

Report on non-financial matters

(Art. 964a et seq. of the
Swiss Code of Obligations (OR))

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About this chapter

This chapter was written in accordance with section six 'Transparency on non-financial matters' of the Swiss Code of Obligations.

The chapter is divided into four sections and contains voluntary and compulsory disclosures for 2023. The section 'General information' contains a summary of the course of business and our operating performance, a description of the business model (see page 284) and other information that is useful for understanding our activities. This includes an overview of topics that are material for Baloise's operating activities (see page 292) and information on our targets and commitments under our value creation model (see page 290). Information is also provided on responsible underwriting and responsible investment, which address environmental, social and corporate governance (ESG) matters.

In the sections 'Information on environmental matters' (see page 309), 'Information on social matters' (see page 319) and 'Information on corporate governance' (see page 337), we outline our approach in these areas, including measures to implement them, the risks involved and key performance indicators.

In addition, Baloise publishes an Annual Review, which is aligned with the European Corporate Sustainability Reporting Directive (CSRD) and contains information that goes beyond what is required under the Swiss Code of Obligations in respect of setting out Baloise's responsibility for sustainable corporate governance.

Foreword

**Dear shareholder,
dear reader,**

The business model of insurance companies means that they shoulder responsibility for current and future generations. Our services help to make society more resilient and offer private individuals and businesses safety and security. For the past 160 years, we at Baloise have felt a great sense of responsibility for our customers, our employees and our investors. The long-term focus of our business model also reflects the enduring effect of our services and the value that we create for our stakeholders.

Through our services, we make an important contribution to social stability while facilitating growth and innovation. Companies, and small and medium-sized enterprises in particular, can plan their business better and take risks because we assume risks for them that they would not be able to manage themselves, at least not without great financial expense. With an extensive range of solutions for personal and occupational pensions, our business model also contributes to strengthening social stability and preventing social inequality.

Insurance companies are also part of the solution when it comes to tackling the challenges ahead – together with other groups in our society – and putting protection in place against the biggest known risks. Earthquakes and a novel pandemic are examples of known risks for which it is not possible to obtain comprehensive private insurance cover. Cyber risk is a risk that can cause major financial damage

and poses a threat to us all. At Baloise, we are ready to play our part in tackling these challenges and share in the responsibility. But the resolve and support of other stakeholders are also needed to better protect against these new risks.

In this report, we show how we assume responsibility in various areas, including ESG matters and human rights. Next year, the report will be supplemented by reporting on climate-related risk. Baloise is also working towards preparing a Group report based on the European Corporate Sustainability Reporting Directive (CSRD) from the 2025 financial year onward. Our Annual Review is already aligned with the CSRD.

Basel, March 2024



Dr Thomas von Planta
Chairman of the
Board of Directors



Michael Müller
Group CEO



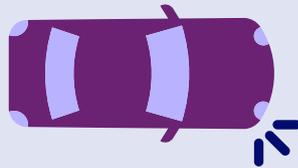
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At a glance



CHF **3,259.3** million
equity



92.0%
combined ratio



6.5%

new business margin
in the life business

CHF **239.6** million
profit attributable to
shareholders

81%

of employees
responded positively
to Baloise's employee
satisfaction survey



+ 54,000
additional
customers

Asset Management

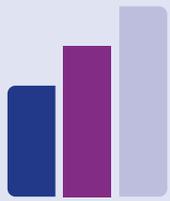
Total assets under management	CHF 57.9 billion
Third-party assets under management	CHF 15.0 billion
Net new third-party assets	CHF 1.2 billion
Cost/income ratio	70.7%
Employees	238

Bank

Net new money custody account volume (market-adjusted)	CHF 281.0 million
Total assets	CHF 8,731.7 million
Wealth & pension advisory mandates	5,267
Return on equity	13.2%
Employees	402



A-AAA MSCI ESG rating for rated
insurance investments



CHF **493** million
cash remittance

Dividend of

CHF **7.70** per share

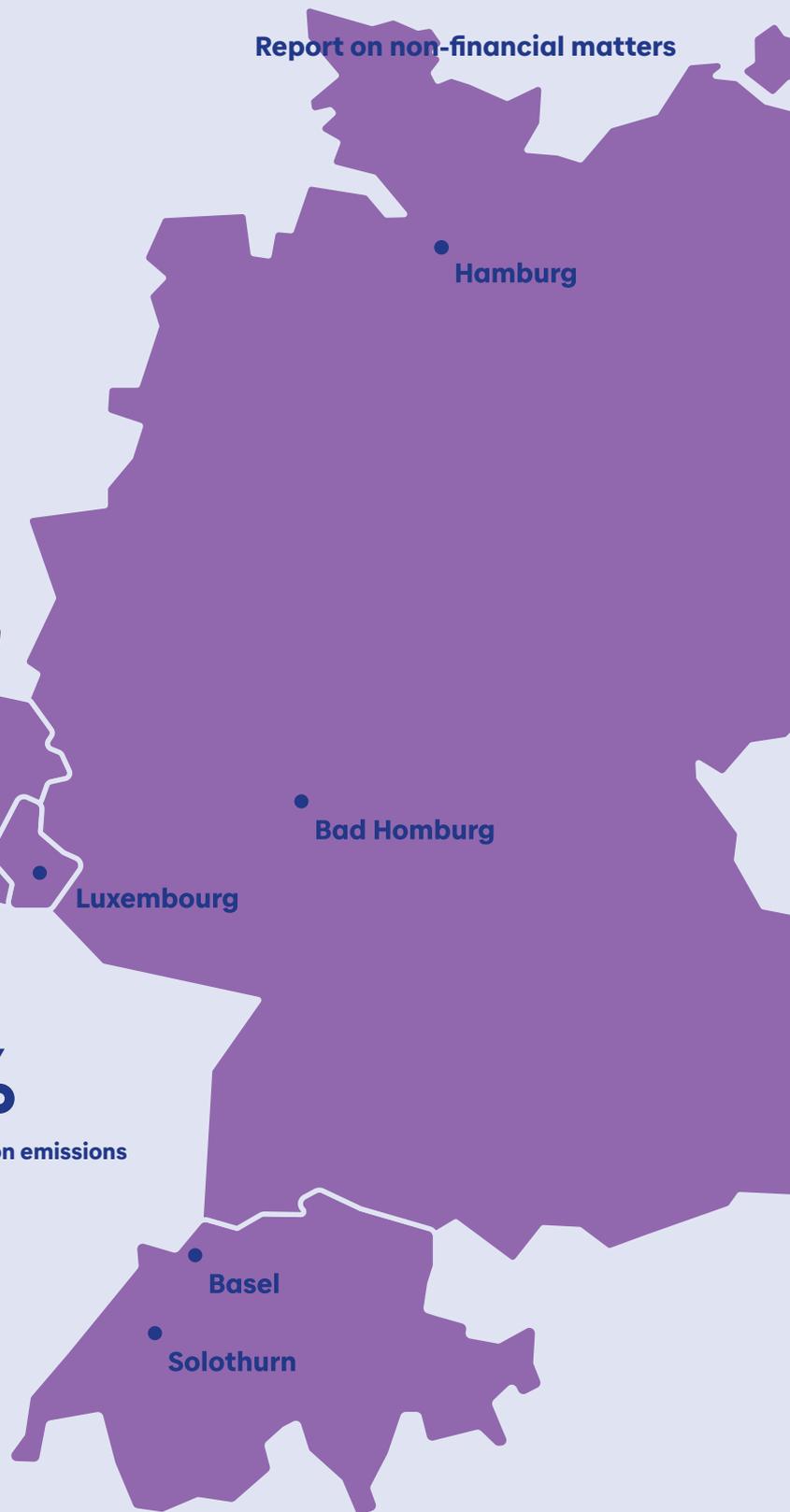
(proposal to the Annual General Meeting on 26 April 2024)



3.2%

increase in carbon emissions

CHF **8,618.1** million
total business volume



	Switzerland	Germany	Belgium	Luxembourg
Business volume				
Life (CHFmillion)	2,513.4	499.8	482.0	152.8
Non-life (CHF million)	1,468.7	816.5	1,589.7	154.6
Investment-type premiums (CHF million)	43.6	0.0	14.1	830.8
Employees	4,031 ¹	1,532	1,775	682 ²
Combined ratio	98.4%	88.7%	85.8%	89.0%

¹ including Asset Management and Bank.

² including Liechtenstein [18] and FRIDAY [202].

Further information on business development can be found from page 10 of this report.

A look back at the year

Baloise's highlights in 2023



January

Michael Müller nominated as Group CEO

Baloise CEO Gert De Winter decided to step down as Group CEO at the end of June. The Board of Directors appointed Michael Müller (52) to replace him with effect from 1 July 2023.

Baloise successfully places its third green bond

We successfully place a nine-year senior green bond with a volume of CHF 175 million and a coupon of 2.20 per cent. The first green bond was issued in 2021, and this is now the third.

Baloise implements expanded RI policy

Our expanded responsible investment (RI) strategy has been in place since January 2023 for liquid investments, for some of the fund's private assets and for the majority of our funds, including fund selection. The updating of the RI strategy took account of the SFDR, the FINMA Guidance 05/2021 on preventing and combating greenwashing and the AMAS requirements for self-regulation of transparency and disclosure for sustainability-related collective assets.

March

Baloise publishes second non-financial report

We again publish our Annual Review, in addition to the Annual Report, to show how we uphold our responsibility as a corporate citizen. The report forms the basis for our non-financial reporting and anticipates the future direction of disclosure requirements in Switzerland and the EU.

Christine Theodorovics to become CEO of Baloise in Luxembourg

Romain Braas, CEO of Baloise in Luxembourg, decided to retire at the end of September 2023. His successor will be Christine Theodorovics (54), a dual Swiss and Austrian national, who will take up her role on 1 June 2023.



January 2023



February

TRONITY electric vehicle solution joins the Baloise Mobility ecosystem

We are investing in the company TRONITY, thereby gaining a new partner for our Mobility ecosystem. TRONITY is a data-driven solution that provides electric vehicle users with transparent, comprehensive information about the costs associated with their vehicles as well as related services.



April

Clemens Markstein to become CEO of Baloise in Switzerland

The Board of Directors of Baloise Holding Ltd appointed Clemens Markstein (52) as the new CEO of Baloise in Switzerland and a member of the Corporate Executive Committee of the Baloise Group. He will assume his post on 1 July 2023. Clemens Markstein succeeds Michael Müller, who is taking over as CEO of the Baloise Group from Gert De Winter.

October

Baloise adopts climate roadmap

We are committed to the targets of the Paris climate agreement and we support the efforts of the Swiss government and the European Union (EU) to reach net zero by 2050. We are drawing up a climate roadmap to set out how we intend to get there. The plan includes a 25 per cent reduction in operating emissions by 2030.

Baloise extends its partnership with Baloise Session

We are extending our involvement as the presenting sponsor of the Baloise Session festival by another four years until 2029. This underscores the strategic focus of Baloise's sponsorship activities in the field of music. We promote music in Switzerland, both as a sponsor of Baloise Session and as the promoter of our own one-off concerts and a special Switzerland-wide series of concerts.



December
2023

November

Baloise is recognised as one of the most innovative insurance companies in Switzerland

We win the people's choice award at the Swiss Insurance Innovation Awards for our 'Rapid Damage Cockpit (RDC)' project and secure second place with 'Parasurance'. Using our innovative RDC map, the Rapid Damage Cockpit project allows us to identify customers who may have been affected by a severe adverse weather event and automatically send them a form by email or text message in the immediate aftermath of the event. This form enables them to report any loss or damage they have suffered on the same day with just a few clicks.



June

Baloise awards the 24th Baloise Art Prize

The CHF 30,000 Baloise Art Prize has been part of Art Basel for more than 20 years. This year, the panel of judges comprising international experts awarded the prize to Sky Hopinka and Wai-Kin Sin. We will acquire works from both artists and donate them to two important European museums, MMK Frankfurt and MUDAM Luxembourg.



Business model

How does an insurance company work?

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 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 or claims in its customer 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. 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 customer 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 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.

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 profitable for insurers because it can generate fees but the insurer only has to provide a small amount of risk-bearing capital.

Banking and insurance model in Switzerland

In Switzerland, we have been operating our combined banking and insurance model with Baloise Bank for more than 20 years. The model brings banking and insurance services together under one roof and, as a financial partner with a presence throughout Switzerland, enables us to offer our comprehensive advisory expertise. At every general agency in Switzerland, customers can meet with specialist financial advisors and receive comprehensive advice and solutions that cut across the boundaries of pensions, asset management and financing. We also benefit from this as a company, for example because our customers can reinvest capital sums paid out by life insurance or company pensions into our Baloise banking solutions. These banking solutions also include services such as asset management. The integration of banking and insurance has enabled us to greatly expand the asset management business in recent years.

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. We ensure that our 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. We are increasingly offering our asset management services to third parties as a means of expanding this area of our business. We offer 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.

Strategy

Simply Safe: Season 2 – second year of the strategic phase

During the Simply Safe: Season 2 strategic phase, which runs from 2022 to 2025, we are 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', page 290 onwards).

