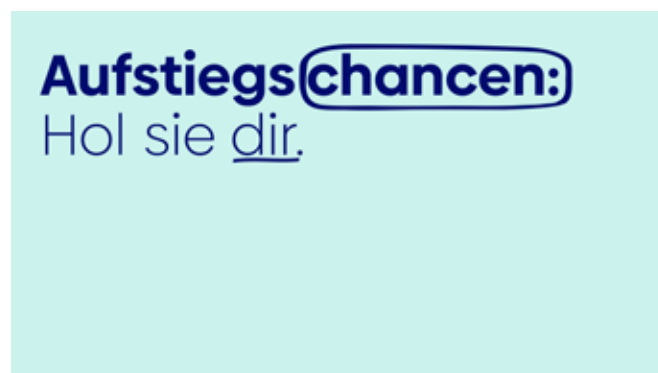
Employment status	Gender	Number	Per cent
Full-time	Female	2,113	26.3
	Male	3,972	49.5
	Not specified	5	0.06
	<b>Sub-total full-time</b>	<b>6,090</b>	<b>75.9</b>
Part-time	Female	1,440	17.9
	Male	495	6.2
	<b>Sub-total part-time</b>	<b>1,935</b>	<b>24.1</b>
<b>Total</b>		<b>8,025</b>	<b>100</b>

### Trainees and apprentices

Switzerland: 257  
 Germany: 52  
 FRIDAY: 5  
 Luxembourg: 4  
 Liechtenstein: 1  
**Total: 319**

In Switzerland, 70 per cent of our apprentices secured a job at Baloise after completing their training – a new record.

## Strengthening leadership – rethinking management



Anyone who wants to take on more responsibility can do so at Baloise – thanks to flat hierarchies, increasingly agile teams and our own campus for managers.

### Our leadership approach

Our business is becoming ever more complex, so we need to find smarter ways of working together and to establish leadership beyond hierarchy. That does not mean that we need less leadership; it means we want to empower our employees to take on more leadership tasks. We see leadership as an action and not just as a function. We would like to see it shared more widely.

We are supporting this process by encouraging dialogue and reflection on the subject of leadership and thereby widening the possible courses of action for people in leadership roles, clarifying the relevant dimensions of leadership and developing the necessary skills.

In 2022, the focus was on finding out which behaviours and skills we need to strengthen further as part of our transformation, and what training opportunities we need to develop in order to achieve this.

### Baloise Campus

As part of our core offering for the development of executives – the Baloise Campus – we provide four different programmes that deal with various challenges facing senior managers and are offered in three languages (English, German and French). Participants on our leadership programme learn how to deal with specific leadership challenges within the context of the transformation of Baloise. Those who were already line managers before the programme are helped to discover a coaching mindset. Employees with dotted-line management roles, for example in project management or as agile coaches, are encouraged to assume full responsibility in their roles.

In 2022, a total of 113 employees across the Group (54 female and 59 male managers) attended the Baloise Campus. The slight decrease in numbers compared with 2021 (140 participants) is due to the pandemic-related uncertainty regarding an in-person format.

**Courses on transformation skills with a particular focus on agility**

In addition to our core Baloise Campus offering, we designed and implemented courses that teach important transformation skills such as decision-making, coaching, team coaching, resilience and more. In 2022, a total of around 350 managers benefited from these courses.

We also focus on building skills and capabilities in the area of agility. We are currently looking at the 'agile mindset' and learning about iterative working. Training on agile coaching is available along with courses on 'How to do retrospectives', kanban and different learning methods such as gamification. All these courses can be booked in the Transformation Shop, a Group-wide platform on the subject of transformation. The workshops were hosted by an internal network of catalysts and trainers, plus a handful of selected external coaches.

We aim to roll out these activities across the whole of Baloise as part of our Group-wide Transformation Capabilities project.

**Other leadership development courses**

We also introduced numerous other initiatives in 2022 to bolster our leadership capabilities. In the Season2Action programme, we worked in circles (based on the Working Out Loud method) on the question of how we can adapt the connection between individual learning and our strategic goals to the needs of the senior management team. In Switzerland, Belgium and Luxembourg, we explored ways of making the onboarding process for new executives more professional. We also offer a range of support to executives at local level, such as individual coaching delivered through the internal network or by external partners.

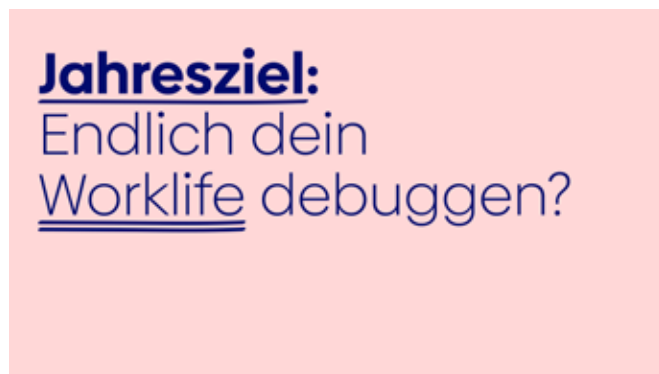
**Diversity in leadership**

We were locked into traditional role models of leadership for a long time and we still have some way to go in terms of change. But we have now charted our course. A third of all promotions and new recruits each year are now women. In the insurance sales force, as in all other positions, we encourage part-time working. And we began this year with a series of workshops across the Group aimed at raising awareness of the subject of unconscious bias throughout the organisation. These are all important steps towards the goal of more diversity, and we intend to continue expanding our potential in terms of diversity in future.

**Gender distribution at hierarchical level  
Top management & master experts**



**#worklifebaloise - salary and benefits**



Our employees should be allowed to take on exciting tasks. But at the same time, we make sure that they have enough energy and ideas left over for their private life - with the aim of achieving a more even #worklifebaloise.

Working nine-to-five, Monday to Friday, always at the same place, always performing the same tasks, year in, year out. Does this sound familiar? We believe there is another way, and are committed to flexible working time models. We consciously encourage the idea of #worklifebaloise among our employees, for example with the option to work part-time in almost all roles. In addition to the different ways of structuring the working day, other benefits and salary are of course also important for employee satisfaction. Find out what fringe benefits we offer our employees in Switzerland, for instance, at [www.baloise.com/benefits](http://www.baloise.com/benefits)

A pay gap analysis was carried out in 2021 using the EQUAL SALARY methodology. The analysis did not find any relevant (i.e. above the tolerance/materiality threshold of 5 per cent), unexplainable gender-specific differences in salary. Baloise therefore meets the equal pay requirements. The findings were reviewed and confirmed both by an independent audit firm (EY) and by Baloise's employee commission. No analysis was carried out in 2022.

Further information on the remuneration system and the remuneration paid in the reporting year can be found in the remuneration report on page 53 onwards.

## Employees

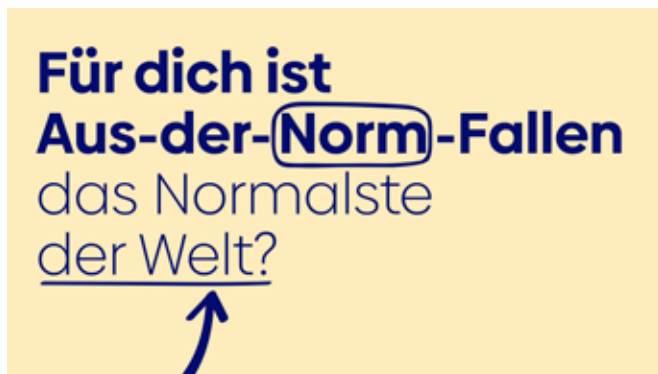
### Wellbeing – actively promoting health

It is extremely important to us that the people who work with us feel good and stay healthy. We implement specific measures in all national units to ensure this, for example with local sports offerings, ergonomic consultations and courses on developing greater mental resilience. One specific example is our corporate health management (CHM) programme in Switzerland. Another is the Psychologische Wege counselling centre in Germany, which is dedicated to prevention and counselling in matters of mental health. We also have similar programmes in Luxembourg, where this year all HR business partners were given training on the subject of 'First Aid for Mental Health'.



We were awarded the Friendly Work Space® quality mark for the fourth time in succession in 2020 by the Swiss Health Promotion Foundation – scoring 4.83 out of a possible five points. The next certification is due in 2023.

### Diversity and inclusion – adding variety



Diversity and discourse help us to broaden our horizons. That is why we encourage variety in a number of aspects such as gender, age and sexual orientation.

Different personalities, different expertise: diversity is what drives our unique corporate culture. We want to utilise our diverse strengths and personalities while remaining mutually respectful and accepting of each other. Sharing our knowledge and learning from one another.

Diversity and inclusion are practised at Baloise in a variety of ways. We list some examples from our national units below:

#### Switzerland

- Promoting careers for older specialists and part-time careers for employees aged 58+

- Soft gender quota of one-third women in recruitment and promotion across all management levels
- Various employee networks such as JUMP! (LGBTQIA+ community), women@sales, parents@baloise and women@baloise
- Eight to twelve training places for integrating people with disabilities back into the workplace

#### Germany

- Signing the Diversity Charter
- Various employee networks such as JUMP!, femaleX-change and We.Work.Young

#### Belgium

- Measurement and reduction of the gender pay gap
- Gender-specific talent development programmes
- Reverse mentoring to encourage dialogue between generations
- Management training on inclusive leadership

### Benchmarking by the University of St. Gallen

We like to measure our efforts to achieve greater diversity using hard figures. This is the only way of tracking where we are already well positioned and where we still have scope to become even more diverse and inclusive. That is why we participate in the diversity benchmarking of the University of St. Gallen, which measures different aspects of diversity – for example gender and age, but also nationality and language – and allows us to compare them with other companies.

More on diversity and inclusion at [www.baloise.com/diversity](http://www.baloise.com/diversity).



### Learning organisation – we never stop learning at Baloise

#### Strategic skilling

The growing use of digital technologies is transforming the world of work and changing the skills we need from our employees. The purpose of our strategic skilling initiatives is to try to understand which new skills our employees will need in future to remain successful and to contribute to Baloise's success.

### Continuously learning from one another

We offer our employees various learning formats so that they can work towards their development goals in the way that best suits them. We focus on two main approaches: digital learning at any time, anywhere; and social learning from and with other employees.

### Various learning opportunities

All Baloise employees have access to LinkedIn Learning, a platform with more than 18,000 video courses. We also offer formats such as Working Out Loud, where employees work towards their individual development goal and learn how they can expand their network. They are supported on this twelve-week journey by a small group of colleagues. Our employees also have the opportunity to attend our Open-X Day each month, an open BarCamp format where they can share their knowledge, discuss topics and learn from one another.

We help our employees to share their knowledge within the organisation by providing special training on the use of video or e-learning author tools. We have also provided our employees with a list of possible career progression measures that they can use to help them to develop a selection of specific skills they will need in future.

### New work – between home and office working

#### Hybrid working model has become the new normal

We used the challenges of the pandemic as an opportunity to establish new work structures, based in part on the use of Microsoft 365 as collaboration software. This was rolled out across the Group in 2021. Hybrid working became the new normal in 2021. Thanks to our contemporary, state-of-the-art meeting room infrastructure, meetings between those present in the office and staff working from home no longer present any challenge. Employees decide for themselves where they work – in the office or somewhere else – in consultation with their teams and taking the requirements of the business into account. When choosing how and where to work, the key question employees need to consider is which option offers the most effective way of carrying out the work and thereby safeguarding the interests of our customers.

#### Face-to-face events finally back again

Our hybrid model emphasises the importance of coming into the office regularly to enable face-to-face interaction and to maintain and nurture the special Baloise culture. We were delighted that this year, many events were able to take place in person, such as the celebrations to launch our new branding and various networking events organised by our employees.

### Having a say and helping to shape change – employee participation

We want our employees to have their concerns heard and to be able to actively advocate for them. The elected members of the employee commission in all country units (or of the works councils in Germany) perform this role.

#### Employee commission in Switzerland

Our employee commission represents the interests of office-based members of staff (including apprentices) and the customer advisors of the insurance sales force vis-à-vis the Corporate Executive Committee. The employee commission has the right to prompt and comprehensive information concerning all matters where this is required in order for it to properly perform its role.

The employee commission has participation rights with regard to the following matters in particular:

- Questions of health and safety and the protection of workers
- The transfer of the business to a third party
- Large-scale redundancies
- Affiliation with an occupational pension provider

The employee commission in Switzerland also has the right to a say on wage policy, holiday entitlement and the way in which holiday is taken, and working hours. The details are set out in the employee participation regulations.

#### Works councils in Germany

The local works councils in Germany are elected by the employees at all locations every four years. The last election took place in March and April 2022. A General Works Council is formed from the local works councils.

The local works councils look after the interests of the employees at their location in relation to personnel measures such as hiring, dismissals, transfers, training, etc. They are the first port of call for the employees at the locations.

The General Works Council deals with company-wide matters such as the introduction of or changes to software systems or fundamental structural changes in the company.

Both bodies have a variety of tasks, including:

- monitoring the implementation of laws, regulations, collective agreements and company agreements;
- ensuring that men and women are treated equally;
- facilitating the integration of severely disabled people;
- promoting the employment of older workers;
- promoting workplace health and safety and environmental protection measures.

Employee representatives have co-determination rights in relation to the following matters in particular: personnel measures, a number of social issues (such those relating to

## Employees

working hours, annual leave principles, introduction of software, social institutions, group work and remote working) and changes in business operations.

### Employee commission in Belgium

The employee commission in Belgium is organised along similar lines to that in Switzerland. It represents the interests of 1,569 employees in office-based and sales force roles. As a commission, it has the right to advise Baloise as an employer and to access information on the use of social control. It also has access to information on employment relationships and on the commercial and financial situation of the Company. The employee commission in Belgium also looks after the wellbeing of our employees, for example on matters such as workplace ergonomics.

The commission members hold full-time positions in addition to their seat on the commission, and do not wish to be released from their duties. They believe it is important to work alongside their colleagues. However, the employee commission is given the time it needs to perform its role.

### Employee commission in Luxembourg

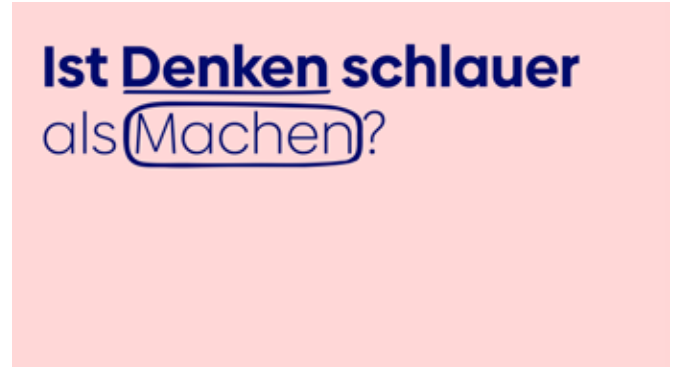
The interests of all Baloise employees in Luxembourg are represented by two employee commissions, one for Baloise Assurances Luxembourg SA and a second for the staff of Baloise Vie Luxembourg SA. The employee commissions in Luxembourg generally enjoy regular, open and constructive dialogue with the Executive Committee. They meet to discuss issues such as finance, personnel and professional development.

Based on the number of employees (more than 150), the employee commission of Baloise Assurances Luxembourg SA has specific co-determination rights that are enshrined in law. By mutual consent between the employer and the employee representatives, these are decisions relating to:

1. the introduction or application of technical systems to monitor the behaviour and performance of employees at their workstations;
2. the introduction or amendment of measures to protect the health and safety of employees and to prevent occupational illnesses;
3. the specification or amendment of general selection criteria for recruitment;
4. promotions, transfers, dismissals and, if applicable, the priority criteria for inclusion in early retirement programmes for salaried staff;
5. the creation and implementation of professional development programmes or collective bargaining measures;
6. the specification or amendment of general criteria for employee assessment;
7. the creation or amendment of internal regulations, taking account of any collective agreed regulations that may apply;

8. the granting of remuneration to employees;
9. the introduction or amendment of a specific Work@home policy at company level.

## CSR – our employees get involved



We are always happy to help out for a good cause: around 770 employees volunteered in 2022.

In a constantly changing world with mounting social challenges, Baloise sees itself as far more than just a provider of insurance or banking services. We are a socially responsible organisation, and as such we sought to further expand our social engagement activities in 2022. And who is the driving force here? In the true spirit of our Simply Safe: Season 2 strategy, our employees are the ones with their shoulder to the wheel. Around 770 committed Baloise employees got involved in volunteering for good causes in 2022. Their efforts raised more than CHF 650,000 for charitable organisations through a wide variety of inspiring projects in the areas of community and good causes, environmental protection and climate action, healthcare, education and research, and innovation and safety. The following is a selection of the activities carried out by the Baloise Group as part of our corporate social responsibility:

### Picking wishes in Switzerland

We brought smiles to lots of faces again in 2022 with our Christmas tree wishes campaign at our Basel headquarters, where Baloise employees had the chance to make someone's gift wish come true. Children and young people from the 'eins vo fünf' club, an association that helps disadvantaged families, wrote down their wishes and hung them on the Christmas tree. These were then 'picked' by our employees.

