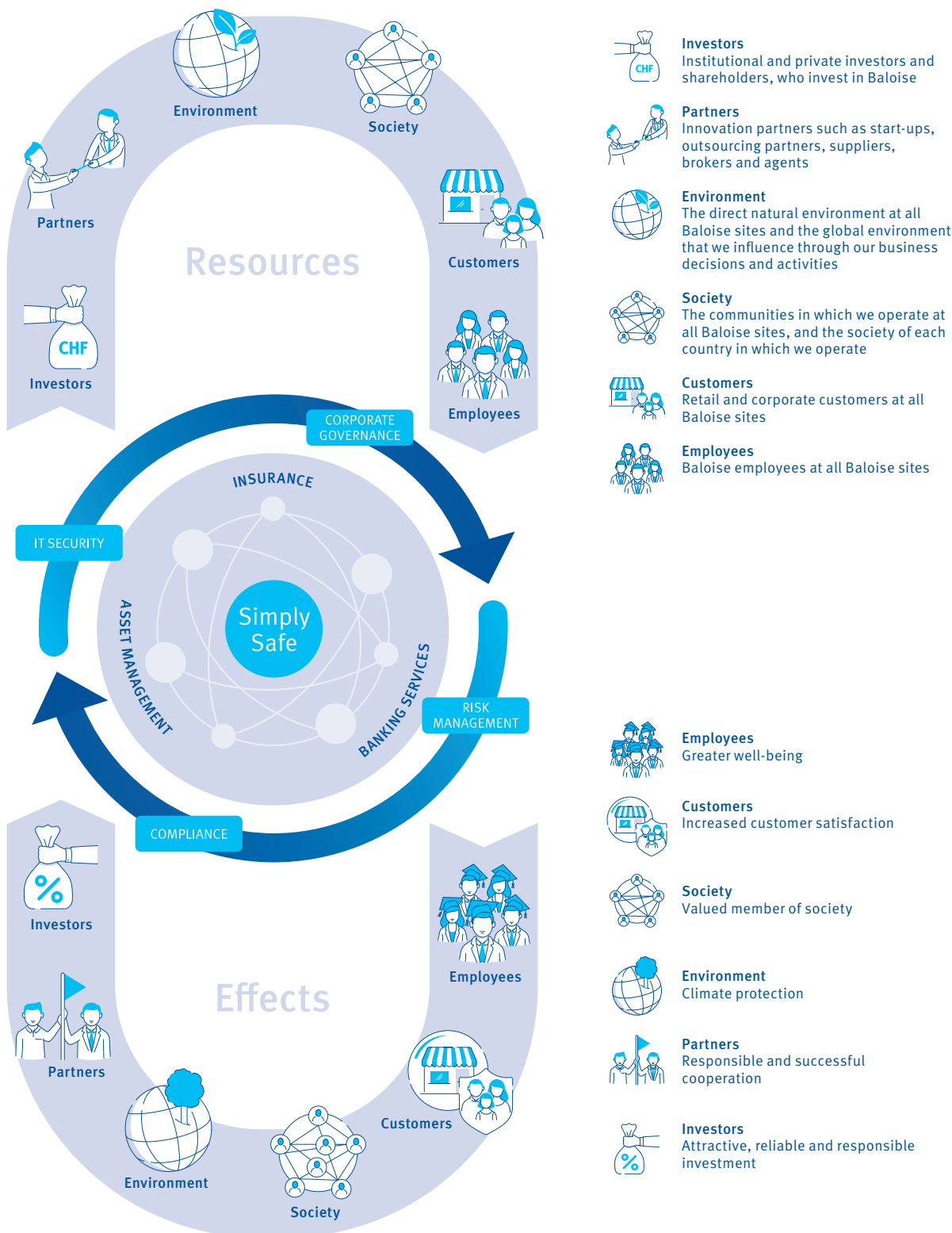


Sustainable business management

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Baloise value creation model

Creating value – achieving sustainable development



Responsibility

Taking responsibility and creating value: Baloise aligns its sustainable business management with the Baloise value creation model (see illustration on the left). This is based on the International Integrated Reporting Council (IIRC) model, but is specifically aligned with the Baloise business model, the aspects that are important to the Company and its corporate values. Corporate responsibility covers a broad range of activities and involves an equally broad range of resources – from shareholders and investors to employees and customers, partners, society and the environment around us.

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 Baloise has seen its role ever since it was founded in the 19th century: in ensuring the sustainable functioning of this community. Responsible and socially engaged behaviour is also an integral element of Baloise's Simply Safe strategy, alongside sustainable business management that takes account of the Company's stakeholders.

At the heart of Baloise's value creation model is its Simple Safe strategy, which emphasises that matters of sustainable business management cannot be viewed in isolation from the commercial management of a company. In its role as an insurance and pension provider with product and service ecosystems that cut across asset management, banking and insurance, Baloise not only looks after individuals but also protects companies, economies and communities and helps them to function properly – every day of the year. In doing so, it boosts economic and social stability in the countries where it operates. Baloise must be able to offer the sort of long-term security that cannot be sustained by the pursuit of short-term profits alone. Through the key parameters of corporate governance, compliance, information security and risk management, Baloise can make a lasting impact and, in so doing, create value for employees, customers, society as a whole, the environment, partners and investors. These stakeholders and the environment are described in the value creation model, which is based on the model of the

International Integrated Reporting Council (IIRC), as resources. The newly created value benefits the aforementioned resources as well as Baloise itself and flows back into the value creation process as input in order to achieve long-term goals for sustainable development.

www.baloise.com/sustainability
www.baloise.com/strategy
www.baloise.com/corporate-governance
www.baloise.com/code-of-conduct
www.baloise.com/compliance
www.baloise.com/risk-management

STRATEGIC INTEGRATION THROUGH COMMITMENTS IN THE AREA OF SUSTAINABILITY

At the heart of Baloise's belief is sustainable value creation, with a promise not to create value for certain individuals that causes losses to others in the process. Baloise has therefore assumed six commitments in the area of sustainability that cover all the resources in our value creation model. During the course of the next strategic phase 'Simply Safe: Season 2', which runs until 2025, these six commitments will add to the three strategic goals relating to employees, customers and investors. The baseline assessment for the relevant key figures will be carried out in 2021. Baloise will report annually on its progress in these six areas, starting in the annual report for 2022.

COMMITMENTS



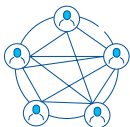
1. Employees: Greater well-being

We offer our employees an inspiring and collaborative work environment that they find motivating and that encourages their productivity and continuous development.



2. Customers: Increased customer satisfaction

We make the lives of our customers safer and simpler. In this way, we will increase customer satisfaction and support our customers in their personal and professional development.



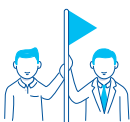
3. Society: Valued member of society

As a member of society, we are committed to social responsibility as a good corporate citizen. We offer protection, safety and security, and support (e.g. through taxes, sponsorships, donations and corporate citizenship) in normal times and during times of crisis, and aim to increase the number of employees who do voluntary work.



4. Environment: Climate protection

It is important to us that we continue to reduce our carbon emissions, for the sake of the environment. From 2021, 100 per cent of our electricity will come from renewable sources. In addition, we will expand and intensify our responsible approach to investment.



5. Partners: Responsible and successful collaboration

It is important to us that we are the preferred partner for brokers, agents, suppliers and business partners, such as outsourcing and innovation partners, who share our values and with whom we can convert synergies into mutual, measurable success.



6. Investors: Attractive, reliable and responsible investment

Baloise is an attractive, reliable and responsible investment. We want to further increase the generation of cash from our operating activities and pursue a transparent, balanced and value-creating strategy for the application of funds.

SUSTAINABLE DEVELOPMENT GOALS (SDG)



SDGS AND MATERIALITY

Baloise's value creation process is guided by the United Nations' sustainable development goals (SDGs). The following SDGs have been identified as material for the Company:

- ▶ SDG 1 (no poverty)
- ▶ SDG 3 (good health and well-being)
- ▶ SDG 4 (quality education)
- ▶ SDG 7 (affordable and clean energy)
- ▶ SDG 8 (decent work and economic growth)
- ▶ SDG 9 (industry, innovation and infrastructure)
- ▶ SDG 10 (reduced inequalities)
- ▶ SDG 12 (responsible consumption and production)
- ▶ SDG 13 (climate action)
- ▶ SDG 17 (partnerships for the goals)



MATERIALITY ASSESSMENT

In 2020, Baloise began work on a detailed materiality assessment for the relevant aspects in the area of sustainability. This process included the following steps:

1. Sector analysis to identify relevant sector-specific topics, such as inclusion of the material topics of the SASB (Sustainability Accounting Standards Board) applicable to the insurance sector
2. Analysis of external expectations and requirements in the market in the form of relevant regulations and financial market demands, and on the basis of stakeholder meetings with investors and an employee survey
3. Listing of material topics and assessment of the materiality of the topics identified by departments as relevant to their area of responsibility within the internal sustainability network
4. Allocation of the relevant SDGs to the topics that are material to Baloise
5. Assessment of materiality by the Corporate Executive Committee
6. Assessment and review of materiality by the Board of Directors

7. Assessment of materiality by the stakeholders (employees, customers, investors and NGOs) through a structured stakeholder dialogue.

Steps 1–4 were completed in 2020.

The technical assessment by the internal sustainability network in step 3 was carried out in two phases. In the first phase, a general technical assessment was provided that had particular relevance to the impact on the business activities of Baloise. Then in the second phase, an assessment was carried out using the Future-Fit Business Benchmark* that focused heavily on the effects for the business activities of Baloise. The sustainability experts at Baloise brought these two assessments together and reviewed them. The materiality analysis will be continued in 2021 and published upon completion.

* The Future-Fit Business Benchmark is an open source tool that was developed by the Future-Fit Foundation in the UK and published in May 2016. This approach shifts the focus away from today's best practice in sustainability management and reporting and towards the practice that will be required tomorrow.

STAKEHOLDER DIALOGUE

Baloise still has no structured process for continuous dialogue with stakeholders. A plan for this process will be developed in 2021. However, a dialogue with stakeholders is carried out despite the absence of a structured process. In 2019, an employee survey was conducted on the subject of the corporate sustainability strategy. This survey will be repeated in 2021. In addition, ten individual discussions with various Baloise investors were held in 2020 on environmental, social and corporate governance (ESG) topics and the general approach to sustainability adopted by Baloise. Baloise is also an active member of the following associations and groups where it compares notes with other companies on sustainability-related matters: Swiss Sustainable Finance (SSF), Swiss Business Council for Sustainable Development (oebu), Association for Environmental Management in Banks and Insurance Companies (VFU), Principles for Sustainable Insurance (PSI), Principles for Responsible Investment (PRI), collaboration with the Swiss Insurance Association (SVV), the German Insurance Association (GDV), Assuralia in Belgium and the Association des Compagnies d'Assurances (ACA) in Luxembourg.

BALOISE ESG RATINGS

Explanations of our current ESG ratings are part of transparent sustainability communication. Data was actively supplied for the following providers of ratings in 2020:

- ▶ MSCI
- ▶ Sustainalytics
- ▶ SAM Score (Dow Jones Sustainability Index)
- ▶ ISS
- ▶ FTSE Russell (FTSE4Good Index Series)

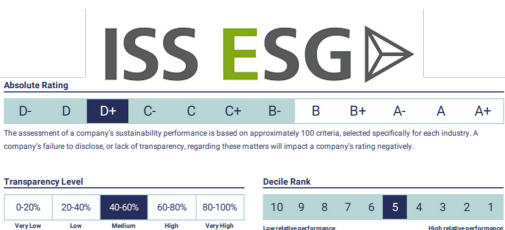
By publicising measures implemented such as the introduction of our sustainability governance, the broadening and deepening of our responsible investment approach and the renewal and expansion of our strategy for information security, we were able to improve our Sustainalytics rating by five points in 2020 from 31 (high risk) to 26 (medium risk). Our inclusion in the FTSE4Good index in 2020 also represents progress. Baloise is not involved in any controversies in the areas of environment (E), social responsibility (S) and governance (G).

Baloise has set itself the goal of continuously improving its ESG ratings. The Company will carry on using the information from its ESG ratings to continuously improve its sustainability activities. This is in line with our corporate strategy.

Baloise ESG ratings as at December 2020:

BALOISE MEMBERSHIPS

Collaboration with other companies, institutions and organisations is essential to drive sustainable development forward. That is why we support sustainable development goal (SDG) no. 17 of the United Nations (partnerships for achieving the goals), as we regard this as a fundamental requirement. After signing up to the Principles of Responsible Investment (PRI) in 2018, Baloise therefore also subscribed to the Principles of Sustainable Insurance UNEP FI PSI in 2020. Since 2020, we have also been a supporter of the Taskforce on Climate-Related Financial Disclosures (TCFD) recommendations and a member of Swiss Sustainable Finance. As a member of the Swiss Insurance Association (SVV), we work on standards relating to sustainability for the entire Swiss insurance sector, act jointly on matters relating to regulation and share expertise relating to responsible investment and risk management. In 2020 we were actively involved in preparing the sector reporting on the subject of sustainability for the SVV.



IMPORTANT FOUNDATIONS FOR VALUE CREATION

Baloise thinks and acts on a long-term basis and prioritises high ethical standards in its management of the Company (corporate governance). It takes thorough and professional action to protect itself against new types of risk, such as cyber risk, and takes account of sustainability-related risks and climate risks in its strategic risk management (risk management), monitors compliance with laws and norms (compliance), and establishes a strategy for information security and an associated information security governance framework (information security).

Based on these four important foundations of business practice, Baloise can draw on all the resources at its disposal to generate an impact and thereby create lasting value for its stakeholders.

SUSTAINABILITY GOVERNANCE

Since 2019, Baloise has been maintaining a sustainability network that includes representatives of all departments of Baloise that have an influence on this topic within the Group or are impacted by it. This working group has the necessary expertise to develop and regularly update the content of the sustainability approach, including the value creation model. The Corporate Executive Committee decides on all matters regarding the implementation and delivery of the content. The Board of Directors is responsible for designing the sustainability approach in detail, embedding it into the overall corporate strategy and monitoring it. At the end of 2019, this governance model was approved by the Corporate Executive Committee and the Board of Directors.

In 2020, the governance process described above was applied three times for the following matters:

- ▶ Support for the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD) with ongoing integration into the reporting process
- ▶ Improvement of selected ESG ratings with the aim of securing a ranking in the upper mid range and signing up to the Principles for Sustainable Insurance (UNEP FI PSI)
- ▶ Agreement of the six commitments in the area of sustainability

For further information on corporate governance, please refer to the separate corporate governance report on page 85 onwards of the Baloise Annual Report.

- ▶ [Chapter 'Corporate governance'](#)
www.baloise.com/corporate-governance

RISK MANAGEMENT

Based on the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), the four TCFD categories for which disclosure is currently required – Governance, Strategy, Risk Management and Metrics & Targets – are shown below.

Governance

As described in the 'sustainability governance' section, the whole Board of Directors is responsible for monitoring climate-related risks and opportunities, together with all sustainability-related matters. The diversity and complexity of these areas requires the involvement of the entire Board of Directors with its full range of abilities and expertise. The role of management in the assessment and management of risks is described in detail in the Sustainable business management / Risk management chapter. Strategic decision-makers as well as system and process managers and specialists are involved in risk assessment within the Baloise risk management system.