Simply Safe: Season 2 targets

With our 'Simply Safe' strategy we are pursuing the goal of further strengthening our core business and at the same time expanding our business model in order to meet changing customer needs for security and services in the digital age. This goes hand in hand with the strong conviction that only satisfied employees can inspire customers, who in turn form the basis for an attractive investment from an investor's perspective. Baloise has set itself the following goals for the second season of Simply Safe, which started in 2022, and will run until 2025:

- **Employees:** to be **one of the leading employers** in Europe
- **Customers:** to acquire **1.5 million new customers**
- **Shareholders:** to generate **CHF 2 billion in cash**.

In order to achieve the ambitious goals of Simply Safe: Season 2, four strategic directions were defined based on the findings from Season 1:

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

With our strategy, we want to be more than just an insurance company. We want to play a significant role in people's lives.

Impact of our value creation

In the second year of the current strategic phase, we made the following contributions to our strategic targets:

- We are currently among the top 29 per cent of all employers in Europe (2022: top 36 per cent).
- We gained 54,000 new customers (2022: 173,000).
- We remitted cash of CHF 493 million (2022: CHF 471 million).

We made further progress towards our strategic targets. In terms of our employee target, we improved from being among the top 36 per cent of the best companies to work for in Europe to ranking among the top 29 per cent. We acquired 54,000 new customers in 2023. We are on track to meet our target of cash remittance of CHF 2 billion for the holding company; we remitted CHF 493 million in 2023, which was around 5 per cent more than in the prior year.

We regularly review our strategy and adjust it in line with changed conditions where necessary. In 2017, we began to establish the Home and Mobility ecosystems as part of our innovation strategy. Those innovation initiatives generated CHF 116 million in revenue in 2023. Last year, we announced that we were reviewing our entire portfolio. Following this review, and in light of the evolving macroeconomic environment, we have now decided to no longer focus on the ecosystem approach and to not carry out any further new investment in these business areas. By training our focus on integrated insurance and financial services and achieving operational excellence, we are ensuring that Baloise remains relevant for our customers, partners, investors and employees in the long term.

Attractive dividend policy continued

Thanks once again to the strong level of cash remittance, we were able to continue our attractive dividend policy in 2023. We have not reduced the dividend since 2003 and have in fact increased it 13 times during that period. For the 2023 financial year, we plan to raise the dividend again, enabling shareholders to participate directly in Baloise's success. A dividend increase of CHF 0.30 will be proposed at the Annual General Meeting on 28 April 2024, bringing the dividend to CHF 7.70.

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Brand

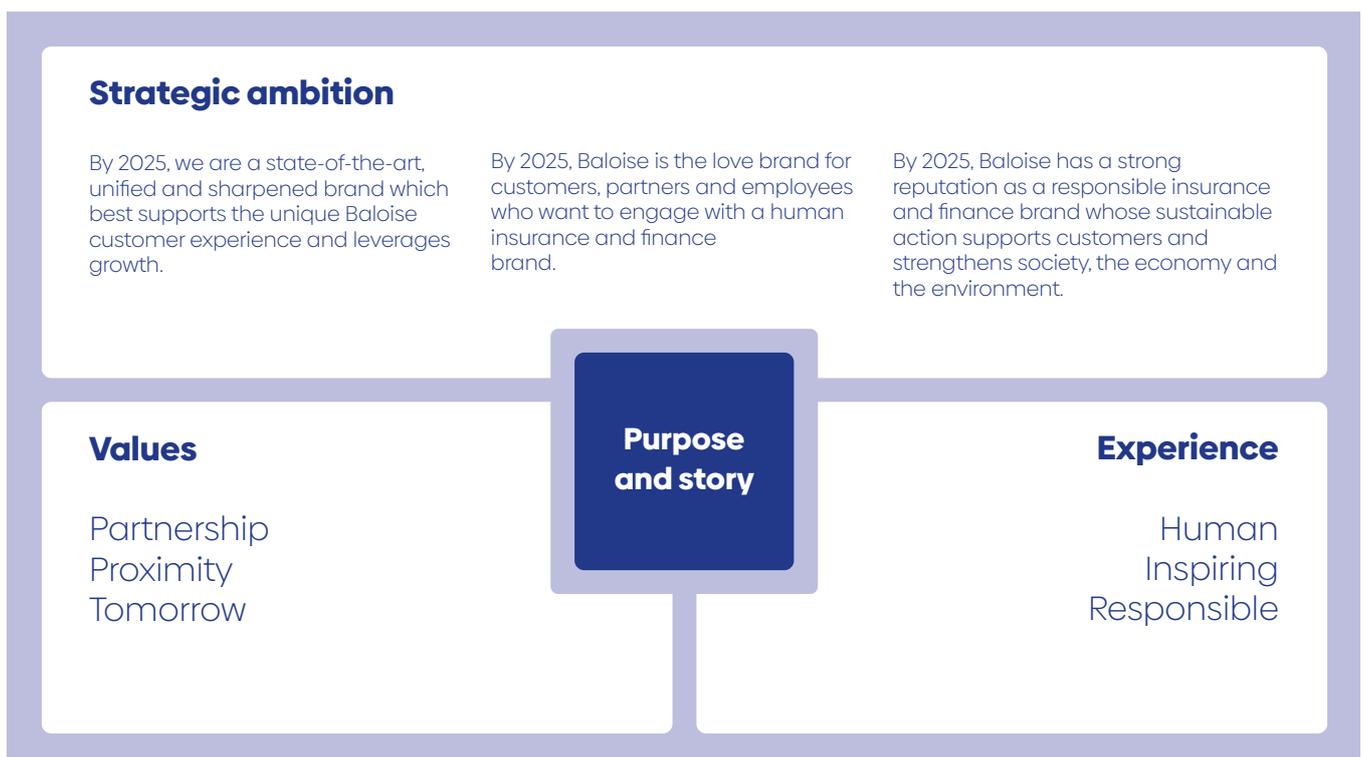
The first year after the rebranding

Our single brand will lead to a stronger identity.

The process of consolidating all the existing brands into a single Baloise brand that began in autumn 2022 is complete. The streamlining of the brand portfolio was a particular challenge in the Swiss market, where five brands (Basler Versicherungen, Baloise Assurances, Basilese Assicurazione, Baloise Bank SoBa and Baloise Asset Management) had to be united under a single brand umbrella and communicated in a cohesive way. In Germany, the change from 'Basler' to 'Baloise' introduced a brand name that had not been used in this market before. Internally, the single brand identity has led to greater collaboration and synergies across national borders as the marketing and marketing communications teams have worked on marketing activities together. It has also strengthened the feeling of a shared identity between all employees. Building a brand and establishing its perma-

nent position in the market is not something that happens overnight – it takes time. The new brand was introduced in all countries with the launch campaign 'Sometimes it works. Sometimes you learn'. The campaign slogan is the core message of a number of short scenarios that Baloise links to its (potential) customers' lives in an entertaining way. 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.

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. This is where the brand purpose comes into play:



- At Baloise, we care. We develop insurance, financial and other intelligent service solutions with a human touch, because we want our employees, customers and partners to feel that they are in good hands.
- At Baloise, we inspire. We love what we do – and we love to go further. We explore new pathways, create new possibilities and seek out new solutions. As an inspiring partner, we encourage our employees, customers and partners to remove worry from their lives.
- At Baloise, we keep our promises. We listen to our customers and partners so that we can meet their needs. We act responsibly and take responsibility for our future, contribute to the society we live and work in.

‘We are Baloise.
We are the inspiring
partner for your tomorrow.’

Brand values and brand experience

Our brand values are partnership, proximity 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 proximity

That is why we take care of our employees, customers 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.

Brand campaign with a focus on awareness

The brand management activities vary from country to country depending on the level of brand recognition in each market. In Luxembourg and Belgium, the Baloise brand is already relatively well established. The rebranding had little impact because the Baloise name was already known in these markets. Here, the challenge is to position the brand values more strongly to make Baloise the preferred choice for customers. In markets such as Germany and Switzerland, where the Baloise name was not used at all, or was used only in individual regions, the focus was firmly on name recognition. The Baloise brand has to be firmly established in the minds of customers before we can switch the emphasis to the brand values.

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.

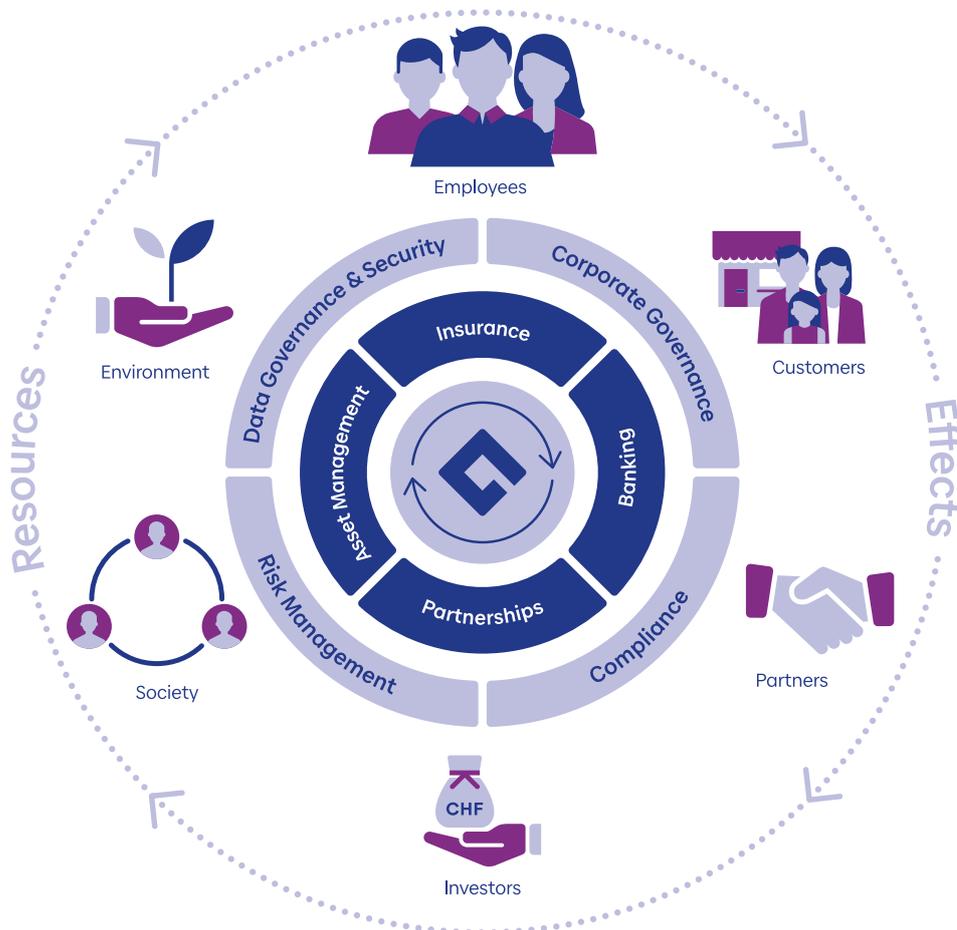
1. By focusing on the single brand, Baloise, we are reducing the complexity of the previous identity and its various brands. Processes will be simplified and visibility strengthened.
2. We are sending a clear signal concerning the transformation of Baloise. We are the inspiring partner for a shared tomorrow. The new positioning provides a clear direction for the future.
3. 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 us 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 (only in German)

Baloise value creation model

Creating value – achieving sustainability



Definitions

Employees

Baloise employees at all Baloise sites

Customers

Private and business 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

Commitments

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 1863: 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, our business activities and the actions we take have implications for our environment. Our value creation approach aims to respond to this double materiality. In our role as an insurance and pension provider with products and services across insurance, banking and asset management, we not only look after individuals but also protect companies, economies and communities and help 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 as well as social security in the countries where we operate. We have to be able to offer our customers long-term security, which is why our actions are guided by long-term thinking. Through the key parameters of corporate governance, compliance, data governance and security, and risk management, we 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

www.baloise.com/strategy

www.ifrs.org/issued-standards/ir-framework

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. We have 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.

In 2023, we adopted our climate roadmap which cements our commitment to climate protection. As well as our existing climate-related activities, it sets out future objectives and explains the measures we will take to achieve them. More information on the objectives is contained in the 'Environmental information' chapter.