### Running for charity in Germany

115,795 kilometres in three months. That is how far 200 of our German colleagues ran, cycled or swam between June and August. Running Challenge 2.0 in 2022 was a resounding success. Including a donation from the Executive Committee, the campaign raised EUR 6,500 for the German children's hospice association.



### Better together charter

Brokers in Belgium signed up to the 'Better together' charter and pledged to make a one-off donation to charity for every new insurance contract. Causes ranged from support for children and young people with burns, to alcohol prevention and distractions for sick children in the form of 'cliniclowns'. The charity chosen by the customer received a portion of the premium from the broker. Employees in Belgium also took part in the Emilie Leus Run in support of an organisation that focuses on the prevention of drink-driving.

### Supporting nature conservation in Luxembourg

In Luxembourg, Baloise partners with the organisation natur&environment to support nature conservation. More than 1,500 hectares of nature reserve are sustainably managed with the help of financial donations and the hard work of our staff. The partnership also helps to raise awareness of nature and the environment across the whole of Luxembourg.

For more information on this year's CSR activities, go to [www.baloise.com/csr](http://www.baloise.com/csr).

You can read more about our social engagement in the 'Society' chapter from page 71 onwards.

Careers website:

[www.baloise.com/jobs](http://www.baloise.com/jobs)

Careers blog:

[www.baloise.com/karriereblog](http://www.baloise.com/karriereblog)

 Facebook:

[www.facebook.com/baloisech](http://www.facebook.com/baloisech)

 YouTube:

[www.youtube.com/baloisegroup](http://www.youtube.com/baloisegroup)

 Instagram:

[www.instagram.com/baloisejobs](http://www.instagram.com/baloisejobs)

 LinkedIn:

[www.linkedin.com/company/baloisech](http://www.linkedin.com/company/baloisech)



# Customers

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# How we create value for our customers

**Resource: Private and business customers of Baloise**

**Commitment: Increased customer satisfaction**

### Elements of value creation

- Simplifying our product portfolio
- Collaborating with partners in the Mobility and Home ecosystems to provide a fully integrated offering
- Drawing on innovative strength, originality and valuable partnerships to further develop and enhance the Baloise business model on an ongoing basis
- Providing support to founders of new businesses that goes beyond their insurance needs
- Checking in with customers regularly via their preferred communication channels
- Measuring the Net Promoter Score (NPS) and customer satisfaction at regular intervals
- Providing continuing professional development for customer advisers in the form of courses, tests on specific topics and training in the rules of conduct and procedures of Baloise's internal advisory approach
- Ensuring the quality of Baloise's advisory approach through periodic spot checks and customer surveys
- Using an omnichannel approach
- Automating marketing processes and providing platforms for customers to create a more convenient overview of contracts and add-ons that offer customer-specific added value

### Impact of value creation

- Improved basis for the digitalisation of our product portfolio and greater convenience for our customers and partners thanks to the reduction of complexity
- Practical and innovative products and services for customers that go beyond the established financial services portfolio and provide added value
- Founders of new businesses can concentrate on their business idea while we provide support for various other aspects of their business activity
- NPS results, satisfaction measurements and other dialogue outcomes inform our customer service approach, the customer journey, our internal understanding of customer benefit and our cooperation with brokers
- Certified advisory quality
- Use of a mix of online and offline channels and excellent, innovative digital solutions to optimise communication and offer customers simplified dialogue formats
- Ability to respond to customer needs quickly and efficiently with products and services that are tailored to these needs
- Simplified product overview and interaction between us and our customers lead to improved service quality



## How we create value for our customers

Customer focus is central to Baloise's strategy. We want to be more than just a traditional insurance company and aim to be an important part of people's lives. This aspiration requires us to take account of the wider social environment in which our customers live. One of the ways in which we seek to achieve this goal is by collaborating closely with selected partners in what we call 'ecosystems'. What we mean by 'ecosystem' is a platform centred around a core topic. Customers can use this platform to find services relating to that topic area which go beyond the financial services previously offered by Baloise and which are positioned upstream, downstream or completely independently of the insurance product itself. To be able to satisfy our customers'

needs, we reassess these on a regular basis and support our customers closely via their preferred communication channels. Moreover, it is of paramount importance to us to be there for our customers when they need us most, i.e. in the event of a claim.

## Simplification of our product portfolio

Product simplification is one of the most important initiatives within our strategy. An initial analysis has revealed considerable potential for simplification and optimisation: 80 per cent of all premiums are generated by just 7 per cent of products. Our aim is to remove around 30 per cent of all products from the market by 2025.

A simplified product portfolio is essential for digitalisation and will make it easier for our customers and partners to interact with us. The wide variety of products creates complexity across the whole value chain, for example in claims handling, customer service and IT. It is also a significant cost driver.

Over the past twelve months, we have cut the number of products by about 4 per cent. The overall straight-through processing (STP) rate is also rising. In the motor vehicle business, for example, 89 per cent of all new quotes across the Group are now processed without any human intervention, and the figure for non-life business is an impressive 96 per cent. With such a high volume in the private customer business, we believe that simplifying our product portfolio is essential to remain competitive.

### Ecosystems for a fully integrated service offering that creates added value

The world is changing and so are we. We believe that in the long term, one strong service partner cannot know everything and do everything, but many providers working together in strong partnerships can complement and support one another. And we believe that will benefit everyone. That is why Baloise is investing in its Home and Mobility ecosystems. We are bringing together services and new solutions for our customers so that we can offer them more from under one roof in future. The expansion of the ecosystems relies on a network of investors and partners who support new businesses and their ideas financially as well as with resources, knowledge and experience.

#### Mobility ecosystem

Within the field of mobility, we aim to create a world where we can get from A to B more safely, more smartly and more sustainably. That is why we are building an ecosystem that links up transport solutions across Europe and thereby creates the greatest possible social value. We are helping to create a community of innovative start-ups in the area of mobility that will be able to unlock their full potential with the support of the ecosystem – for themselves and for their customers.

Rising energy costs are forcing us to rethink the way we use transport, and our portfolio company GoMore has attracted a lot of new customers for its car sharing service. GoMore enables its members to share private cars through car rental and ridesharing options. Many of the cars are also available to lease at low cost via GoMore. With Baloise's backing, GoMore moved into Austria in October 2021 and more than three million GoMore members can now share their cars in six European countries. The use of the vehicles has more than doubled.

In addition to our partnerships with and investments in innovative companies, we also develop innovative new concepts in-house that contribute significantly to the success of Baloise. Parcandi AG was established as a spin-off

from Baloise. It enables property owners to rent out their parking spaces simply and flexibly. Motorists looking for somewhere to park account for 40 per cent of urban traffic and are responsible for a corresponding share of CO<sub>2</sub> emissions. Parcandi reduces these figures significantly. It also frees up public parking spaces to be used for other purposes and improves the quality of life in towns and cities. With more than 20,000 bookings a month, Parcandi is on a strong growth trajectory. Customers appreciate how easy the app is to use and the fact that they can always find parking when they need it.

We also create added value for customers by linking up the products and services of our portfolio companies. In Switzerland, GoMore has been working with Gowago, an innovative digital service provider in the car leasing sector, since 2022. Gowago supplies lease cars that GoMore then offers to its customers. The needs of GoMore's customers change over time and although renting a vehicle on the GoMore platform every now and then may work for them today, they may have greater need tomorrow. So our customers can lease Gowago vehicles via GoMore and then share them on the GoMore platform. In the best-case scenario this can cover the running costs completely and makes leasing via Gowago a very attractive option.

We also invested in the start-up company Vianova in 2022. Its cloud-based transport analysis software gives access to movement data obtained from connected vehicles and from hardware installed in towns and cities. The data is updated on a daily basis. This enables safe, networked and sustainable urban transport.

#### Home ecosystem

We also aim to be a reliable and inspiring partner to our customers in relation to home and living, providing them with comprehensive solutions that are exciting yet simple. Through our partnerships and investments in start-ups, we can offer a wide range of home services and meet people's individual needs at the different stages of their life. Baloise customers benefit from access to exclusive deals within our ecosystems. Baloise uses the various touchpoints within the ecosystem to gain new customers for our insurance and banking business, and builds on these initial relationships by offering further services over the years. Examples include the removals platform MOVU, a Baloise subsidiary, with integrated removals insurance, and the long-term equity investment in Houzy, a digital platform for homeowners for which Baloise is the exclusive insurance partner. Baloise now provides a home insurance check on Houzy which shows customers what insurance products they would need as potential property buyers or homeowners. It also gives users an initial indication of likely premium costs and offers them the option to contact Baloise for advice.

During the period under review, Baloise increased its stake in Houzy and thereby intensified the ecosystem partnership with UBS. The joint controlling interest in Houzy emphasises the shared ambition of UBS and Baloise in the home & living

## Customers

ecosystem. The partnership with Brixel also dovetails with the collaboration with UBS within this ecosystem. Valuable synergies were unlocked for all those involved during the development of an initial market-ready product. Brixel supports private homeowners in the process of buying or selling property with digital and face-to-face services. Baloise is hoping to use these reliable touchpoints with customers to offer them even more comprehensive advice in future.

### Founders' portal: support beyond insurance

Tens of thousands of new businesses are founded in Switzerland every year. We set up our founders' portal to support entrepreneurs who are starting their own business. It contains helpful articles on relevant subjects along with practical checklists and templates for download. Entrepreneurs can draw inspiration from the stories and experience of successful business owners and can also use the portal to seek advice and information on a specific subject from a Baloise expert. We hold regular online events on subjects such as burnout prevention and legal advice, including one-to-one coaching. We share the costs with partners such as Fagoon, Hostpoint and Swiss21.org and offer access, free of charge, to a website construction tool and accounting software. To give up-and-coming entrepreneurs greater visibility, selected Baloise SME customers were given billboard space and online advertising in the form of social media posts and blog entries targeted at audiences within a 25km radius of their business. Professional photographers were used to create the image material. This exposure delivered up to 2,000 clicks on their websites from potential customers within their locality. The purpose of all these offers is to help the owners of new businesses to concentrate fully on what matters: implementing their business idea.

[www.baloise.ch/gruender-portal](http://www.baloise.ch/gruender-portal) (only in German)



**124,996 (+2.3%)**

**business customers**

**(2021: 122,196)**



**14,008 (+3.4%)**

**company founders**

**(2021: 13,623)**

## The opinion of our customers is important

To measure its Net Promoter Score (NPS) and customer satisfaction metrics, Baloise actively asks end customers (private and business customers) and brokers about their experience with Baloise. Feedback is requested automatically and immediately every time a customer has been in contact with Baloise.

The NPS programme helps us to see the world through the eyes of our customers. Our strategic business planning approach uses internal key performance indicators for monitoring and improvement purposes. This strengthens Baloise's customer-oriented culture. Our approach is based on three core principles:

### 1. Dialogue

The NPS is a data-driven dialogue. The programme that we use to record customers' experiences enables us to analyse data and respond appropriately to our customers' feedback, which leads to lasting improvements in the customer relationship and the customer experience.

### 2. Responding to data

We use the insights we gain into our customers' thoughts and opinions and translate them into actionable data that provides the basis for strategic decisions and their practical implementation in our operations. We discuss our progress with ongoing initiatives and set priorities for new initiatives aimed at improving the customer experience.

### 3. Promoting change

An internal core team made up of members from different national markets was created to collate experience relating to customer focus. This allows us to use the NPS internally in order to bring customer experiences to the forefront of our attention across the Company and to generate excitement about the opportunities that we unlock by gaining insights into these experiences. The local management teams at all of our sites receive regular updates on progress made regarding the loyalty of our customers and brokers and the quality of their experience. This information is then used as a basis for decisions on, and the implementation of, strategic and operational adjustments. By promoting close collaboration between all national units, subject matter experts and senior management, we strengthen Baloise's customer-oriented culture. Baloise operates in various different markets and adapts its loyalty assessments to market-specific conditions. In Switzerland and Luxembourg, for example, end customers and brokers are surveyed after various types of contact with Baloise, whereas in Belgium and Germany, surveys are mostly focused on brokers.

## End customer satisfaction

In Switzerland and Luxembourg, all operating segments ask new customers upon joining to rate their satisfaction with Baloise's customer onboarding process. Customers in all locations are also prompted to provide feedback at the end of a claims process and, in Switzerland, after contact with customer services or with a customer adviser. The Swiss and Luxembourg units conduct these surveys in all operating segments. In Belgium, Baloise started by implementing the approach in the fire insurance business, while motor vehicle and buildings insurance were the first segments in Germany to conduct satisfaction surveys.

In **Switzerland**, the handling of negative customer feedback has been taken into account when determining the variable remuneration of sales and marketing staff since 2021. This creates a stronger incentive to provide high-quality advice and customer support. In other departments, too, the strategic team targets are formulated using the Net Promoter Score (NPS). A cross-functional and interdisciplinary unit was established to address the results of the NPS surveys and the Group-wide measures to be derived from them to optimise processes and customer interactions.

In **Luxembourg**, we have used customer feedback to identify current problem areas and develop specific plans of action to minimise them. For example, our customers were dissatisfied with the way their claims were handled and the time taken to process them. Internal processes were reviewed and adjustments made to address these concerns, and new functionalities added to the myBaloise customer portal. Making sure that customer processes, documents and future products are customer-friendly will continue to be a priority for us next year.

In **Belgium**, the focus in 2022 remained on improving our understanding of customer benefit. The 'exploded view' workshop method was used to make customer benefit the starting point for the design of our processes. As part of the 'experience mapping' process, we developed customer journeys and defined improvements that were derived directly from customer feedback. Following on from the medical approval process, which was the first application scenario in 2021, the method was used to flesh out the offer process for business clients in 2022. We received positive feedback on this from the project team and the workshop participants, who now feel more involved in the process.

In **Germany**, customer satisfaction surveys were again conducted at regular intervals in 2022. This helped Baloise to review its service offering and assess its performance relative to its competitors. Customer journeys provide an opportunity for Baloise to gain deeper insights into what optimisation measures might be relevant and useful to different target groups. This approach examines the customer journey in a way that takes account of all groups, sales points and staff involved in the process. The information obtained through this assessment may flag up potential obstacles and aspects of the process that could be improved.

## Advisory quality is key

When it comes to advising customers, Baloise applies the principle of lifelong learning to ensure that customers always get to enjoy the benefits of new concepts and solutions. Cicero certification (Swiss quality seal for advisory standards) requires customer advisers in Switzerland to undergo continuing professional development, and Baloise offers a huge range of training and education options for this purpose. Every customer adviser is obliged to act in accordance with the internal procedures and rules of conduct. Quality assurance spot checks and customer surveys are conducted at regular intervals. During their basic training, advisers also have to pass regular tests on specific subjects, which ensure that they have the expertise they need to be able to provide competent advice, especially in heavily advice-focused business lines. As sustainability is becoming an increasingly important aspect of customer advice, we are currently developing content and deciding how the topic should be incorporated into future customer adviser training. [www.cicero.ch/berater-check](http://www.cicero.ch/berater-check) (only in German)

## Omnichannel approach – using all channels to support our customers

The key to a seamless customer experience lies in the integration of physical and digital sales and communication channels. Whenever possible, we aim to communicate with our customers through their preferred channel. A strong insurance sales force that acts as an important point of contact for customers and their individual needs is essential to this approach. It is complemented by our telephone-based advisory service Baloise Direct Line (BDL). In addition to these traditional channels, we use a variety of digital channels such as email, video consultations, our website, the myBaloise customer portal, social media and IT solutions such as the Baloise Bank messaging service. Our goal is to make it as easy as possible for customers to reach out to us and interact with Baloise.

The messaging service has been continuously refined and updated since its introduction two and a half years ago. In September 2022, it was integrated into the desktop e-banking application, having previously been available only in Baloise's e-banking app. This increased the number of users from 17,000 to more than 28,000. The volume of messages has also risen, with the number of messages sent via our messaging service almost doubling this year. The growing user numbers show that the Baloise Bank messaging service and chatbot have been well received by customers.

The bot builder tool introduced by Baloise Bank at the start of 2022 makes it easy to create new chatbot processes. The 15 or so chatbots set up this year are available to customers around the clock. Baloise Bank has also started to fully or partly automate its chatbot processes. For example, addresses sent via the messaging service no longer have to be manually entered by bank staff, but are updated in the

## Customers

core banking system automatically. Baloise Bank plans to automate and expand more chatbot processes next year.