Strategy

Baloise's end-to-end risk management system and the plotting of the Group-wide individual risks on the risk map according to their likelihood and expected impact are explained in the Sustainable business management / Risk management chapter. For example, the integration of sustainability risks into the Own Risk and Solvency Assessment (ORSA) ensures that the regular analyses and assessments are incorporated into the strategic risk management process.

In relation to climate protection and climate change, there are also opportunities for the sustainable development of the investment portfolio and the insurance business and for promoting innovation. The integration of sustainability criteria into the investment process – and, in future, the underwriting process – benefits the environment, society, customers and investors.

Risk management

The Sustainable business management / Risk management chapter also describes how Baloise currently identifies, assesses and manages sustainability risks and thus also climate risks. The integration of sustainability risks, including climate risks, into existing risk management processes and frameworks enables the risk management team to assess these efficiently and from different perspectives. When analysing the overall risk situation, the sustainability risks are included as a separate risk type in the area

of business strategy. In addition, long-term sustainability-related trends such as social trends or environmental and climate risks are examined and evaluated as part of the analysis of emerging risks. Based on the commonly used typology, the following emerging risks have been identified:

Physical risks

- ▶ Environmental risks arising from the increasing prevalence of natural phenomena such as hurricanes, earthquakes, floods, hailstorms and wildfires

Transitional risks

- ▶ Impact of changing customer behaviour on the sales channels and product range of Baloise
- ▶ Changing working conditions resulting from technological innovations such as artificial intelligence and robotics

Liability risks

- ▶ Legal and pricing risks arising from unknown liability issues and uncertain legal situations

Metrics and targets

Material climate-related and sustainability-related risks and opportunities can be identified from the aforementioned commitments of Baloise and their connection with the sustainable development goals. With regard to climate change and climate protection, the commitment to the environment should be highlighted. The commitment to reduce CO₂ emissions in business operations and in investment can reduce physical risks and create opportunities through the sale of innovative products and services. In addition, the commitments made in relation to Baloise's customers, partners and investors help to meet the demand for the promotion of sustainable development by Baloise. Baloise can also help to increase sustainable development by other companies, by sharing information and experience with various partners on this matter. Work on developing indicators to measure the commitments is currently ongoing.

- ▶ [Chapter 'Sustainable business management/ Risk management'](#)

COMPLIANCE

Baloise regards compliance as a key element of creating sustainable value for stakeholders such as customers, partners, employees and shareholders. Compliance-related requirements have steadily increased in recent years. New regulations and tighter controls by regulatory authorities pose a challenge for the whole organisation. Our goal is to make compliance part of Baloise's DNA.

Specifically, this means having a strong compliance culture within Baloise. This is achieved firstly by raising the awareness of employees through specific instructions and regular training on matters such as data protection, money laundering, antitrust law, and bribery and corruption. At the same time, a consistent approach to violations is important in order to increase employees' awareness of ethical behaviour. Suspected violations can be reported via a number of channels, including an anonymous whistleblower platform. The procedure for dealing with reports and incidents is clearly defined. In addition, the giving and acceptance of gifts and hospitality is clearly regulated – and approval processes defined – in internal instructions and the Baloise Code of Conduct.

As part of the compliance framework, Group Compliance works with local compliance managers to develop Group-wide policies and minimum standards in accordance with a risk-based approach. The greater the business risk, the more closely the compliance team must be involved. This includes the following tasks:

Strategic tasks

- ▶ Definition of the key themes and minimum requirements in the Group Compliance Policy and the compliance controlling standards
- ▶ Early identification of possible compliance risks
- ▶ Creation of a compliance plan
- ▶ Implementation of the Group Compliance Policy and the Group compliance controlling standards
- ▶ Issuing of instructions and rules on compliance-related matters

Advice and support

- ▶ Providing advice and support to the Executive Committee in connection with its compliance responsibilities
- ▶ Central point of contact for employees for questions and reports relating to the Code of Conduct
- ▶ Regular training and provision of expert advice to employees

Scrutiny and monitoring

- ▶ Developing and monitoring appropriate compliance controls
- ▶ Expert assessment of the compliance plans and the implementation of the compliance standards
- ▶ Appropriate monitoring of adherence to the internal and external regulatory / legal provisions
- ▶ Monitoring important legal developments
- ▶ Analysis of the work processes and identification, assessment and monitoring of the existing compliance risks
- ▶ Dealing with compliance-relevant incidents

Reporting

- ▶ Separate reporting to the local Executive Committees and consolidated reporting to the Corporate Executive Committee and the Audit and Risk Committee of the Board of Directors on compliance risks and compliance controls.

www.baloise.com/compliance

www.baloise.com/compliance-controlling-standards

www.baloise.com/code-of-conduct

INFORMATION SECURITY

In an age of steadily growing cyber risks and ever more stringent data protection regulations, Baloise attaches immense importance to information security. Baloise sees information security as a key factor in the digital transformation and an essential part of being able to create value for all stakeholders and becoming the trusted choice for customers and employees who simply want to feel safe.

Specifically, it includes the development of people with security expertise within Baloise and continuously increasing employee awareness through annual training. The focus is not purely on internal company information, but also – and most importantly – on the information and data of our customers.

The establishment of an information security governance framework within Baloise ensures that the Group-wide approach to information security supports corporate governance standards.

Implementing a programme spanning several years will guarantee a structured, Group-wide approach to information security management that is business-based, risk-focused and continuously improved.

Baloise applies the following principles to its information security strategy:

Risk-based approach

- ▶ Investment in security is carried out on the basis of threats and weaknesses identified, the criticality of the data and the potential harm.

Integrated security

- ▶ When developing new solutions, security and data protection are considered from the very beginning. This is how we develop and operate secure services and platforms.

General framework for security

- ▶ The implementation of security controls is based on established practices, which enable peer-group benchmarking. Specifically, these security controls are implemented in a large number of Group-wide penetration tests where hackers help to expose security vulnerabilities so that these can be closed off. This is an established process for these tests, which ensures that measures are continuously developed and kept up to date.

IT compliance

- ▶ We understand the legal and regulatory environment in which we operate and proactively help to ensure efficient compliance.

Security culture

- ▶ Baloise cultivates a culture of personal responsibility. We promote a security-conscious culture through annual awareness training. The information security management system is audited each year as part of the information security assurance programme.

www.baloise.com/it-security

THE RESOURCES

At the heart of the value creation model are the six resources: employees, customers, investors, environment, society and partners. They are described below.

CREATING VALUE FOR EMPLOYEES

Baloise's responsibility as an employer is manifested in its strategy with a clear employee-oriented objective. The Company wants to position itself as one of the most attractive employers in its industry. To achieve this aim, it offers its staff the scope required to contribute to its success and to develop both personally and professionally. This results in satisfied employees, helping Baloise to become an employer of choice in the insurance sector. To this end, we create a working environment where the health and well-being of staff is a central concern and where equality, inclusion and diversity are top priorities.

Responsibility as an employer also includes ensuring gender pay equality. Baloise took part in a voluntary pay gap dialogue in Switzerland in 2013 / 2014 and again in 2018. On both occasions there was no significant difference in the Company's remuneration of female and male employees. In 2021, Baloise will carry out another pay gap analysis. For further details see the human resources section of this chapter.

By improving the employability of our employees, we aim not only to increase our attractiveness as an employer but also to create opportunities for economic growth by producing well-trained employees. Our attractiveness as an employer is established by means of an employee engagement survey (EES) carried out every two years. The findings are discussed both in the Executive Committee and in the individual teams. Every three months, randomly selected employees are also asked to score Baloise in terms of attractiveness. These 'pulse checks' also measure Baloise's appeal as an employer by determining what proportion of employees would recommend it as an employer.

Baloise has been fostering a participation-based corporate culture for many years and has continually developed this culture over time, building on the stable foundations put in place long ago. At Baloise in Switzerland, the concept of social partnership has a long tradition. The Company's employee commission (MAKO) was founded in 1970, i.e. long before 1993, when the Swiss federal government passed a co-determination act that gave employees the legal right to have a say in the workplace and to be given information on particular matters. To this day, the rights of the MAKO go well beyond the provisions of Swiss co-determination legislation. There is also a code of conduct, which contains the essential ethical and legal regulations that govern employees' behaviour. Across the Group, Baloise gets employees at different levels involved in shaping the working environment (see also the chapter on human resources). In doing so, Baloise secures not only

its own long-term viability but also the future employability of its staff in an increasingly competitive economic environment. By giving young people their first experience in the world of work – as trainees, interns and temporary student employees – Baloise is also making an investment in the future of the Company and the employment markets of the countries in which it operates. Every year, across the Group, Baloise trains around 260 people who are at the start of their careers, which represents a proportion of trainees in the workforce of 3.4 % per cent. The value that this adds, both for these young employees and the Company, provides a solid basis for the future and enables Baloise to create new jobs and preserve existing ones.



Getting through the crisis together

During the lockdown in spring 2020, more than 95 per cent of Baloise staff worked from home. Thanks to the strong team spirit among the staff, within a short space of time tips and tricks for home working were being compiled, playlists shared, a platform set up where employees provide help to other employees on a range of topics, and virtual team coffee breaks and lunches organised. External digital campaigns communicated the feeling of community among Baloise employees to a wider online public.

#BaloiseIstZuhause #AlleineZusammen

RESPONSIBLE EMPLOYER IN THE COVID-19 PANDEMIC ERA

Early on in the pandemic, Baloise set up a Covid-19 crisis management team of experts that has been closely monitoring the situation. This has enabled Baloise to take action swiftly and ensure the greatest possible level of safety for its employees at all times. The well-being of our employees has top priority at Baloise: Within days of the crisis beginning, 90 per cent of employees were working from home – in many cases before the governments in the countries concerned had officially declared a lockdown. Protective equipment, such as masks and sanitiser, was also made available. Various measures to ensure the cohesion and well-being of all employees were launched by HR and the employees themselves. These include:

- Move for Life, physical and psychological support and the digital campaign #AlleineZusammen (alone together)

Employees were encouraged to get active through digital sporting activities – some of which involved raising money to provide financial relief for local small and medium-sized businesses struggling as a result of the Covid-19 pandemic, or to support medical staff (Move for Life). As part of the Company's corporate health management, various sporting activities were offered online and tips provided for ergonomic working at home. Employees currently also have access to psychological support in the

form of a hotline that offers direct contact, free of charge, to external specialists and specially trained staff.

- Equipment and protection for employees working from home

To facilitate the transition to home working, employees were provided with technical equipment such as monitors and ergonomic office furniture at low cost or free of charge, as well as insurance cover for electronic equipment and, for a limited period, for children who had to stay at home during lockdown.

- Chapter 'Sustainable business management / Human resources'

www.baloise.com/code-of-conduct

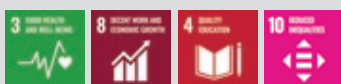
RESOURCE: EMPLOYEES COMMITMENT: GREATER WELL-BEING

Resources for value creation:

- Focus on professional and personal development with scope for personal initiative
- Modern and future-oriented working models
- Competitive basic salaries, fair pay, variable remuneration, attractive profit-sharing programmes and employee retention schemes
- A work environment that promotes equality and 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 a basis for the creation of a comprehensive network within Baloise

Impact of value creation:

- Optimal alignment between employees' modern skill sets and the needs of the Company
- Financially secure and healthy employees
- Strong sense of loyalty in the workforce, resulting in long average periods of employment at the Company
- Opportunity to establish an extensive network among colleagues and, as a result, the chance to work in different positions over time
- Increasing the employability of Baloise employees
- Among the top 10 per cent of employers in the insurance sector by 2021



CREATING VALUE FOR CUSTOMERS

Customer focus is central to the Company's strategy. Baloise wants to be more than a traditional insurance company and therefore needs to take account of the wider social environment in which its customers live. One way to achieve this is to create 'ecosystems' of services that go beyond the financial services previously offered by Baloise and are positioned upstream, downstream or completely independently of the insurance product itself. They will help to make the interactions between Baloise and its customers even more positive in future. New risks (e.g. cyber risks) will be identified and made insurable, enabling Baloise to promote innovation and the social and economic development of corporate and retail clients.

Ecosystems for a fully integrated service offering that creates added value

Baloise sees its ecosystems as sociotechnical systems. This means that such a system is not based purely on technology, but also includes people and organisations and the relationships between them. However, the aim is always to create added value for all through the seamless collaboration of the participants in the ecosystem. For the customers, the service providers and the providers of the infrastructure. Thanks to the innovations of our Home and Mobility ecosystems, we offer our customers products and services that complement the existing core services (insurance, pensions and asset management) through specific solutions or offer non-captive services. Our innovation initiatives will join insurance and asset management & banking in becoming a key pillar that we hope will make a substantial contribution to the business and value of Baloise. The target is for these initiatives to be creating CHF 1 billion of value by 2025.

Home ecosystem

The Home ecosystem essentially comprises all the home & living related products and services our customers need. Movu, Switzerland's largest digital platform for home-moving services and a Baloise subsidiary, provides a one-stop solution for customers in Switzerland who are planning to move house. They can choose suitable home contents insurance at the same time as planning their move. And better still: Baloise will pay for a second move if the customer regrets the move within a few weeks. Baloise also has an equity investment in DEVIS, a Swiss marketplace where tradespeople and cleaners can offer services for inside and outside the home. And through its investment in the laundry and dry-cleaning start-up Bubble Box, Baloise can offer customers an additional carbon-neutral service. In 2020, the Home ecosystem was extended to include a collaboration with and investment in Batmaid, a digital platform for home cleaning service providers. Batmaid is a solution that enables

its customers to find qualified and insured cleaners online. The company's integrated trust service registers workers and takes care of payroll taxes on behalf of its customers. The cleaning staff have the benefit of declared work and social insurance cover. Baloise also acquired a stake in start-up firm Houzy in 2020, a digital platform where home owners can make use of various online tools and checklists in order to maintain an overview of their home at all times, including any need for renovation. Houzy also enables users to integrate services provided by other partners. Customers in Switzerland thus have an ecosystem of services based around the home and living, which makes their lives considerably simpler.

But it's not only the lives of its retail customers that Baloise is simplifying with its ecosystem services. Business customers and partners also benefit. In Belgium, Baloise is investing in two start-ups – Keypoint and ImmoPass – and thereby simplifying property management and technical property inspections. Baloise and its Belgian start-up Keypoint are developing a new digital assistant that is designed to simplify the work of property managers in Belgium. The increased complexity of the responsibilities and a big increase in the number of apartment blocks in recent years have resulted in a shortage of professional property managers in Belgium. In a bid to address this, Keypoint has developed a digital platform that brings all relevant parties together and helps them to carry out property management tasks, from finding a reliable tradesman to claims management and obtaining legal advice.

In Belgium, Baloise has also invested in Walloon start-up ImmoPass, a service provider in the field of technical property inspections. Potential buyers or property management companies can use the ImmoPass system to assess the technical condition of their building in order to avoid unexpected renovation costs – for example if there are problems with damp, instability, the roof being in a poor condition or the presence of asbestos. The most recent investment in Rentio rounds off the range of Home services. Rentio digitalises, centralises and automates all aspects of the rental process. Property management companies, landlords and tenants can use the frictionless functionalities of its online platform or app to enter into contracts, monitor payments, exchange documents and sort out everyday problems such as a broken radiator or a routine boiler service.