Sustainable development goals (SDGs)

Our value creation approach is aligned with the United Nations' sustainable development goals (SDGs). The SDGs contribute to the economic, social and environmental dimension of sustainable development and should be achieved by all UN member states by 2030. As a non-state actor, we want to make our own active contribution to this sustainable development. The goals that are important to us are reflected in the resources set out in our value creation model and thus in our commitments.

www.baloise.com/sdg

www.baloise.com/sustainability

www.baloise.com/csr

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

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 key aspects in the area of sustainability and published it in 2022. This assessment 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 assessment are reviewed internally every year. Depending on the outcome, the assessment is repeated on an ad hoc basis or at least every four years. In 2024, we plan to update the materiality assessment to take account of the formal requirements of the Corporate Sustainability Reporting Directive (CSRD).

www.ifrs.org/issued-standards/ir-framework
www.sasb.org

Identification of material issues

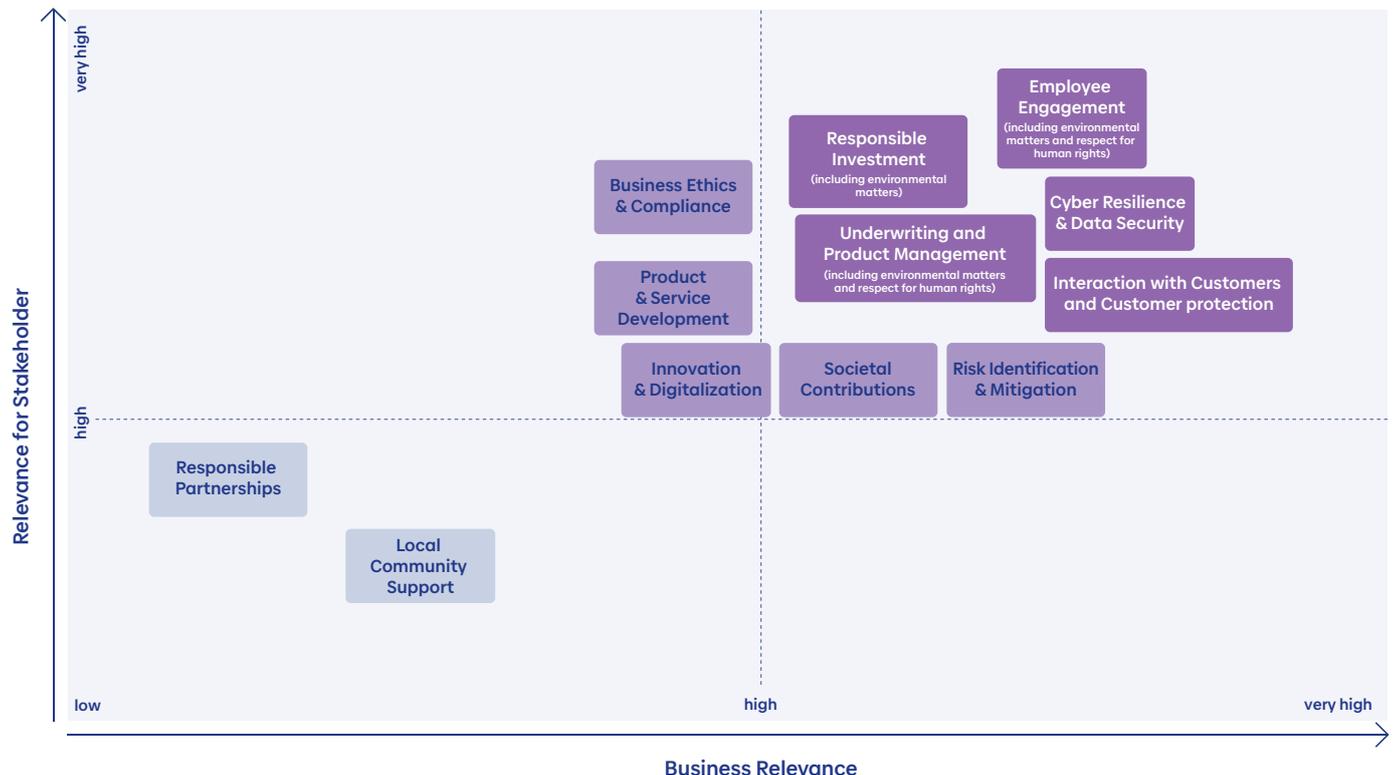
We combine external and internal sources to identify material topics. The first step is to collect the topics from sources such as sector analyses, requirements in the market, regulations, standards and ESG ratings. In a second step, the topics identified are consolidated by internal specialists.

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

Materiality matrix



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.

Results of the materiality assessment

The positions of the sustainability-related topics that are material for Baloise are determined by combining the mean values of the responses of our stakeholders to the quantitative survey with the qualitative assessment of the impact of these topics by experts from various departments. 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

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 our three strategic targets 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.

Climate change, environmental matters of relevance to Baloise and respect for human rights are not treated as individual topic areas but as an integral part of the areas of 'Responsible investment', 'Underwriting and product management' and 'Employee engagement'. This more accurate positioning comes from the annual review of the materiality assessment.

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 us 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 responsible 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 Disclosures, our strong corporate governance and compliance culture and the stepping up of activity in connection with our digital responsibility.

www.fsb-tcfd.org

Further information on the relevant aspects is available here: www.baloise.com/materiality

Memberships and ratings

ESG ratings

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

www.baloise.com/sustainability-ratings

MSCI confirmed our ESG rating of AA in 2023, with a slightly higher score than last year. The rating recognises our ESG-related diligence through screening, ESG integration and active ownership in the area of responsible investment, and our leading corporate governance practices.

Our Sustainalytics rating rose slightly in 2023 from 20.4 to 20.8 (medium risk), which was due to a higher valuation of our exposure to risk in the areas of product management, data protection, data security and ESG integration in the investment process.

www.msci.com/our-solutions/esg-investing/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.

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

As a member of the Swiss Insurance Association (SIA), 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 2023, we actively participated in the preparation of the SIA's industry reporting on sustainability topics, as we had done in previous years.

<https://www.sv.ch/en/sustainability-2022>



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. We plan to apply the TCFD framework in full in the 2024 reporting under the ordinance on climate disclosures that comes into force on 1 January 2024.



Overview and references to relevant information

Governance

Information on governance of climate-related risks and opportunities

- Sustainability governance, see Annual Review from page 24
- Strategy from page 286
- Risk management from page 25
- Environment from page 309
- Responsible investment from page 300
- Responsible underwriting from page 306

Strategy

Information on the effective and potential climate-related risks and opportunities for business, strategy and financial planning, so far as material

- Business model, strategy and brand from page 284
- The Baloise value creation model from page 290
- Risk management from page 25
- Environment from page 309
- Responsible investment from page 300
- Responsible underwriting from page 306
- Customers, see Annual Review from page 68

Risk management

Information on how we identify, assess and manage climate-related risks

- Risk management from page 25
- Responsible investment from page 300
- Responsible underwriting from page 306

Metrics and targets

Information on which metrics and targets are used to assess and manage relevant climate-related risks and opportunities, if material

- The Baloise value creation model from page 290
- Sustainability KPIs pages 316, 334 and 345

Business risk related to ESG matters

Further information on risk management as part of our value creation process is provided on page 26 of this report. In this section, we outline material business risks for us in relation to environmental, social and corporate governance (ESG) matters.

Environmental matters

Risk description	Management of risk	Further information
Failing to adequately consider ESG factors in the investment process harbours reputational risk because responsible investment is important for Baloise and its stakeholders	Acting with a long-term focus and managing ESG risks and resources responsibly in line with our responsible investment strategy; making the required disclosures under the SFDR	Section: Responsible investment (page 300)
	Revising our responsible investment strategy on an ongoing basis (RI policy expanded for liquid investments, for some of the fund's private assets and for the majority of our funds, including fund selection in 2023)	Section: Responsible investment – Our approach to responsible investment in 2023 (page 301)
	Participating in the Climate Disclosure Project (CDP)	Section: Responsible investment – Highlights from 2023 (page 301)
	Creating transparency by publishing an active ownership review	Section: Responsible investment – Highlights from 2023 (page 301)
Failing to adequately consider ESG factors in underwriting and product management harbours business risk due, among other things, to the increasing frequency of extreme weather events	Providing continuing professional development for employees in Asset Management	Section: Responsible investment – Highlights from 2023 (page 301)
	Signing up to the Principles for Sustainable Insurance (PSI) in 2020	Section: Responsible underwriting – Sustainability risks in the underwriting policy (page 306)
	Introduction of an assessment process for actuarial sustainability risk management in 2021	Section: Responsible underwriting – Sustainability risks in the underwriting policy – Assessment process (page 307)
	Integration of ESG criteria in our underwriting guidelines	Section: Responsible underwriting – Sustainability risks in the underwriting policy – Transition and exclusions (page 307)

Social matters (employees)

Risk description	Management of risk	Further information
<p>The commitment of Baloise employees is critical to the success of the Company. The required skill-sets are not available because skills are not developed or due to demographic change and poor employer branding (skills shortage risk).</p>	<p>We want to be one of the most attractive employers for committed and contented employees and regularly measure employee satisfaction to this end.</p> <p>Enhancing Baloise's employer branding through attractive positioning and campaigns as well as modern recruitment processes and tools, thereby creating a positive recruitment journey for candidates; in Switzerland, additional focus on regaining Friendly Workspace status</p> <p>Creating a good place to work thanks to a working environment that is forged by the shared principles enshrined in the Baloise Code of Conduct</p> <p>Continually recording key figures relating to the skills shortage, such as staff turnover and recruitment figures</p> <p>Taking steps to improve employee retention that take country-specific interests into account</p> <p>Offering numerous services and initiatives to protect and promote the health of employees in the workplace</p> <p>Promoting diversity and inclusion through networks, initiatives and employer campaigns</p> <p>Promoting corporate citizenship among employees by encouraging voluntary work</p> <p>At all our national subsidiaries, our employees have a say in the workplace through employee representatives. Together with all the national offices, Baloise has set up a joint committee – the Europaforum – to promote dialogue with employee representatives, share important information with them and involve them in discussions at the earliest opportunity.</p>	<p>Section: How we create value for our employees – Strategic relevance of capable and motivated employees (page 320)</p> <p>Section: How we create value for our employees – Risks and risk management methods in employee matters (page 322)</p> <p>Section: How we create value for our employees – Risks and risk management methods in employee matters (page 322)</p> <p>Section: How we create value for our employees – Risks and risk management methods in employee matters (page 322)</p> <p>Section: How we create value for our employees – Employee retention (page 322)</p> <p>Section: How we create value for our employees – Health and safety (page 325)</p> <p>Section: How we create value for our employees – Diversity and inclusion (page 325)</p> <p>Section: How we create value for our employees – Corporate social responsibility (page 326)</p> <p>Section: How we create value for our employees – Social partnership and participation (page 327)</p>

Report on non-financial matters

Social matters (society)

Risk description	Management of risk	Further information
Our services contribute to the stability of society and help to prevent social inequality. We rely on the trust of the public to be able to provide our services. A loss of reputation or trust is therefore a business risk .	Baloise considers social matters in the course of its responsible investing	Section: How we create value for society – Responsible investment for society (page 331)
	Baloise considers social matters in its underwriting guidelines	Section: Responsible investment – Our approach to responsible investment in 2023 (page 301)
		Section: How we create value for society – ESG criteria in our underwriting policy (page 331)
	Baloise gets involved in social matters in a variety of ways and promotes corporate citizenship among employees	Section: Responsible underwriting – Sustainability risks in the underwriting policy – Transition and exclusions (page 306)
	Our sponsorship activities have a strong focus on music, culture and sport, allowing us to contribute to the diversity of society	Section: How we create value for society – Our social responsibility (page 332)
		Section: How we create value for society – Sponsorship activities (page 332)

Corporate governance

Risk description	Management of risk	Further information
Collaborating with partners creates value for Baloise and its customers. If partnerships fail, they can give rise to business and reputational risk .	Systematically maintaining partnerships that are beneficial for Baloise, the partners and customers allows us to create value	Section: How we create value for our partners (page 342)
Within a company's day-to-day operations, compliance refers to adherence to all laws, standards, internal instructions and organisational measures designed to prevent reputational risk, financial risk, IT risk, political risk, human rights risk or environmental risk .	Our utmost aim is to establish and promote a strong compliance culture and standards of ethical behaviour within Baloise Baloise has policies that cover matters such as money laundering, data protection, respect for human rights and anti-corruption and bribery	Section: Compliance culture creates value (page 338) Section: Compliance culture creates value (page 338)

Responsible investment

Measures

- Developing our responsible investment policies on an ongoing basis and adapting to changing external parameters. A large part of the insurance portfolio and the majority of our funds are categorised as sustainable under articles 8/9 of the Sustainable Finance Disclosure Regulation (SFDR) or according to FINMA.
- Starting work on the inclusion of 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)
- Implementing the ESG training plan with external and internal training courses for our employees in Asset Management
- New active ownership disclosures. Active ownership includes exercising voting rights and engaging in active dialogue with companies in which we invest.
- Signing the Principles of Responsible Investment (PRI) in 2018

Effectiveness of the measures

- Assumption of responsibility for sustainable development and the shaping of our responsible approach to risks and resources
- Starting to give greater consideration to sustainability aspects in our property portfolio, with the aim of making a clear contribution to reducing the CO₂ emissions of buildings
- Providing employees in Asset Management with a broad range of basic knowledge with regard to responsible investing 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
- Agreement on and compliance with fundamental principles for the integration of ESG into our investment process and the associated reporting on our progress

Key performance indicators

Responsible investment is also important for the environment and society, which is why we take environmental, social and other criteria into account. The insurance portfolio relative to the CO₂ benchmark (page 303) and the distribution of the ESG ratings of our insurance investments (page 303) serve to measure the effectiveness of initiatives.

A sustainable approach in investment

The asset management team is getting behind the Baloise Group's sustainability strategy. We are taking responsibility for investment strategies in relation to both the investment of insurance assets of the Group and the investment of assets from external customers such as pension funds. Our efforts in the area of responsible investment build on our sustainability activities. We are 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 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. Our responsible investment approach addresses sustainability risks and factors and integrates them into the investment process. Environmental and social characteristics as defined in the Sustainable Finance Disclosure Regulation (SFDR)¹ are also considered. This approach is documented in our responsible investment policies. We remain true to our values by acting in accordance with the responsible investment policy.