Going forward, Baloise plans to further expand its chat and self-service offering and to use digital tools to further supplement the personal advisory service, especially in complex fields such as pension provision, wealth management and financing.

Baloise Belgium is expanding its range of products that can be purchased online. This facility has been very well received by customers. Online purchases increased by just over 500 per cent compared with 2021, and we added a further product group. In addition to insurance products relating to cybersecurity, events, travel and safe cycling, customers, can now also purchase annuity policies online. We make sure any information that we send out is seasonally appropriate and relevant to our customers.

### **Customer engagement – personalised and individual contact**

We maintain personalised and individual contact with our customers. Marketing automation enables us to respond to customers' needs quickly and efficiently and to offer them relevant information and solutions. Trigger-based measures, for example in response to a change of address, help us to approach our customers with the right content at the right time via the customer's preferred channel, allowing us to address our customers' needs as effectively as possible. From the initial contact, Baloise accompanies its customers every step of the way and creates a positive customer experience through close support and well-coordinated communications. In addition, we periodically analyse our customer experience measures in order to assess their effectiveness.

We maintained personalised and individual contact with our customers with frequent and carefully targeted communications in 2022. These included established and new trigger-based stories as well as occasional campaigns with attractive (partner) benefits.

This contact was made possible by our marketing automation software *bsi.cx*, which we used in 2022 to build various bridges to Baloise for our ecosystem customers. These partially automated stories created a direct pathway from our partner to us, enabling our customer service team to talk to prospective insurance customers directly about their needs and provide them with the products and services they require.

Various aspects of the automated marketing, such as layout, code and language, were adapted as part of the rebranding process to present a uniform picture to our customers.

We recently laid the foundations for data-driven campaigns, which means that this year, our customers will receive offers that are even more closely tailored to their specific needs. This strengthens the relationship with our customers as we are already part of their lives when their new insurance need arises.

In summer 2021, Baloise Germany introduced a customer relationship management portal from software provider BSI in the private client business. This tool provides a 360° view of customers and all of their contracts and enables staff to process customer requests in a much more service-oriented way. Plans to expand the use of the portal to business customers and customer relationship management in the life insurance business have been developed and were implemented in some areas in 2022. The primary focus here is the replacement of the email processing application. The plan is that the customer management team in the life business should be using the BSI tool to process all emails by 30 June 2023 at the latest. And by the end of 2023, the 360° view of customers and all of their contracts will be possible across all segments. The introduction of the tool will create the technical infrastructure required to improve service quality. This will contribute in particular to ensuring excellent service quality for the new unit-linked annuity insurance.



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# Partners

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# How we create value for our partners

## Resource: Baloise's partners

### Commitment: Responsible and successful collaboration

#### Elements of value creation

- Maintaining a dialogue with suppliers on the subject of sustainability, including the imposition of the vendor code of conduct
- Measuring the Net Promoter Score (NPS) and the satisfaction of brokers with Baloise at regular intervals
- Establishing and expanding an intelligent network of partners (innovation partners, start-ups, outsourcing partners, suppliers, brokers and agents)
- Driving Baloise's own start-ups and innovation processes
- Making investments and forming partnerships that promote sustainability-oriented solutions
- Signing up to the Principles for Responsible Investment (PRI) in 2018 and the Principles for Sustainable Insurance (UNEP FI PSI) in 2020 and supporting the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) since 2020
- Becoming a partner of the Swiss Climate Foundation with a seat on the advisory council



#### Impact of value creation

- Collaboration with suppliers to ensure sustainability along the supply chain
- NPS results, satisfaction measurements and other dialogue outcomes inform our collaboration with brokers
- Knowledge is shared among the partners in Baloise's network, which increases their collective success
- Products can be developed and brought to market more quickly
- The risk that newly developed concepts might not prove successful is spread across all partners, which creates scope to pursue a wider range of innovations simultaneously
- Quick and targeted fulfilment of the needs of customers and partners
- Protection of competitiveness and facilitation of future growth
- Increase in innovative strength
- Provision of, and support for, innovative sustainability solutions that contribute to the green transformation of the economy and a sustainable lifestyle
- Promotion of the implementation of global principles and industry-specific standards

## How we create value for our partners

Baloise has a broad network of partners with which it maintains cooperative relationships. Its links with different partners, such as innovation partners, start-ups, outsourcing partners, suppliers, brokers and agents, form a network that unlocks synergies, promotes knowledge transfer and creates added value for everyone involved by increasing collective success. This pooling of expertise enables Baloise to keep development times very short and quickly offer its customers new, innovative products that are tailored to their needs.

### Vendor code of conduct

We pursue a sustainable approach as regards purchasing goods and using resources. Our code of conduct for vendors therefore requires the services provided by third parties to be based on principles of sustainability. The code was revised in 2022. As of 2023, ESG criteria form an integral part of the entire procurement process, from the request for tenders to the selection of suppliers and the award of contracts.

[www.baloise.com/vendor-code-of-conduct](http://www.baloise.com/vendor-code-of-conduct)

## Satisfaction of our brokers

In Belgium and Germany, brokers who work with Baloise are asked about their satisfaction with Baloise at least once a year as part of the NPS programme. In addition, tied agents in Germany are surveyed annually about their satisfaction and on an ad hoc basis concerning specific matters. The Swiss business also measures the satisfaction of brokers.

## Mobility ecosystem

Part of our strategy to expand the Mobility ecosystem is to work with strong partners. Our priorities are to create added value for customers, develop new solutions and improve efficiency.

In 2022, we worked with our partner Capgemini to build a data infrastructure for conducting various analyses. The focus was on ensuring that it could be used by all Baloise's portfolio firms. Once the algorithms have been developed, they can be made available to all the companies involved. The first application scenario was created in collaboration with GoMore from the Baloise portfolio. It analysed the demand for rental vehicles on a specific day of the week, at a specific time and at a specific place. The analysis enabled vehicle supply to be better matched to demand, increasing use and improving capacity utilisation. This will ultimately lead to greater acceptance and satisfaction among customers.

Building on these positive experiences, a further project was launched with Ben Fleet Services. This project also looked at the efficient utilisation of vehicles in a shared fleet, although in this case the vehicles were electric. When and where can the vehicles be charged to guarantee best possible capacity utilisation? The Swiss Federal Institute of Technology (ETH) in Zurich is also interested in the use of sustainable transport solutions and agreed to partner with us to carry out an analysis. As one of its departments has already carried out research in a related field, the team was able to apply methods that had already been developed and we expect the initial findings in the first quarter of 2023.

The partnership with experienced advisers and academia, coupled with our pragmatic approach and the open mindset of the start-ups, opens up new insights and ultimately leads to better results.

The need of our portfolio company GoMore for internationally scalable insurance products also gave rise to a new partnership in 2022. Baloise Luxembourg took on the project because of its good working relationship with the regulator and experience of business across Europe. Together with other partners from the insurance world, it created a solution for integrating insurance more or less invisibly into GoMore's processes. The new solution is already in operation in three countries and provides genuine added value for customers and for GoMore. Thanks to the collaborative development of the product and the experience that GoMore was able to bring to the project, a scalable insurance solution was created that other customers outside the Baloise ecosystem will soon also be able to use. This is a great example of how innovative solutions emerge within the ecosystem that can then be used more widely.

Partnerships are particularly important in the development of new business models to shape the transport of the future. The combination of different skills and expertise is essential to spark new ideas and approaches. In 2022, Baloise partnered with Mantro GmbH to develop new business models and test their marketability. Mantro brings to the partnership an ecosystem of its own that links past and future. Mantro believes that innovation is rarely the product of an individual

genius, but is often the result of flexible and nimble collaboration. Based on this philosophy, we are looking forward to further collaboration in the years to come, including in areas beyond mobility.

Last but not least, we are very proud to have secured the support of global companies such as Amazon and Microsoft for our ecosystem. Both companies are supplying cloud-based services (Amazon Web Services and Microsoft Azure) to our portfolio companies, in some cases free of charge.

Our partner Mobiko, a German provider of travel budgets for companies and their employees, saved over 301 tonnes of CO<sub>2</sub> through the use of its service in 2022. Mobiko seeks to revolutionise the concept of company cars. Instead of following the traditional scheme whereby the employer provides a vehicle, Mobiko offers a flexible travel budget that allows employees to decide freely how they wish to spend the money on travel. The concept rewards users for choosing environmentally friendly options. The data collected is used to calculate the company's carbon efficiency.

## Home ecosystem

Within its Home ecosystem, Baloise makes long-term equity investments and enters into strategic partnerships with innovative companies whose products complement the services of our core business. The objective is always to offer our customers the simple and fully integrated solutions they need for their house and home. The services of the start-ups and established partners provide Baloise with an opportunity to create recurring contact points with new and existing customers in a positive context.

This enables Baloise to take good positions in young companies. We want to connect these companies with one another and with our core business to create synergies. In some start-ups, Baloise is the majority shareholder while in others it just has a minority stake. Sustainability is also a priority for Baloise when investing in start-ups. Thanks to its partnership with myclimate, for example, Bubble Box is the first laundry to offer its services on a climate-neutral basis.



# Society

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# How we create value for society

**Resource: Society**

**Commitment: Valued member of society**

**Elements of value creation**

- Compliance with approval requirements, relevant legal provisions and fundamental rights (such as human rights), including monitoring by regulatory authorities
- Baloise business model, which protects customers from falling into financial distress through claim payments, pension benefits and similar
- Inclusion of ESG criteria in the investment process since 2018, with the later addition of a climate strategy, an active ownership strategy and a real estate strategy
- Payment of taxes and support (financial and non-financial) for charitable and environmental organisations (CSR)
- Sponsorship for sport, culture and art

**Impact of value creation**

- Affirmation of the rule of law from a corporate perspective
- Maintaining a stable risk-sharing community and the prosperity of society and preventing potential inequality as a result of financial circumstances
- Ensuring a solid and trust-based relationship between the business sector and the public and a strong reputation in all markets (Reprtrak® score)
- Minimising risk in the investment process, financially supporting companies that factor ESG criteria into their decision-making and engaging in dialogue with companies on ESG matters such as human rights, biodiversity and anti-corruption measures
- Increasing the public sector’s ability to invest for the public good through financial contributions
- Supporting community and good causes, environmental protection and climate action, healthcare, education and research and innovation and safety
- Encouraging voluntary work and corporate citizenship among employees
- Promoting cultural diversity (including by supporting young artists)



**How we create value for society**

We see our company as part of the sustainable development of a stable society and a healthy environment and we therefore believe we have a responsibility to society in our role as a corporate citizen. Baloise conducts its business activities in accordance with the relevant legal provisions and in compliance with the basic rights enshrined in the constitution of the Swiss Confederation, such as human rights. The approval requirement enshrined in Swiss financial markets legislation, which demands an assurance of proper business conduct, stipulates among other things that the approved institutions and their key decision-making bodies must comply with all applicable laws (statutes, regulations, etc.) and have an organisation that ensures such compliance. The Swiss Financial Market Supervisory Authority (FINMA) monitors

compliance with this approval requirement, which must be fulfilled at all times.

Our business model plays an important part in maintaining society’s prosperity. Our products and services enable companies and private individuals to take risks that they would not be able to manage on their own without great financial expense. Companies can develop and grow sustainably, and private individuals can enjoy greater financial security. This also prevents potential inequalities based on financial opportunities and contributes to an equitable society. We fulfil our responsibility to society by sharing risks and costs and operating our business in a forward-looking and innovative way. This means weighing up the positive and negative consequences of our decisions and actions on fundamental issues for our business, society and the environment.



The claims and benefits paid to our customers reflect the contribution that they do not have to pay themselves or, in extreme cases, would have to come from the public purse. These payments therefore help to make the economy more resilient. In the non-life business, they include claims paid under products such as contents insurance, liability insurance and motor vehicle insurance, and particularly natural disaster insurance. In the life business, they include annuities and benefits paid out from life insurance policies.

### Claims and benefits paid

	2018	2019	2020	2021	2022
CHF million					
Non-life	2,018.2	2,184.4	2,338.3	2,541.8	2,518.8
Life	3,886.2	3,906.0	3,844.3	3,271.6	3,831.8
<b>Total</b>	<b>5,904.4</b>	<b>6,090.4</b>	<b>6,182.6</b>	<b>5,813.4</b>	<b>6,350.5</b>

The payments shown for the non-life business mainly refer to claim payments including claims handling costs, while those for the life business refer to claims and benefits paid and surrenders. The payments for the non-life and life businesses are reported on page 168 of the 2022 Annual Report ('Segment reporting by operating segment') and the total is shown on page 84 ('Consolidated income statement').

### Responsible investment for society

We take our role in society as a responsible custodian of assets seriously. Baloise Asset Management uses the ESG rating and the data provided by MSCI Ltd. to integrate ESG criteria into the investment process. Alongside issues relating to climate, the environment and proper corporate governance, social issues such as health and safety, people development and human rights play an important role in assessing sustainability. The relevant data is supplied to the portfolio managers for ESG integration.

The objective of our active ownership approach is to generate a long-term positive risk-return ratio and mitigate risk for customers. We also aim to use the funds entrusted to us and the financial strength this gives us to persuade the management of our portfolio companies to address ESG-related risks and exploit the opportunities.

As part of our active ownership policy, we engage in collaborative dialogue with companies or with the public sector through our membership of various industry associations (such as Principles for Sustainable Insurance (PSI), Swiss Insurance Association (SIA), Asset Management Association Switzerland (AMAS) and Swiss Sustainable Finance (SSF)) to discuss specific or general ESG topics. Our expanded responsible investment strategy now also includes direct engagement activities, which involves entering into constructive dialogue with companies in which we are invested in order to address specific ESG matters. Direct engagement is used, for example, in the event of serious violations of minimum standards of conduct in areas such as human rights, employment, the environment and anti-corruption.

We published our first active ownership report in March 2022: [www.baloise.ch/active-ownership](http://www.baloise.ch/active-ownership)

For more information on our responsible investment strategy, see page 87 in the 'Responsible investment' chapter.

### ESG criteria in our underwriting policy

Baloise began applying social criteria in addition to environmental and corporate governance criteria in its underwriting guidelines in 2022. This means that certain economic activities will no longer be insured by Baloise or that existing customers in these areas will be allowed a transition period. In addition to risks such as climate change, environmental damage including air or water pollution, protected species and regions, biodiversity, and bribery and corruption, risks that have a direct impact on social conditions will also be taken into account. These risks can be divided into non-sustainable practices, human rights and employment rights, product quality and safety, and healthcare.

For further information on the integration of ESG criteria into our underwriting policy, see page 93 onwards in the 'Responsible underwriting' chapter.

### Our social responsibility

Corporate social responsibility is the part of our approach to sustainability that focuses on society and the environment in our value creation model. We have also been a committed advocate of voluntary work for many years. In 2015, Baloise became a signatory to the declaration by *economiesuisse* (the umbrella organisation representing Swiss business) and the Swiss Employers' Association. The declaration requires companies to offer flexible working conditions and working time models that enable employees to participate in voluntary work. Baloise not only encourages its employees to engage in voluntary activities by holding annual events but also meets its own responsibility to society as a commercial organisation. Four of our employees in Switzerland are currently members of cantonal parliaments, and many others are involved in politics at local level. Furthermore, Baloise creates and preserves jobs that add value and pays taxes from its profits that help to fund the public sector. The majority of the taxes are payable in Switzerland.

### Taxes paid

	2018	2019	2020	2021	2022
CHF million					
Taxes paid	136.5	121.0	106.9	95.7	74.7

See 2022 Annual Report, page 86 'Consolidated cash flow statement'

The profits we generate enable us to be an active partner in many areas of society. Baloise runs a number of charitable projects and initiatives in its national subsidiaries, which can be roughly divided into the following categories:

## Society

1. **Community and good causes**
2. **Environmental protection and climate action**
3. **Healthcare**
4. **Education and research**
5. **Innovation and safety**

Our national companies decide which projects they wish to be involved in within the scope of the Baloise CSR Charter.

[www.baloise.com/csr-charta](http://www.baloise.com/csr-charta)

Baloise and its employees made total charitable donations of more than CHF 650,000 in 2022, which equates to around CHF 80 per employee. This sum includes only financial donations that were given to organisations that serve the common good or a charitable purpose or which promote environmental protection. It does not include donations of goods, expenses incurred for the organisation of volunteer workers, support for events staged for the common good, or financial support for organisations and events that serve an educational purpose.

Once again, employees at all our offices took part in voluntary activities for the benefit of society and/or the environment in 2022. Employees were allowed to carry out some of these activities during working hours.

[www.baloise.com/csr](http://www.baloise.com/csr)

In Switzerland, the groundwork was laid in 2022 for collaboration with the [spendenbuch.ch](http://spendenbuch.ch) portal – Switzerland's first nationwide platform for donations in kind. Baloise has already begun providing the portal with products that have been involved in insurance claims and can no longer be sold directly. The products are all in perfect condition and completely usable. Often, the only reason they cannot be sold in retail outlets is that their packaging is damaged or missing. All products are inspected by Baloise before being donated to [spendenbuch.ch](http://spendenbuch.ch) and they are provided free of charge, provided that all legal requirements and reservations are satisfied. The donations portal gives charitable organisations, in particular, straightforward and predictable access to donated goods of all kinds.