Mobility ecosystem

Mobility is one area of our lives that has changed dramatically over recent decades. Think for example of the technological advances around self-driving cars and of changes in user behaviour – moving away from car ownership in favour of the sharing economy. Greater environmental awareness is an important aspect in these trends.

Through its own start-ups such as FRIDAY in Germany and Mobly in Belgium, Baloise is developing innovative vehicle insurance products and non-insurance services that cater to these changing needs.

The FRIDAY+ECO product developed in partnership with respected climate organisation myclimate enables FRIDAY customers to make their own contribution to climate protection by offsetting the CO₂ emitted by their cars. The climate protection projects chosen meet the highest standards (Gold Standard, CDM, Plan Vivo).

Another company in the Mobility ecosystem is aboDeinauto, which leases vehicles for a fixed monthly fee and is the first subscription provider to systematically focus on used cars. Its concept is based on close collaboration with car dealers who gain the opportunity to get involved in the rapidly growing market of car subscription services through aboDeinauto. Better use of existing vehicles also helps to conserve resources.

Another start-up concentrating on the optimum use of vehicles and eco-friendly servicing and maintenance is Ben Fleet Services. Ben offers fleet managers and operators comprehensive and flexible services for their vehicles. Its portfolio of services, which can be used for individual vehicles or entire fleets, includes on-site cleaning, refuelling and charging, maintenance and repairs, and delivery and collection. The company looks after not only cars (both conventional and electric) but also vans, buses and trains, bicycles and e-scooters. The water-free cleaning of the vehicles on site is just one example of how this service benefits the environment.

Baloise is also working with start-ups in Switzerland such as Stratos (formerly Carhelper) and gowago to extend its service offering in the Mobility ecosystem beyond insurance products. Gowago has developed the next generation of car leasing platform that enables customers to lease a new or used car simply, transparently, conveniently and at a low price without leaving the house. The partnership with Baloise means another novel benefit for customers: all vehicle costs can be bundled together with the monthly lease payment in Switzerland's first non-captive all-in-one leasing service for used cars. And to meet the growing customer demand for carbon offsets and ways to be green and protect the environment, gowago works with carbon-connect AG to reduce its carbon footprint. For each new gowago customer, five trees are planted in a developing country. The tree planting scheme provides jobs for the local population as well as making a positive contribution to combating climate change. Gowago aims to show that a young company can be environmentally responsible, even if it operates within the automotive industry.

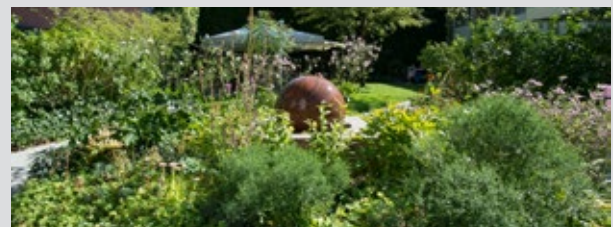
However, mobility doesn't always have to mean cars. Through its partnership with exoskeleton manufacturer TWIICE, Baloise is demonstrating a broader understanding of the concept of mobility.

TWIICE's leading exoskeleton can be used not only to revolutionise the lives of paraplegics, but also to help people retain their mobility as they get older – an aspect likely to become increasingly important in light of demographic change.

Plants, scents, and appreciation for a high quality of life

Dandelion is a dementia care centre in Basel, Switzerland, that has been a customer of Baloise for more than 20 years. The managers and staff at Dandelion care for their residents around the clock, day in, day out. Care that often goes well beyond the call of duty. Using aromatherapy and phytotherapy, they are trying to find new ways of maintaining a high quality of life for their residents, especially during the COVID-19 pandemic. This would be impossible without the staff and their incredible motivation. Showing appreciation for employees is a top priority for Dandelion – and for Baloise too.

www.baloise.com/dandelion



Baloise shares the values of its customers

Baloise has a strategy of seeking out customers who are cautious and careful, and to whom safety and security are as important as they are to Baloise. This strengthens the collective insurance community. But it is not just about providing security by covering a particular risk; it is also about giving customers everyday peace of mind. Baloise wants to do everything it can to help make customers' broader environment safer. The customers themselves also get a say, through customer forums, panels and surveys.

The opinion of our customers is important

The Net Promoter Score (NPS) survey conducted in Switzerland since 2016 actively solicits the views of end customers (retail and corporate) about their experience of Baloise. The survey is carried out automatically and immediately every time a customer has been in contact with Baloise, and randomly selected respondents are asked to rank Baloise relative to its competitors. Positive feedback is forwarded directly to the relevant employee, thereby providing additional motivation. Negative feedback is automatically sent to the employee's line manager who then contacts the customer directly. The 360° customer feedback system makes Baloise more human to the end customer and provides a very direct means of communication for customer relationship management.

It has been proven that customers who have had a negative experience become more satisfied and more loyal than ever before if their complaint is handled sensitively and courteously by Baloise. In those moments when 'it really matters', we can prove to our customers that we are a trusted partner. That is why Baloise is open and is extremely grateful to its customers for all customer feedback – good or bad.

The customer feedback is also discussed with the teams and, using the latest technology, consolidated measures are developed and implemented to improve the customer experience in a lasting way.

Safety for our customers in times of crisis

Baloise has implemented a variety of measures to ensure the safety of its customers, including during the COVID-19 pandemic, demonstrating that Baloise is always there for its customers. In addition to paying out claims worth millions of francs, Baloise has supported its stakeholders and helped them through this exceptional situation. Examples include the extension of payment periods for rent, or rent waivers, and payment holidays for insurance premiums. The support package also included free product upgrades such as free accident protection for children in Germany and Belgium for a limited period, and the free extension of employer's liability insurance for medical personnel to cover new COVID-19-related tasks. Free legal advice was provided for business customers in Germany and for retail customers with home contents insurance in Switzerland. Other examples included support for supply chains in Germany until 30 June 2020 through premium-free insurance for inhouse transport services for certain companies, as this was the only way they could get goods to their customers, and discounts on premiums in Luxembourg for certain cover for SME customers, as this sector was particularly hard hit by the COVID-19 restrictions. A publicity campaign in collaboration with existing partners enabled customers to send a selection of personal images to friends or family members, enabling them to stay in touch in spite of the enforced distance.

Energy pioneer in Upper Franconia

Münch Energie, based in Rugendorf in the Bavarian region of Upper Franconia, has been a customer of Baloise in Germany since 2007 and is rigorously driving forward the energy transition. It has been creating energy solutions with electricity generated from photovoltaic systems since 2004. Münch Energie creates custom energy concepts for companies and then builds them their very own independent power supply. Our long-standing customer thus helps to end customers' dependence on fossil fuels and contributes to the conservation of resources. Münch Energie is powered by the motivation and conviction of its employees – the mission of becoming independent from fossil energy sources is embedded in the corporate culture. The customers of Baloise are also a source of inspiration: Baloise aims to harness their conviction to achieve great things and contribute to a decent future for all.

www.baloise.com/muenchenenergie



RESOURCE: RETAIL AND CORPORATE CUSTOMERS COMMITMENT: INCREASED CUSTOMER SATISFACTION

Resources for value creation:

- ▶ Strong insurance collective
- ▶ Identical underlying values regarding safety and responsibility shared by customers and Baloise
- ▶ Customer involvement through participation in forums, panels and surveys
- ▶ Ongoing simplification efforts in areas of relevance to customers



Impact of value creation:

- ▶ Safer lives thanks to a strong insurance collective that continuously reinforces its resilience
- ▶ Baloise strengthens its customers' sense of security to make them feel safer and more secure in their everyday lives
- ▶ Transparent and simple insurance products that can reflect customers' social and environmental values
- ▶ Negative customer feedback is used to improve the customer experience
- ▶ One million new customers by 2021



CREATING VALUE FOR SHAREHOLDERS AND INVESTORS

The capital that is made available to Baloise by its shareholders and investors is invested efficiently and in their interests. Risk management, which forms an integral part of our strategic management policies, makes a significant contribution to the positioning of the Baloise Group. As a European insurer with Swiss roots, Baloise possesses a strong balance sheet and strong operational profitability, which have been optimised in terms of the risk-bearing capacity and the earnings potential derived from the business. Baloise's risk management approach involves managing both risk and value at the same time. Its risk model is based on innovative standards so that it can keep its promise to shareholders and investors. This has enabled Baloise to pursue an attractive and sustainable dividend policy for a number of years now. Together with the Company's efforts in the area of sustainable development, these factors make Baloise not only an attractive and sustainable

investment target but also a responsible one. Its very strong capital base was acknowledged again by the ratings agency Standard & Poor's last year, which confirmed the credit rating of 'A+' with a positive outlook. Standard & Poor's awarded this credit rating in recognition of Baloise's excellent capitalisation – which is comfortably above the AAA level according to the S&P capital model – as well as its high operational profitability, robust risk management and solid competitive position in its profitable core markets. The outlook for the German business unit Basler Sachversicherungs-AG was upgraded from 'stable' to 'positive' in light of its improved profitability.

- Chapter 'Sustainable business management/
Risk management'

www.baloise.com/rating

www.baloise.com/risk-management

www.baloise.com/investors

RESOURCE: BALOISE'S INSTITUTIONAL AND PRIVATE INVESTORS AND SHAREHOLDERS COMMITMENT: ATTRACTIVE, RELIABLE AND RESPONSIBLE INVESTMENT



Resources for value creation:

- A broadly diversified shareholder base, including institutional investors from Europe and the US (most with a long-term investment horizon)
- Open and transparent communication with all capital market participants
- Implementation of the 'Simply Safe' strategy, which focuses not only on customer selection and expert staff, but also on the commitment to be an attractive, sustainable and responsible investment target for shareholders and investors
- Defined innovation strategy



Impact of value creation:

- Strong total shareholder return as a result of attractive and reliable dividends and optionality thanks to innovation as a source of future value
- One of the most profitable non-life portfolios in Europe, a life insurance business that is well positioned to weather a challenging interest-rate environment, and steady and reliable contributions from asset management and banking
- Availability of a solid basis of facts for investment decisions at all times
- Generation of a cash upstream of CHF 2 billion to Baloise Holding by 2021

CREATING VALUE FOR THE ENVIRONMENT

The environment is also a resource in our value creation model. Baloise's environmental policy focuses on promoting renewable energies, developing infrastructure in a way that adds value and taking action to combat climate change. The Company uses natural resources prudently and responsibly. This responsibility relates to its own energy requirements but also extends to its investments and the procurement of products and services. As Baloise is an insurance company, it does not produce any goods. At its sites, it predominantly requires energy for electricity and heating. Baloise also monitors the impact of travel, both business trips during working hours and journeys to and from work. CO₂ emissions have been continually reduced over a number of years. The Company's focus on energy efficiency, particularly in its IT infrastructure and buildings, plays a key part in this. Employees have the option to use public transport wherever possible and in some cases benefit from subsidised travel. They also separate their waste for recycling.

Baloise also aims to raise employees' awareness of environmental issues and provides them with information on relevant subjects in order to equip them with knowledge of possible alternative actions or practices that are environmentally sustainable.

At its headquarters in Basel in Switzerland, Baloise is a member of the 'environmental platform' initiative in the Basel region. This platform facilitates the sharing of knowledge among businesses and supports climate protection and sustainable development in the local region. Baloise also invests in sustainably built office buildings in Switzerland, Luxembourg and Belgium. The annual Group-wide environmental audit within the annual report provides information on Baloise's progress regarding its environmental footprint and has been published since 1998.

- Chapter: 'Sustainable business management/
The environment'

www.klimaplattform-basel.ch

Promotion of electric-powered vehicles and renewable energy

One way in which Baloise is encouraging the use of electric-powered vehicles is the gradual transition of its own vehicle fleet to electric. It also provides charging facilities for employees to use while they are at work, and for tenants at the properties it owns.

In 2020, three out of four vehicles in the Baloise Bank SoBa fleet were replaced with electric versions.

Baloise has also launched a project to promote charging infrastructure in its rental properties in order to support the 'e-Mobility roadmap 2022' of the Swiss Federal Office of Energy, whose target is for 15 per cent of all new vehicles licensed to be electric by 2022.

Within the next few years, Baloise aims to install charging stations for electric vehicles in the underground parking spaces of its properties. This will facilitate access to forward-looking modes of transport and help to reduce transport-related carbon emissions. Tenants will be able to charge their electric vehicles in their own parking space at low cost. The project is still in its early stages, having launched in 2020 with one test location at a Baloise property in Basel. In 2021, Baloise will install charging stations at additional test sites to gauge demand among its customers. As soon as the level of demand has been established, further steps will follow.

Baloise's environmental engagement encompasses support for greater use of electric-powered vehicles in conjunction with support for renewable energy. Baloise has its own charging stations at various sites, which can be used free of charge by employees and customers.

Over the course of 2020, Baloise converted its power supply to electricity from purely renewable sources at all its sites in Germany. The Company now gets all its electricity from 100 per cent renewable sources in Switzerland, Germany, Belgium and Luxembourg in the buildings where it controls its own electricity mix. For transparency, it is important to stress that this only applies to electricity. Heating energy is excluded and does not come entirely from renewable sources. The positive outcome of a feasibility study on the installation of a solar power system at the site in Bad Homburg, Germany represents a further milestone in promoting the use of renewable energy. The implementation of this solar plant will begin in 2021.

The Environment chapter contains more information on the optimisation of heating energy, further operational optimisations of the Baloise office buildings at all its sites and Baloise's environmental management.

- Chapter: 'Sustainable business management/
The environment'

Protecting the climate through finance flows

Baloise is committed to environmental protection and recognises its indirect influence on the environment and society through its investment policy. This is why Baloise has adopted a responsible investment (RI) policy for insurance assets and external customers' assets. The RI policy sets out the rules for the integration of environmental, social and corporate governance (ESG) criteria into Baloise's investment decisions.

More than 80 per cent of the assets are managed under the RI policy. As well as insurance assets and third-party products, this also includes alternative assets such as senior secured loans (SSL). At the end of 2020, the Company looked at including the real estate managed by Baloise. This proposal will be fleshed out and communicated in 2021. Further extensions of the RI policy are planned in the area of active ownership and a dedicated

climate strategy, as Baloise is aware that carefully selected investments can indirectly help to protect the climate. To emphasise its commitment, Baloise signed up to the Principles of Responsible Investment (PRI) in 2018.

- Chapter 'Sustainable business management/ Responsible investment'

RESOURCE: ENVIRONMENT COMMITMENT: CLIMATE PROTECTION

Inputs for value creation:

- Environmental audit since 1998
- Commitment to use natural resources in a responsible way and to reduce the carbon footprint of the business on an ongoing basis
- Climate and real-estate policy in connection with responsible investments
- Increased demand for renewable energies within our energy mix
- Signing of the Principles of Responsible Investment (PRI) in 2018

Impact of value creation:

- Reducing the carbon footprint of business activities
- Raising awareness of environmental issues and educating staff about relevant topics
- Conserving resources by reducing water consumption, energy consumption and waste
- Promoting renewable energies
- Combating climate change through responsible investment



CREATING VALUE FOR SOCIETY

Baloise believes it has a responsibility to society in its role as a corporate citizen and conducts its business activities in accordance with the relevant legal provisions and in compliance with the basic rights enshrined in the constitution of the Swiss Confederation. 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.