¹ SFDR: Sustainable Finance Disclosure Regulation (EU) 2019/2088.

Highlights from 2023

We took another step forward in the area of responsible investment in 2023. Our advanced responsible investment (RI) strategy came into effect on 1 January 2023 for liquid assets, for some private insurance assets and for the majority of our funds, including fund selection. The development of the advanced RI strategy took account of the SFDR, FINMA Guidance 05/2021 on preventing and combating greenwashing and the requirements introduced by AMAS for self-regulation of transparency and disclosure for sustainability-related collective assets. The advanced RI strategy allows us to offer a wide range of sustainability-related investment options to customers in Switzerland and the European Union who have sustainability preferences.

We are also making steady progress in terms of transparency and disclosure. We participated in the Climate Disclosure Project (CDP) again in 2023, increasing our transparency around climate risks and emissions data and publishing the most important climate-related data for the insurance portfolio. We also published our second active ownership review in 2023.

www.baloise.com/active-ownership-review

Another important activity in 2023 was providing continuing professional development on the topic of responsible investment to our employees in Asset Management. The focus was on communicating a broad range of basic knowledge, but the training also included information on the new responsible investment strategy. A plan for external ESG training was also implemented to complement the internal offering.

Our approach to responsible investment in 2023

Until the end of 2022, the general RI strategy consisted of exclusions, active ownership elements and the integration of criteria relating to the environment, society and corporate governance (ESG) into the investment process. It still applies to some private assets and bonds that were added to the insurance portfolio prior to 1 January 2023 ('grandfathering')². A small proportion of the funds still apply the general strategy. On 1 January 2023, we began implementing an advanced responsible investment (RI) strategy. This involves general exclusions, wider exclusions, a best-in-class approach, ESG integration and an active ownership strategy. Both responsible investment strategies address the most important principal adverse impacts of investment decisions on sustainability factors.

Our advanced RI strategy is based on four strategic pillars:

1. **Exclusion:** We use systematic exclusions to avoid direct investments that fall within the immediate scope of the responsible investment policy and are exposed to material sustainability risks according to defined criteria. Exclusions are based on an assessment by MSCI Research LLC, a subsidiary of MSCI Inc., a leading global provider of investment decision support tools and services for the investment community. They are applied according to a defined threshold. An absolute exclusion applies for companies whose business activities or practices are linked to controversial weapons. As part of our climate strategy, we also exclude companies involved in coal (at least 10 per cent of their total revenue), producers of unconventional oil and gas (at least 5 per cent of their total revenue) and producers of oil and gas (at least 30 per cent of their total revenue). We also exclude producers of tobacco (at least 5 per cent of their total revenue) and companies that are in serious violation of the principles of the UN Global Compact (UNGC) and the guidelines of the Organisation for Economic Co-operation and Development (OECD) for multinational enterprises.
2. **Best-in-class:** The second pillar of the advanced RI strategy is the application of a best-in-class approach. 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 within the respective sectors or peer group are excluded, based on the MSCI ESG universe. We use the best-in-class approach both for companies and for government bonds.
3. **ESG integration:** The investment teams incorporate sustainability risks into the investment analysis to reduce potential negative financial impact or reputational damage from sustainability risks. The portfolio management team is provided with dedicated environmental, social and governance (ESG) data. All investment teams have access to the ESG database of MSCI ESG Research LLC.

² The relevant bond positions can only be held if they comply with the general strategy. A review is carried out at least once a year to see whether grandfathering should be continued for these positions.

Report on non-financial matters

4. **Active ownership:** Active ownership is an integral part of our approach to responsible investment. The active ownership strategy consists of the following four pillars:

4.1. **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. Additional sustainability criteria are also an integral element of the proxy voting instruction, which was extended in 2023 to include additional ESG criteria. Proxy voting is an important tool for meeting our responsibility as an investor. Proxy voting at AGMs allows us to exert influence on a company's governance and policies, particularly with regard to sustainability, ethical standards and corporate governance. This ensures that our investments meet social and environmental criteria, as well as financial criteria, and encourages companies to act responsibly.

4.2. **Direct corporate dialogue:** Direct company engagement involves entering into constructive dialogue with companies in which we are invested in order to address specific sustainability-related matters. Under the advanced RI strategy, direct engagement is used in the following cases:

- Deterioration of the MSCI ESG rating (final industry-adjusted company score) of a company after inclusion in the portfolio so that the investment no longer meets the requirements of the best-in-class approach
- Serious breaches of minimum standards of conduct in areas such as human rights, employment, the environment and anti-corruption, defined as 'red flag' by MSCI.

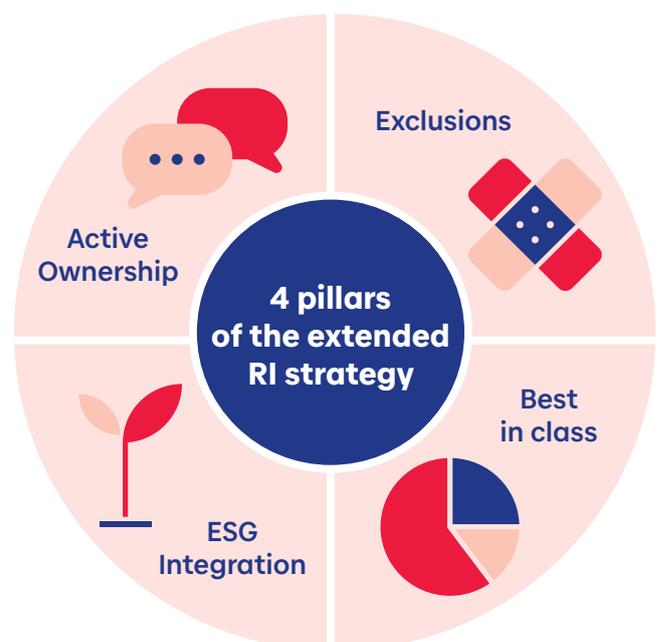
The primary aim of direct engagement is to help rectify the cause of the deterioration in the MSCI ESG rating or the failure to respect the principles of the UN Global Compact or the OECD Guidelines for Multinational Enterprises.

4.3. **Collaborative corporate dialogue:** As well as engaging directly with companies, we also join groups of like-minded shareholders who are concerned with the same sustainability issues, in a process known as collaborative engagement. Collaborative discussions with companies can be conducted through participation in initiatives such as Climate Action 100+ or the PRI cooperation platform.

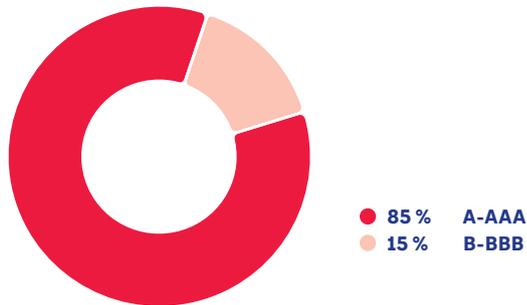
4.4. **Public policy engagement:** We also work with public authorities on ESG topics in certain policies. This takes place through our active involvement in various associations of which we are members:

- PRI (Principles for Responsible Investment), an initiative supported by the United Nations that focuses on responsible investment practices
- SIA (Swiss Insurance Association), the association of Swiss insurers
- AMAS (Asset Management Association Switzerland), an association representing the interests of the asset management sector in Switzerland
- SSF (Swiss Sustainable Finance), an organisation devoted to the promotion of sustainability in the Swiss financial sector.

These memberships provide support on specific or broader ESG topics such as reducing CO₂ emissions, decarbonising the economy and protecting biodiversity. The focus areas also help to guide us in the selection of possible collaborative corporate discussions as part of our active ownership strategy.



Distribution of the ESG ratings of our insurance investments



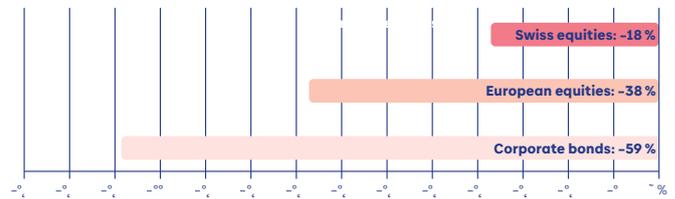
Source: Baloise Asset Management/MSCI, December 2023, equities and bonds with MSCI ESG rating, covered by the RI strategy; without weighting. As at 31 December 2023, the insurance portfolio included one position (0.02%) with an MSCI ESG rating of CCC.

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. for this.

www.baloise.com/am-climate-strategy

The insurance portfolio relative to the CO₂ benchmark

(weighted average tonnes of CO₂/\$M revenue)



Source: Baloise Asset Management, MSCI/data basis as at 31 December 2023: Swiss equities relative to SPI, European equities relative to MSCI EMU large-cap equities and corporate bonds relative to the Bloomberg Global Aggregate Index. The evaluation includes scope 1 + 2 of all securities covered by the RI strategy. Note: the benchmarks for our equities investments were changed in 2023.

Four pillars of the Baloise Asset Management climate strategy

<p>Exclusion</p> <p>Reduction of physical and transition risk</p>	<p>ESG integration</p> <p>Incorporation of ESG, including climate risks, into portfolio management</p>	<p>Commitment</p> <p>Collaborative business dialogue, including climate-related topics</p>	<p>Transparency</p> <p>Reporting on climate issues for investments</p>

Additions to the responsible investment strategy in 2023

In 2023, we focused on the implementation of the advanced RI strategy. Building on the general responsible investment strategy, an advanced responsible investment strategy was developed for liquid direct investments, investments in target funds and for some of the private assets, which 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. We seek 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.

Based on these changes, updated Baloise responsible investment policies for insurance assets and for external customers and investment funds were published, along with the updated active ownership policy.

www.baloise.com/policy-insurance-funds

www.baloise.com/policy-third-party-assets

www.baloise.com/policy-active-ownership

Responsible real estate management

We are 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, we recognise that we have an obligation to help to reduce CO₂ emissions from real estate in accordance with the global climate strategy. We aim to make our 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. We are working to systematically integrate the relevant sustainability-related areas. A first step towards this is the new policy that was introduced on 1 January 2023. It describes 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. In 2023, work began on the integration of an energy management system (EMS) in order to have real energy consumption values available throughout the Group.

For further details, see the Baloise responsible investment policy for real estate.

www.baloise.com/richtlinie-immobilien (only in German)

The next steps

Going forward, we will continue to press ahead with the development of our responsible investment strategy. We will also continue implementing the requirements of the Sustainable Finance Disclosure Regulation (Regulation (EU) No. 2019/2088). The collection and evaluation of climate-related data for financial assets will also play an important role. Over the course of 2024, we will continue to develop the climate roadmap we previously announced. The transparency requirements for financed emissions will also be expanded in connection with Baloise's TCFD (Taskforce for Climate Related Financial Disclosure) reporting. TCFD offers a framework for companies to report on the financial impacts of climate change on their business activities. The implementation of the expanded active ownership activities will also be a priority. A new active ownership review is planned. A further focus will be on the strategic development of our advanced RI strategy. We are keeping a very close eye on regulatory developments in the EU and Switzerland so that we can align our activities accordingly

Responsible underwriting

Measures

- 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) www.unepfi.org/insurance/insurance
- To manage potential ESG-related losses and risks for Baloise
- To make use of opportunities

Effectiveness of the measures

- Integration of ESG criteria into the underwriting guidelines and dialogue on this subject with our customers
- Support for the transition of the real economy to sustainable business models
- 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

Key performance indicators

Our underwriting policy takes account of environmental, social and other criteria. The Group-wide results of the ESG assessments (page 307) serve as indicators for measuring the effectiveness of environmental and social initiatives.

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. 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.

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

These risks 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 us and our customers. 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 (see 'Risk management' chapter from page 25 onwards).

Assessment process

Since 2022, an assessment process has been in place for actuarial sustainability risk management that includes the evaluation of risks based on exclusions and sensitive areas. The assessment process involves both the relevant departments and our sustainability experts. When a request for a quotation is received, the economic activity is examined by the department on the basis of the defined exclusions and sensitive areas. Part of this review is automated and part is done manually. If the activity to be insured is a defined exclusion or a sensitive area, the department makes an assessment of the risk. This assessment considers the nature of the requested insurance benefit, the requested insurance volume, the company’s revenue and details of its activity. If the revenue and insurance volumes exceed a defined threshold, a review must be carried out within the UW ESG boards of the relevant national units that are involved in the decision-making process. These decisions are documented. The decision-making bodies of the national units are made up of senior managers from the insurance and risk management departments and sustainability experts. Recorded training sessions are available internally, which are designed to promote assessment expertise in the departments. The sustainability experts of the national units also have a software solution to help them assess ESG risks in companies (see ‘Risk management’ chapter from page 25 onwards).