All donations are passed on directly and without any deductions to the recipient organisation. As well as making a valuable contribution to charitable organisations in Switzerland, we are conserving resources through this initiative by enabling fully functioning products to be used that would otherwise be thrown away.

Baloise conducts regular reputation assessments to measure public awareness of our social engagement activities. CSR activities only add value for other Baloise stakeholder groups if they are widely recognised. In 2022, we partnered with reputation management institute Reptrak® to carry out monthly surveys in Belgium, Germany and Switzerland. As this was the first year such surveys had been carried out, no direct comparison with the prior year is possible. 'Citizenship' is the key driver in terms of corporate social responsibility. Scores for this driver fluctuated over the

year between 65 and just over 70 points (on a scale where 60 to 70 = average; 70 to 80 = strong). The three attributes of the 'citizenship' driver across all three countries achieved the following average scores for the year:

- Has a positive impact on society: 69 points
- Supports good causes: 67.7 points
- Cares about the environment: 66.5 points

The results show that we will have to pay more attention to communicating our corporate citizenship activities in future in order to increase awareness, particularly since the 'citizenship' driver contributes more than 14 per cent to the reputation assessment. Our target for the current strategic phase, measured by our effective activities, is an awareness score somewhere in the 70s.

### Baloise's sponsorship activities

We help to promote the cultural diversity of society through our sponsorship activities. The primary focus of our activity in **Switzerland** is on music, and we have brought together various commitments in this area under the umbrella of 'We Music'. The main event is the 'Baloise Session' music festival with its intimate club table atmosphere and unique proximity to the international stars on the stage. The concerts, which are broadcast in more than 140 countries across five continents, are extremely popular and often sell out within minutes. But exclusive concert evenings for customers, our own national concert tour and a staff concert ensure that music can be enjoyed all year round – because music brings us together and touches us all.

As part of our commitment to our local communities, we have been involved with the football club FC Basel for a number of decades. The illustrious football club was established in 1893 and is now one of Switzerland's most successful teams.

In **Belgium**, Baloise is a major sponsor of sports, especially cycling. Flanders-Baloise, Baloise Wallonie Bruxelles Ladies and Baloise Trek Lions are three professional cycling teams that compete under the Baloise name. They concentrate on the Benelux races of the pro tour and on the international calendar of the continental professional cycling teams in Europe.

The teams have a clear vision. They are committed to the development of young, local talent and offer the professional support required. Baloise also sponsors the Baloise Belgium Tour and the Baloise Ladies Tour, two international multi-stage cycling events that take place in Belgium.

Baloise is a key partner of the Belgian football teams KAA Gent and Standard Liège. For the next three years, Baloise will be the named partner of the Baloise Antwerp 10 Miles, Belgium's biggest running event that attracts more than 30,000 participants and a large media presence.

In the area of arts and culture, Baloise encourages cultural dialogue among the public through the Noord-

starfonds in Belgium. The Noordstarfonds is a non-profit organisation run by Baloise in Belgium that was established in the middle of the 20th century to promote art, culture and the Dutch language among the Flemish population. This charitable organisation has its own concert hall, the Handelsbeurs, in Ghent. The Noordstarfonds currently focuses on promoting various music genres and creating a bridge between these genres.

In **Luxembourg**, Baloise signed a three-year partnership with the organisers of the Škoda Tour de Luxembourg in 2020 to promote cycling – a very popular sport in the Grand Duchy – at national and European level. Baloise Luxembourg was thus one of the major partners of the Škoda Tour de Luxembourg and the sponsor of the yellow jersey for the winner of the overall classification. Baloise Luxembourg is also a proud supporter of the Fédération Luxembourgeoise d’Athlétisme (F.L.A.), which has been organising and promoting athletics in the Grand Duchy since 1928. It coordinates the work of the athletes and their clubs and promotes related sporting activities. Since 2018, Baloise Luxembourg has been one of the main sponsors of the Rockhal, the country’s largest concert hall.

In **Germany**, Baloise has been a platinum partner of the Bad Homburg Open, a WTA grass-court tennis tournament, since 2022. The main aim of the sponsorship is to increase the visibility of our new brand identity, but it also provides a great opportunity to enjoy high-calibre women’s tennis in a wonderful setting with business and sales partners, customers and employees. As an official warm-up tournament for Wimbledon, the Bad Homburg Open has a special charm.

### Weblinks to the activities of the national companies

- **Switzerland**  
[www.baloise.ch/de/ueber-uns/engagement](http://www.baloise.ch/de/ueber-uns/engagement)
- **Belgium**  
[www.baloise.be/nl/over-ons/csr-en-sponsoring](http://www.baloise.be/nl/over-ons/csr-en-sponsoring)
- **Luxembourg**  
[www.baloise.lu/unsere-verantwortung](http://www.baloise.lu/unsere-verantwortung)
- **Germany**  
[www.basler.de/de/ueber-uns/nachhaltigkeit](http://www.basler.de/de/ueber-uns/nachhaltigkeit)

# Baloise's commitment to art

Art enriches our lives and stimulates discussion. It provides a space for reflection and a lens through which to view the world in a different way. The Baloise art collection is an important part of the Company's corporate culture. Offering insights into Baloise's commitment to art, the website [www.baloiseart.com](http://www.baloiseart.com) showcases pieces from the collection, exhibitions at Art Forum Baloise Park, and all recipients of the Baloise Art Prize, which will soon reach its 25th anniversary.

## Corporate collecting – engrained in the culture at Baloise

The objective of the collection is to integrate spiritual and creative values into the Company's corporate culture; any monetary gain is a secondary effect. Baloise is of the opinion that the works of art it owns ought to be seen so that they enrich lives, inspire reflection and provoke discussion. They are on display in foyers, corridors, meeting rooms and offices, as well as in reception rooms that are open to the public.

## A huge thank you to Martin Schwander

Back in 1985, when Martin Schwander was engaged by the Corporate Executive Committee to conduct a content and organisational review, the Baloise collection consisted of around 500 pieces of art. The Corporate Executive Committee decided to appoint an art commission made up of employees and advised by Martin Schwander.

From that point on, the collection's strategy focused on establishing a collection of works on paper by contemporary Swiss and international artists. At the start of the 1990s, the medium of photography started to become a major component of the collection.

Over all these years, Martin Schwander has shown great instinct and can look back on an impressive track record. Today, Baloise has a representative art collection featuring some 1,700 pieces by artists such as Martin Disler, Bruce Nauman, Jonathan Borofsky, Stephan Balkenhol, Marlene Dumas, Luc Tuymans, Heimo Zobernig, Jeff Wall, Thomas Ruff and Candida Höfer. Martin Schwander has now decided to pass on the mantle to the next generation after acting as an adviser to Baloise for more than 35 years. The crowning glory of his career at Baloise was probably the critically acclaimed exhibition of pieces by Edouard Vuillard at Art Forum Baloise Park in Basel and the accompanying publication.

Baloise would like to take this opportunity to express its gratitude once again to Martin Schwander for his invaluable work and wishes him all the best as he starts a new chapter.

## Baloise Art Prize

For many years, Baloise has been committed to providing access to careers with substance through its training and development programmes, which offer a launchpad for a long and successful future.

The Company's commitment to sponsoring modern art – through acquisitions for its own collection and in the form of the Baloise Art Prize – also represents part of this approach. It is Baloise's way of supporting the development of young and emerging artistic talent.

In 2022, the coveted Baloise Art Prize was once again presented to two talented, up-and-coming artists, Helena Uambembe (born 1994) and Tourmaline (born 1983). Interviews are available on [www.baloiseart.com](http://www.baloiseart.com). The panel of judges explained their decision as follows:

The trade fair stand designed by **Helena Uambembe** is divided into two rooms, a living room and another that resembles a TV room. The former replicates the living room of the artist's parents and contains such objects as vases and teacups as well as prints of pictures from her personal archives. By means of objects, installations, paintings, prints and performances, the Angolan artist reconstructs memories of her childhood in Pomfret, South Africa. She shows not only the extent to which history and personal experience are inscribed in objects and materials but also how they can be drained and detached from their original context.

In her recent work *Pollinator*, the artist, film maker, writer and activist **Tourmaline** proposes an unconventional, poetic and personal portrait of Black, queer and trans communities. The heart of the film consists of a black-and-white aerial travelling shot that follows the artist from an Edwardian period room at the Brooklyn Museum to the nearby botanical garden. Wearing a sophisticated outfit that is both concealing and revealing, she interacts intensely with a luxurious natural environment, expanding the idea of a garden into a place of pleasure. Incorporating original personal footage, clips from her recent simulated flight as well as footage that she has found, Tourmaline also pays vibrant tribute to Marsha P.

Johnson, an inspirational figure of the New York queer scene from the late 1960s.

### Art at the Baloise Park complex

In keeping with the Baloise corporate philosophy, the upper floors display works from the collection in specially provided spaces – the ‘etagères’. Driven by the notion of fostering artistic talent, Baloise makes its publicly accessible Art Forum on the ground floor available to young curators so that they can present their recently acquired expertise to a wider audience. Two different exhibitions are held at the Baloise Art Forum each year. The young curators are supported by experienced art adviser Frédérique Hutter, who has taken over from Martin Schwander and also advises Baloise on its purchases.

In addition to the defined exhibition theme and the support of the experienced exhibition organiser, the young curators have a comprehensive structure at their disposal: a collection of 1,700 works of art (from which at least one piece is to be shown in the exhibition), professional art handling, documentation, advertising, the dissemination of information and related communications, all of which are part of Baloise’s commitment.

### Acquisitions for the art collection

New acquisitions for the collection are made by the art commission, which comprises seven art-loving employees from various parts of the Company and one external adviser. A new emphasis for the collection is works by emerging artists, preferably those based in Baloise’s core markets.

The decisive factor for inclusion in the collection is the persuasive quality of the work, which should also reflect the corporate values.

This acquisition policy allows the art commission to include the winners of the Baloise Art Prize and thus help to shape the way in which it promotes art. Photography by the 2022 winner **Tourmaline** has been added to the collection, for example.

The new emphasis makes it possible for the commission to add a broad range of art to the collection. Works by German artist Tatjana Gerhard, Belgium representatives Pélagie Gbaguidi, Ritsart Gobyn and Thé van Bergen, and Turner Prize winner Laure Prouvost have been added. The Luxembourg ceramics duo Martine Feipel and Jean Bechameil are also newly featured artists. And since 2022, the Baloise collection has included pieces by Swiss artists Seline Burn, Dominique Bondy, Elise Corpataux, Dominique Rietzler, Beni Bischof, Florian Bühler and Augustin Rébétez. The latter will also present a work from the Baloise collection in his solo exhibition Vitamin, which runs from February until the end of May 2023 at the Aargauer Kunsthaus art museum.

[www.baloiseart.com](http://www.baloiseart.com)



Tourmaline  
Silver Wraith, 2022  
Gelatin silver print, 24.9 x 24.9 cm  
Courtesy the artist and Chapter NY



Thé van Bergen  
Het half open venster, 2020-2021  
Oil on canvas, 100 x 100 cm  
Courtesy the artist



# Environment

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# How we create value for the environment

**Resource: Environment**

**Commitment: Climate protection**

**Elements of value creation**

- Disclosure of the carbon footprint since 1998
- Commitment to use natural resources in a responsible way and to reduce the carbon footprint of the business on an ongoing basis with ultimate responsibility resting with the Corporate Executive Committee and the Board of Directors
- Carbon offsetting for non-avoided operational CO<sub>2</sub> emissions (scopes 1 and 2, scope 3 business travel, paper consumption, amount of refuse, water consumption)
- Responsible investment that includes a climate policy and a real estate policy; focus topics in relation to the environment as part of our active ownership strategy
- 100 per cent demand for renewable energy within the energy mix we have control over
- Signing the Principles of Responsible Investment (PRI) in 2018
- Signing the Principles for Sustainable Insurance (UNEP FI PSI) in 2020
- Becoming a partner of the Swiss Climate Foundation with a seat on the advisory council in 2021



**Impact of value creation**

- Continuously reducing the absolute and relative carbon emissions of our business activities since 2000
- Conserving resources by reducing water consumption, energy consumption and waste, as well as increasing the proportion of recycling
- Raising awareness of environmental issues and educating staff about relevant topics
- Promoting certified carbon offset projects since 2020
- Promoting renewable energies through our own energy consumption and through investments and insurance products
- Combating climate change through responsible investment including climate strategy and dialogue with companies on ESG issues, focusing on: the green transition, reducing carbon emissions, and biodiversity
- Climate change mitigation and promoting other environmental aspects by integrating ESG criteria into underwriting and product management
- Helping to combat climate change through the inclusion of environmental criteria when selecting suppliers and their products and services
- Financial support via the Swiss Climate Foundation for small and medium-sized enterprises that contribute to climate change mitigation

**How we create value for the environment**

Baloise has had its own environmental mission statement since 1999. From the outset, it was important to embed sustainability throughout the Company and in all day-to-day business activities. The environmental mission statement became an integral element of the Baloise value creation model for sustainable development in 2018 and was thus incorporated into the Company's overall sustainability management. The environmental mission statement is part of our efforts to create value in relation to the environment. We commit to and support the achievement of the 2015 Paris Agreement and the UN's sustainable development goals, in particular no. 7 (affordable and clean energy), no. 9 (industry, innovation and infrastructure), no. 12 (responsible consumption and production) and, as a priority, no. 13 (climate action).

**Principle**

The environment is one of the most comprehensive resources in the Baloise value creation model. In managing this resource, Baloise's environmental policy focuses on promoting renewable energies, developing infrastructure in a way that adds value and taking action to combat climate change. We focus on the responsible use of natural resources and the continuous reduction of CO<sub>2</sub> emissions within the Company and within our business activities. Our responsibility to the environment and to the associated idea of value creation relates to our own energy requirements but also extends to our investments, the procurement of products and services, and our underwriting policy.



**Organisation**

The Corporate Executive Committee bears ultimate responsibility in environmental matters and thus for the impact of Baloise on climate change, and is supervised in this role by the Board of Directors. Each national organisation has a coordination unit that implements environmental measures. The asset management team at Baloise has the task of implementing responsible investment measures. The implementation of ESG criteria in Group-wide underwriting guidelines and product management is the responsibility of each national organisation. The integration of environmental aspects into the purchasing process is coordinated by Group Procurement and implemented in all national subsidiaries. The aspects mentioned above are discussed and coordinated centrally in the Group-wide sustainability network. The rest of the process is the same as for sustainability governance, see page 97 onwards.

**Environmental footprint**

The total energy and resource consumption revealed by the carbon footprint shows the amounts used by our large office buildings at all sites and at our computer centres and sales agencies in Switzerland. The figures reported thus relate to the energy and resources used by more than 85 per cent of the 8,025 people working for the Baloise Group. Both total consumption of heating and total electricity consumption (including external computer centres) have been reduced by 30 per cent over the last ten years through various energy-saving measures. With the objectives of the Paris Agreement in mind, a wide range of energy-saving measures have been analysed which will be implemented in each country over the coming years.

**Continuous reduction of CO<sub>2</sub> emissions since 2000**

Climate change is without doubt the challenge of the century. Since the 1997 Kyoto conference in Japan, we have been publishing key figures on energy and resource consumption, calculating our absolute and relative CO<sub>2</sub> emissions in accordance with the Greenhouse Gas Protocol Corporate Standard (GHG Protocol Corporate Standard). Historically, our emissions data has been reported in accordance with the directives of the Association for Environmental Management and Sustainability in Financial Institutions (VfU). We also document the action we take each year in relation to the sustainable use of resources. The 2015 Paris Agreement, the successor to the Kyoto Protocol, has spurred the Company on in its ambition, and future measures will be based on the Paris objectives and the UN's sustainable development goals. We have massively reduced both absolute and relative CO<sub>2</sub> emissions since 2000. Because we adjusted the structure of our carbon footprint to align it with the GHG Protocol Corporate Standard in 2021, we now have a new basis for the calculation. The scope of our environmental audit has also been extended, and the calculations for 2021 and 2022 that are based on the GHG Protocol Corporate Standard also include the category of

purchased emissions. Details of our CO<sub>2</sub> emissions are shown with the sustainability performance figures, see page 30. The historical calculations of our emissions can still be seen in previous years' reports:

- [www.baloise.com/annual-report](http://www.baloise.com/annual-report)
- [www.baloise.com/oekobilanz\\_2019-2021](http://www.baloise.com/oekobilanz_2019-2021)

**Carbon offset and promotion of climate action innovations**

Since 2020, we have retrospectively offset the CO<sub>2</sub> emissions within the Company that we were unable to avoid through optimisation and reduction measures. For 2022, we offset around 13 thousand tonnes of carbon through three certified projects. The increase in offsets from 11 thousand in 2021 to 13 thousand in 2022 is partly due to a calculation error by the German national organisation. A further 619 tonnes was added to the figure for the German national organisation in 2022 to compensate for the error in 2021. The modalities and methods of the projects were assessed against the following standards and certified:

- Verified Carbon Standard (VCS)
- The Climate, Community & Biodiversity Alliance (CCB Standards)
- ISO 14064-2, validated by TUEV NORD
- ISO 14001

[www.baloise.com/co2-kompensation-swiss-climate](http://www.baloise.com/co2-kompensation-swiss-climate)

In addition to optimising our processes, cutting our emissions and offsetting our carbon footprint, the promotion of climate action-related innovation is a key priority for us. Since 2021, we have been investing the net annual amount from the CO<sub>2</sub> levy distribution through our membership of the Swiss Climate Foundation. The foundation uses these funds to support SMEs in Switzerland and Liechtenstein that develop innovative climate solutions or improve their energy efficiency. In 2022, the funding contribution amounted to around CHF 340,000.