The business model of Baloise, which – among other things – protects customers from falling into financial distress, plays an important part in maintaining society's prosperity. At the same time, it prevents potential inequalities as a result of financial circumstances.

Baloise's responsible investment policy rests on three strategic pillars that have environmental and social effects and an impact on good corporate governance: excluding producers of controversial weapons and companies that generate 30 per cent or more of their revenue from coal, integrating ESG (environmental, social and corporate governance) factors into the investment process by excluding companies with an ESG rating lower than B (based on data from MSCI Ltd.) from the investment universe of Baloise, and exercising voting rights held by Baloise in Swiss companies.

- ▶ Chapter 'Sustainable business management/ Responsible investment'

For many years, Baloise has also been a committed advocate of voluntary work. In 2015, Baloise became a signatory to the declaration by *economiesuisse* (the umbrella organisation representing Swiss business) and the Swiss Employers' Association. The declaration requires companies to offer flexible working conditions and working time models that enable employees to participate in voluntary work. Baloise not only encourages its employees to engage in voluntary activities by holding annual events but it also meets its own responsibility to society as a commercial organisation. Six Baloise employees in Switzerland are currently members of cantonal parliaments, and many others are involved in politics at local level. Furthermore, the Company creates and preserves jobs that add value and it pays taxes from its profits that help to fund the public sector. By generating profits, Baloise is also able to be an active partner in many areas of society. Baloise runs a number of charitable projects and initiatives in its various national sub-

sidiaries that benefit society and the environment. These can be roughly divided into the following areas:

- ▶ Donations to community-based organisations
- ▶ Partnerships with environmental organisations
- ▶ Supporting health and education
- ▶ Innovation and safety

Donations to community-based organisations

Baloise has a long tradition of involvement in charitable causes at all its sites. Its activities are determined by local circumstances and the causes selected by our employees. In 2020, additional support was provided to various organisations across all sites to assist the broader community, particularly people in need, during the COVID-19 pandemic and its aftermath.

Moving together for a good cause

The Baloise Challenge 'Move for Life' was launched in 2020 in order to support various community-based organisations at the locations where we operate in Switzerland, Germany, Belgium and Luxembourg during the COVID-19 pandemic while at the same time strengthening the sense of belonging among Baloise employees and helping them to improve their health. By clocking up kilometres through sports activities, employees raised a total of around CHF 37,000 (approx. EUR 34,000) for good causes.

www.baloise.com/move-for-life



Other campaigns that were carried out in connection with the COVID-19 pandemic in 2020, plus activities relating to Baloise's corporate social responsibility that are unrelated to the COVID-19 pandemic and will be continued in the future:

- ▶ Baloise for Life – Baloise for Life is a week of charity activities that takes place in Belgium every year. 2020 was the event's seventh year. More than EUR 92,000 was raised and donated in full to more than 30 charitable organisations supported by the Music for Life and Viva for Life initiatives.
- ▶ Better Together Charter – An innovative way of generating leads for broker firms. Under the 'Better Together' charter, brokers promise to make a donation to charity for each lead they receive from the charitable organisation. Baloise brokers in Belgium can sign up to the charter voluntarily. Under the charter, four charitable organisations and Baloise in Belgium undertook to: invest in more than 1000 m² of nature conservation land (Natuurpunt / Natagora), conjure up 700 smiles on the faces of seriously ill children (Cliniclowns), install 15 alcohol testing stations (Emilie Leus fund) and fund holidays for ten children with burn injuries (Pinocchio). 300 insurance brokers have already signed up to the charter and are working with Baloise to achieve these targets.
- ▶ Voluntary activities carried out each year – e.g. walks with people with disabilities (JustForSmiles), supporting an animal centre in Basel, and PluSport Tag, a major sports festival for people with disabilities in Magglingen, Switzerland.
- ▶ Charity Christmas concert – In Germany, a Christmas concert for all current and former employees, along with their families and friends, has been held in Hamburg for more than 30 years. The proceeds from the event support the operations of charitable initiatives in Hamburg.
- ▶ Tierschutz beider Basel (TBB) – Each year, Baloise employees have the opportunity to volunteer at the TBB animal rescue centre in Basel, Switzerland, in work time.
- ▶ Natuurpunt / Natagora – Baloise in Belgium provides financial support to Belgium's largest nature conservation organisation (through the mechanism of the Better Together Charter) and through volunteering by Baloise employees during their work time. The organisation works to conserve nature and biological diversity. In partnership with Natuurpunt / Natagora, Baloise offers around 20 organised walks a year for families in Flanders and Wallonia.
- ▶ Drivolution – Drivolution is a Baloise subsidiary that helps corporate clients to reduce their transport budget. Drivolution focuses on prevention in order to reduce fuel consumption and insurance costs.
- ▶ Natur&ëmwelt – In Luxembourg, Baloise has been working with the Natur&ëmwelt (nature & environment) organisation since 2015 and employees can get actively involved in its campaigns.
- ▶ etika – In 2020, Baloise Luxembourg signed a three-year partnership agreement with etika with the aim of implementing a common approach to CSR. Under the arrangement, Baloise plans to launch insurance products that take account of sustainability aspects in environmental, social and governance matters. Baloise and etika will carry out various joint awareness-raising campaigns, including the publication of newsletters and the organisation of conferences, etc.
- ▶ Volunteer Day – Since 2019, a 'volunteer day' has been held across all German locations. As part of this event, all employees are allowed to spend one full day of their work time volunteering for a social or environmental cause.

Partnerships with environmental organisations

The environment has a major impact on society and on people's well-being. That is why we support environmental organisations and actively work to protect the environment ourselves.

- ▶ UNESCO biosphere reserve Entlebuch – Each year, Baloise offers its employees the opportunity to volunteer during work time at the UNESCO biosphere reserve in Entlebuch, Switzerland.

Crossing the Alps for a good cause

Three regional directors and sales partners of Baloise in Germany, Michael Gilmer, Roland Lais and Markus Messmer, crossed the Alps in eight days in summer 2020. Their mammoth hike raised EUR 13,000 for three children's charities, and the final amount raised was doubled by Baloise in Germany.

www.baloise.com/alpenueberquerung



Supporting health

Baloise's health initiatives are not restricted to the current COVID-19 crisis. In normal times too, the Company supports organisations that aim to make the lives of sick people a little more pleasant and to advance research in these areas.

- ▶ Fondation Cancer – Baloise has been helping to fund cancer screening and the scientific research work of the Fondation Cancer in Luxembourg for more than ten years.
- ▶ ALAN Maladies Rares Luxembourg – Baloise has supported the ALAN Association for Rare Diseases in Luxembourg since 2017.
- ▶ Picken Doheem & BioneXt LAB – Partnership with and support for a next-generation biomedical analysis laboratory in Luxembourg.
- ▶ Fédération Luxembourgeoise d'Athlétisme (F.L.A.) – Baloise Luxembourg also supports and sponsors the Luxembourg athletics association; a perfect way to promote sport, particularly among young people.
- ▶ CMC – Baloise Luxembourg has been supporting Caisse Médico-Complémentaire Mutualiste (CMCM) in the area of B2B solutions for business since 2018.

- ▶ Ring gegen Krebs – We have been raising money (and making donations of our own) for children with cancer and their families in Germany for more than 30 years.
- ▶ UZA – Supporting research into immunotherapy against cancer in Belgium.
- ▶ Cliniclowns & Pinocchio – Through the Better Together Charter, Baloise in Belgium puts smiles on the faces of 700 seriously ill children (Cliniclowns) and funds holidays for ten children with burn injuries (Pinocchio).

Education, innovation and safety

Baloise firmly believes that education can prevent many ills. It can help people to help themselves out of crisis situations or enable them to avoid a crisis situation in the first place.

- ▶ ANESEC & ANELD – Partnership with networks of business and law students at the University of Luxembourg.
- ▶ Université du Luxembourg – Partnership with the University in Luxembourg in the form of scholarships offered by Baloise in Luxembourg to up to five students, and for students in their first, second or third year of a bachelor's degree in management at the university.
- ▶ University of Applied Sciences and Arts Northwestern Switzerland (FHNW) – Partnership and financial support to help with the delivery of innovation and sustainability workshops for the development of ideas with students in the north-west of Switzerland.
- ▶ Baloise Digital Scouts – The Baloise Digital Scouts aims to raise awareness across society about digitalisation. Experts from Baloise volunteer their time and offer free talks, workshops and display stands on subjects such as cyber security, smart home and media literacy for employees, parents and schoolchildren.
www.baloise.com/digitale-pfadfinder
- ▶ Donation of IT equipment – All equipment that is not sold to employees at discounted rates is, where possible, donated to schools and charities. Baloise is thereby facilitating access to information and enabling children and young people in particular to benefit from a better and more high-tech education. In Switzerland, Baloise was involved in more than 20 donation projects in 2019 and 2020, giving away more than 300 laptops and 130 monitors to various institutions such as schools and the Basmati Association. In Belgium, more than 1,300 items of equipment – including monitors and laptops – have so far been

donated to 39 different schools and the DigitalForYouth organisation. In Germany, equipment that is no longer required is reconditioned by AfB, an organisation that provides employment for people with disabilities, and remarketed with a guarantee of up to three years. The cooperation with AfB generates great added value, as it creates jobs for people with disabilities and at the same time conserves resources. In Luxembourg, used equipment was sold to employees and the proceeds of EUR 10,000 donated in full to the ALAN organisation.

- ▶ Engage – In 2019 and 2020, Baloise in Switzerland led workshops with young people in connection with the ‘Verändere die Schweiz!’ (Change Switzerland) campaign organised by the Swiss Federation of Youth Parliaments. The aim of the workshops was to develop new ideas, challenge political realities and propose improvements, which are then submitted via the engage platform. Baloise will be supporting engage again in 2021.
 - ▶ Spicker – Baloise in Switzerland has been supporting Spicker, the research tool for schools and higher education, since 2019. The tool is based on an open source archive for projects and academic papers and promotes networking between research and business.
 - ▶ Business Weeks – Each year, Baloise supports the business weeks organised by the Basel Chamber of Commerce in Switzerland, which teach high school pupils about business and offer them a business-related learning experience through teamwork.
 - ▶ InnoPrix of Baloise Bank SoBa – Every year since 1987, the Baloise Bank SoBa foundation has awarded the InnoPrix for the sustainable promotion of trade and industry in Solothurn, Switzerland. The award focuses on innovative projects that offer added economic value for the region and contribute to research and development or help new technologies to make the leap from one sector to another. In addition to the economic aspects, ideas must have a community-based benefit.
 - ▶ Emilie Leus foundation – Baloise supports the ‘Fonds Emilie Leus’ foundation that raises awareness around the subject of driving under the influence of drugs or alcohol.
- Baloise in Luxembourg has also been offering a corporate social responsibility (CSR) fund in its life insurance product portfolio

since the end of 2019. It also holds conferences and runs campaigns in partnership with the etika organisation to educate its employees and customers about sustainability topics and promote a sustainable lifestyle.

Selection of Baloise’s sponsorship activities

Baloise also promotes the cultural diversity of society through its sponsorship activities. For example, the Company has promoted art through the Baloise Art Prize for more than 20 years. Every year, this prestigious accolade is awarded to two talented young artists at the Art Basel fair. The winning works are acquired by Baloise and donated to two museums that each mount an exhibition devoted to one of the artists. These are currently the Hamburger Bahnhof museum in Berlin and the Musée d’Art Moderne (MUDAM) in Luxembourg. In addition, Baloise maintains a long-standing collection of artworks that can be seen not only by employees but also by the public at two exhibitions in the Art Forum at the Company’s headquarters. These exhibitions are changed each year.

- ▶ Chapter ‘Sustainable business management/ Commitment to art’

Since 2013, Baloise has been the presenting sponsor of Baloise Session, a prestigious music festival in Basel with an intimate club-like setting in which the audience sit at tables. Baloise Session is an important cultural event that enhances the reputation of the city of Basel. In 2020, restrictions due to the COVID-19 pandemic meant that the concerts of the Baloise Session were held in the virtual format ‘Baloise Session@home’. In the spring of 2020, Baloise Session presented its first live-streamed concert on Facebook with Baloise. A total of ten concerts were performed in this way. The new format was created in response to the restrictions imposed on all concert organisers in the wake of the COVID-19 outbreak. It meant the cultural event was able to go ahead despite the restrictions and Baloise was able to support the event organisers during this difficult time.

In the area of sport, Baloise has been a sponsor of the FC Basel football club for a number of years. The illustrious football club was established in 1893 and is now one of Switzerland’s most successful teams.

In Belgium, Baloise is a major sponsor of cycling. The Company provides financial backing to Sport Vlaanderen-Baloise

and Baloise Trek Lions, two professional cycling teams for young up-and-coming riders that concentrate on the Benelux races on the pro tour circuit and the international calendar for professional cycling teams in Europe. The teams' overriding objective is to provide professional support for talented young riders.

In Belgium, Baloise also sponsors the Baloise Belgium Tour, a racing event similar to the Tour de France but on a smaller scale, and held in Belgium. In addition to cycling, Baloise also sponsors football in Belgium. Baloise in Belgium sponsors the two well-known Belgian teams KAA Gent and Standard Liège. In the area of arts and culture, Baloise encourages cultural dialogue among the public through the Noordstarfonds in Belgium. The Noordstarfonds is a charitable organisation run by Baloise in Belgium that was established in the middle of the 20th century to promote art, culture and the Dutch language among the Flemish population. This non-profit organisation has its own concert hall, the Handelsbeurs, in Ghent. The Noordstarfonds currently focuses on promoting various music genres and creating a bridge between these genres.

In Luxembourg, Baloise signed a three-year partnership with the Skoda Tour de Luxembourg organisation in 2020 to promote cycling – a very popular sport in the Grand Duchy – at national and European level. Baloise Luxembourg is thus one of the major partners of the Skoda Tour de Luxembourg and the sponsor of the yellow jersey for the winner of the overall classification.

Since 2018, Baloise Luxembourg has been one of the main sponsors of the Rockhal, the largest concert hall in the Grand Duchy of Luxembourg.

Corporate social responsibility in the COVID-19 pandemic era

In times of crisis, Baloise shows solidarity and supports society with various campaigns, events and other activities – acting in accordance with its deeply held conviction that adversity can only be overcome together.

- ▶ Service platform now-together – The now-together platform in Switzerland offers small businesses a forum to present their goods and services while social distancing restrictions are in place. The aim of the collaboration is to support business and present a comprehensive range of offers (from restaurant vouchers to voluntary work).

As a premium partner, Baloise provides financial and technical support for the platform.