Transition and exclusions

In 2022, we began integrating environmental, social and corporate governance criteria into our underwriting guidelines. This means that certain economic activities are subject to an ESG assessment as a condition of Baloise continuing to provide insurance, or that existing customers in these defined risk areas continue to receive insurance cover during a transition period. The plan for structured dialogue with existing customers and their transition phase is still being developed. So far, no accounts have been terminated as a result of this assessment (or the transition periods are still ongoing) and the relevant processes are currently being finalised.

Certain sections within the value chain of the following economic activities, such as production, manufacture and extraction, are excluded:

- 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 we 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.

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

	2023		2022	
	Non-life	Life	Non-life	Life
Rejection of request following assessment by a sustainability manager and/or the UW ESG Advisory Group	5	1	5	1
Acceptance of request following assessment by a sustainability manager and/or the UW ESG Advisory Group	32	6	70	17
Total requests	37	7	75	18

The above figures refer exclusively to new business. In Germany, Life business refers only to private customers, who are not subject to this assessment. The reduction in numbers is due to the additional experience acquired since ESG criteria were first implemented in 2022.

Information on environmental matters

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How we create value for the environment

Measures

- Baloise Climate Roadmap mit Zielsetzungen in den Baloise climate roadmap with targets in the areas of operational, financed and insured emissions
- 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
- 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 percent demand for renewable energy within the energy mix we can control
- Becoming a partner of the Swiss Climate Foundation, with a seat on the advisory council since 2021



Effectiveness of the measures

- Supporting the efforts of Switzerland and the European Union (EU) to reach net zero by 2050, through the climate roadmap
- Continuously reducing the absolute and relative carbon emissions of our business activities since 2000 by more than 75 per cent
- 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, 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

Key performance indicators

In addition to the indicators used in our core business (underwriting policy, responsible investment), key figures relating to our environmental footprint and the calculation of our carbon emissions in accordance with the Greenhouse Gas Protocol Corporate Standard (page 316) serve as indicators for measuring the effectiveness of environmental initiatives.

How we create value for the environment

We have had our 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 the achievement of the 2015 Paris Agreement and the UN's sustainable development goals (SDGs), and support them. Our particular focus is on 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).

Climate roadmap

We are committed to the targets of the Paris climate agreement and support the efforts of Switzerland and the European Union (EU) to reach net zero by 2050. Since 2000 we have reduced our operational emissions by more than 75 per cent. In a further step, we want to reduce these emissions by a further 25 per cent by 2030 compared to 2022. In the year under review, the emissions of all scopes recorded in 2022 were reviewed and tested for plausibility on the basis of better and more reliable data. The corrected figures for 2022 and the figures for 2023 are contained in the sustainability KPIs table on page 316. Managing investments and insured risks in accordance with climate criteria is an important lever in reducing the consequences of climate change. This requires large amounts of good quality data, which is not yet sufficiently available. For this reason, our first step will be to establish a reliable base of data which we will then use to determine reduction targets for our investment and insurance portfolios by 2025.

Principle

The environment is one of the most comprehensive resources in the Baloise value creation model. In managing this resource, our environmental policy focuses on promoting renewable energies and 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 CO₂ 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 Annual Review page 24 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 8,020 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 CO₂ 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 and have been calculating our absolute and relative CO₂ emissions in accordance with the Greenhouse Gas Protocol Corporate Standard (GHG Protocol Corporate Standard) since 2022. 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 us on in our ambition, and future measures will be based on the Paris objectives and the UN's sustainable development goals. Details of our CO₂ emissions are shown with the sustainability performance figures on page 316. The historical calculations of our emissions can still be seen in previous years' reports:

www.baloise.com/annual-report

www.baloise.com/oekobilanz_2019-2021

<https://ghgprotocol.org>

www.vfu.de

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 CO₂ 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 2023, the funding contribution amounted to around CHF 230,000.

Report on non-financial matters

Climate protection contribution 2023

Since 2020, we have been retroactively offsetting our CO₂ emissions in accordance with the GHG Protocol that cannot yet be avoided through savings and optimisations. For 2023, financial contributions were made to reduce around 11,000 tonnes of CO₂ by supporting three certified climate protection projects. The projects were audited and recognised for the modalities and procedures of the following standards:

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

www.baloise.com/co2-klimaschutzbeitrag-swiss-climate (only in German)

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.

We apply the latest building standards and renovation methods to ensure that our office buildings are climate-friendly, and operate 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 drinks bottles.

Switzerland: New Group headquarters and various optimisation measures

The construction of the new headquarters in Baloise Park complies with the standards for sustainable construction in Switzerland (SNBS) and so comfortably 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 only from 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 2023, the photovoltaic system on the roof of our Group headquarters in Basel produced 18,802 kWh (2022: 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 2022 in cooperation with AUE Basel-Stadt (Office for Environmental Protection and Energy).

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: 'Wooden', our new office building

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. This signifies that particular emphasis is given to the wellbeing of people in the planning and realisation of the building. The new office building is easier to get to by public transport. All lights are LED and most are controlled by movement detectors. As part of the national waste management plan and the national plan for sustainable development, we are working with 'SuperDrecksKëscht® fir Betriber', an initiative that supports companies and other organisations in implementing environmentally friendly waste management and waste avoidance strategies.

Germany: Optimisation measures in the vehicle fleet and buildings

We continued to roll out our company car scheme for senior office-based managers in 2023, switching from diesel to electric cars (around 18 per cent of those eligible for a company car). At Baloise in Germany, we decided against a transitional arrangement that would have included hybrid vehicles. We carried out a survey among sales force employees in 2023 to help us develop measures to speed up the implementation process and to increase awareness and acceptance.

A 99 kWp photovoltaic system that generates around 87,000 kWh/year, depending on the weather, was brought on stream at the Bad Homburg office. This is primarily intended to cover the building's baseload.

Our commitment to sustainable development in Germany was recognised by the public again in 2023, and we won an award for our sustainability report for the third year in

succession. In the Zielke ranking of sustainability reports carried out by Zielke Research Consult GmbH, Baloise in Germany achieved fourth place out of 50 insurance companies – another substantial increase in our score compared with the previous year.

Belgium: From electric cars to greenfield site

We began transitioning the company car fleet from petrol and diesel to electric vehicles in 2023. All new company cars added to the fleet since July 2023 have been electric. Under Belgian tax law, company car fleets will have to be completely electric by 2028, so we are increasing the number of charging stations at all our company sites. All buildings, including those that are leased, are run solely on energy from renewable sources. We are also installing solar panels on our buildings in Antwerp and will also collect and use rainwater there, as we do at the office in Brussels. We have also raised awareness about our business travel. We are reducing the number of short-haul flights and using public transport wherever possible. We also encourage employees who commute to switch to more sustainable transport alternatives. During the annual Sustainable Transport Week campaign we encourage staff to travel by train, bus or bike . In 2023, we participated for the first time in No Mow May, both on the Company’s own premises and by encouraging employees to join in at home, rewarding those who did so.

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 and the services of natural ecosystems are a cornerstone of the future, long-term success and continued existence of our Company.

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 (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. In Switzerland, the second Sustainability Day was held for trainees from all the Swiss offices in 2022. The trainees worked on their own environment projects and presented their results at an internal conference in May 2023. The aim was to provide them with information about combating climate change, and to link and apply this knowledge to the Baloise business model.

Employees are aware of our 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 introduced:

- Since November 2021, only electric vehicles are available to senior managers in Germany as a company car. The cash alternative is also still available.
- A bike leasing service has been introduced for employees in Belgium and Germany.
- Employees and customers can charge their electric cars in Basel and Zurich (Switzerland) using solar power.
- An internal electric car fleet including charging station at the head office of Baloise’s banking business (Soluturn, Switzerland) is available to all employees.
- Loss adjusters in Switzerland have been provided with electric bikes to get them from A to B.
- The use of public transport is encouraged through subsidised tickets in all national units.
- In Luxembourg, electric cars are freely available to employees 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, we teamed up with etika, an association for alternative financing that provides us with advice on sustainability issues, raising employee awareness and developing sustainable products. We particularly encourage the sharing of information within the sector through membership of insurance associations such as the Swiss Insurance Association (SIA), the German Insurance Association (GDV), Assuralia in Belgium and the Association of Insurance and Reinsurance Companies (ACA) in Luxembourg. We maintain an open dialogue with the public and regularly report on environmental projects and what has been achieved.

Report on non-financial matters

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/sustainability-innovations

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

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

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

Customers of Insurtech FRIDAY contribute to combating climate change

Since October 2018, FRIDAY customers have been able to make their own contribution to combating climate change by offsetting the CO₂ emitted by their cars. FRIDAY (Baloise's online and mobile insurer in Germany) offset 3,767 tonnes of CO₂ between April 2022 and March 2023, contributing more than EUR 45,000 to finance climate action projects through its FRIDAY+ECO product, developed in collaboration with the respected climate action organisation myclimate. The climate change mitigation projects selected for the offset meet the highest standards (Gold Standard, CDM, Plan Vivo).

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

www.baloise.de/GAP-Versicherung

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 from page 300 onwards).

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 from page 306 onwards).

Carbon footprint

Our carbon footprint 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 'Key figures', page 316).

Adjustments to our carbon footprint for 2022

The way in which our CO₂ emissions are calculated was revised in 2022. Due to adjustments to the units used for the emissions factors, the key figures for all scopes of our carbon footprint have changed:

- Scope 1 rose from 3,659 tCO₂e to 4,738 tCO₂e. This increase is predominantly due to adjustments in the calculation of emissions from our vehicle fleet. Since some offices supplied their data in kilometres and others in litres, adjustments had to be made to the composition of the formulas for the calculation.
- Scope 2 rose from 729 tCO₂e to 1,004 tCO₂e. This discrepancy is due to the emissions factors being adjusted and mainly affected the information on district heating.
- Scope 3 fell from 7,485 tCO₂e to 4,983 tCO₂e due to updated formulae and emissions factor units.

Overall, this resulted in a reduction from 11,873 tCO₂e to 10,275 tCO₂e across all scopes in 2022.

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 (tCO₂e). 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 in accordance with the operational control principle. This control includes the ability of Baloise to introduce and implement operational strategies. The carbon footprint for Baloise thus covers our sites in Switzerland, Belgium, Germany and Luxembourg.

Scope 1 emissions include the use of fuel to heat buildings, the electricity generated from renewable sources at our sites, the Company's own vehicle fleet and the loss of coolant at our sites.

Scope 2 emissions cover the use of purchased electricity and district heating at the sites. This scope also includes the electricity consumption of electric cars used for company business. Scope 2 emissions were calculated using the location-based method.

Scope 3 emissions currently include paper and water consumption, the electricity consumption at the data centres we use, fuel-related and energy-related emissions, energy used by our employees working from home, the refuse we generate, and business travel and commuting by our employees.

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

We use emissions factors provided by Swiss Climate AG, a consultancy firm operating in the areas of CO₂ management, sustainability and energy, to calculate the emissions across all scopes. Swiss Climate AG has experience in determining science-based emissions factors and has these independently audited.

www.swissclimate.ch

Sustainability KPIs – Environment

Environment

	Unit	2023	Relative	2022	Relative	Reference
CO₂ emissions						Page 314
Total emissions	tonnes CO ₂ equivalent	11,066.7	1,379.9 kg/ employee ³	10,724.7	1,336.4 kg/ employee ³	
Scope 1 emissions	tonnes CO ₂ equivalent	4,078.3	-	4,738.3	-	
Scope 2 emissions	tonnes CO ₂ equivalent	631.9	-	1,003.9	-	
Scope 3 emissions	tonnes CO ₂ equivalent	6,356.0	-	4,982.5	-	
Change in operational emissions	%	3.2	-	-	-	
Energy						Page 311
Energy reference area ¹	EBF m ²	142,193.6		186,017.0		
Share produced from renewable sources ²	%	100		100		
Electricity consumption	kWh	16,279,426.3	2,029.9 kWh/ employee	18,109,629.1	2,256.7 kWh/ employee	
Heating consumption	kWh	11,077,839.8	77.9 kWh/m ²	12,176,424.9	65.5 kWh/m ²	
Water consumption	m ³	38,743.6	22.0 l/ employee/day	32,424.2	18.4 l/ employee / day	
Paper						Page 312
Total paper consumption	tonnes	335.8	44.0 kg/employee	335.2	44.0 kg/employee	
Recycled	%	51.6	-	45.0	-	
Chlorine-free-bleached	%	17.0	-	25.8	-	
External printed matter	%	24.2		22.3		
Photocopy paper consumption	million A4 sheets	25.6	3,186.0 sheets A4/employee	23.2	2,884.3 sheets A4/employee	
Business travel						Page 313
Total business travel	million km	26.1	3,249.5 km/ employee	24.1	3,006.5 km/ employee	
Air	%	8.2	-	6.2	-	
Car	%	69.3	-	76.1	-	
Public transport	%	22.5	-	17.6	-	
Refuse						Page 312
Total amount of refuse	tonnes	510.1	63.6 kg/employee	400.4	49.9 kg/employee	
Paper	%	35.1	-	45.9	-	
Other recycled materials	%	3.9	-	4.6	-	
Special waste	%	0.2	-	0.2	-	
Misc. waste/refuse	%	60.8	-	49.3	-	

1 Including the insurance branch offices in Switzerland.

2 At locations for which Baloise can choose the electricity mix.

3 Including the total number of employees in the Baloise Group.

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Information on social matters

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How we create value for our employees

Measures

- 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
- 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



Effectiveness of the measures

- Healthy and financially secure 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
- 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

Key performance indicators

Satisfaction metrics (page 321) are the most important indicator used to measure the effectiveness of the many employee-related initiatives. We also use other indicators for topics such as health and safety (page 325), diversity and inclusion (page 325), corporate social responsibility (page 326) and social partnership (page 327).