**Environmental measures: climate-friendly office buildings and working**

As we are an insurance company, our operations are not fundamentally energy-intensive by comparison with a manufacturing company, for example. At our sites, we predominantly require energy for electricity and heating.

Baloise applies the latest building standards and renovation methods to ensure that its office buildings are climate-friendly, and operates them in as resource-efficient a manner as possible. We now get all our electricity from 100 per cent renewable sources in Switzerland, Germany, Belgium and Luxembourg in the buildings where we control our own electricity mix.

All sites also have centralised recycling stations for paper, aluminium, PET and other waste. These replace the individual waste containers at individual workstations. All employees in Luxembourg, Germany and Belgium and at Group headquarters in Switzerland have been given reusable bottles.

## Environment

### Switzerland: New Group headquarters and various optimisation measures

The Group's new headquarters in Baloise Park complies with the standards for sustainable construction in Switzerland (SNBS) and so exceeds the legal requirements. District heating already covers 100 per cent of the heating needs of the office in Basel. In the staff restaurant, our suppliers provide meat from 100 per cent free range or free roaming animals.

We have been producing electricity from our own photovoltaic system since 2014, covering around 0.5 per cent of the demand at the Group headquarters in Basel. The current system occupies the whole of the available roof area that is suitable for PV systems and is designed to last 25 years. In 2022, the photovoltaic system on the roof of our Group headquarters in Basel produced 20,877 kWh solar energy. This is equivalent to the energy requirement of more than four average four-person households per year.

The energy-saving measures we implemented in response to the appeal by the Swiss Federal Council on 1 October 2022 had a significant impact on our heating energy compared with 2021 and 2019. By reducing the room temperature in our offices in Baloise Park, we reduced our energy use by 12 per cent in the last quarter of 2022 relative to 2019. This is a saving of more than 100,000 kWh in district heating, equivalent to the consumption levels of approximately 30 four-person households. These figures are even more impressive when compared against 2021, but the offices were used a lot less during that year due to COVID-19 measures, so a comparison with 2021 is not very meaningful.

We also implemented the following technical measures at the existing building at Baloise Park in cooperation with AUE Basel-Stadt (Office for Environmental Protection and Energy), which were agreed in a roadmap:

- New speed regulators on ventilator motors
- Replacement of drives with frequency converters
- Replacement of motors for office ventilation systems
- Retrofitting of 2,000 lights with LED technology
- Adjustment of target values for humidity in computer centres and offices

This will save an estimated 50,000 kWh per year in electricity. At our agencies in Switzerland, we have also switched to flex office arrangements at various new premises or when offices have been modernised, thus optimising running costs and consumption.

### Luxembourg: The making of 'Wooden'

We have moved into our new office building in Leudelingen, Luxembourg, the first in the country to be made entirely of wood. The wood used in the building, which has been given the name Wooden, is sourced exclusively from sustainably managed forests in Luxembourg. The building is equipped with a photovoltaic system and has been given a BREEAM Excellent rating. In addition to its structural qualities, Wooden will also be the second building in Luxembourg to take part in the WELL Building Standard®

certification process. The new office building is easier to get to by public transport.

### Germany: Various optimisation measures and the commissioning of our solar farm

In 2022, as a pilot for the whole company, the company car scheme for senior office managers (around 18 per cent of those entitled to a company car) switched from diesel to electric cars. At Baloise in Germany, we decided against a transition period that would have included hybrid vehicles. Depending on further progress in terms of range, we plan to move the whole fleet over to electric in the medium term. Our commitment to sustainable development in Germany was recognised by the public again in 2022, and we won an award for our sustainability report for the second year in succession. In the Zielke ranking of sustainability reports carried out by Zielke Research Consult GmbH in 2022, Baloise in Germany achieved seventh place out of 50 insurance companies, with a substantially higher total score than in the previous year.

### Employees and the public

We support organisations that focus on environmental protection and climate action, both by providing funding and by allowing our employees to volunteer. The environment, including ecosystem services, is a cornerstone of the future and long-term success of Baloise and the continued existence of our Company.

[www.baloise.com/csr](http://www.baloise.com/csr)

We also focus on raising the awareness of our staff and providing them with background knowledge and information on various topics relating to sustainable development, including what they can do at home. In Luxembourg, for example, we work with our partner OUNI (= without waste, operator of Luxembourg's first packaging-free grocery store) to educate our employees on environmentally responsible behaviour. In Germany, the Green Team is on hand to offer tips and advice to help employees adopt a sustainable and eco-friendly lifestyle at work and at home. This provides a forum for staff to share their knowledge and ideas with others. Another Volunteer Day was held in Germany in 2022. Volunteers at the Bad Homburg and Hamburg sites organised a litter-picking event around the sites and their immediate environs. The event proved popular, and not just among the employees. The municipal utility companies and local residents thanked the Baloise employees for their efforts. In Switzerland, the second Sustainability Day was held for trainees from all the Swiss offices in 2022. The aim was to provide trainees with information about combating climate change and to relate this to the Baloise business model.

Employees are aware of Baloise's ecological targets and the most important initiatives for achieving them. They are kept regularly informed about the implementation of the environmental mission statement and encouraged to suggest measures of their own.

To encourage our employees to choose climate-friendly forms of transport, further measures have been added:

- From November 2021, only electric vehicles will be available to senior managers in Germany as a company car. The cash alternative is also still available.
- In Belgium, the CO<sub>2</sub> emissions limit for company cars was further reduced. From 2023, all new additions to the company car fleet will be electric.

Existing measures:

- Introduction of a bike leasing service for employees in Belgium and Germany
- Employees and customers can charge their electric cars in Basel and Zurich (Switzerland) using solar power
- Internal electric car fleet including charging station at the head office of Baloise's banking business (Soluturn, Switzerland)
- Provision of electric bikes for our loss adjusters in Switzerland
- Encouraging the use of public transport through subsidised tickets in all countries
- Electric cars are freely available to employees in Luxembourg at work

We work hand in hand with other companies, organisations and public authorities across all countries in which we are active to find solutions to environmental problems. In Luxembourg, Baloise teamed up with etika, an association for alternative financing that provides advice to business on sustainability issues, raising employee awareness and developing sustainable products. Baloise particularly encourages the sharing of information within the sector through membership of insurance associations such as the Swiss Insurance Association (SVV), the German Insurance Association (GDV), Assuralia in Belgium and the Association des Compagnies d'Assurances (ACA) in Luxembourg. We maintain an open dialogue with the public and regularly report on environmental projects and what has been achieved.

### Innovative, environmentally friendly products and services

When it comes to sustainability innovations, Baloise focuses on the Home and Mobility ecosystems. Alternative solutions that have a less harmful impact on the climate and environment are especially relevant for our customers in the areas of transport and the home. For example, we offer our customers insurance for electric vehicles, solar panels and other products that help to protect the climate.

[www.baloise.com/innovationen-nachhaltigkeit](http://www.baloise.com/innovationen-nachhaltigkeit)

### Green transport

We provide comprehensive protection for our customers' electric vehicles and accessories through our Electra supplementary cover. If the charging point is damaged or stolen, for example, Electra covers the costs incurred. The same goes for

the charging accessories. Our Electra supplementary cover also provides protection if the charging card or charging app is misused or if the battery is damaged.

[www.baloise.ch/elektroauto-versicherung](http://www.baloise.ch/elektroauto-versicherung)

The Drive Electric product is designed to support our customers after they have bought a car in order to ease them through the transition to an electric or plug-in hybrid vehicle. Customers who take out this insurance, which is offered in partnership with Enovos and diego, receive a free charging card that can be used at 180,000 charging points throughout Europe. Customers can also benefit from the personal support of an expert who will guide them through the process of selecting and installing a private charging point at home, and through all the dealings with public authorities (such as applying for government grants).

[www.baloise.lu/electric-car](http://www.baloise.lu/electric-car)

We promote the use of 'SMART repair' for damaged vehicles. Thanks to our partner network of workshops, we can offer eco-friendly repairs of the highest quality. This not only reduces greenhouse gases, but also conserves resources.

[www.baloise.be/fr/contact-service/premiumplus](http://www.baloise.be/fr/contact-service/premiumplus)

### Customers of insurtech firm FRIDAY increase carbon offsetting by 83 per cent

Since October 2018, FRIDAY customers have been able to make their own contribution to combating climate change by offsetting the CO<sub>2</sub> emitted by their cars. FRIDAY (Baloise's online mobile insurer in Germany) offset 4,032 tonnes of CO<sub>2</sub> and other harmful greenhouse gases such as methane and nitrous oxide between April 2021 and March 2022 through its FRIDAY+ECO product, developed in collaboration with the well-known climate action organisation myclimate. That is an increase of around 1,800 tonnes, or more than 80 per cent, compared with 2020. The climate change mitigation projects selected for the offset meet the highest standards (Gold Standard, CDM, Plan Vivo).

[www.friday.de](http://www.friday.de)

### Promotion of renewable energy

We offer our private and business customers insurance products for photovoltaic systems and more climate-friendly heating systems. It is important to us to offer the right protection for every system. In this way, we are encouraging greater use of energy from renewable sources and offering our customers the protection they really need.

[www.baloise.ch/blog-06-22](http://www.baloise.ch/blog-06-22)

[www.baloise.de/GAP-Versicherung](http://www.baloise.de/GAP-Versicherung)

## Environment

### Responsible core business

#### Responsible investment

Our responsible investment policies set out the rules for the integration of environmental, social and corporate governance criteria into investment decisions. These criteria also apply to self-managed assets of external customers (see the 'Responsible investment' chapter).

#### Responsible underwriting

We also began including environmental, social and corporate governance criteria in our underwriting guidelines in 2022. That means we can not only offer our customers products and services that promote sustainable development, but also optimise the risks within the community of policyholders (see the 'Responsible underwriting' chapter).

#### Carbon footprint

The carbon footprint of the Baloise Group was reviewed, expanded and restructured in 2022. It is now based on the internationally recognised Greenhouse Gas Protocol Corporate Standard (GHG Protocol Corporate Standard). Data collection software was introduced to centralise and automate the consolidation and extrapolation of the data and the calculation of the emissions. This is essential to ensure the most complete possible reporting of our environmental performance indicators (see 'Baloise key figures', page 39).

The carbon footprint includes our measured, collected and estimated direct and indirect environmental key figures. The emissions are measured in metric tonnes of carbon dioxide equivalent (tCO<sub>2</sub>e). Direct emissions are produced from sources that we can control ourselves, while indirect emissions are the result of our activities but are generated by sources that belong to other companies or are controlled by other companies.

The organisational limits for the calculation of operational emissions were determined on the basis of operational control. This control includes the ability of Baloise to introduce and implement operational strategies. The emissions for 2021 were used as the baseline. The carbon footprint for 2021 and 2022 covers the sites in Switzerland, Belgium, Germany and Luxembourg.

**Scope 1 emissions** include the use of fuel to heat buildings and for the Company's own vehicle fleet, as well as the loss of coolant at our sites. The following scientific sources were used to determine the emission factors for scope 1:

- Ecoinvent (life cycle assessment database)
- Studies by Treeze
- Fact sheets from the Federal Office for the Environment (FOEN)

**Scope 2 emissions** cover the use of purchased electricity and district heating, as well as electricity produced by Baloise through photovoltaic systems at the sites. This scope also includes the electricity consumption of our employees while working from home and of electric cars used for company

business. The following scientific sources were used for the emission factors to calculate the electricity and district heating emissions for scope 2:

- Studies by Treeze
- Product labels from IWB (Industrielle Werke Basel) as well as Enovos

**Scope 3 emissions** currently include paper and water consumption, the refuse we generate, business travel and commuting by our employees. The following scientific sources were used to determine the emission factors for scope 3:

- Ecoinvent (life cycle assessment database)
- Studies by Treeze
- Data from Mobitool, the Swiss platform for mobility management tools and prepared environmental data
- Fact sheets from the Federal Office for the Environment (FOEN)

Other categories are either not relevant to Baloise or the quality of the available data is not yet adequate.

The table below provides details of the reported scopes and how they are calculated:

Scope	Source of the emissions	Assumptions and explorations
Scope 1	Mobile combustion	It is assumed that petrol is E5 and all diesel is B7.
	Refrigerants	Purchased refrigerant is assumed to represent leakage. The refrigerant R422 was excluded because of its low materiality and the absence of a specific emission factor. The refilling of refrigerant was reported for systems in Switzerland, Belgium and Germany. A proxy based on FTEs was used to estimate the refrigerant consumption of the Swiss sites for offices that did not provide refrigerant consumption data. Luxembourg sites stated that no refrigerant was refilled.
	Stationary combustion	The figures for gas stated in kWh were converted to litres using the following conversion factors: – 0.717 methane kg/methane m <sup>3</sup> – 55 MJ/methane kg It is assumed that all diesel is B0.
Scope 2	Electricity	This refers to electricity from certified renewable energy sources. For all other reported electricity consumption, an average network power supply at country level was assumed.
	Heating	It is assumed that the reported district heating is an average of all suppliers at country level.
Scope 3	Fuel and energy-related activities	Well-to-tank emissions (WTT) were calculated for all energy consumed (fuels, electricity, district heating and district cooling), and the emissions from the transfer and distribution (T&D) of electricity were taken into account in all data, including for extrapolated consumption. Calculated through scope 1 and 2 data
	Waste	Where the data was stated in volume, it was converted into weight. Paper: 1,201kg/m <sup>3</sup> , PET: 946kg/m <sup>3</sup> .
	Business travel	All flight distances were calculated using the IATA codes. The distances are defined as follows: Short-haul flights: 0–463km Medium-haul flights: 463–3,700km Long-haul flights: >3,700km As no data was supplied by the Swiss office for flights, all flights are assumed to be short haul.
	Commuting by car	An average, mid-sized car is assumed.
	Downstream leased assets	The same assumptions were made as for 'Purchased goods and services'.
	Water	All data relating to water consumption was calculated on the basis of global average values, as country-specific emission factors were not available. The water treatment methods were assumed as an average, as no figures are available.



# Responsible investment

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# Responsible investment

### Elements of value creation

- Developing our responsible investment policies on an ongoing basis and adapting to changing external parameters
- Including ESG considerations across the whole value chain of our property management in Switzerland
- Undertaking collaborative dialogue with companies and public policy engagement through our memberships of various industry associations (such as PRI, SSV, AMAS, SSF)
- Developing and implementing an ESG training concept with external and internal training courses for our employees
- Extending our disclosures to include climate and active ownership activities
- Dedicated climate strategy
- Signing the Principles of Responsible Investment (PRI) in 2018

### Impact of value creation

- Assumption of responsibility for sustainable development and the shaping of our responsible approach to risks and resources
- Greater consideration given to sustainability aspects in the property portfolio of the insurance business, with the aim of making a clear contribution to reducing the CO<sub>2</sub> emissions of buildings
- Participation in the framing of specific or general ESG topics, and supporting companies on their journey to more sustainable practices through collaborative dialogue
- Providing employees with a broad range of basic knowledge with regard to responsible investment and our policies
- Continuous improvement of our communication and transparency in relation to responsible investment
- Contribution to the fight against climate change by reducing the negative impacts on the environment and society and proactively managing risks in the portfolio that arise as a result of climate change
- Agreement on and compliance with fundamental principles for the integration of ESG into our investment process and the associated reporting on our progress

## A sustainable approach in investment

The asset management team of Baloise is getting behind the Group's sustainability strategy and taking responsibility for investment strategies in relation to both the investment of insurance assets of the Baloise Group and the investment of assets from external customers such as pension funds. Our efforts in the area of responsible investment build on the sustainability activities of the Baloise Group. The Baloise Group is an insurance group that was founded on the idea of community-based risk sharing and attaches particular importance to taking responsibility and putting sustainable development at the heart of everything we do.