- ▶ Foundation platform 'Basel schafft(s) zämme' – Baloise provides financial backing for the foundation platform 'Basel schafft(s) zämme' (Basel can do it together). The foundation of the trade and industry association supports small and mid-sized businesses in Basel with grants of up to CHF 4,000 a month.
- ▶ COVID-19 loans – In Switzerland, Baloise Bank SoBa is assuming the role of funder for the federal government's COVID-19 loans. Around 300 loans have already been granted with a total volume of CHF 30 million. The federal government assumes 100 per cent of the default risk for these loans.
- ▶ '1,000 thank yous' campaign – In connection with the '1,000 thank yous' campaign run by Baloise from 15 May to 7 June, the Company gave away 1,000 vouchers that could be used to make a purchase from a local small business in Switzerland. The vouchers were purchased directly from Baloise's SME customers and then given to private individuals who could gift it to their personal COVID-19 hero, thereby expressing appreciation and supporting a local business at the same time.
- ▶ B-Tonic Facebook campaign – During the weekly Facebook Live sessions by B-Tonic, a Baloise subsidiary in Belgium that focuses on physical and mental health, health experts are on hand to offer free tips and advice. Activities included an eight-week challenge entitled 'Strengthen your mental power'.
- ▶ 'Buffalo Challenges' and charity event with the KAA Gent football club – In Belgium, the partnership with KAA Gent football club gave rise to initiatives such as the 'Buffalo Footshake' and the 'Buffalo Block Challenge'. Baloise also sponsored a virtual football match organised by KAA Gent, in which eminent Belgian virologists took part. Spectators could donate money and the proceeds went to the Digital4Youth organisation.

- Fondation Autisme – Baloise Luxembourg supported Fondation Autisme Luxembourg by asking it to bake local specialities as gifts for its employees and its general and principal agents. Baloise has been supporting the foundation in various ways and with various campaigns for many years.

The Baloise companies outside Switzerland also play their part in social, sporting and cultural life in their regions by supporting numerous institutions and events. Some of the Baloise activities and initiatives that enrich sociocultural life are listed here:

WEBLINKS TO THE ACTIVITIES OF THE NATIONAL COMPANIES

- Baloise Group and Switzerland
www.baloise.com/sustainability
www.baloise.ch/de/ueber-uns/engagement
- Belgium
www.baloise.be/nl/over-ons/csr-en-sponsoring
- Germany
www.basler.de/de/ueber-uns/nachhaltigkeit
- Luxembourg
www.baloise.lu/sponsorship-engagement

RESOURCE: SOCIETY

COMMITMENT: VALUED MEMBER OF SOCIETY

Inputs for value creation:

- Corporate social responsibility activities with a focus on environmental, social and education projects
- Promotion and support of volunteer work (social, environmental, political)
- Baloise Art Prize / promotion of art and access to art (preserving culture, fostering education)
- Strong compliance as a core element of corporate governance (e.g. code of conduct)
- Responsible investment policy
- Sponsorship



Impact of value creation:

- Ensuring knowledge transfer (e.g. digitalisation)
- Promoting education and volunteering
- Ensuring a solid and trust-based relationship between the business sector and the public
- Maintaining a strong community with a sense of solidarity
- Enabling communities to improve their infrastructure thanks to engagement from Baloise
- Investing in industries that are sustainable and important for society
- Promoting cultural diversity

CREATING VALUE FOR PARTNERS

The sixth and final resource of the value creation model are partners. Baloise has a broad network of partners with which it maintains cooperative relationships. Its links with different partners, such as innovation partners, start-ups, outsourcing partners, suppliers, brokers and agents, form a network that unlocks synergies, promotes knowledge transfer and promises success through mutual benefits. In addition to partnerships in Switzerland, which mainly revolve around innovation, the Company maintains partnerships in Germany and Belgium, primarily with agents and brokers. This pooling of expertise enables Baloise to keep development times very short and quickly offer its customers new, innovative products that are tailored to their needs.

To ensure that our suppliers and outsourcing partners also comply with our sustainability principles, we integrate the approval of our vendor code of conduct by the relevant partners into our processes. The code includes provisions on conflicts of interest, gifts & hospitality, environmental aspects, procurement ethics, freedom of association, child labour, human rights, health & safety, discrimination and procedures for reporting violations.
www.baloise.com/vendor

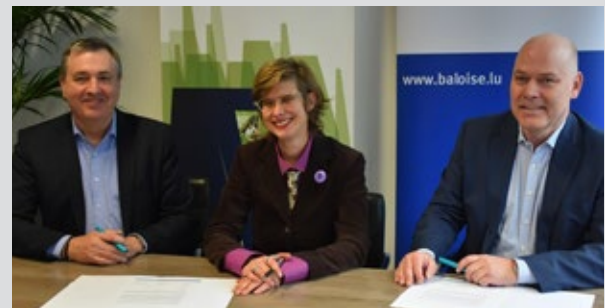
Baloise would also like to make sustainability a more integral part of its work with innovation partners and start-ups, too. When signing up to the Principles for Responsible Investment (PRI) in 2020, innovation partner Anthemis Capital Managers Limited gave a clear commitment to sustainable development, which Baloise strongly supports. Other examples of partners that work with Baloise and actively promote sustainable development include the Switzerland start-ups TWICE and Bubble Box.

- Chapter 'Sustainable business management/Responsibility/Creating value for customers'

Partnership for sustainable development

The purpose of the collaboration with etika in Luxembourg is to help Baloise in Luxembourg to integrate sustainability into various areas of its business. Employees and customers receive training to raise their awareness about social and environmental issues, and products are developed that address sustainability concerns. For Baloise, collaborating with partners in the area of sustainability is essential. Synergies and expertise can be used to drive forward the shared goal of sustainable development within society and business.

www.etika.lu/etika-kooperiert-mit-Baloise-Assurances



Partnership in times of crisis

Baloise is supporting its partners during the COVID-19 pandemic by intensifying the sharing of know-how and promoting greater use of digital technologies in the consulting business, so that together they can be there for their customers during the crisis.

- Webinars for our partners – In Belgium and Germany we have been organising tutorial webinars for brokers to give them tips and advice on maintaining contact with their customer base. In Germany, online consultancy certification for sales partners working exclusively with Baloise was also expanded.
- Intensification of digital consultancy – Intensification of online consultancy certification for sales partners working exclusively with Baloise and additional webinars for brokers.

RESOURCE: INNOVATION PARTNERS, OUTSOURCING PARTNERS, SUPPLIERS, BROKERS AND AGENTS
COMMITMENT: RESPONSIBLE AND SUCCESSFUL COLLABORATION

Inputs for value creation:

- ▶ A broad network of sales partners (agents, banks, brokers), service providers, advisers and start-ups
- ▶ Start-ups founded by Baloise (e.g. FRI:DAY, Mobly) and innovation processes (e.g. F10 in Switzerland)
- ▶ Collaboration with the innovation partner Anthemis Capital Managers Limited, which has publicly committed to promote sustainable development by signing up to the PRI
- ▶ Expansion of the Home and Mobility ecosystems, whose services go beyond traditional insurance-related services



Impact of value creation:

- ▶ Protection of competitiveness and facilitation of future growth
- ▶ Innovative strength
- ▶ Fast pace of innovation thanks to shortened product development time
- ▶ Around 50 start-ups in the portfolio / funding initiatives for innovative solutions for tomorrow's market
- ▶ Quick and targeted fulfilment of the needs of customers and partners
- ▶ Ability to respond to customer needs rapidly and develop new products within a short period of time
- ▶ Strong relationships with sales partners, agents and brokers

UNEP FI PRINCIPLES FOR SUSTAINABLE INSURANCE (UNEP FI PSI)

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



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

OVERVIEW AND REFERENCES TO RELEVANT INFORMATION

Principle 1

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

- ▶ Strategic integration
Page 37
- ▶ Our commitments
Page 38
- ▶ Materiality analysis
Page 39
- ▶ Important foundations for value creation
Page 41
- ▶ Creating value for employees, customers, investors, environment, society and partners
Page 44–60
- ▶ Responsible investment
Page 62–64
- ▶ Human resources
Page 66–71
- ▶ The environment
Page 72–76
- ▶ Risk management
Page 77–79

Principle 2

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

- ▶ Baloise memberships
Page 40
- ▶ Creating value for customers
Page 46–49
- ▶ Creating value for partners
Page 59–60
- ▶ Creating value for society
Page 53–58
- ▶ Responsible investment
Page 62–64
- ▶ See also:
www.baloise.com/vendor

Principle 3

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

- ▶ Baloise memberships
Page 40
- ▶ Stakeholder dialogue
Page 39
- ▶ Risk management
Page 77–79
- ▶ Responsible investment
Page 62–64

Principle 4

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

- ▶ Baloise memberships
Page 40
- ▶ Stakeholder dialogue
Page 39
- ▶ Annual reports:
www.baloise.com/annual-report
- ▶ Website:
www.baloise.com/sustainability
- ▶ Blog posts:
www.baloise.com/media
- ▶ PRI transparency report
Baloise Asset Management¹

¹ www.unpri.org/signatory-directory/baloise-asset-management/3718.article

Responsible investment

Investing sustainably: steady expansion of the Baloise responsible investment strategy

The asset management team of Baloise, which manages the Group's assets, is getting behind the Group's sustainability strategy and taking responsibility for investment strategies in relation to both the investment of insurance assets of the Baloise Group and the investment of assets from external customers such as pension funds.

With its responsible investment (RI) policy, the asset management team plays an important role in sustainable value creation for the Baloise Group. It is important that assets are managed in a forward-looking way with a clear focus on the risk-return profile, and also responsibly in the interests of all stakeholders.

In 2020, the asset management team made great progress in the area of responsible investing. As of 1 January 2020, the RI policy now applies to all self-managed products for external customers, for senior secured loans (SSL) and for the selection of third-party funds. The RI policy has also been extended to cover real estate investments. The roll-out of the RI policy for the insurance portfolio that began in 2019 has been steadily continued.

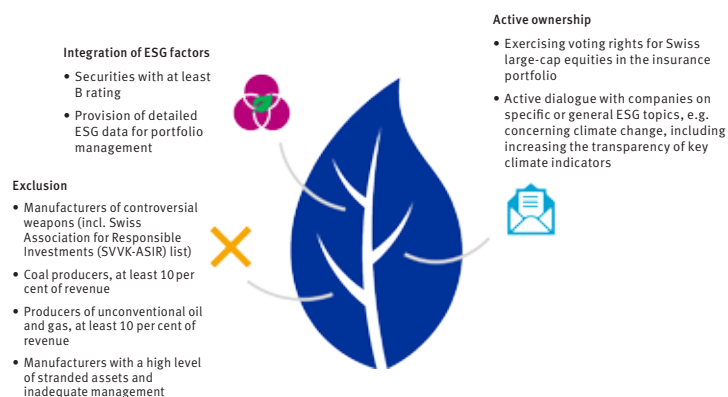
As an asset manager with a long-term perspective, Baloise is confident that integrating environmental, social and corporate governance (ESG) criteria into the investment process will have a positive impact on the risk / return profile. It will also enable Baloise to reduce ESG risks that have an adverse financial impact. On this basis, we regard the integration of ESG criteria as an additional risk management instrument. We want to manage long-term climate risks and make a positive contribution to the transformation process. With regard to the United Nations' sustainable development goals, we are therefore focusing primarily on climate protection, i.e. sustainable development goal no. 13 (climate action). Baloise Asset Management will therefore be launching a detailed climate strategy in 2021. As both an owner and manager of assets, we also aim to generate long-term, sustainable returns as part of our active ownership approach, and at the same time have a positive impact on the environment and on society.

OUR APPROACH TO RESPONSIBLE INVESTING

Our approach to responsible investing involves taking account of ESG factors in the investment decision-making process.

Baloise Asset Management has developed a responsible investment (RI) policy to provide guidance on implementation of the responsible investment approach. This policy governs the integration of ESG factors into investment decisions and is based on three strategic pillars, as illustrated below.*

Baloise responsible investment policy



* This illustration includes the launch of the climate strategy on 1 February 2021 and the launch of the active ownership strategy on 1 March 2021.

1. **Exclusion:** We may exclude companies from the investment universe. Companies can be excluded if they pursue business activities that are linked to controversial weapons or if they are involved in the coal industry (at least 10 per cent of total revenue). We also exclude producers of unconventional oil and gas (at least 10 per cent of total revenue) and producers with a high level of stranded assets, i.e. with large reserves of oil and gas, coupled with inadequate management.

2. **Integration:** We integrate sustainability factors into our investment analysis by requiring companies to have at least a B rating (according to MSCI data) for inclusion in the investment universe. We also provide our portfolio managers with detailed ESG information so that they can factor these aspects into their investment decisions.
3. **Active ownership:**
 - ▶ **Proxy voting:** We exercise our voting rights for Swiss large-cap equities in the insurance portfolio.
 - ▶ **Engagement:** As part of our active ownership policy, we engage in dialogue either directly with companies or with the public sector via our membership of various industry associations (e.g. PRI, SSV, AMAS, SSF) to discuss specific or general ESG topics.

Baloise has signed up to the Principles for Responsible Investment (PRI), which are supported by the United Nations, and joined the Swiss Sustainable Finance (SSF) network in order to strengthen engagement with Baloise's customers, shareholders and employees. In addition, representatives of our asset management team participate on the sustainability committee of the Swiss Insurance Association (SVV), the Asset Management Association Switzerland (AMAS), the Swiss Sustainable Finance (SSF) network and in working groups that are tasked with further developing and promoting responsible investment in the Swiss market.

Signatory of:



RESPONSIBLE REAL ESTATE MANAGEMENT

Baloise is one of the biggest property owners in Switzerland. As a responsible investor, we see a close link between sustainable property investment and long-term returns. To benefit our policyholders and investors, we work with responsible property management companies to secure our profitability for the long term and increase the value of our properties.

In order to optimise the energy efficiency of our property portfolio, we make every effort to reduce energy consumption, primarily by refurbishing and replacing older buildings as well as acquiring additional properties, portfolios and new construction projects. Our tenants benefit from lower running costs. This can help to retain existing tenants and attract new ones.

Our investment decisions factor in financial objectives, environmental considerations and challenges facing society. We aim to achieve certification for new construction projects, while refurbishments are examined on a case-by-case basis. The consumption figures (energy and water consumption) for the properties are systematically collected and analysed. Using the Swiss cantonal energy certificate for buildings (GEAK), the energy efficiency for each property is calculated and used as a basis to make specific improvements.

For the Baloise Swiss Property Fund (BSPF), for example, an energy reduction plan was drawn up with the support of Wüest Partner AG. The asset management team will use this analysis to develop and build on a future-focused and profitable sustainability strategy for the BSPF.

ROBUST RESPONSIBLE INVESTMENT GOVERNANCE

Baloise Asset Management has adapted its governance structures to reflect the responsible investment approach and associated integration of ESG criteria into its investment decision-making process, and carried out the necessary changes to the monitoring of compliance with the responsible investment policy. The job of our Responsible Investment Committee (RIC) is to develop the responsible investment strategy and monitor the investment policy. The responsible investment core team is in charge of the implementation and specification of the responsible investment policy.

The sustainability strategy of Baloise Asset Management is closely tied to the strategy of the Baloise Group. The head of Responsible Investment is part of the Group sustainability network and the Group responsibility officer is a member of the RIC.

THE NEXT STEPS IN 2021

Baloise Asset Management will continue to press ahead with the development of its sustainable investment strategy. It recognises and very much welcomes the current trend for responsible investment and is well placed to benefit from it.