Strategic relevance of capable and motivated employees

Employees support implementation of the strategy

Our success relies on skilled and customer-focused employees working with dedication and commitment in areas that contribute to the implementation of our strategy. That's why we want to be and remain an employer of choice.

We have set ourselves a very ambitious employee-related target for Season 2 of our Simply Safe strategy: we want to be clearly perceived by our employees as one of the top employers in Europe by 2025. Specifically, we are aiming to be among the top 5 per cent of employers for employee

satisfaction. The new target is considerably more ambitious than in the first strategy period, particularly since we now also include employers from outside the financial sector in the ranking.

This is also reflected in our ranking position. We began the new strategy period among the top 36 per cent of employers in Europe and were able to maintain this starting position in 2022 in what was a challenging environment. In 2023, our survey results even improved slightly. Set against a general decline in employee satisfaction in Europe, we thus ended 2023 in the top 29 per cent of employers, 7 percentage points higher than the previous year.

Continuity of measuring methodology

In 2023, we retained the new measuring method that was introduced at the start of Season 2.

- All employees are surveyed twice yearly.
- A more extensive survey is carried out every two years, which meant one was due at the end of 2023.
- The questionnaire consists of questions that apply to the whole Group and others tailored to specific business units.

- There are also numerous opportunities for employees to add comments, which are analysed with the help of artificial intelligence (AI).
- Transparency and dialogue are important to us. For that reason, the results of the surveys are broken down by team and made accessible to all employees, not just to managers.

Employee satisfaction survey (November 2023)

	2023	2022
Per cent		
Response rate	77	75
Committed and satisfied employees¹	81	79
Women	82	78
Men	80	79

¹ Employee happiness at work measures the average responses of our employees to the question 'How much do you like working at Baloise?' on a scale from 0 to 100 ('not at all like' to 'totally like'). For this purpose, the answers of all employees are recorded on a 5-point scale and converted on a linear basis to a scale of 0 to 100. Employees who ticked a positive answer (4 or 5) to the satisfaction question are categorised as 'committed and satisfied'.

In absolute terms, the results of our employee survey in 2023 remained stable or improved slightly. This was an extremely encouraging result given the persistently challenging economic and geopolitical environment in Europe. Compared to the steadily downward trend in employee satisfaction, we were thus able to significantly improve our ranking against a European benchmark.

Company-wide and team-specific measures

Moving our employee satisfaction levels closer towards our target remains a major challenge, so we have developed numerous improvement measures based on the results of the more comprehensive survey that took place as scheduled at the end of 2023. There is a particular focus on team-specific measures, as the findings of the employee survey are made available at the level of the smallest possible unit (mostly team level). For the first time, this year's survey included questions about the Baloise Code – a code of conduct developed by the employees themselves. www.baloise.com/code

In addition, the most important areas where action is needed were defined for all business units and specific measures were developed. These will now be gradually rolled out. Examples include increasing the reliability of our IT systems and introducing new ways of working in certain departments. We are working together to ensure that our employees value us as a leading employer, even in an environment that is likely to remain challenging for the foreseeable future.

Our employee key figures at a glance

	2023	2022
Employees, total	8,020	8,025
Average age in years	43.9	43.8
Average years of service	12.4	12.5
Staff turnover (per cent)	7.1	7.4
Percentage of employees with access to the share programme	44.2	43.9
Personnel expenses (CHF million)	1,024.5	968.6

Distribution of employees by gender

	2023	Per cent	2022	Per cent
Female	3,582	44.7	3,553	44.3
Male	4,437	55.3	4,467	55.7
Not specified	1	0.01	5	0.06

Age distribution

		Number	Per cent
Over 56	Female	577	7.2
	Male	913	11.4
	Sub-total over 56	1,490	18.6
46 to 56	Female	1,060	13.2
	Male	1,286	16.0
	Not specified	1	0.01
Sub-total 46 to 56	2,347	29.3	
35 to 45	Female	922	11.5
	Male	1,161	14.5
	Sub-total 35 to 45	2,083	26.0
Below 35	Female	1,023	12.8
	Male	1,077	13.4
	Sub-total below 35	2,100	26.2
Total		8,020	100

Distribution of full and part-time

Employment status	Gender	Number	Per cent
Full-time	Female	2,108	26.3
	Male	3,907	48.7
	Not specified	1	0.01
Sub-total full-time		6,016	75.0
Part-time	Female	1,474	18.4
	Male	530	6.6
	Sub-total part-time	2,004	25.0
Total		8,020	100

Report on non-financial matters

Trainees and apprentices

	2023	2022
Switzerland	242	257
Germany	53	52
FRIDAY	6	5
Luxembourg	4	4
Liechtenstein	-	1
Total	305	319

In Switzerland, 54.4 per cent of our apprentices secured a job at Baloise after completing their training.

Risks and risk management methods with regard to employee-related matters

As a top-ranked employer and holder of the Friendly Work Space award, we are addressing the shortage of skilled workers by making ourselves better known and thereby more attractive in the job market. For existing employees, we offer an interesting working environment with wide scope for personal initiative and decision-making coupled with regular opportunities for continuing professional development and upskilling. We also collect and monitor various key figures on the skilled worker shortage, and keep a close eye on the average cost of recruitment (including advertising, executive search, etc.). In Belgium, for example, this is around EUR 3,785 and in Luxembourg around EUR 3,380 per hire, which is slightly below the European average.

Our Code of Conduct

We are optimistic:
We see opportunities.

We bear in mind customer needs:
We always consider their perspective.

We welcome change:
We boldly break new ground.

We keep our promises:
We walk the talk.

We value our colleagues:
We build personal relationships.

We are curious:
We constantly learn new things.

We share our insights:
We foster networking and collaboration.

We speak our minds and look for solutions:
Every voice matters.

We meet everyone on equal terms:
With compassion and a smile.

We are Baloise 

The Baloise Code is our Code of Conduct and was developed by employees, for employees. It has been guiding our activities for more than six years now. In 2023, the Code was updated and questions about it were included in the employee survey for the first time. It is applied across the Group.

Staff retention

Recovery and leisure time

As a responsible employer, the health of our employees is very important to us. Our working conditions ensure they enjoy a good work-life balance. There were no breaches of the legally stipulated rest times between two working days or shifts in any part of the Group in 2023. Nor was any legal action brought against us in relation to working hours.

Switzerland

Flexibility regarding place and time of work

- Flexitime
- Flex office
- Working from home and remote working: The office is our primary place of work. Of course employees can also work from home or from elsewhere – normally for around 40 per cent of their working week or, depending on the work situation, up to a maximum of 60 per cent (for a full-time employee).

Individual working models

- There are numerous opportunities for part-time working (e.g. option for 80 per cent of hours for almost all office-based full-time positions)
- Job sharing
- Pre-retirement part-time employment
- Option to choose between different notice periods

Opportunities for sabbaticals

- Maternity leave that is more generous than the statutory minimum
- Unpaid leave

You can find out what other benefits we offer our employees in Switzerland and what we stand for as an employer here: <https://jobs.baloise.com/en>

Germany

Flexibility regarding place and time of work

- 38 hours on a full-time basis with flexible working hours without core hours
- Home working and remote working (up to 60 per cent of contracted hours)
- Flexitime with time off for accumulated hours

Individual working models

- Numerous opportunities for part-time work for all employees

Opportunities for sabbaticals

- 30 days' annual leave
- Opportunity for special leave and conversion of salary into additional leave

Belgium

Flexibility regarding place and time of work

- Flexitime for all employees
- Working from home and remote working: employees can work a maximum of three days a week from home

Individual working models

- Numerous opportunities for part-time work for all employees
- Special 100 per cent working hours models: option to work a full week over four days or two weeks over nine days (by working longer hours on the individual working days)
- Hours reduced by 20 per cent or 50 per cent for employees aged over 55 (compensation from the employment office)
- Parent days for all employees with school-age children: half a day of unpaid leave per week

Opportunities for sabbaticals

- Parental leave: for employees with children under the age of 12 (compensation from the national employment office)

Luxembourg

Flexibility regarding place and time of work

- Flexitime for all employees
- Working from home

Individual working models

- Numerous opportunities for part-time work for all employees

Opportunities for sabbaticals

- Option to buy additional leave through a reduction in annual salary

Learning and development



Own it

• Taking ownership • Focusing on results



Learn

• Living curiosity • Promoting development of others
• Developing through reflection • Building digital literacy



Connect

• Living integrity & trust • Leveraging diversity through dialogue



Collaborate

• Establishing meaning • Collaborating effectively

The ten Baloise competencies are divided into four topic areas and provide information on the skills we as a Company particularly want to promote.

Report on non-financial matters

To deliver maximum performance now and in the future and to achieve our strategic goals, we are focusing on ten overarching competencies divided into four topic blocks. The competencies are equally relevant to all employees and are the subject of ongoing dialogue as well as being discussed at development meetings.

We create a learning environment that encourages and enables employees with and without a formal leadership role to develop the skills and mindsets necessary to take on new challenges and realise their full potential. We do this to ensure that we, as an employer, can sustainably attract and retain employees with the necessary skills and are therefore able to achieve our business goals and our transformation.

In 2023, the focus was on further developing our most important training content, strengthening a more self-determined and more individual approach to learning and development and creating the basis for efficient scaling.



Baloise Campus – Group-wide leadership programmes

We support staff in leadership roles on an ongoing basis by encouraging dialogue and reflection on the subject of leadership and developing the necessary skill sets. As part of our core programme for the development of executives – the Baloise Campus – we provide four different programmes that deal with various challenges facing senior managers.

The programmes in 2023 were as follows:

- 71 participants on the Early Leadership Programme (ELP) with a total of 248 training days
- 32 participants on the Programme for Experienced Practitioners (PEP) with a total of 224 training days
- 30 participants on the Advanced Leadership Programme (ALP) with a total of 240 training days
- 9 participants on the Senior Leadership Programme (SLP) with a total of 72 training days.

Of the 145 participants (total of 784 training days), 46 per cent (67) were female and 54 per cent (78) male.

The programmes promote an intensive, process-based learning journey and are designed to support managers either in tackling their own practical challenges (ELP and PEP) or with projects on matters of Group-wide strategic relevance through collaboration with senior managers and Transformation Leaders within Baloise (ALP and SLP).

Strengthening transformation and leadership capabilities

We continue to work on establishing an understanding of leadership as action and not merely as function, which encompasses the various forms of leadership be they hierarchical or distributed. We also aim to strengthen our transformation and leadership capabilities and to create the basis for scaling. With this in mind, we expanded our existing offering that covered subjects such as decision-making, coaching, team coaching, resilience, feedback and much more to include a Group-wide offering that deals with navigating and managing change. This was the main focus in 2023. In total, around 280 participants took part in workshops delivered by an internal network of catalysts and trainers as well as external coaches.

We also strengthened our collaborative approach to learning by adding circle learning formats, where our employees work with three to five other colleagues on a certain subject to progress their development. The employees benefit from the experience and knowledge of their colleagues to help them achieve their individual learning goal, and this regular exchange also expands their network and promotes collaboration.

Learning communities

We are continuously building and reinforcing learning communities at various levels. We offer a platform on which learning multipliers can share their knowledge and improve their skills to stay one step ahead in the development of high-quality training courses. In 2023, the focus was on the design and implementation of virtual courses and the creation of appealing e-learning courses. 193 employees from all units got involved in these learning communities and produced 214 e-learning courses. We have also developed a governance structure that enables us to provide learning content via a Group-wide network of multipliers and facilitators. Our aim is to use the existing courses and create new ones that meet the immediate needs of all business units, thereby making use of synergies and achieving cost savings.

Additional local activities and events

At local level, we systematically support the onboarding of our managers into new leadership positions (Switzerland, Belgium and Luxembourg). Further support is provided in the form of individual coaching or by supporting the development of teams in connection with the transformation of Baloise via our internal network of coaches or external partners.

Internal agile coaches support the ongoing transformation journey in Germany, Belgium, parts of Switzerland and Luxembourg, helping managers to practise agile working methods, reflect the agile mindset and improve processes in their teams. This is all in addition to specific Group-wide workshops aimed at strengthening agile competencies.

Baloise in Germany held its first learning week with more than 180 attendees. The focus was on different learning

options based on our Baloise competencies (films, workshops, networking events, etc.). We also introduced various learning formats to introduce employees to generative AI-based software such as ChatGPT (Germany and Switzerland).

Health and safety

As a responsible employer, we strive to protect and promote the health of our employees and various initiatives are run in our national units with this aim in mind. The figure in brackets indicates the number of participating employees.