The Baloise Group believes that the concept of sustainable development and the insurance and financial services industries share some important characteristics – for example, the need to act with a long-term focus and to manage risks and resources responsibly. In addition to protecting our own business activity in the long term and thereby securing the jobs of

our employees, we aim to actively help to shape the transformation of society in our role as a corporate citizen. Baloise's responsible investment approach addresses sustainability risks and factors and integrates them into the investment process. This approach is documented in the Baloise responsible investment policies with the objective of providing a clear statement of our beliefs in relation to investment with an ESG focus. By acting in accordance with the responsible investment policy, we remain true to our values.

## Highlights from 2022

We took another step forward in the area of responsible investment in 2022 by revising and expanding our responsible investment strategy. In early 2023, new policies will be put in place for the responsible investment of insurance assets of both external customers and investment funds (see below for more information). At the same time, some individual sub-funds of the Baloise Fund Invest (Lux) investment



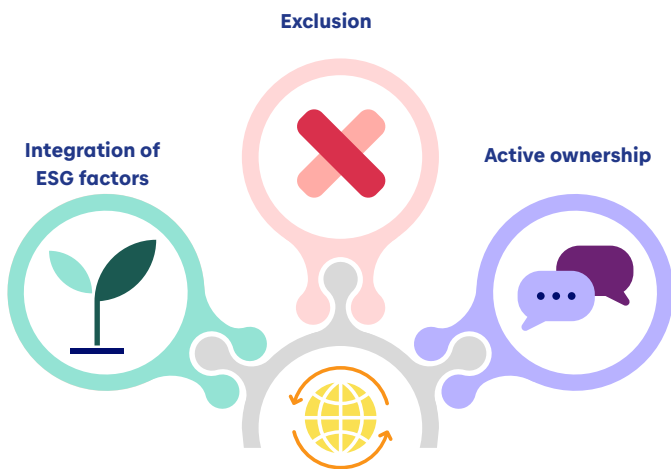
fund were realigned in terms of their responsible investment strategy. This means that from 2023, they can be offered in accordance with Article 8 of the Sustainable Finance Disclosure Regulation<sup>1</sup>.

We also made progress in terms of transparency and disclosure. Baloise participated in the Climate Disclosure Project (CDP) for the first time in 2022, increasing our transparency around climate risks and emissions data. We also published the most important climate-related data for the insurance portfolio. In March 2022, Baloise also published its first active ownership report.

[www.baloise.ch/active-ownership](http://www.baloise.ch/active-ownership)

Another important activity in 2022 was providing training to our employees on the topic of responsible investment. The focus was on communicating a broad range of basic knowledge, but the training also included information on the new responsible investment strategy due to come into force in 2023. A plan for external ESG training was developed and implemented to complement the internal offering.

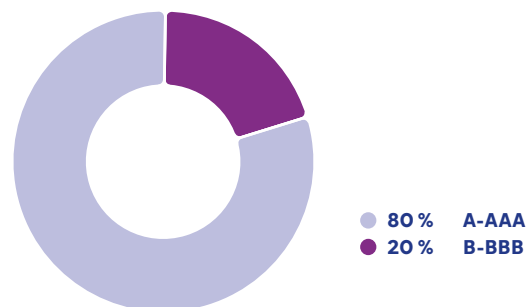
### Our approach to responsible investment in 2022



The Baloise responsible investment strategy governs the implementation of the responsible investment approach and is based on three strategic pillars:

1. **Exclusion:** We may exclude companies from the investment universe, for example if their business activities are linked to controversial weapons. We have also added or expanded the following exclusions through the climate strategy that we introduced in 2021: companies involved in coal (at least 10 per cent of their total revenue), producers of unconventional oil and gas (at least 10 per cent of their total revenue) and manufacturers with a high level of stranded assets that are likely to suffer substantial write-downs during the transition to clean energy.
2. **Integration:** We integrate sustainability factors into our investment analysis by requiring companies and government issuers to have at least a B rating (according to data from MSCI Ltd.) for inclusion in the investment universe. We also provide our portfolio managers with detailed ESG information.
3. **Active Ownership:**
  - Proxy voting: We exercise the voting rights of listed Swiss equities in the actively managed insurance portfolio in accordance with the principles of a good and ethical corporate governance approach.
  - Engagement: As part of our active ownership strategy, we undertake collaborative dialogue and public policy engagement on specific or general ESG topics through our membership of various industry associations (such as PRI, SSV, AMAS, SSF).

### Distribution of the ESG ratings of our insurance investments



Source: Baloise Asset Management, MSCI/ data basis as at 31 December 2022, equities and bonds with available MSCI rating that are covered by the RI strategy, without weighting.

<sup>1</sup> Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector

## Responsible investment

The Baloise Asset Management climate strategy is an integral element of our responsible investment strategy. Under the climate strategy, we contribute to combating climate change by reducing the negative impact on society and the environment, while the risks arising in connection with climate change are managed prudently in the portfolio. We use the data provided by MSCI Ltd., such as MSCI data points for exclusions in the area of coal, unconventional oil and

gas, and companies with a high climate risk<sup>2</sup>. Reduction of CO<sub>2</sub> emissions, decarbonising the economy and biodiversity are also among the focus areas of our active ownership strategy, under which we use proxy voting and collaborative and public policy engagement to bring about positive change at the companies in which we invest.

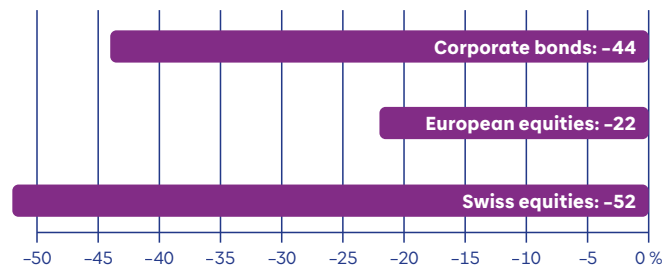
[www.baloise.ch/BAM-Klimastrategie](http://www.baloise.ch/BAM-Klimastrategie)

### The four-pillar climate strategy of Baloise Asset Management



### The insurance portfolio relative to the CO<sub>2</sub> benchmark

(weighted average tonnes of CO<sub>2</sub> / \$M revenue)



Source: Baloise Asset Management, MSCI/ data basis as at 31 December 2022: Swiss equities relative to SMI, European equities relative to EURO STOXX 50 and corporate bonds relative to Bloomberg Global Aggregate Index. Scopes 1 and 2 of the equities covered by the RI strategy.

### Additions to the responsible investment strategy in 2022

The expansion of the responsible investment strategy and updating of the relevant policies was an important focus in the area of responsible investment in 2022. Building on the existing responsible investment strategy, an expanded responsible investment strategy for liquid direct investments and investments in target funds was developed that covers the following:

- Additional exclusions for companies and target funds relating to compliance with international standards, such as the UN Global Compact, and revenue from tobacco, conventional oil and gas and conventional weapons.
- Additional exclusions for government bonds in the areas of human rights and climate.
- A best-in-class approach based on the ESG (environmental, social and corporate governance) performance of companies and government issuers. Under this approach, the portfolio is designed to perform better than its benchmark with regard to sustainability by avoiding the worst bonds in the peer group. As part of the defined strategy, the worst 20 per cent of issuers or target funds within the respective sectors or peer group are excluded, based on the MSCI ESG universe.
- Direct corporate dialogue as an extension of the active ownership activities. Starting in 2023, we will be seeking constructive dialogue with companies through our direct engagement activities, with the aim of addressing specific sustainability issues. The Baloise departments involved analyse the individual engagement opportunities based on data supplied by MSCI ESG Research LLC and publicly accessible documentation.
- Addressing principal adverse impacts as required under the Sustainable Finance Disclosure Regulation.

<sup>2</sup> Baloise does not invest in companies that have high levels of stranded assets (i.e. assets that present a financial risk due to the transition to clean energy) and that, at the same time, do not adequately manage the risks arising from this transition.

Based on these changes, updated Baloise responsible investment policies for insurance assets and for external customers and investment funds will be introduced in 2023, along with the updated active ownership policy.

[www.baloise.com/richtlinie-versicherungsgelder](http://www.baloise.com/richtlinie-versicherungsgelder)

[www.baloise.com/richtlinie-drittkundengelder](http://www.baloise.com/richtlinie-drittkundengelder)

[www.baloise.com/richtlinie-active-ownership](http://www.baloise.com/richtlinie-active-ownership)

### Responsible real estate management

Baloise is one of the biggest property owners in Switzerland. According to the Federal Office for the Environment (BAFU), buildings are responsible for around a quarter of all greenhouse gases emitted in Switzerland. As a responsible investor, Baloise recognises that it has an obligation to help to reduce CO<sub>2</sub> emissions from real estate in accordance with the global climate strategy. It aims to make the Baloise property portfolio in Switzerland more sustainable and to improve the expected risk-return profile. ESG considerations play an important role across the whole real estate value chain. This begins with the planning and development of building projects or the acquisition of portfolio properties and continues through to operational management and renovation, demolition or divestment. At the core of the value chain is a resilient property portfolio in which lifecycle costs are reduced through proactive planning and action. In a new policy that applies from 1 January 2023, uniform principles specify how the Baloise real estate team should implement a forward-looking environmental and energy policy for the properties held directly by the Swiss insurance units.

For further details, see the Baloise responsible investment policy for real estate, which came into force on 1 January 2023. [www.baloise.com/richtlinie-immobilien](http://www.baloise.com/richtlinie-immobilien) (only in German)

### The next steps in 2023

Going forward, Baloise will continue to press ahead with the development of its responsible investment strategy.

The updated responsible investment policies that come into effect in 2023 represent an important step, but we also have more plans for the coming year. The other Luxembourg investment funds in the product range will be reviewed as part of a reclassification process in accordance with Article 8 SFDR, and the SFDR reporting requirements for the existing Article 8 and Article 9 SFDR products will be implemented. Similarly, the requirements introduced by AMAS for self-regulation of transparency and disclosure for sustainability-related collective assets will be reviewed and implemented. The collection and evaluation of climate-related data for financial assets will also play an important role. Over the course of 2023, Baloise will review its climate targets and further expand its TCFD (Task Force on Climate-related Financial Disclosures) reporting. The implementation of extended active ownership activities will also be an important focus. The second active ownership report will be published in the first quarter of 2023 and will provide initial insights into our direct engagement activities.



# Responsible underwriting

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Sustainability criteria in the underwriting policy

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# Responsible underwriting

### Objectives of responsible underwriting

- To be a reliable partner for customers whose business model is currently undergoing a transformation
- To implement the Principles for Sustainable Insurance (UNEP FI PSI)
- To manage potential ESG-related losses and risks for Baloise
- To make use of opportunities

### Sustainability criteria in the underwriting policy

Through our products and services, we can influence the behaviour of the companies and individuals whose activities we support and help them to become more sustainable. We see ourselves as a reliable insurance partner to customers whose business model is currently undergoing this transition and we aim to work with them as partners, understand the challenges they face with regard to sustainable development, and support them.

In August 2020, we signed up to the Principles for Sustainable Insurance (PSI), which include the gradual integration of sustainability aspects into our underwriting guidelines. The process described shows how we are actively working to live up to our commitment.

The integration of sustainability aspects into our underwriting guidelines is a risk management instrument that can be used to support the transition of the real economy to sustainable business models, to minimise potential losses and to optimise risks for Baloise. We actively manage critical ESG risks in our underwriting policy. Where they exist, we mitigate them and where they could arise, we avoid them. This view of risk is complemented by the exploitation of opportunities. For example, we are committed to encouraging the use of renewable energy sources through our insurance solutions.

### Identified risks

Through Group-wide collaboration between the non-life, life and group life insurance businesses, as well as the risk management and sustainability teams, we have identified the economic activities that represent high risks in connection with the following areas:

- Climate change
- Environmental damage including air or water pollution
- Protected species and areas
- Biodiversity

### Impact of responsible underwriting

- Support for the transition of the real economy to sustainable business models
- Integration of ESG criteria in our core business and dialogue on this subject with our customers
- Expanded risk perspective through identification and mitigation of ESG risks, and adaptation
- Further development of our core business to ensure it remains viable in future

- Non-sustainable practices
- Human rights and employment rights
- Product quality and safety
- Bribery and corruption
- Healthcare

The identified economic activities are assessed for the above risks once they exceed a certain threshold. The use of a threshold ensures that the customer relationships that are relevant in an ESG context are assessed.

### Assessment process

Climate-related risks in particular are not only a reputational risk but also a financial risk for us, as they affect customer behaviour, climate-related major loss events, the valuation of investments and the disruption of business operations for Baloise and our customers. For this reason, we developed a process for actuarial sustainability risk management in 2021 that includes the evaluation of risks based on exclusions and sensitive areas as part of an assessment process.

The assessment process involves both the relevant departments and the sustainability experts at Baloise. In cases of doubt, a final review can be carried out by a committee (UW ESG Advisory Group), which supports the decision-making process. This group consists of managers from insurance and risk management along with sustainability experts. To help to develop assessment expertise in the departments, six training sessions were conducted for underwriters from the non-life, life and group life businesses in 2022. Recordings of these events were made available to all employees. The sustainability experts also have access to software to support them with the assessment of ESG risks in response to individual queries.

### Transition and exclusions

In 2022, Baloise began applying environmental, social and corporate governance criteria in its underwriting guidelines as part of a pilot project. This means that certain economic

activities will be subject to an ESG assessment as a condition of Baloise continuing to provide insurance, or that existing customers in these areas will be allowed a transition period. The plan for structured dialogue with existing customers and their transition phase are still in the early stages.

Certain sections of the value chain, such as production, manufacture or deinstallation/dismantlement, are excluded from the following economic activities:

- Fossil fuels
- Tobacco products
- Infrastructure and dam construction with critical impact on protected areas in non-OECD countries
- Controversial weapons
- Fast fashion

The above exclusions are consistent with our responsible investment policy. Other economic activities may also be subjected to an ESG assessment involving the department concerned, sustainability experts and external data.

During the transition phase, the development of a sustainable business model will be discussed and agreed with existing customers in the above areas so that Baloise can continue to insure them. It is important to engage in this dialogue in order to understand the individual business model in the context of the relevant industry and determine how it fits in with the underwriting guidelines. Unless otherwise contractually agreed, the transition phase is three years. An important criterion that we consider in this phase is the development of a transparent disclosure process, including objectives and progress towards achieving them. We also look at commitments entered into, such as recognised disclosure standards or industry practices in relation to sustainability. This is another important criterion as it enables us to gauge the progress of our customers towards having a sustainable business model. We need experience in dealing with responsible underwriting in order to be able to embed it permanently into the underwriting process. The discussions with our customers support us in our goal of facilitating the transition of business models towards more sustainable business activity.

### Group-wide results of the ESG assessments in underwriting in Germany, Belgium, Luxembourg and Switzerland in 2022

	Non-life	Life
Rejection of request following assessment by a sustainability manager and/or the UW ESG Advisory Group	5	1
Acceptance of request following assessment by a sustainability manager and/or the UW ESG Advisory Group	70	17

The above figures refer exclusively to new business. In Germany, no new business was reported in the group life business in 2022. The higher number of acceptances is due to the current learning phase. Baloise has been in this phase since the implementation of ESG criteria in 2022.





# Corporate Governance

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Sustainability governance

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# Sustainability Governance

### Corporate governance objectives

- Ensuring good and proper corporate management
- Implementing, and regularly reviewing, structures and processes to ensure the achievement of objectives
- Embedding strategically relevant topics such as sustainability in the business strategy, including control mechanisms
- Ensuring compliance with the Swiss Code of Best Practice for Corporate Governance issued by *economiesuisse* (umbrella organisation representing Swiss business)
- Promoting transparency and trust

At the heart of the organisation working on sustainability at Baloise is the Group-wide sustainability network that was created in 2019. Group-wide means that all national subsidiaries and Group functions, such as Compliance, Human Resources and Asset Management, are represented. This interdisciplinary structure means the network has the expertise it needs to perform its role. The network's tasks are strategic and consist of developing and steering the principle of how Baloise practises sustainability, and providing guidelines.

The network is in regular dialogue with the Corporate Executive Committee. ESG representatives from the national subsidiaries in Switzerland, Germany, Belgium and Luxembourg are part of the Group-wide sustainability network. The Corporate Executive Committee provides feedback on proposals to the Group-wide network and facilitates implementation. The Corporate Executive Committee is also the link between the sustainability network and the Board of Directors. The Board of Directors is responsible for developing the sustainability approach at Baloise, integrating it into the overall strategy and overseeing it. This includes climate-related matters. Since 2022, the Board of Directors' Strategy and Governance Committee has been responsible for monitoring activities in the field of sustainable corporate governance. The Chairman of the Board of Directors chairs the Strategy and Governance Committee.