Firstly, it will intensify its current approach. On 1 February 2021, the detailed Baloise Asset Management climate strategy came into effect. Under the new strategy, a positive contribution to climate change is made 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. In addition, opportunities created by the shift to clean energy are identified and used in a profitable and forward-looking manner. An active ownership approach will be introduced on 1 March 2021 in order to leverage financial power so as to manage ESG risks more effectively while making a positive impact on society and the environment.

Baloise is working hard to increase transparency for its customers, which includes implementing the requirements of the European regulatory authority. Baloise aims to be well prepared to meet the needs of its customers.

www.baloise-asset-management.com/responsible-investment

Baloise responsible investment guidelines

- ▶ Responsible investing requires concerted action. Since 2018, we have been a signatory of the six Principles for Responsible Investment (PRI).
- ▶ In investment analysis, a long-term holistic investment horizon is essential for a positive risk / return profile. That is why we integrate environmental, social and corporate governance factors into the investment process.
- ▶ Existing investments are reviewed at regular intervals to ensure compliance with the responsible investment rules across the different insurance business units.
- ▶ We take our responsibility as an investor seriously. We exercise our voting rights in respect of Swiss shares on the basis of the principles of good and ethically sound corporate governance. And we proactively engage in dialogue with companies on specific sustainability-related matters.
- ▶ We report on our activities in a transparent and proactive manner.

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On the way to becoming a top employer

Having made it into the top 10 per cent of European employers in the financial sector, Baloise is well on track to achieving one of its core objectives. The aim for 2021 is to maintain this high standard. We still see culture, sustainability and the ability to adapt in an era of continuous change as key drivers.

WE BELIEVE THAT HAPPY EMPLOYEES LEAD TO HAPPY CUSTOMERS

Our employees are part of our identity. Their effort, motivation and expertise are at the heart of our unique Baloise culture. That's why we, as an employer, make every effort to improve job satisfaction by offering an inspiring and motivating work environment. The Baloise Code introduced in 2017 underlines the responsibility of every individual to play their part in creating this environment.

The Baloise Code

- **Keep promises:** walk the talk.
- **Ask questions:** learn new things all the time.
- **Speak up:** every voice matters.
- **Share insights:** collaborate beyond your role.
- **Understand the impact of your work:** look for constant improvements.
- **Appreciate colleagues:** build personal connections.
- **Bring in customer needs:** take their perspective.
- **Meet others with a smile!**

We firmly believe that our exceptional way of working together is reflected in the commitment of our employees and therefore also has an impact on our customers. Following this logic, decisions made in Human Resources throughout the Group directly affect our workforce and thus indirectly also affect customer relations.

FINDING AND KEEPING SKILLED WORKERS

The belief that 'Happy employees lead to happy customers and partners' is deeply ingrained at Baloise. It is a feeling that employees bring with them or internalise, that they demonstrate through their actions and spread virally. We believe in leading by example rather than ruling by command – in role models who can inspire others and naturally infect them with the Baloise feeling. It is a shared understanding of a way of working together that helps us to collaborate in a more committed and contented way and ultimately makes us more customer-friendly. Baloise is undergoing a transformation, a rethinking of the working environment in which everyone learns with and from one another. It is a journey for everyone across all hierarchies and age groups. We feel that this is sustainable. Change is permanent nowadays. It is the responsibility of the Company and of every individual employee to constantly develop and learn.

KEY PERFORMANCE INDICATORS

- 7,693 employees (2019: 7,646)
- 44.1 per cent of all employees are women (2019: 42.9 per cent)
- The Baloise Group employs 262 apprentices, trainees, interns and student interns (2019: 281)
- 70 per cent of eligible staff members working in our main market of Switzerland took part in our employee share plan (2019: 67 per cent)
- 12.1 years is the average time employees stay at Baloise
- Staff turnover as at 31 December 2020 amounted to 6.1 per cent (end of 2019: 6.3 per cent)
- In the most recent employee survey, the proportion who would recommend Baloise as an employer was 86 per cent

LEARNING ORGANISATION

Growth through continuous dialogue

Just as the world is constantly changing, so too are Baloise and its employees. The will to embrace change is firmly anchored within the Company. Baloise takes its corporate responsibility seriously and is in the process of creating a learning environment in which people can develop and grow – both professionally and personally. We believe in individual responsibility within a working environment where learning is intrinsic and fun. Development programmes are available to anyone, regardless of position or level. They are equally open to trainees and students or the CEO, to full time staff and those working part time. Some departments have already begun to drive forward their individual and team development with the help of development coaches they have selected themselves.

New skills for the future

We live in a working world that is strongly driven by digitalisation and where the demands for professional and personal development are accelerating rapidly. Future survival in this job market will demand breadth as well as specialisation, and the development of our skill sets will be an ongoing task.

With this in mind, Baloise is fostering continuous dialogue, where managers and employees or teams come together at regular intervals to discuss aspects of learning and development. This makes it possible to respond to change on an ad hoc basis – not just at the end of a year – and to adapt targets as and when necessary. This forward-looking initiative is supported by the introduction of new overarching Baloise competencies which provide a basis for these dialogues.

Baloise competencies

The Baloise competencies are overarching and relevant to all employees, regardless of role

Learning	Description
Demonstrate an inquiring mind	The ability to question the status quo, see things from a new perspective and thus drive forward innovation and change in an unfamiliar environment
Grow through reflection	The ability to take a bird's eye view and learn by reflecting on one's own actions
Help others to develop	The ability to reinforce and contribute to the development of others
Develop digital skills	The ability to work effectively and interact in today's digital world
Collaboration	Description
Make sense of things	The ability to communicate content and to back up suggestions with clear and logical explanations
Collaborate effectively	The ability to work constructively in teams with allocated roles and responsibilities, in order to achieve results on the basis of the principle: 'Together we are strong'
Network	Description
Lead by example in matters of integrity and trust	The ability to act in accordance with the Company's values, guided by an inner moral compass, and in particular to show personal integrity and develop relationships based on trust
Promote diversity through dialogue	The ability to listen, take the initiative and translate differences (points of view, emotions) into values
Take responsibility	Description
Accept responsibility	The ability to take responsibility for one's own work and one's own personal development
Focus on results	The ability to perform well without supervision, especially in dealings with customers

Development demands individual responsibility

Ongoing dialogue helps bring interests and needs into focus, especially for the employees themselves: What do I want to learn? What do I want to become? How can I work better with others and share my knowledge? Baloise also supports its employees with the introduction of time dedicated to learning at its Swiss

offices, and provides them with self-service educational opportunities via the LinkedIn Learning platform. These measures are based on the firm belief that everyone has an intrinsic desire to learn. Baloise creates the structures within which continuing professional development is a permanent and natural part of the working day – as well as being enjoyable.

LEARNING OPPORTUNITIES@BALOISE

LinkedIn Learning

The LinkedIn Learning platform has more than 15,000 video courses by leading industry experts that employees can use to explore new areas or develop existing expertise, choosing areas that interest them. Since its introduction in March 2020, employees across the Group have spent a total of more than 4,000 hours on the platform.

LinkedIn Learning performance in 2020

Content			
17,209 courses viewed	2,291 courses completed	89,553 videos viewed	74,886 videos completed
User actions			
4,003 hours in total	2,796 logged-in users	2,067 users of this content	1 hour, 56 mins. average time spent per user

'Learning with others' | Feedback discussions, development dialogues and mentoring

Being able to discuss development on an ongoing basis with a chosen partner or manager enables employees to respond quickly and specifically to change. In a disruptive world of work, this permanent opportunity to meet, talk and compare notes with others enables staff to regularly review and adjust their goals.

'Learning on the job' in the form of shadowing and changes of perspective

Watching colleagues at work for a day as part of a shadowing arrangement, or working alongside them for a period ranging from a couple of months to two years: internal job rotation throughout the whole Baloise Group equips employees better and more broadly for a future where no one knows what jobs and skills will be in demand. This type of collaboration between teams and departments also increases transparency, expands the pool of shared knowledge and allows people to see the bigger picture.

Covid-19 effect: Digital learning accelerator

The Covid-19 crisis highlighted the rapid development of digital skills as a key issue. Within a short period, various courses and learning opportunities were put in place for employees and managers covering subjects such as 'managing remotely'. The existing leadership development programmes – which were already comprehensive for the current size of our company – were rapidly adapted so that they could be delivered digitally. For the digital workplace too, the focus was on the introduction of the new collaboration infrastructure Office 365 and giving employees the skills they needed to use it. A new strategic HR project

was launched in connection with the 'New Working' strategy, defining a shared framework for how to manage remote working.

As the results of the 2020 employee survey (carried out every two years across the Group) show, employees were highly appreciative of the measures put in place in this regard during the crisis. Communication formats such as the Company's own 'Baloise ist zu Hause' (At home with Baloise) podcast, technology tips and blogs, and a forum that allowed employees to share pictures of themselves working from home proved very helpful in providing mutual emotional support.

Leadership programme: ‘Baloise Campus’ 2020
Every year since 2013, Baloise has invested a great deal of effort in a comprehensive Group-wide leadership development programme aimed at driving forward the evolution of its management culture.

- ▶ Participants in 2020: 156
- ▶ Proportion of female participants: 31 per cent
- ▶ Programmes: 8 (offered in German, English and French)
- ▶ Days: 50

Feedback from participants:

“Learning to understand yourself and others better can help to avoid conflict. We take responsibility for one another. I approach challenging interpersonal matters with my team in a different way now.”

“Since the Baloise Campus, I have found more self-confidence, courage and the will to accept managerial responsibility and to take the next steps on my learning journey.”

Promoting diversity: learning from one another

Diversity is a natural driver of the kind of learning organisation Baloise aims to be. Employees from all age groups, genders, cultures, sexual orientation and views make the Company a diverse place. Different personalities bring a variety of perspectives into our day-to-day operations which leads to better results. Because employees are encouraged by the Baloise Code to contribute their ideas and formulate their opinions in a constructive and respectful way, an atmosphere is created in which everyone can learn from one another – to the ultimate benefit of our customers. Any friction in the collaboration produces learning opportunities, and mistakes lead to new insights and improvement.

COMMITMENT TO THE ADVANCEMENT OF WOMEN

Because the current situation is unsatisfactory, particularly with regard to gender diversity on the executive bodies, Baloise is committed to the advancement of women. In 2020, the Corporate Executive Committee decided that in future, one third of all promotions and new recruits each year should be women. The decision to consciously look for female candidates when it comes

to promotions will lead to a greater balance within the Company. Mixed teams come up with better solutions and create a better working environment, which has a positive impact on customer satisfaction and thus also on the bottom line. The proportion of women in the upper tiers will be significantly increased in future.

“The focus should be on the personality and the capabilities of an individual, and the extent to which they can empower their teams. I simply want to get more of a sense of the different influences – i.e. more of the diversity.” (Andreas Burckhardt, Chairman of the Board of Directors)

DATA-DRIVEN ORGANISATION: MEASURE THE THINGS THAT MATTER

The people-centred culture and HR work of Baloise is carried out in tandem with analytical methods. True to the philosophy ‘Data for people, not people for data’, Baloise aims to measure the engagement of jobseekers at the key touchpoints: when they first see the job ad, just after they have applied, and after the final job offer or rejection. Gathering feedback provides us with information that enables us to find out the expectations of candidates at an early stage, to act in a customer-focused way, and to respond swiftly and with the minimum of complication. Targeted A / B tests using job adverts – for example with a focus on women – help us to target the right candidates with the right language and deploy the right arguments to win them over.

FOCUSED TARGETING OF WOMEN IN EMPLOYER MARKETING

What effect do pictures featuring typical male protagonists have in job ads? What words in a recruitment ad subconsciously make a potential applicant think that the company is looking for a man? How many requirements can an advert list before a job-seeking female loses the courage to apply? All these factors have been examined, based on actual data. Baloise uses the findings to make its job adverts more female-friendly. We have sharpened our awareness so that we do not unconsciously exclude women from the recruitment process – through a poor choice of wording in an advert, for example. By attracting more women into the job market, especially in the still male-dominated fintech sector, Baloise will find more diversity and thus also more quality.



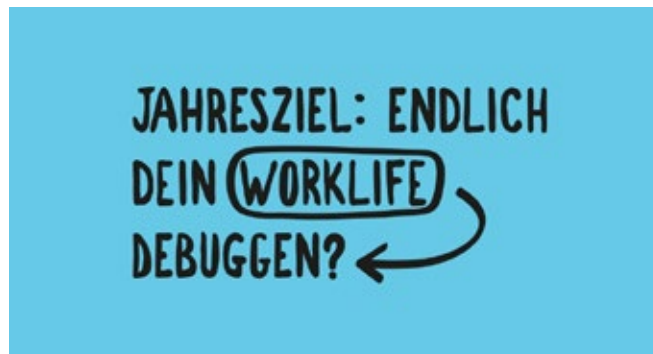
Be yourself. But don't stay as you are. Employer campaign, target group: Women@Sales

BALOISE CULTURE RIPPLING INWARDS AND OUTWARDS

We have a certain employer pride and an awareness that we have something special. That's why our Employer Branding & Experience team is constantly creating content (blog articles, career websites, videos, podcasts) to provide information about what's going on in the Company and the people who work here. Internally, these stories create a feeling of loyalty, pride and identification. They disseminate knowledge and create transparency. In keeping with the motto "Do good and talk about it" or "Admit your mistakes and share what you learned from them", an entire organisation grows together by learning from one another. Externally, the employer brand is strengthened: employees exert a 'multiplier effect' in respect of our culture, and our employer marketing activities help us to attract the right highly motivated, talented people who will embrace the Baloise feeling and help it grow.

#WORKLIFEBALOISE: WE QUESTION THE WORLD OF WORK EMPLOYER BRANDING CAMPAIGN: 'WE ARE WHO WE ARE, AND WE ARE LEARNING.'

The Employer Branding and Experience team uses a variety of marketing tools to communicate the Baloise culture to the outside world. The umbrella branding campaign that was launched in 2019 under the hashtag #worklifebaloise focused in 2020 on the most important target groups for employer marketing: IT, customer advice and trainees. The online campaign dispels a number of myths and clichés relating to banking / insurance and presents Baloise as it is: an employer that is evolving, questioning the world of work and surprising people with a fresh and innovative mindset.



Be yourself. But don't stay as you are. Employer campaign, target group: IT

CULTURAL PRIDE: FROM BALOISE, FOR SOCIETY

Being a Baloisian is a way of life that links work and home life in a way that feels very natural. People are what makes the Company what it is. Every individual brings their own personality to the Company and enriches it in their own unique way.

It is this feeling of pride that gave rise to the Baloise hoodie with its #worklifebaloise slogan. A visual commitment to the employer.



Baloise amateur brewers have brewed a special Baloise beer for the workforce and fans of the Baloise culture.

www.baloise.com/de/home/ueber-uns/baloise-bier



At a company event, giant canvases that would otherwise have gone to landfill were able to be rescued and recycled. They were used to make bags: one-of-a-kind items that symbolise our commitment to sustainability. The proceeds from the bags are donated to good causes.