Switzerland

- Recertified as a 'Friendly Work Space'
- Corporate health management for all employees
- Case management: individual support and counselling to help employees cope with difficult situations and crises in their personal lives (220 cases, 94 of which were from the prior year)
- Ergonomic consultations (88)
- Discounted massages at head office in Basel
- Voluntary flu vaccinations for all employees (347)
- Average of five hours per person for health, safety and emergency training, e.g. courses on first aid for mental health, breath training, etc.
- Gym membership
- Weights rooms and relaxation rooms at head office

Germany

- Mental health campaign
- Healthy leadership through the transformation (16)
- Sleep yourself healthy – basic and advanced seminars (109)
- Stress management and self-care in Sales (32)
- Mental health – recognition and intervention (18)
- Staying strong in difficult situations (32)
- Inner Axis Breathwork (30)
- Back course at Zentrum am Michel, Hamburg (15)
- Mesana band – health monitoring at home (70)
- Mental health hotline
- Trinktimer app
- Meditation app
- Brainlight massage chair
- Massage in Hamburg and Bad Homburg
- Flu vaccination offered to all employees

Belgium

- B-Fit check-up (219)
- B-Balanced programme (74)
- Breathing exercises workshop (171)
- Workshop on recognising stress signals within your team (89)
- Participation in a study on absenteeism and possible management interventions (13)
- Flu vaccination programme for all internal and external employees (410)
- Every employee can consult an occupational health specialist if they have a health problem which they suspect may be due to their work.
- All first aiders take part in a one-day supplementary training course every year. For members of the fire service team, this is one day every two years. The union workplace representatives also receive supplementary training every year.

Luxembourg

- Vaccination campaign (55)
- Two programmes for health and wellbeing (131)
- Emergency training: once a year
- Health courses: total of 37 hours in 2023

Diversity and inclusion

We are more than 8,000 employees in five countries, so collaborating across borders and embracing differences is important. For us, diversity and inclusion means utilising our diverse strengths and personalities while remaining mutually respectful and accepting of each other.

The following measures from across the Group are examples of our approach:

- Our offices are accessible and additional assistance measures are provided on a case-by-case basis.
- We place great emphasis on non-discrimination in the Code of Conduct, in recruitment and in the benefits we provide.

Diversity

Below we have listed a few specific initiatives implemented by Baloise in Switzerland. These are representative of the work on diversity and inclusion carried out in the other countries. We try to approach the topic of diversity as broadly as possible with our initiatives in Switzerland. For example, we regularly take part in the external 50+ jobs fair. We also promote our LGBTQ network, which was set up by employees for employees. And we would also like to make our leadership teams more diverse. Our aim is to fill 40 per cent of all positions in the management team with people who meet at least one diversity criterion – age, gender or mother tongue. Women already make up one-third of all promotions and new hires each year. We encourage part-time working in all positions, including the sales force: almost all our full-time vacancies are advertised with an option to work 80 per

Report on non-financial matters

cent of full-time hours. Almost a quarter of employees now work part-time. Last year, we launched a series of workshops across the Group to teach employees about unconscious bias (distorted perceptions that can lead to discrimination).

Diversity should be lived and experienced within the Baloise Group – but also measured with hard figures. That's why we carried out a pay-gap analysis in 2021. The analysis did not find any relevant unexplainable gender-specific differences in salary. We also 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. Ultimately, all these initiatives and measurements are part of the reason why we are regularly awarded the Friendly Work Space accolade.

www.baloise.com/diversity



Inclusion

As a responsible employer, we are committed to the health of our employees and to the integration of people with special needs. Only with an inclusive and healthy working environment can we enjoy long-term success as a company. We firmly believe that everyone should have the opportunity to participate in the labour market and realise their potential professionally. To achieve this goal, we partner with the Federal Disability Insurance (IV) to offer a number of places each year to help get people with disabilities back into work. We have provided more than 70 IV training places since 2012. They are specifically designed for people who, for health reasons, have difficulty gaining a foothold in the labour market. With targeted support and individual care, we help them to reintegrate successfully into working life.

Each year, we also offer special training places to give young people with special needs an opportunity to secure a vocational apprenticeship. Through adapted training plans and close collaboration with an internal specialist, we ensure that they too can gain the skills and expertise they need.

Corporate Social Responsibility

We continued our various corporate social responsibility activities in 2023. Below, we list a few examples of the areas in which we as a company are active – with the energetic support of our employees.

Community and good causes

- Every year for the past ten years, Baloise in Belgium has organised the Baloise for Life event during the Christmas period. We raise money for charitable organisations by putting on various activities for employees and the employees suggest which charities the money should go to.
- Baloise in Germany organises a Christmas concert in Hamburg's St. Michael's church for current and former employees and their families every year. The money raised goes to charity.
- Almost 50 colleagues from Baloise in Germany took part in Volunteer Day on 12 October. We helped out at a total of six childcare centres in Bad Homburg, Hamburg and Bremen, doing jobs that the regular staff rarely have time for.

Environmental protection and climate action

- Baloise in Belgium organised an internal 'sustainable transport week' and encouraged employees to travel sustainably during this period. A free bike checkup was organised for all employees who cycled to work.
- In June, Baloise employees in Switzerland partnered with BirdLife Switzerland to build dozens of nesting boxes and carried stones out into the fields in order to create new habitats for the little owl.

Education

- Baloise digital scouts in Switzerland have been working to raise awareness of digitalisation issues in society since 2017. With the aid of brochures, talks, workshops and exhibition stands on cyber security, smart home and media literacy, they educate and inform employees, parents, schoolchildren and pensioners. Free of charge, of course.
- Baloise in Switzerland supports the Future Skills Forum event where stakeholders come together to discuss the skills that companies will need to equip their employees for the future.

For more information on our Corporate Social Responsibility activities, see www.baloise.com/csr

Social partnership and participation

Switzerland

- All employees are covered by formalised employee representation structures.
- The collective labour agreement applies to more than 3,600 employees.
- There are a number of associations with strategies to promote representation and participation of target groups, such as Female Leadership, women@sales, parents@baloise, the LGBTQ network JUMP! and the Diversity Board.
- There were no demonstrations or rallies in 2023.

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.

The members of the employee commission carry out their commission-related duties in working hours where necessary. The chair of the employee commission is released from his or her professional duties for 50 per cent of his or her contracted hours.

Germany

- 97 per cent of employees are covered by the collective pay agreement for the insurance sector.
- There are a number of associations with strategies to promote representation and participation of target groups, such as FemaleXChange, the LGBTQ network JUMP! and the Diversity Board.
- There were no demonstrations or rallies in 2023.

Works councils in Germany

The local works councils in Germany are elected by the employees every four years at all locations. 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. The General Works Council deals with company-wide matters such as the intro-

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

Belgium

- All employees are covered by formalised employee representation structures.
- There are 17 signed collective pay agreements.
- Every four years, 'social elections' are held in which employees can stand for election to one of Baloise's three advisory committees. The next elections will take place on 16 May 2024. All employees are eligible to vote.
- There are a number of associations with strategies to promote representation and participation of target groups, such as Women in Finance, Women on Board and the Young Talents Programme.
- There were no demonstrations or rallies in 2023.

Employee commission in Belgium

The employee commission in Belgium is organised along similar lines to that in Switzerland. It represents the interests of more than 1,500 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 in matters such as workplace ergonomics. Most of 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.

Report on non-financial matters

Luxembourg

- 100 percent of the workforce is covered by formalised employee representation structures, 70 per cent by structures relating to working conditions.
- There is one signed collective pay agreement.
- One person is appointed as an equal opportunities officer and there is a group for employee engagement and satisfaction.
- There were no demonstrations or rallies in 2023.

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 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.

European Forum

The European Forum was created by agreement between Baloise and the national employee representatives as an opportunity for the representatives to meet regularly with the Corporate Executive Committee and senior management and discuss current issues of relevance to the Group as a whole.

Careers website:
www.baloise.com/jobs

Careers blog:
www.baloise.com/karriereblog

 Facebook:
www.facebook.com/baloisech

 YouTube:
www.youtube.com/baloisegroup

 Instagram:
www.instagram.com/baloisejobs

 LinkedIn:
www.linkedin.com/company/baloisech

How we create value for society

Measures

- 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 financial support when a claim arises, pension benefits and solutions for individual saving
- 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
- Inclusion of ESG criteria in our underwriting guidelines, including human rights and employment rights
- Payment of taxes and support (financial and non-financial) for charitable and environmental organisations (CSR)

Effectiveness of the measures

- Maintaining a stable risk-sharing community as well as prosperity and a welfare safety net for society, while preventing potential social inequality as a result of financial circumstances
- Minimising risk in the investment process and in the underwriting process for insurance products, and supporting companies that factor ESG criteria into their decision-making. 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, innovation and safety, while also encouraging voluntary work and the community work of employees



Key performance indicators

In addition to the indicators for social matters used in our core business (underwriting policy, responsible investment), key figures relating to claims and benefits paid (page 331), taxes paid (page 332) and measurement of our reputation (page 332) also serve as indicators for measuring the effectiveness of social initiatives.

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. We conduct our business activities in accordance with the relevant legal provisions and in compli-

ance with the basic rights enshrined in the constitution of the Swiss Confederation, such as human rights (see also page 339 in the 'Compliance culture creates value' chapter). 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 finan-

cial 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

	2023	2022 (adjusted due to IFRS 17 transition)
CHF million		
Non-life	2,530.9	2,531.3
Life	4,473.6	4,606.9
Total	7,004.5	7,138.2

The payments recognised mainly comprise claims payments including claims handling costs in the non-life segment and insurance benefits paid including investment components and surrenders in the life segment.

Responsible investment for society

We take our role in society as a responsible custodian of assets seriously, which is why the asset management team is continuously developing its responsible investment strategy. The advanced responsible investment strategy has governed the majority of investments since 1 January 2023. Baloise Asset Management uses the data provided by MSCI Ltd. to integrate ESG criteria into the investment process. Exclusions are applied and the best-in-class approach is used to create the investment universe. 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.

We also pursue an active ownership approach. The objective of our active ownership strategy 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 strategy, 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 advanced 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 second active ownership review in 2023: www.baloise.com/policy-active-ownership.

For more information on our responsible investment strategy, see page 300 in the ‘Responsible investment’ chapter.

ESG criteria in our underwriting policy

We began applying social criteria in addition to environmental and corporate governance criteria in our underwriting guidelines in 2022. This means that we will no longer insure certain economic activities or that existing customers in these areas will be allowed a transition period. In addition to risks such as climate change, 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 306 onwards in the ‘Responsible underwriting’ chapter.

Report on non-financial matters

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 and encourage employees in all parts of the Baloise Group to engage in voluntary activities. In 2015, we 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

	2023	2022 (restated)
CHF million		
Taxes paid	35.9	75.6

See 2023 Annual Report, page 84 '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:

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

Baloise and its employees made total charitable donations of more than CHF 760,000 in 2023, which equates to around CHF 95 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 2023. Employees were allowed to carry out some of these activities during working hours.

www.baloise.com/csr

In Switzerland, the groundwork was laid in 2022 for collaboration with the *spendenbuch.ch* portal – Switzerland's first nationwide platform for donations in kind. Baloise provides 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* 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 2023, we partnered with reputation management institute *Reptrak®* to carry out surveys in Belgium, Germany and Switzerland. The average score across all three countries is slightly lower than in 2022, at 67.4 points (on a scale where 60 to 70 is average). Demands on the Company have increased due to the social challenges, and this is reflected in the results. 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: 68.5 points (2022: 69 points)
- Supports good causes: 67.4 points (2022: 67.7 points)
- Cares about the environment: 66.4 points (2022: 66.5 points)

The results show that communication is even more important at a time of major social challenges, as corporate citizenship activities only have a positive external benefit if the public is aware of them. 'Citizenship' is an important driver in terms of overall reputation and has a significant impact on the way Baloise is perceived by the public.

Weblinks to the activities of the national companies

- Switzerland
www.baloise.ch/de/ueber-uns/engagement
- Belgium
www.baloise.be/nl/over-ons/csr-en-sponsoring
- Luxembourg
www.baloise.lu/unsere-verantwortung
- Germany
www.basler.de/de/ueber-uns/nachhaltigkeit

Sustainability KPIs – Social

Social

	Unit	2023	2022	Reference
Employment and retention				
Page 321				
Number of employees		8,020	8,025	
Part-time employees	%	25.0	24.1	
Staff turnover	%	7.1	7.4	
Duration of employment	years	12.4	12.5	
Proportion of employees with access to the share programme	%	44.2	43.9	
Average employee satisfaction ¹	out of 100 points	77	76	
Proportion of engaged and happy employees ²	%	81	79	
Health and safety				
Friendly Work Space (certification in Switzerland)	out of a possible 5 points	4.83	4.83	
Training and development				
Page 322				
Proportion of trainees in the workforce	%	3.8	4.0	
Number of apprentices, trainees, interns and working students		305	319	
Philanthropy				
Total donations by the Baloise Group	CHF thousand	660.2	652.4	Page 332
Number of employees engaging in voluntary work		1,033	770	
Diversity and inclusion				
Page 321				
Proportion of women in the workforce	absolute	3,582	3,553	
	%	44.7	44.3	
Age distribution of employees				
under 35	%	26.2	26.6	
35 to 45	%	26.0	25.4	
45 to 56	%	29.3	30.3	
over 56	%	18.6	17.7	
Average age	years	43.9	43.8	
Responsible investment				
Page 300				
Total AGMs at which Baloise Asset Management voted ³	number	25	25	
Total agenda items on which Baloise Asset Management voted ³	number	13	13	
Votes against the management's recommendations at the AGMs ³	number	59	42	
Distribution of ESG ratings across Baloise insurance investments ⁴				
Page 303				
A-AAA	%	85	80	
B-BBB	%	15	20	

¹ Employee happiness at work measures the average responses of our employees to the question 'How much do you like working at Baloise?' on a scale from 0 to 100 ('not at all like' to 'totally like'). For this purpose, the answers of all employees are recorded on a 5-point scale and converted on a linear basis to a scale of 0 to 100.