The Board of Directors dealt with the topic of sustainable corporate governance at three meetings in 2022. It featured in discussions concerning the Simply Safe: Season 2 strategic phase for the period from 2022 to 2025 and also constituted an agenda item in its own right concerning the ongoing integration of ESG aspects into Baloise's business processes. The sustainability representatives of the national subsidiaries are the link to the local sustainability networks and the local Executive Committees, as well as the local Boards of Directors. The local networks focus on ensuring that sustainability is implemented in a manner appropriate to

### Impact of value creation

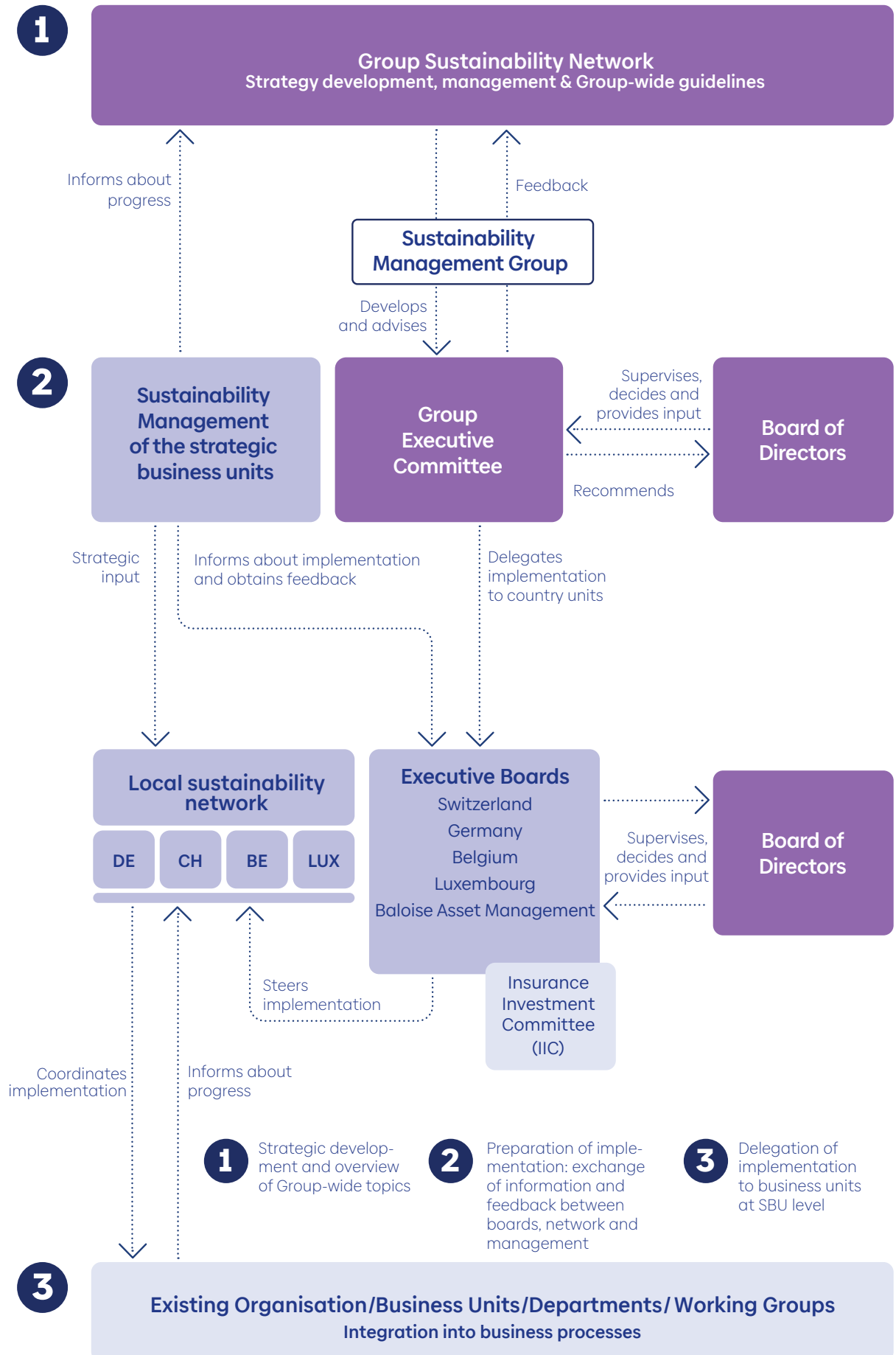
- Integration of sustainability aspects in the corporate governance system
- Development of a shared strategic vision and paving the way for the strategy to be implemented at operational level
- Establishment and operational implementation of the strategic focus across the organisation
- Open and transparent communication that inspires confidence in our activities as a company and is reflected in sustainability ratings

the local markets in every aspect. However, implementation is not the exclusive responsibility of the local networks. Together with the local departments, they coordinate which measures are implemented, as well as when and how they are implemented.

Alignment between the networks is essential for Group-wide implementation and is ensured by the sustainability representatives of the national subsidiaries and at Group level.

The specified corporate governance model was adopted by the Corporate Executive Committee and the Board of Directors at the end of 2019.

Further governance structures are described in the relevant chapters, such as 'Responsible investment', 'Responsible underwriting' and 'Data governance & security'. Information on corporate governance can be found in the Annual Report from page 33 onwards.





# Risk management

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# Risk management – a key pillar of our value creation

### Risk management objectives

- Identification and measurement of key risks
- Compliance with all external requirements regarding risk management
- Carefully considered management of opportunities, taking account of the risks
- Involvement of our employees from different departments and operating segments in the risk management system
- Active communication about the risk situation
- Integration of sustainability risks and climate risks into the risk management system and in the investment and underwriting process

Risk management is a key element of a sustainability-focused corporate governance system and, as such, plays an important role at Baloise in adding value for all our stakeholders. It helps to ensure a strong balance sheet, a high level of operational profitability, a well-developed risk culture, consistent risk processes and a sustainable investment policy. The main tasks of risk management are to satisfy the statutory, regulatory and other external requirements applicable to Baloise and to optimise the risk/return ratio with the aim of maintaining and increasing value for our stakeholders in the long term.

Our risk management system plays an important role in the overall value creation process. It involves managing risk and value alike and is based on innovative standards so that we can always keep our promise to customers. Our risk management is a standardised strategic and operational system that is applied throughout the Baloise Group and covers the following areas:

#### ● Risk governance and risk culture

Standards that apply across the Group form the backbone of Baloise's risk strategy and define – in the form of a risk map – the fundamental risk issues, such as actuarial risk and market risk, as well as the operational risk arising from business activities. The detailed risk map can be found on pages 126 and 127 of the 2022 Financial Report. Risk awareness – i.e. a sense of readiness to detect and respond to risks – is encouraged and embedded throughout the organisation. One way in which we achieve this is by involving our employees from different departments and operating segments in the risk management system (e.g. in the assessment of risks and in the allocation of responsibility for risks).

### Impact of value creation

- Understanding current and future risks
- Ensuring stability and the proper functioning of business operations at Baloise
- Enhancing risk awareness at all levels of the organisational structure
- Providing transparency about risks taken
- Reducing sustainability and climate risks and contributing to society and environmental protection in positive ways

#### ● Risk measurement

At Baloise, risk is identified and quantified in all business and financial processes according to common internal standards. This enables appropriate priorities to be set for our senior management in respect of the risks taken on.

#### ● Risk processes

Leadership, reporting and evaluation processes are supported by risk processes in order to ensure that the risk perspective is factored into all important business decisions.

#### ● Risk reporting

Risk reporting ensures that the current risk situation is presented transparently in our internal and external communications.

#### ● Risk management

Risks are managed and mitigated carefully in keeping with the defined risk tolerance. Upside potential is optimised with due consideration of the risks, resulting in sustainable value creation for Baloise's investors.

Sustainability risks – including climate risks – are identified along the risk map and integrated into the existing risk management processes and frameworks. This ensures that the results of our regular analyses and assessments are incorporated into our strategic risk management approach.

### Risk management system and risk culture

**The end-to-end risk management system and risk culture ensure that all material risks are identified, measured and adequately addressed. Risks that have been taken on are consciously managed and unwanted risks are actively reduced for Baloise and for its stakeholders.**

A key part of our risk management system is the identification and assessment of risks. Group-wide individual risks are plotted on the risk map according to their likelihood and their expected impact. A corporate database of specific risks – containing a detailed description of the risks concerned, their position on the risk map, early-warning indicators and their evaluation – is generated from this standardised process. Risks are documented together with the measures needed to mitigate them. Clear responsibilities are defined across all departments. Each risk is assigned to a risk owner (with overall responsibility) and to a separate risk controller (responsible for risk monitoring and control). Based on this database, which is regularly updated, it is possible to check whether the risks that have been taken on are within the limits of acceptable risk. This allows unwanted risks with possible negative consequences for Baloise and its stakeholders to be identified at an early stage and mitigated in a targeted manner. Strategic decision-makers are brought into the risk assessment process, along with system managers, process managers and specialists, which creates risk awareness and a risk culture among our employees.

### Compliance with regulatory obligations and disclosure requirements

**By complying with regulatory obligations and disclosure requirements in risk management, Baloise demonstrates that it is a reliable partner to regulatory authorities, customers, investors and society.**

Baloise meets various regulatory obligations such as the Swiss Solvency Test (SST), Solvency II, the Own Risk and Solvency Assessment (ORSA) and the requirements for internal control systems. This helps it to monitor risk and provide regular reports on its risk and solvency situation to the regulators. Fulfilment of these requirements ensures that Baloise reduces unwanted risks to the greatest possible extent and remains solvent even under adverse circumstances so that we can always meet our obligations to customers.

The calculation methods stipulated by the Swiss Solvency Test and the Solvency II guidelines provide the basis for the quantitative risk measurement of all business and financial market risks. This combination of quantitative risk measurement and analysis of specific risks as described above ensures that we have an adequate overview of the prevailing risk situation at all times. The overall risk situation is presented in the Own Risk and Solvency Assessment and discussed with the decision-makers as a basis for developing appropriate action plans.

The purpose of the internal control system is to ensure compliance with laws and regulations, the reliability of the financial reporting and the effectiveness of the business processes in order to support the Company in achieving its goals. In implementing the internal control system, we are pursuing a strategy of increasing risk awareness at all levels of the Company and focusing on the identification and management of key risks faced by the Company that could pose a threat to the proper functioning of business operations and thus to the success of the Company. Using the internal control system, we can identify risks for our stakeholders at an early stage and effectively mitigate them.

Disclosures made in the financial condition report (Baloise Group and its Swiss companies) and the Solvency and Financial Condition Report (European Economic Area) inform the market, investors and customers about the most important findings of the quantitative solvency measurement and thus the capital strength and the risks taken. This reporting also promotes market discipline and thus also the stability of the financial sector.

Our risk management team proactively participates in discussions with our partners, thereby contributing to society and to a better understanding of the future risks for the insurance industry. Baloise is a member of the Swiss Insurance Association (SVV), for example. At Baloise, we fulfil our responsibilities through our work with the association, and also in direct cooperation with the regulatory authorities, by providing support in the form of data, analyses and assessments for industry surveys about specific issues and for use in the ongoing development of the regulatory system.

### Risk management

**The ongoing optimisation of income through risk/return criteria as part of strategic risk management will secure the long-term stability of Baloise and be of benefit to our customers and investors.**

Our risk models, which use quantitative methods to assess all business risks and financial market risks in all strategic units, form the basis for strategic discussions about risk appetite. Strategic risk management within the scope of the defined risk appetite offers a clear picture of the risks involved in opening up new business lines and of how to optimise the risk/return profile of existing business. In the area of investment, for example, we aim to achieve the highest possible expected return with the lowest possible risk. This will ensure long-term stability, benefiting both our customers and our investors.

### Sustainability risks and climate risks

**As the integration of sustainability risks and climate risks into our risk management framework progresses, our risk profile is becoming more nuanced. Over the long term, the inclusion of sustainability aspects in risk-related strategic considerations will improve the creation of value for our customers and investors and will reduce the Company's environmental impact.**

In order to facilitate an efficient assessment from different angles and over different periods of time, sustainability-related risks are integrated into the existing risk processes at Baloise. To this end, sustainability risks are classified as pertaining to the environmental, social or corporate governance (ESG) dimensions. They are identified, recorded and assessed along the risk map within the established risk categories used by insurance companies, banks and asset management companies (e.g. actuarial risk, credit risk and market risk). Another key risk category considered is climate risk. In addition, sustainability aspects that are of strategic relevance in terms of risk are addressed as a separate risk type in the context of the business strategy.

Although we predominantly evaluate sustainability risks on a qualitative basis, there are also established quantitative processes and methods at Baloise – including natural disaster analysis – that we regularly use in collaboration with our reinsurance brokers.

To integrate sustainability aspects, we first identified various sustainability risk clusters (e.g. storm and flood disasters) and, working closely with the underwriting, investment and actuarial departments, used the findings to determine any potential or actual risks. We then added the material risks identified by means of this process to our Group-wide frameworks. These are evaluated as part of the Own Risk and Solvency Assessment. In this context, we analyse sustainability risks and climate risks over short-term (approximately one year), medium-term (approximately one to five years) and long-term (more than five years) periods. This evaluation is integrated into the usual ORSA risk measurement processes. The resulting risk situation is discussed in detail with the Corporate Executive Committee and its committees – primarily the Risk Committee – and signed off by the Board of Directors.

Based on the commonly used typology, the following sustainability-related risks have been identified:

#### ● Physical risks

Although physical climate risks that may arise in the short term, such as natural disasters, are largely mitigated by reinsurance or the recognition of adequate capital reserves, climate change is a key factor driving medium-term and long-term risks arising from the increasing prevalence of natural phenomena such as hurricanes, floods, hailstorms and fires. Chronic risks with long-term effects – such as rising sea levels –

represent potential emerging risks, especially as they are expected to have an adverse impact on investments and insured business in low-lying regions.

#### ● Transition risks

In the short term, changes in the expectations of stakeholders with regard to sustainability – and the resulting shift in demand for financial and insurance products – will create competition risks if we at Baloise do not respond appropriately to these changes. Moreover, an unexpectedly strong shift in demand in respect of certain companies or sectors in which we have invested could lead to market risks (stranded assets). There is a risk in the medium term that these circumstances are not adequately factored into strategic decisions and that suitable adjustments are not made to our product range. It is also important to consider technological developments in connection with the transition to a lower-carbon economy.

#### ● Liability risks

Particularly in the long term, risks may arise for Baloise if companies are increasingly held liable for the environmental damage that they cause (e.g. due to pollution, endangering of biodiversity or breaches of environmental standards).

The integration of sustainability risks into existing risk management processes ensures that the results of regular analyses and assessments are incorporated into our strategic risk management approach and that this approach is adequate for dealing with these risks. In addition, general risk awareness is strengthened through the involvement of our employees from different departments and operating segments. This ongoing integration of sustainability risks and climate risks into our management of risk constitutes an important step in implementing the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

### Inclusion of sustainability criteria in our investment and underwriting policy

**By embedding sustainability criteria in our investment and underwriting policy as part of our strategy, the risks for our customers and investors are reduced and opportunities are identified so that a positive contribution to society and environmental protection can be achieved.**

By integrating ESG factors into our investment process, we at Baloise are making a positive contribution to the environment, society, investors and customers. This is being achieved as part of Baloise's responsible investment strategy, which incorporates the climate strategy and active ownership strategy applicable to asset management at Baloise. We are reducing investment risks in the long term by investing in companies whose management of ESG risks is



categorised as good to excellent. These companies are more resilient in times of crisis and, in particular, can minimise downside risks. This benefits the environment and society as a whole, as these companies reduce their negative impact or even generate a positive impact. Our customers and investors benefit indirectly from the positive impact on society as a whole and directly from the long-term positive effects of this investment strategy on the risk/return ratio.

[www.baloise.com/sustainability](http://www.baloise.com/sustainability)

Our underwriting policy also increasingly takes account of sustainability criteria, especially in new insurance business with industrial and large corporate customers. In addition, Baloise sees itself as a reliable partner for customers whose business model is currently undergoing a transformation. We have launched a process in product management that identifies market-specific opportunities in the field of sustainability that can then be addressed through products and services. This allows us to make a positive contribution to society and environmental protection through our core business (see chapter 'Environment/responsible underwriting', page 93 onwards).

### **External view of capitalisation and risk management**

**Baloise's capitalisation, which has a positive impact on the security of investors and customers, is also highly rated outside the Company.**

The Standard & Poor's rating of 'A+ with a stable outlook' is evidence that our excellent capitalisation is also recognised by third parties. Standard & Poor's also takes a favourable view of our strategic risk management, risk culture and risk controls. These are aspects that have a positive impact on the security of our investors and our customers.