‘FRIENDLY WORKSPACE’ FOR THE FOURTH TIME IN A ROW

We stand out in the market for our values-driven culture, working environment and a focus on development that is based on fair pay. Whether in normal times or during a crisis, the way we work is shaped by a high degree of flexibility, personal responsibility and decision-making freedom. Our recent recertification as a ‘Friendly Workspace’ is evidence of a special, living Baloise culture. We were awarded the quality mark for the fourth time in succession in 2020 by the Swiss Health Promotion Foundation – scoring 4.83 out of a possible 5 points! The award recognises organisations that successfully implement their corporate health management (CHM) and systematically work to ensure good working conditions for their employees.



HEALTH IS OUR MOST VALUABLE ASSET

Of course the health of our employees is a valuable asset at all times, not just when they are working from home in the midst of a crisis. However, the Covid-19 crisis has shown even more clearly how we need to work together to look after everyone’s health. In addition to the promotion of physical health through

ergonomic training, sports activities, healthy eating, health tips, and various workshops, courses and assessments, good overall health also requires us to look after our mental health. This creates value not just for employees but also – through their performance – for our customers, partners, and investors.

Careers website:

www.baloise.com/jobs

Careers blog:

www.baloise.com/karriereblog



Facebook:

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Environmental mission statement

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

PRINCIPLE

As a primary insurer, Baloise is prepared to assume responsibility for the preservation of the natural environment. It focuses on the responsible use of natural resources and the continuous reduction of CO₂ emissions. It is based on the concept of value creation, which is not limited to the environmental impact of operations, but also includes responsible investment by Baloise Asset Management.

- ▶ Chapter 'Sustainable business management / Responsibility'
- ▶ Chapter 'Sustainable business management / Responsible Investment'

EMPLOYEES AND THE PUBLIC

Baloise trains its employees with regard to environmental matters and raises their awareness of the relevant issues. Its employees are aware of the 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. Regular employee surveys are part of an active dialogue with employees on various sustainability-related matters.

During 'Baloise Week', a week of strategising that took place in October 2020, one day was devoted to the topic of sustainability – with a particular focus on environmental responsibility. Employees were brought up to date with the latest developments in this area and were given tips for a more sustainable lifestyle. Baloise works hand in hand with other companies, organisations and public authorities across all countries in which it is active to find solutions to environmental problems. In Luxembourg, Baloise teamed up with etika, an association for alternative financing that provides advice to business on sustainability issues, raising employee awareness and developing sustainable products. Baloise particularly encourages the sharing of information within the sector through memberships in insurance

associations such as the Swiss Insurance Association (SVV), the German Insurance Association (GDV), Assuralia in Belgium and the Association des Compagnies d'Assurances (ACA) in Luxembourg. It maintains an open dialogue with the public and regularly reports on environmental projects and what has been achieved. The environmental audit is presented on page 76.

ENVIRONMENTAL FOOTPRINT

Baloise continually reduces its direct impact on the environment by planning, building and operating its office buildings in a resource-saving and energy-efficient manner. It observes the same principles in the procurement and use of office equipment and materials. In doing so, it pays particular attention to its published value creation model, its environmental mission statement and its environmental audit.

- ▶ Chapter 'Sustainable business management / Responsibility'

www.baloise.com/vendor

PRODUCTS AND SERVICES

Baloise strives to take environmental aspects into account when developing its products and services and fixing premiums and levels of coverage. Its underwriting policy takes account of its customers' environmental management practices (ISO 14001 onwards) on the basis of identifiable operational and product-related factors. It also advises industrial clients on risk reduction and risk prevention.

ORGANISATION

The Corporate Executive Committee bears ultimate responsibility in environmental matters. Each Group company has a coordination unit which implements the environmental mission statement. This working group is made up of representatives drawn from all key corporate functions.

Protecting the environment over the long term

Environmental protection at Baloise is focused on reducing CO₂ emissions and promoting alternative energy sources. The Company's initiatives are guided by recognised directives and the United Nations' sustainable development goals. It always pursues a pragmatic and practical approach and it helps the environment because it believes this is the right thing to do. Baloise has set itself an ongoing objective of adding value, including for the environment, and making continual improvements in all areas.

CONTINUOUS REDUCTION OF CO₂ EMISSIONS SINCE 2000

Climate change is the challenge of the century. Since the 1997 Kyoto conference in Japan, Baloise has been publishing key figures on energy and resource consumption, documenting sustainability measures in its annual report, and calculating its absolute and relative CO₂ emissions in accordance with the directives issued by the Association for Environmental Management and Sustainability in Financial Institutions (VfU). The 2015 Paris Agreement, the successor to the Kyoto Protocol, has spurred the Company on in its ambition, and future measures will be based on the Paris objectives and the UN's sustainable development goals. Both absolute and relative CO₂ emissions have been reduced massively at Baloise since the year 2000. Over this period, Baloise has cut absolute CO₂ emissions from 53,580 tonnes to 13,731 tonnes in 2019. This is equivalent to a 74.4 per cent reduction in CO₂ emissions, while emissions per employee fell by 38 per cent over the same period, from 4 tonnes to 2.5 tonnes.

THE COVID-19 PANDEMIC IS CHANGING THE WAY WE WORK

The outbreak of the Covid-19 pandemic meant the vast majority of companies were forced to get to grips with new ways of working and, in particular, the switch to home working. For

Baloise, working from home was not new, but the scale on which it suddenly had to be implemented certainly was. Within days of the crisis beginning, 90 per cent of employees were working from home – in many cases before the governments in the countries concerned had officially declared a lockdown. In total, Baloise employees worked well over three-quarters of a million days from home in 2020.

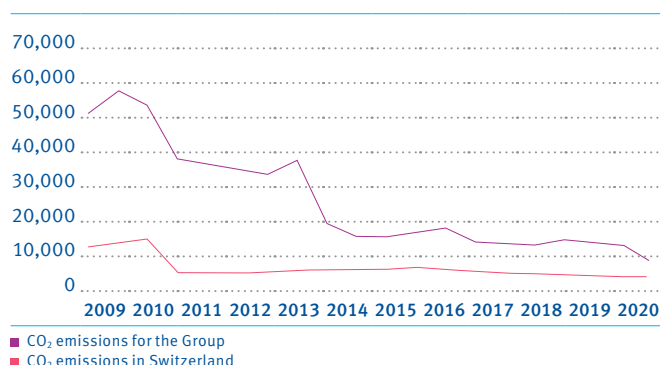
MILESTONES FOR LONG-TERM EMISSIONS REDUCTIONS IN 2020

In 2020, the focus was on the optimisation of building technology and business processes at all locations. This required a significant amount of capital investment. The refurbishment of the 'Phoenix' building in Belgium, the positive outcome of a feasibility study for the installation of solar panels at the Bad Homburg site in Germany and, in Switzerland, the completion and occupation of the Baloise Park buildings in Basel were particular highlights.

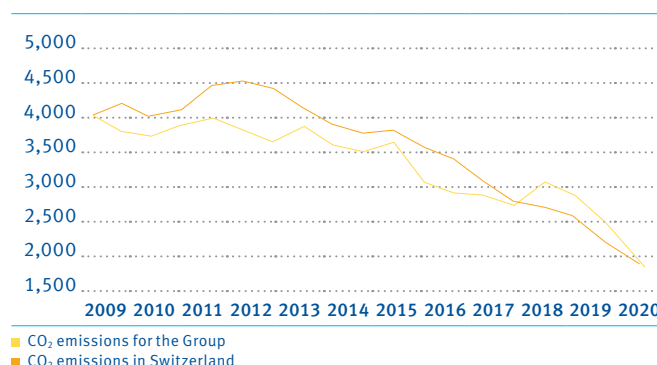
COMPLETION OF THE NEW BUILDING AND OPTIMISED OPERATIONS AT THE SWISS OFFICES

At the end of 2020, the Baloise Park project with its three new buildings on the site of the Baloise headquarters in Basel was

TOTAL CO₂ EMISSIONS IN TONNES



CO₂ EMISSIONS PER EMPLOYEE IN KILOGRAMMES



completed and staff were able to move in. The three buildings that had been used temporarily during the construction of Baloise Park were vacated in late 2020. With its three modern blocks, Baloise Park will be the defining landmark of the train station district and reflect Baloise's commitment to the city of Basel. Baloise based its designs for the buildings on the standards for sustainable construction in Switzerland (SNBS), which means it comfortably exceeded the legal requirements in terms of energy efficiency. An ultra-efficient energy centre will provide power for all three buildings, which will be heated by 100 per cent renewable district heating. The Baloise headquarters now has state-of-the-art office infrastructure and offers employees an excellent working environment that promotes health and well-being, with rooms to carry out corporate health management activities, various communication zones, relaxation areas and changing rooms with showers.

In addition to the completion of the Baloise Park project, 22 energy efficiency measures were developed for the headquarters of the Swiss business in Basel in partnership with electricity supplier IWB, as part of a cantonal target agreement. These measures will reduce electricity consumption by around 7.7 per cent over the next eight years. In 2020, the following measures had already been implemented in the form of further operational optimisations:

- ▶ Speed regulators on various ventilation motors.
- ▶ Drive replacement with frequency converters on various ventilation motors.

For 2021, there are plans to introduce variable control for the air volumes for some of the office areas and to replace the steam generation system.

Work on upgrading the staff restaurant at the Baloise head office in Basel began in 2019, with the aim of utilising space more effectively and increasing energy efficiency. The project was completed in 2020. The restaurant is now open to employees all day. The focus on sustainability in the sense of a sustainable diet and sustainable sourcing through local, regional, seasonal, nutritious and healthy food has been strengthened and the restaurant now makes its own pasta, baked goods and other products.

www.baloisepark.ch

MORE ELECTRIC-POWERED VEHICLES

Since 2015, Baloise customers and employees have been able to charge their electric vehicles in Basel, and in Zurich since 2016, using solar power. The facility, which does not cost anything to use, has proved very popular. As have the eco-friendly electric bikes, which are used by the Company's loss assessors to get to local incidents. In 2021, cars that were due for replacement at Baloise Bank SoBa, which operates in Swit-

zerland, were replaced with electric vehicles. To make it easier for our customers to switch to electric vehicles, a project was set up to install more charging infrastructure at Baloise properties. The Responsibility / Creating Value for the Environment chapter contains more information on this project.

- ▶ [Chapter 'Sustainable business management / Responsibility'](#)

NEW SITE AND SYSTEMATIC WASTE SEPARATION IN LUXEMBOURG

In Luxembourg, work on planning a new building continued apace. The new office building in Leudelingen will be 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 wood design will be less dusty and noisy to construct, making the build less disruptive. It is made of prefabricated elements and is 40 per cent lighter than concrete, which significantly reduces the number of lorries needed to transport the elements to the construction site.

The building will be equipped with a photovoltaic (PV) system and aims to achieve a BREEAM Excellent rating. This certification system assesses the environmental and sociocultural aspects of a building's sustainability performance. 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. Unlike similar schemes in the construction sector, the focus here is on the residents. WELL looks at ten areas that enable a holistic approach to well-being in and around the building: air, water, food, light, physical activity, temperature, noise, materials, mind and community. The new office building will be easier to get to on public transport, which will help to further reduce indirect CO₂ emissions. The building should be ready to move into in 2022.

www.baloise.lu/wooden

LOW-CARBON TRANSPORT AND REFURBISHMENT AT THE SITE IN BELGIUM

The Baloise 'Phoenix' building in Brussels, Belgium, which contains over 17,000 m² of office space, was extensively refurbished in 2020. The main focus of the upgrade was on achieving the European energy standard ISO 20121. These standards apply to refurbishments of existing non-residential buildings that require next to no external energy sources (zero-energy building). Baloise occupies three floors of this building itself.

In addition, a new and more eco-conscious car policy is being developed at Baloise Belgium, which will be signed off by the Board of Directors in early 2021.

REDUCTION OF RESOURCE CONSUMPTION IN GERMANY

On 17 September 2020, Baloise's German offices took part in 'Earth Night', an initiative that aims to draw attention to the excessive use of artificial light at night and the impact of this on people, nature and the environment.

After taking part in Earth Night, Baloise in Germany decided to make a more lasting contribution and has now optimised the times at which its lighting systems and outdoor advertising switch on and off. This will generate an annual energy saving of 33,000 to 34,000 kWh. The fountains in front of the Bad Homburg office have also been switched off, saving both electricity and water.

The lighting was further optimised at the offices in Hamburg and Bad Homburg. In Bad Homburg, 15 additional emergency exit signs were switched to LED light sources. In Hamburg, the use of LED lights in the corridors and the boulevards of the office building has reduced the number of lights by 50 per cent.

Further milestones in Baloise's plan to reduce the consumption of resources and encourage the use of renewable energy include the switch of the offices in Germany to 100 per cent green electricity (generated exclusively from renewable sources) and the positive outcome of a feasibility study on the installation of a solar power system at the Bad Homburg site. The implementation of this solar plant will begin in 2021. Once it is completed, Baloise will get all its electricity from 100 per cent renewable sources in Switzerland, in Germany, Belgium and Luxembourg in the buildings where it controls its own electricity mix.

In the buildings in Bad Homburg, the default temperature setting for the heating will be lowered and the default temperature of the air conditioning will be raised. The aim of both adjustments is to achieve an energy saving of several thousand euros a year.

At the Hamburg office, the dishwasher used in the canteen kitchen was replaced with a flight-type dishwasher that has a heat exchanger and reduces energy use by more than 50 per cent. The heating energy was further reduced by hydraulic control of the heating system. In the longterm, this is expected to cut heating energy by 15 per cent.

In total, at the Hamburg office alone, the optimisation measures implemented in 2020 resulted in annual savings of 1,419 tonnes of CO₂ equivalent.

FRIDAY OFFSETS OVER 1,300 TONNES OF CO₂e*

Since October 2018, FRIDAY customers have been able to make their own contribution to climate protection by offsetting the CO₂ emitted by their cars. Through its FRIDAY+ECO product, a joint development with the well-known climate protection organisation myclimate, Baloise's German online mobile insurer FRIDAY offset 302 tonnes of CO₂ and other damaging greenhouse gases, including methane and nitrous oxide, between October 2018

and March 2019. The climate protection projects chosen meet the highest standards (Gold Standard, CDM, Plan Vivo).

www.friday.de

* CO₂ equivalent (CO₂e) is a unit used to standardise the effect on the climate of various greenhouse gases.

ENERGY EFFICIENCY AT BALOISE

The total energy and resource consumption revealed by the environmental audit shows the amounts used by the Baloise Group's large office buildings at all sites and at its computer centres. The figures reported relate to the energy and resources used by 72.4 per cent of the 7,600 or so people working for the Baloise Group. Per-employee consumption of heating has been reduced by around 33 per cent and of electricity by 42 per cent over the last ten years. 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.

www.baloise.com/sustainability

CARBON EMISSIONS LESS THAN TWO TONNES PER EMPLOYEE

Carbon emissions per employee have fallen to below two tonnes per year for the first time since the Baloise Group began recording this metric in 1998 (1.858 tonnes per employee in 2020). If the carbon emissions generated on the total of 791,959 days when Baloise employees were working from home are taken into account, the carbon emissions per employee for 2020 are still below 2 tonnes (approx. 1.9 tonnes).

Paper consumption (DIN A4) and business travel saw the sharpest falls compared with 2019 figures (–43.9 per cent and –37.5 per cent respectively). Water consumption at the Baloise offices also fell by a total of 18.5 per cent. Around 10 litres of water consumption shifted to the employees' personal environmental footprint. These effects are due to the increase in home working caused by Covid-19 measures.