² Employees who ticked a positive answer (4 or 5) to the satisfaction question are categorised as 'Committed and satisfied'.

³ See www.baloise.com/corporate-governance.

⁴ See chapter 'Responsible investment' from page 300 onwards.

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Information on corporate governance

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Compliance culture creates value

Measures

- Organisational measures to ensure compliance with laws, standards and instructions
- Raising of employee awareness through communication on instructions, regular training and concerted action 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 based on the Baloise compliance framework
- Ultimate responsibility rests with the Corporate Executive Committee and the Board of Directors

Effectiveness of the measures

- Risks relating to data protection, money laundering, antitrust law, corruption, insider trading and other compliance issues are systematically monitored and minimised through internal control mechanisms
- Establishment of a compliance culture that promotes and strengthens ethical conduct
- Promotion of 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

Key performance indicators

The number of compliance training sessions attended by employees, reported violations and the annual compliance report presented to the Corporate Executive Committee and the Audit Committee of the Board of Directors serve as indicators for measuring the effectiveness of compliance initiatives.

Compliance culture creates value

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 includes adhering to laws and standards issued by regulatory authorities – especially FINMA – 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, combating of money laundering, competition law, bribery and corruption. In 2023, 3,756 employees in Switzerland completed compliance training. 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. One serious, and thus internally notifiable, fraud case arose in 2023. Suspected violations can be reported via a number of channels, including an anonymous whistleblower platform that is also open to external parties. Clearly defined, Group-wide rules are in place that govern 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' 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.

Anti-corruption measures

We make a distinction between active and passive bribery. With regard to active bribery, employees must not promise any gifts or hospitality with the aim of inducing holders of public office or individuals bound by a duty of allegiance to violate their obligations towards their organisation or company or to exercise their discretionary powers in favour of Baloise.

With regard to passive bribery, employees must not let themselves be induced to make certain decisions or behave in a certain way by accepting gifts or hospitality. The fundamental rule is that gifts and hospitality must not be accepted if this might influence employees' specific decisions or their behaviour.

The individual market-specific companies in Belgium, Germany, Luxembourg and Switzerland must appoint anti-corruption and anti-bribery officers. Each company has internal instructions in place that reflect local law. Regular training ensures that employees are familiar with anti-corruption regulations and are informed of any changes to the legal situation.

Annual compliance reporting makes it possible to monitor compliance with these rules and to intervene where necessary. No incidents of corruption were reported in the reporting year. In the underwriting guidelines, bribery and corruption were also identified as a risk that we take into account when excluding various business activities (see also page 306).

Respect for human rights

Respect for human rights and for employee rights is very important to us in our business activities and under our investment and underwriting strategy. With insurance operations in Europe, we expressly acknowledge the global values and laws pertaining to human rights. Our objectives and approach with regard to human rights are set out in our Group-wide Respect for Human Rights Policy.

www.baloise.com/policy-human-rights

We are committed to respecting human rights in accordance with the UN Guiding Principles on Business and Human Rights (UNGPs) and to upholding them in our business activities and along the value chain. This commitment encompasses all internationally accepted human rights, including:

- the International Bill of Human Rights, comprising the Universal Declaration of Human Rights (UDHR), the International Covenant on Civil and Political Rights (ICCPR) and the International Covenant on Economic, Social and Cultural Rights (ICESCR);
- the Convention on the Rights of the Child (CRC);
- the fundamental conventions of the International Labour Organization (ILO).

We have also signed up to the UN Principles for Sustainable Insurance (PSI) and the UN Principles for Responsible Investment (PRI).

Organisation and compliance

Our approach reflects the business activities that we carry out as:

- a provider of insurance and financial services (underwriting guidelines);
- an employer (Code of Conduct);
- a buyer (purchasing guidelines).

We have appropriate policies and processes in place in this context. Annual risk analyses are conducted, and the risk in connection with respect for human rights is assessed annually as part of the compliance reporting. If material risks are identified within the Baloise organisation or in the supply chain, suitable measures must be taken in response, whether this be taking steps to ensure compliance or terminating a supplier relationship. An independent function in the Company (Compliance, Internal Audit) oversees implementation of the measures. Our independent system for reporting violations is also available for reporting human rights concerns.

Report on non-financial matters

Due diligence obligations regarding minerals and metals from conflict areas and child labor

Our policies and processes also include audit procedures in accordance with 'Section Eight: Due Diligence and Transparency with respect to Minerals and Metals from Conflict-Affected Areas and Child Labor' of the Swiss Code of Obligations and the corresponding Enforcement Ordinance on Due Diligence and Transparency with respect to Minerals and Metals from Conflict-Affected Areas and Child Labor. The audit revealed that Baloise neither imports nor processes minerals and metals from conflict areas. The risk-based suspicion check for child labor also revealed no reasonable grounds for suspicion. Baloise is therefore not subject to the corresponding further-reaching statutory due diligence and reporting obligations.

Further information:

www.baloise.com/compliance

www.baloise.com/code-of-conduct

www.baloise.com/privacy-policy

www.baloise.com/policy-bribery-corruption

<https://baloise.integrityplatform.org>

www.baloise.com/sustainability (compliance standards and investment policies)

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How we create value for our partners

Measures

- Establishing and expanding an intelligent network of partners (innovation partners, start-ups, outsourcing partners, suppliers, brokers and agents)
- Measuring the Net Promoter Score (NPS) and the satisfaction of brokers with Baloise at regular intervals
- 'We believe in partnership' is one of the three principles underpinning our brand values, which provide us with guidance on how we should act
- Maintaining a dialogue with suppliers on the subject of sustainability, including the imposition of the vendor code of conduct
- 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



Effectiveness of the measures

- Knowledge is shared among the partners in Baloise's network, which increases their collective success
- NPS results, satisfaction measurements and other dialogue outcomes inform our collaboration with brokers
- Collaboration with suppliers to ensure sustainability along the supply chain
- Promotion of the implementation of global principles and industry-specific standards
- Provision of, and support for, innovative sustainability solutions that contribute to the green transformation of the economy and a sustainable lifestyle

Key performance indicators

Regular measurement of the Net Promoter Score (NPS) and brokers' satisfaction with Baloise gives us an indication of how effective our systematic maintenance of partnerships is. The impact of funding for partner initiatives, key figures for the introduction of procurement guidelines and external accolades round off the indicators for measuring the effectiveness of our initiatives.

How we create value for our partners

As part of our value creation process, we draw on a network of partners that help us to implement our business model and value creation model even more effectively. Our 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 thus creates added value for everyone involved by increasing collective success. This pooling of expertise enables Baloise to offer its customers new, innovative products that are tailored to their needs.

First and foremost are the partnerships in our core business that create value for our stakeholders, especially our customers. We see ourselves not just as a business but as an organisation that, along with its partners, has a responsibility to promote awareness of social, environmental and corporate governance aspects in society and the wider business community. We therefore form partnerships outside our core areas of activity.

Partnerships in our core business

One of the strands of the strategy in our core business is to team up with strong partners, the focus being on creating added value for customers, developing new solutions and raising efficiency. In doing so, we try to offer customers access to services where this will provide the greatest benefit and, at the same time, will result in value-adding synergies for our partners and for us. The most evident example of this is our business model of operating as an insurer and bank in Switzerland, where we are able to offer banking, insurance and asset management services from a single source thanks to close collaboration. In the insurance business,

we have forged long-standing partnerships under which our services are embedded into the partner's own product range. For example, we work with Ford Motor Company SA (Ford importer for Switzerland) to sell motor vehicle insurance products under the 'Ford Autoversicherung' brand at the approximately 200 official Ford outlets in Switzerland. This exclusive partnership between Ford Motor Company and Baloise dates back to 2005. Since July 2023, the official dealerships have been able to easily integrate the insurance premiums into customers' monthly lease instalments. We also have a long-term partnership with Touring Club Switzerland (TCS) and many other providers of services that complement our own product range. In addition, we work with a whole host of partners in our business customer activities, allowing us to offer a broad spectrum of products and services for SMEs. We have stepped up our long-standing partnership with the founders' portal Fasoon, which means we can now act as the exclusive insurance partner for people starting up a business. Furthermore, we have launched a strategic industry partnership with the SME-oriented procurement portal Gryps, which will help us to continue signing up new business customers in the years ahead.

www.baloise.ch/de/ueber-uns/partner/kooperation

In Germany, we worked with brokers in the pension business to develop Baloise Best Invest, a new unit-linked policy. This resulted in Baloise Germany notching up its greatest ever success for pension business in sales of life insurance through brokers in 2023. The collaborative approach to product development also created a tangible benefit for customers, especially in terms of value for money. This was also the conclusion reached by the expert panels of judges at the publications 'Mein Geld' and 'Versicherungsmagazin', who singled us out for the German Insurance Award (for innovation in life insurance) and for the Innovation Prize respectively.

www.baloise.de/de/ueber-uns/partner

Broker satisfaction

In Belgium and Germany, brokers who work with us are asked about their satisfaction at least once a year as part of the NPS programme. The survey is being expanded in Belgium, with the satisfaction KPIs being extended. This means that we are continuing with the NPS programme using a number of measures of broker satisfaction. The NPS is measured every quarter, complemented by annual benchmarking of competitors. In Germany, not only brokers but also tied agents are surveyed annually about their satisfaction and on an ad hoc basis concerning specific matters. In one of the most respected NPS/broker surveys in the German market, Baloise is ranked second for property insurance sales. A satisfaction survey is also carried out in Switzerland to ascertain brokers' views.

Corporate management partnerships

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. Since 2023, ESG criteria have formed an integral part of the entire procurement process, from the request for tenders to the selection of suppliers and drafting of contracts. The partnerships with our suppliers, some of which have been in place for many years, are very important, which is why we are helping existing suppliers to implement the vendor code of conduct. We also work with them to find effective solutions to any problems that may arise in the supply chain. The Group-wide purchasing function is rolling out the new purchasing guidelines in Switzerland as part of a pilot project that is mainly focused on suppliers from which we order in large volumes. By the end of 2023, 32 per cent of suppliers had accepted our new purchasing guidelines. We are in discussions with, or waiting for a response from, 58 per cent of suppliers; 10 per cent have rejected them. The reason for rejecting our purchasing guidelines is that these suppliers have their own guidelines that are the same as or more extensive than ours.

www.baloise.com/vendor-code-of-conduct

Partnerships with organisations

Principles for Sustainable Insurance

By signing up to the Principles for Sustainable Insurance (PSI, see also Annual Review page 32), we have undertaken to promote principles of sustainability in society. This global framework also helps us to establish and maintain partnerships. At Baloise, we benefit from the cooperation between the United Nations (UN) and the insurance industry, particularly when it comes to addressing the risks and opportunities in connection with environmental, social and corporate governance matters.

Swiss Climate Foundation

The Swiss Climate Foundation has been supporting SMEs in Switzerland and the Principality of Liechtenstein for 15 years. During this time, more than CHF 37 million has been invested in climate change mitigation. We joined the foundation in 2021 and each year plough the net amount from the CO₂ levy redistribution into the foundation. We have two seats on the foundation's advisory board, giving us a say on how investments are allocated. In 2023, Baloise's funding contribution amounted to around CHF 230,000 (2022: CHF 340,000).

Baloise Bank foundation

The foundation was established in 1987 and promotes trade and industry in the Swiss canton of Solothurn. It's InnoPrix, which is endowed with prize money of CHF 25,000, is awarded annually to innovative projects. Since 2009, applications for the award have also been accepted from the neighbouring cantons of Aargau, Baselland and Bern. In recent years, the coveted accolade has increasingly gone to companies that support sustainability in business and society. The winner of the 2023 InnoPrix was the sustainable energy company Apex AG, which is based in Däniken, Solothurn.

Sustainability KPIs – governance

Governance¹

	Unit	2023	2022	Reference, corporate governance report
Board of Directors²				
Independence	%	100	100	Page 36
Average term in post	years	5.0	3.6	Page 36
Diversity on the Board of Directors²				
Number of women on the Board of Directors		3	4	Page 36
Proportion of women on the Board of Directors	%	33.3	40.0	Page 36
Average age of the members of the Board of Directors		59	58	Page 35
Remuneration				
Total remuneration of CEO	CHF thousand	1,686.6 ³	2,140.3	Page 64

¹ See www.baloise.com/corporate-governance.

² The cut-off date for calculating the key figures is 31 December 2023. Claudia Dill left the Board of Directors on 31 October 2023.

³ Michael Müller took over as Chairman of the Executive Board on 1 July 2023.

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