[www.baloise.com/risk-management](http://www.baloise.com/risk-management)



# Compliance

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Compliance culture creates value

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# Compliance culture creates value

### Compliance targets

- Organisational measures to ensure compliance with laws, standards and instructions
- Raising employee awareness through communication on instructions, regular training and concerted action plus a clear process in the event of violations
- Multiple channels – including anonymous whistleblowing channel for employees and outside parties – are available for reporting suspected violations
- Group-wide cooperation across the Baloise compliance framework
- Ultimate responsibility rests with the Corporate Executive Committee and the Board of Directors

### Impact of value creation

- Risks relating to data protection, money laundering, antitrust law, corruption and insider trading are systematically monitored and minimised through internal control mechanisms
- We have established a compliance culture that promotes and strengthens ethical conduct
- We promote a sense of responsibility in employees to secure their support in cases of suspected violations
- Creation of a shared Group-wide understanding of compliance
- Regular and ad hoc assessment of compliance risks and development of appropriate measures

Within a company's day-to-day operations, compliance refers to all organisational measures designed to ensure that laws, standards and instructions are respected. It covers all strategies required to ensure the proper conduct of a company, which in turn includes adhering to laws and regulatory standards and having internal company policies and directives in place. This encompasses areas such as data protection, money laundering and corruption. Compliance plays a key role in creating sustainable value for stakeholder groups such as customers, partners, employees and shareholders. A distinctive aspect of our compliance culture is that a basic attitude of self-responsibility has been created to ensure that employees fully understand the guidelines and are able to operate within the set framework.

Compliance requirements in a regulated company are strict and becoming ever stricter. New regulations and tighter controls by regulatory authorities present a challenge for the entire organisation.

Our aim is to establish and promote a strong compliance culture and standards of ethical behaviour within Baloise. Raising awareness among our employees with regard to compliance plays a central role here. We issue directives and provide regular training (every one to three years) to cover topics such as data protection, competition law, combating money laundering, and bribery and corruption. 3,164 employees in Switzerland completed compliance training in 2022. The participants and the degree to which the training is completed is monitored in the internal training system. At the same time, a rigorous approach in the event of violations is important in order to increase employees' awareness of ethical behaviour. No serious and thus internally notifiable fraud cases were reported in 2022. Suspected violations can be reported via a number of channels, including an anonymous whistleblower platform. This platform is also open

to external parties. There are clearly defined rules in place governing how reports and cases are to be dealt with. There are also clear rules and approval processes governing the granting and acceptance of gifts and non-cash benefits set out in internal directives and in the Baloise Code of Conduct.

Within the compliance framework, Group Compliance works with the local compliance managers to develop Group-wide policies and minimum standards in accordance with a risk-based approach. In this way, we create an understanding of compliance that is shared across the whole Baloise Group. This includes, among other things, strategic tasks, advice and support, control and monitoring, and reporting at local level and from a Group perspective. The Compliance function is responsible for the early identification of new compliance risks in respect of matters such as new regulation, new business areas or new partners. New compliance matters are added to the compliance standards as required. New sustainability-related topics are incorporated into the existing compliance framework and handled accordingly. Additional standards may be agreed in future if required for a specific topic.

Compliance supports the Executive Committee in the performance of its organisational due diligence by specifically advising, developing operational parameters and identifying compliance risks periodically and on an ad hoc basis. Compliance is the central point of contact for employees for questions and reports relating to compliance matters defined in the Code of Conduct. Group Compliance assesses and reviews the local compliance plans and the implementation of the standards by means of appropriate controls. Compliance monitors important legal developments and provides information about the status of the implementation of and adherence to the internal and external legal and regulatory provisions. Existing compliance risks are

also identified, assessed and monitored. Every six months, reports on all the above matters are submitted to the local Executive Committees and, in consolidated form, to the Corporate Executive Committee and the Audit Committee of the Board of Directors. Besides being a regulatory requirement and necessary to protect the Company's reputation, compliance is an important element underpinning Baloise's sustainability strategy in the area of ESG. Assessing whether the Baloise Compliance function adequately fulfils this task requires an objective and independent assessment of the quality and maturity of the compliance measures.

Group Compliance worked with an external consultant to develop a three-step process for this. Firstly, external compliance experts analysed the Baloise Group compliance framework using documents such as the Group Compliance Policy and assessed it in a maturity model. In the second step, Baloise took part in a compliance benchmark study in the Swiss insurance market, where around 25 insurance companies carried out a self-assessment based on a detailed questionnaire. The evaluation also produced an assessment in the maturity model in comparison with the other participating insurance companies. In the third step, Group Compliance and the external consultant conducted a survey of a randomly selected, representative group of Baloise employees in Switzerland, who were asked to give their opinion of compliance. This complemented the first two assessments by providing a bottom-up view of compliance at Baloise. Together, the three assessments created a valid picture of the quality and maturity of compliance at Baloise at Group level and in Switzerland. The result is very positive. Overall, the Baloise Compliance Management System (CMS) achieves the target value of four out of five for a majority of the aspects from all three perspectives, and is rated as 'managed'. This is a good score. The consistency of the three perspectives, including the employee perspective, is a particularly notable and positive aspect. Baloise has introduced improvement measures for individual aspects where the expert assessment was below the target value.

[www.baloise.com/compliance](http://www.baloise.com/compliance)

[www.baloise.com/compliance-controlling-standards](http://www.baloise.com/compliance-controlling-standards)

[www.baloise.com/code-of-conduct](http://www.baloise.com/code-of-conduct)



# Data Governance & Security

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# Data Governance & Security

### Objectives of information security and data protection

- Effective information security and guaranteeing data protection
- Combination of people, processes and technology
- Group-wide discussion and education, together with training and professional development of employees, on the topics of data protection and information security, advanced analytics, machine learning and artificial intelligence
- Deployment of effective technologies with ever more intelligent automation
- Adherence to key data protection principles, including regular review of the principles
- Early detection and identification of, and rapid and efficient response to, cyberattacks; regular resilience checks
- Implementation of data governance across the Group
- Group-wide crisis team for cyber risks

### Impact of value creation

- Protection of Baloise's information and data from misuse, unintentional disclosure, destruction, alteration and interference at all times
- Foundation for the future success of Baloise operations and of our value-creating activities
- Transfer of knowledge regarding important topics for the future and their application
- Balance between security, data protection, risk-based measures and user-friendliness
- Strengthening trust between Baloise and its customers, partners and employees with regard to the protection and use of data
- Appropriate security culture and an understanding of individual responsibility in relation to data protection and information security
- Supporting mechanisms for enforcing the rules and procedures, and for identifying threats
- Continuous strengthening of cyber resilience
- Ability to react appropriately and effectively in the event of a crisis

### Information security and data protection are key factors

Effective information security and data protection are key elements in the digital transformation and are essential to achieving the Baloise Group's business objectives. The purpose of information security and data protection is to defend Baloise's information and data against misuse, unintentional disclosure, destruction, alteration and interference at all times. The aim is to ensure comprehensive, long-term protection by focusing on the principles of our Simply Safe strategy. The areas of IT, corporate governance, risk management and compliance are essential elements underpinning our Simply Safe strategy. They provide the basis for the future functioning of Baloise and for value creation for all of our resources.

Our Simply Safe strategy aims to strike a balance between security, data protection, risk-based measures and user-friendliness. Customers, partners and employees should be confident that all the information and data they entrust to Baloise will be adequately protected from threats and misuse, and only processed in accordance with the law. The implementation of reliable information security and data protection in compliance with the law requires a combination of people, processes and technology. The human part of the equation relies on establishing a culture focused on security. This requires Group-wide discussion,

education and ongoing training and development, as all Baloise employees are responsible for carrying out basic information security and data protection measures. Reliable information security and data protection are only possible if all Baloise employees play their part. Employees receive regular 'phishing emails', sent by a special program to raise their awareness of this issue. They can practise recognising suspicious emails without any harm being caused. In 2022, more than 450,000 training emails were sent, of which 3.5 per cent were not correctly identified. We therefore need to continue working on this. Other awareness training was also carried out in 2022. Software developers, administrators and senior management received training specifically tailored to their respective roles.

While every individual employee is responsible for information security, data protection and data governance, ultimate responsibility in this area rests with management. These topics are represented on the Corporate Executive Committee by Alexander Bockelmann, Chief Technology Officer (CTO). The Board of Directors is responsible for ultimate oversight.

Processes are the key to implementing an effective information security and data protection strategy. They are critical to how an organisation's activities, roles and documentation are used to mitigate information risks. As well as the ongoing implementation of our technical privileged access management solution, additional controls



were implemented in 2022, including background checks and targeted training for administrators.

The technology required to implement the most suitable systems in the right way in order to automate processes and make them more sophisticated and effective provides the supporting mechanism for the implementation of rules and procedures and for the identification of threats.

Our work is guided by the following principles of our information security strategy:

- Risk-based approach
- Integral security
- Security framework
- IT compliance
- Security culture

[www.baloise.com/it-security](http://www.baloise.com/it-security)

Baloise also adheres to the following key data protection principles:

- **Transparency**  
Data subjects receive clear information regarding all processing of their data. Privacy by design: business processes and systems work together in a way that supports data protection.
- **Proportionality**  
Personal data is only processed to the extent necessary for the stated purpose.

[www.baloise.ch/en/about-us/information/privacy-policy](http://www.baloise.ch/en/about-us/information/privacy-policy)  
[www.baloise.com/en/home/information/privacy-policy](http://www.baloise.com/en/home/information/privacy-policy)

## Cyber resilience

Strengthening cyber resilience is another key aspect of Baloise's information security strategy. Cyber resilience is based on the ability to effectively protect against potential cyber events, but also to promptly detect and identify such events, respond quickly and efficiently to them, and recover from them if they do occur.

We teamed up with Swiss start-up Bug Bounty Switzerland to carry out a number of cyber tests in 2022, and the results were very informative. There was relief when we received the first reports from Bug Bounty's ethical hackers revealing that security gaps had been closed. In one project, the efficiency of penetration tests and Bug Bounty programs were compared directly and important insights were gained. These experiences also enabled us to deal effectively and efficiently with a cyberattack on Baloise in Germany in April

2022. Thanks to early detection and our correct response, we were able to fend off the attack. No customer data was lost and no data was encrypted. Nonetheless, the incident was analysed in depth and a number of measures identified that will make our defences even stronger.

Having a well-drilled, experienced and capable crisis management team is also part of cyber resilience. A Group-wide crisis management team was established in 2021 to respond to cyber crises with implications for the whole Baloise Group. It faced its first real threat during the attack in April 2022. An annual exercise is conducted in the crisis management team to ensure that the latest insights are incorporated into its procedures.

## Data governance

There was a strategic focus on the topic of data in 2022. Various levels were addressed and the first effects are already apparent.

### Implementation of data governance

A Group-wide organisational platform was created to regulate key aspects of data governance and to address data strategy topics that are of relevance to the Group. Harmonisation of the local data strategies made it easier to leverage synergies and collaborate at Group level. The Data Core team, made up of the data officers of the individual national Baloise companies, forms the core of the organisational platform. The establishment of the Data Core team was followed by the development of a data governance blueprint as the basis for local implementation of the data governance organisations and objectives. The data governance implementation strategies are not formulated centrally due to local regulatory considerations.

The requirements for the operationalisation of the data protection requirements of the General Data Protection Regulation (GDPR) and the Swiss Data Protection Act (DPA) are also implemented and embedded in the Group's policies.

### Use of advanced analytics and machine learning

Our national subsidiaries are at very different stages of their journey when it comes to the use of advanced analytics and machine learning. The target was therefore that all companies should be able to implement and make productive use of at least two advanced analytics use cases. This target was achieved.

The objective for 2023 is to harmonise the methodology and tool use for advanced analytics and machine learning across all the national Baloise companies and thereby create the basis for interoperability. The target is to implement 20 advanced analytics applications on this basis.

## Data Governance & Security

### Data culture and data-driven organisation

Various learning formats were used for training on the subjects of data culture and data-driven organisation. These included a data learning day with various project presentations and guest speakers. A variety of data-specific content was presented and discussed at the internal Open X Days. In June, a digital clean-up week was organised to sharpen our employees' awareness of the importance of deleting data that is no longer required. This not only saves energy by reducing storage space but also increases security.

The Artificial Intelligence Academy is a Group-wide initiative that provides training and a forum for sharing information on the subject of artificial intelligence, with a focus on use cases and methodology.

Business intelligence community meetings were held locally in our national companies. These provide a platform for discussion of the technical and organisational aspects of change management. For example, the new Group-wide Data Governance Policy was launched and our Group-wide data science experts' information-sharing platform was established.

Advice was provided to assist with the structuring of data usage in the departments in order to improve data literacy. A data science team then worked in conjunction with the departments in order to implement the ideas for potential improvement that were identified. Over this period, several use cases were developed that provided a very positive return on investment overall. There is now a roadmap that sets out value-enhancing data usage concepts that can and should be implemented in both departments. Baloise therefore has a sound strategy for unlocking data usage potential and initiating a sustainable change process.

For 2023, the implementation of a training programme on this subject for senior and middle management is being planned, along with the development of a data culture programme for other Baloise employees.

[www.baloise.com/it-security](http://www.baloise.com/it-security)

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# General information

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# Information on the Baloise Group

This publication was produced by the Baloise Group and may not be copied, amended, offered, sold or made available to third parties without the express authorisation of the Baloise Group. The 2022 Annual Review and Annual Report is also available in German. Only the German text is legally binding. The Financial Report contains the audited 2022 annual financial statements together with detailed information. The Annual Report contains all of the elements that, in accordance with Art. 961c of the Swiss Code of Obligations, make up the management report. Amounts and ratios shown in this Annual Report are generally stated in millions of Swiss francs (CHF million) and rounded to one decimal place. Consequently, the sum total of amounts that have been rounded may in some cases differ from the rounded total shown in this report.

The companies of the Baloise Group and its decision-making bodies, employees, agents and other persons do not accept any liability for the accuracy, completeness or appropriateness of the information contained in this publication. Specifically, no liability is accepted for any loss or damage resulting from the direct or indirect use of this information. This publication constitutes neither an offer nor a request to exchange, purchase or subscribe to securities; nor does it constitute an issue or listing prospectus.

## Cautionary note on forward-looking statements

The sole purpose of this publication is to provide a review in summarised form of the operating performance of Baloise for the period indicated. To this end, the publication also draws on external sources of information (including data). Baloise neither guarantees nor does it recognise the accuracy of such information. Furthermore, this publication may contain forward-looking statements that include forecasts or predictions of future events, plans, goals, business developments and results and are based on Baloise's current expectations and assumptions. These forward-looking statements should be noted with due caution because they inherently contain both known and unknown risks, are subject to uncertainty and may be adversely affected by other factors. Consequently, business performance, results, plans and goals could differ substantially from those presented explicitly or implicitly in these forward-looking statements. Factors that could influence actual outcomes include, for example, (i) changes in the overall state of the economy, especially in key markets; (ii) financial market performance; (iii) competitive factors; (iv) changes in interest rates; (v) exchange rate movements; (vi) changes in the statutory and regulatory framework, including accounting standards; (vii) frequency and magnitude of claims as well as trends in claims history; (viii) mortality and

morbidity rates; (ix) renewal and expiry of insurance policies; (x) legal disputes and administrative proceedings; (xi) departure of key employees; and (xii) negative publicity and media reports. This list is not considered exhaustive. Baloise accepts no obligation to update or revise forward-looking statements in order to take into consideration new information, future events, etc. Past performance is not indicative of future results.

## Availability and ordering

The 2022 Annual Review and Annual Report and the Summary of the 2022 Annual Report will be available from 28 March 2023 on the internet at:

[www.baloise.com/annual-report](http://www.baloise.com/annual-report)

Corporate publications can be ordered either on the internet or by post from the Baloise Group, Corporate Communications, Aeschengraben 21, 4002 Basel, Switzerland:

[www.baloise.com/order](http://www.baloise.com/order)

## Information for shareholders and financial analysts

Detailed information and data on Baloise shares, the IR agenda, the latest presentations and how to contact the Investor Relations team can be found on the internet at [www.baloise.com/investors](http://www.baloise.com/investors)

This information is available in German and English.

## Information for members of the media

You will find the latest media releases, presentations, reports, images and podcasts of various Baloise events as well as media contact details at [www.baloise.com/media](http://www.baloise.com/media)

# Financial calendar and contacts

**28 April 2023**

**Annual General Meeting**

Bâloise Holding Ltd

**20 September 2023**

**Half-year financial results**

Publication of the 2023 half-year report

Conference call for analysts and the media

**16 November 2023**

**Q3 interim statement**

**26 March 2024**

**Annual results**

Publication of the 2023 annual report and annual review

Media conference and conference call for analysts

**26 April 2024**

**Annual General Meeting**

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