ENVIRONMENTAL AUDIT

	2018 absolute	2019 absolute	2020 absolute	Relative	Unit	+/- %
Employees	5,214	5,590	6,052		headcount	8.2
Energy reference area	142,409	155,853	167,571		ERA m ²	7.5
Locations	14	15	18		number of buildings	3
Electricity consumption	18,314,747	16,381,853	14,703,323	2,429	kWh / employee	-10.3
Heating consumption	8,269,769	9,553,480	9,813,735	59	kWh / m ²	2.7
Water consumption	45,421 m ³	41,341 m ³	33,677 m ³	22	l / employee / day	-18.5
Paper consumption	300 t	318 t	232 t	38	kg / employee	27.0
Paper types				2.0 %	recycled	
				98.0 %	chlorine-free-bleached	
				0.0 %	chlorine-bleached	
Copy paper consumption	66.1 million A4 sheets	62.7 million A4 sheets	35.2 million A4 sheets	5,822	A4 sheets / employee	-43.9
Amount of refuse	843 t	922 t	1,124 t	186	kg / employee	21.9
Types of refuse				41.0 %	paper / cardboard	
				8.0 %	other materials	
				1.0 %	special waste	
				50.0 %	misc. waste / refuse	
Business travel	22.4 million km	20.7 million km	12.9 million km	2,138	km / employee	-37.5
Mode of transport				6.1 %	km by air	
				53.7 %	km by road	
				40.2 %	km by public transport	
CO ₂ emissions	14,773 t	13,731 t	11,247 t	1,858	kg / employee	-18.1

Risk management is a key pillar of value creation at Baloise

Risk management is a key element of a sustainability-focused corporate governance system and, as such, plays an important role at Baloise in adding value for its stakeholders. It helps to ensure a strong balance sheet, a high level of operational profitability, a well-developed risk culture and consistent risk processes as well as a sustainable investment policy.

Risk management plays an important role in creating added value for the Baloise stakeholders. It involves managing both risk and value at the same time, and is based on innovative standards so that Baloise can always keep its promise to its customers. Risk management at Baloise is a standardised strategic and operational system that is applied throughout the Group and covers the following areas:

- ▶ Risk governance and risk culture: Standards that apply across the Group form the backbone of Baloise's risk strategy and define – in the form of a risk map – the fundamental risk issues, such as actuarial risks and market risks, as well as the operational risks arising from business activities. The detailed risk map can be found on pages 174 and 175 of the Financial Report. Risk awareness – how people perceive and respond to risk – is encouraged and embedded throughout the organisation so that accepted risks can be consciously managed within the scope of risk appetite and unwanted risks can be minimised for Baloise and its stakeholders.
- ▶ Risk measurement: Risks are identified and quantified in all business and financial processes according to common standards and resulting in an appropriate prioritisation of the accepted risks for the management.
- ▶ Risk processes: The management, reporting and evaluation processes are enhanced by risk processes in order to ensure that the risk perspective is factored into all important business decisions.
- ▶ Strategic risk management: The function of risk steering is to optimise the Group's earnings potential while taking account of the risks and thereby to create long-term value for the Baloise investors.

The holistic risk management system and risk culture ensure that all material risks are identified, measured and adequately addressed. Accepted risks are consciously managed and unwanted risks are actively reduced for Baloise and for its stakeholders.

A key part of the risk management system is the identification and assessment of individual risks. Throughout the Group, individual risks along the risk map are assessed according to their likelihood and expected impact. Baloise's corporate database of specific risks – which contains a detailed description of the risks concerned, their position on the risk map, early-warning indicators and the quantitative assessment – is generated from this standardised process. For each risk, mitigating measures are defined. Clear responsibilities are defined across all departments. Each risk is assigned to a risk owner (with overall responsibility) and to a separate risk controller (risk monitoring and risk controlling). Based on this database, which is regularly updated, it is possible to check whether the risks that have been taken on are within limits of risk tolerance. This allows unwanted risks with possible negative consequences for Baloise and its stakeholders, such as customers and investors, to be identified at an early stage and mitigated in a targeted manner. Strategic decision makers are brought into the risk management process, along with system managers, process managers and specialists, which creates risk awareness and a risk culture among employees.

The integration of sustainability risks and climate risks into risk management can help to protect the environment in the long term and thus create value for a secure and decent future for the whole of society.

Sustainability risks are documented and analysed as individual risks within the area of business strategy. As part of the analysis of emerging risks, long-term, sustainability-related trends such as social trends or environmental and climate risks are examined and evaluated. Baloise's risk management incorporates sustainability-related risks into its existing risk processes and creates long-term value for society as a whole through greater risk awareness. The importance of risk management for value creation at Baloise is discussed in more detail on the basis of the TCFD categories (governance, strategy, risk management, and metrics and targets) in the chapter Risk Management as a framework process for value creation.

- Chapter 'Sustainable business management / Responsibility'

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

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

The calculation methods stipulated by the Swiss Solvency Test and the Solvency II guidelines provide the basis for the quantitative risk measurement of all business and financial market risks. Risk measurement metrics are used to calculate a target capital figure (capital requirement). The available capital, or risk-bearing capital, is continuously compared against this target capital.

This combination of risk modelling and analysis of specific risks as described above ensures that Baloise maintains an adequate overview of the prevailing risk situation at all times. The overall risk situation is presented in the Own Risk and

Solvency Assessment (ORSA), which is discussed with the decisionmakers as a basis for developing appropriate measures. The ORSA reports are also sent to the regulatory authorities.

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

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

Baloise's risk management team proactively participates in discussions with its partners, thereby contributing to society and to a better understanding of the future risks for the insurance industry. For instance, Baloise is a member of the Swiss Insurance Association (SVV). Both through its work with the association and its direct cooperation with the regulatory authorities it fulfills its responsibility by providing support for subject-specific industry surveys and the development of the regulatory system by providing data, analyses and assessments.

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

The risk models, which use quantitative methods to assess all business risks and financial market risks in all strategic units, additionally form the basis for strategic discussions about Baloise's risk appetite. Strategic risk steering within the limits of the established risk appetite offers a clear picture of the risks involved in opening up new business lines and of how to optimise

the risk/return profile of existing business. In the area of investment, for example, the aim is to achieve the highest possible expected return with the lowest possible risks. This will ensure the long-term stability of Baloise, benefiting both its customers and its investors.

By establishing sustainability criteria in the investment and underwriting process, the risks for customers and investors are reduced and a positive effect is achieved for the environment and society.

The integration of environmental, social and corporate governance (ESG) factors into the investment process benefits the environment, society, customers and investors. Investment risks are reduced in the long term by investing in companies whose management of ESG risks is categorised as good to excellent. These companies are more resilient in times of crisis and downside risks in particular can be mitigated. This benefits the environment and society as a whole, as these companies reduce their negative impact or even generate a positive impact. Customers and investors benefit indirectly from the positive impact on society as a whole and directly from the long-term positive effects of this investment strategy on the risk/return ratio.

Sustainability criteria are also increasingly being included in the underwriting process, and are currently being incorporated into the underwriting guidelines. In future, engagement in the insurance business will be developed over the long term in accordance with sustainability criteria (primarily through new business for industrial customers and key accounts), risks will be reduced and a positive contribution made to the environment and society.

Baloise's capital base, which has a positive impact on the security of investors and customers, is also rated positively from an external view.

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

Baloise was able to respond quickly and comprehensively to the Covid-19 pandemic and the associated challenges.

Due to the governance structures and risk management processes Baloise has in place, it was able to respond quickly and comprehensively to the Covid-19 pandemic and effectively reduce the risks and the negative impact for the Group and its stakeholders. For example, the crisis management team and the business continuity management (BCM) team were quickly able to ensure the continuation of business operations and the IT department provided the necessary resources within a very short space of time to enable virtually the entire workforce to work from home.

www.baloise.com/risk-management

The Baloise Group's commitment to art

Art provides a space for reflection and a lens through which to view the world in a different way. It enriches our lives and stimulates discussion. The Baloise art collection is an important part of the Company's corporate culture, as Baloise believes that the privilege of owning art comes with an obligation to make it accessible to the wider public. In an extension of this principle, the Company operates a website that covers all aspects of Baloise's activities in the arts sector. As well as presenting the themed exhibitions at the Baloise Art Forum, the website www.baloiseart.com also provides some glimpses into the collection itself, showcasing a growing selection of artists and their work. It also includes a section that features all recipients of the Baloise Art Prize, now in its 23rd year.

CORPORATE COLLECTING – AN IMPORTANT ASPECT OF THE CULTURE AT BALOISE

The primary objective of the collection is not to achieve monetary gain, but to integrate spiritual and creative values into the Company's corporate culture. Since the late 1940s, the Baloise art works have always been accessible both to employees and to visitors. The collection is on display in foyers, corridors, meeting rooms and offices, as well as in reception rooms that are open to the public. Baloise is of the opinion that works of art ought to be seen so that they enrich lives, inspire reflection and provoke discussion.

BALOISE ART PRIZE

Encouraging an understanding and enjoyment of art is as much a part of the corporate culture as fostering new talent – both within Baloise and externally, in the arts sector. For many years, Baloise training and development programmes have provided access to careers with substance. Those benefiting include apprentices, interns and temporary student workers, while the Company's established graduate trainee programme gives its participants a deep insight into various parts of the business and thus provides the ideal preparation for a management or specialist role. For all of these people, Baloise offers a launchpad for a long and successful future.

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

Since 1999, Baloise has been awarding the annual Baloise Art Prize at Art Basel, an international art fair. Two talented emerging artists each receive CHF 30,000 in prize money, which

is awarded during a ceremony at the fair. After the announcement at the Art Basel media conference, both the winners and the galleries enjoy considerable attention at this globally significant event.

Although individual countries eased their lockdowns in June 2020, the global situation remained too precarious to hold the Art Basel fair. The general health and safety risks for all attendees, the financial risks for exhibitors and partners and the persistent challenges in international travel were simply too great. The cancellation of the art fair also meant that the competition entries could not be judged and that Baloise was not able to award its prize.

ART AT THE NEW BALOISE PARK COMPLEX

The Group headquarters at Baloise Park, which opened in summer 2020, also provide space to display the Baloise collection. The publicly accessible Art Forum on the ground floor presents two exhibitions a year on different themes, and in keeping with the Baloise corporate philosophy, the upper floors also display works from the collection in specially provided spaces – the 'etagères'.

Digital displays, such as the mobile table in the entrance hall and the screens on the upper floors, provide insights into the collection, which comprises more than 1,500 works. This form of digital presentation is intended to offer a different experience of the artworks while also providing access to the entire collection. The mobile table on the ground floor also presents an overview of the Company's history, milestones of the construction of the new headquarters and Baloise's engagement activities.

On the newly created plaza in front of its headquarters, Baloise has installed the bronze sculpture 'Drittes Tier' (2017)

by Thomas Schütte, which stands 3.5 metres tall. Thomas Schütte describes the sculpture as a mythical creature made up of various animals. It has the head of an antlerless moose, a mixture of different paws and hind legs, an indeterminable torso and the tail fin of a whale. But the most unusual thing about this gentle giant is that it can 'breathe', which makes the sculpture come to life. The artist also accepted Baloise's invitation to inaugurate the new Art Forum at Baloise Park with an exhibition of works from his own collection curated specifically to complement this space. This opening exhibition will be on display until 30 April 2021.

THE ART COLLECTION

New acquisitions for the collection are made by the Baloise art commission, which comprises six art-loving employees from various parts of the company and one external adviser. They focus on acquiring works on paper by contemporary artists. The decisive factor for inclusion in the collection is the persuasive quality of the work and its emotional and intellectual connection to the hopes and fears of our time. This acquisition policy also allows the art commission to include the winners of the Baloise Art Prize in the collection, and thus to help shape the way in which it promotes art. For example, works by 2013 winner Jenni Tischer (born 1979) and 2015 winner Mathieu Kleyebe Abonnenc (born 1977) have been added to the collection.

The panel of judges at the time provided the following explanation for their selection: "The combination of material, colour, form and text is a central design principle of Jenni Tischer's three-dimensional works. She incorporates references to modernism into the context of her own works, while undermining them at the same time. Her installations resemble stage sets filled with a wealth of objects that seem to tell stories but preclude interpretation at the same time. Political concerns such as authorship, production and feminism resonate in Jenni Tischer's works, specifically in her choice of technique. She often exploits typically feminine activities like embroidery, sewing or weaving, which she transports into the context of art with great subtlety." Her installation of works produced specifically for the Museum Moderner Kunst Stiftung Ludwig Wien (MUMOK) was gifted to the museum.

Some of the purchases made for Baloise's collection originated from a relief that previously adorned the facade of the former Baloise building at Aeschengraben 25 in Basel, which was designed by Hermann Baur. The relief was made up of triangular aluminium tiles arranged in a geometric pattern that stretched horizontally along the wall of the building and created the effect of several winding ribbons.



Jenni Tischer
'Mood', 2016, 36 x 51,7 cm (left)
'Pattern Recognition (sw) II', 2016, 41,7 x 28,2 cm (right)
Collection of Baloise Group



Tischer creates works of art that are finely detailed but at the same time reduced to the essential, lending a certain gravity and elegance to materials and techniques that are not commonly associated with art. They express an approach that Tischer described as follows in a conversation with art theorist Ines Kleesattel: “The shapes are inspired by a wide range of devices such as looms, weaving frames and spindles, but also measuring instruments, etc. and their size always relates to the bodies that operate them. (...) The slow pace of my creative process, the reduction of the form and my selection of materials and colours are also inspired by attitudes that are transferable to contexts outside the artistic sphere. I find it more productive to think about how I produce things and perform tasks rather than reflecting topics such as current political events in my work.”

The French artist Mathieu Kleyebe Abonnenc has been working on a series of large-scale colour photographs entitled ‘Vieux-Wacapou’ since 2017. These have been taken in French Guiana, a French overseas department on the north-eastern coast of South America, where the artist lived as a child.

“The title of the series refers to a place on the river Maroni that was the destination of Abonnenc’s travels into the country’s heartland. Immigrants from the English-speaking island state of Saint Lucia and the neighbouring French Antilles settled in this village surrounded by rainforest back at the start of the 20th century. Most of the settlers were descendants of people from Africa who had worked on the Antilles as slaves since the 17th century. Over the decades, Wacapou evolved into a prospering settlement where gold panning was the main source of income. In the mid-1980s, the artist’s mother decided to buy the house of Joseph Bernes, a former gold panner, in this village. But the outbreak of a post-colonial civil war in neighbouring Suriname in the summer of 1986 thwarted her plan to spend some time living in this wooden house on stilts with her family. The border village became a dangerous place to be.

More than 30 years lie between the violent conflict in Suriname and Abonnenc’s decision to travel to Wacapou. The photography series ‘Vieux-Wacapou’ documents the artist’s search for the place that he knew from his childhood. Today, the ruins of this deserted settlement are covered in dense vegetation. Abonnenc had to proceed like an archaeologist to uncover the secrets lying hidden beneath the jungle. As the eyes adjust to the murky twilight, they begin to recognise remnants of the former village and its history: stilts that used to support houses, crosses from the graveyard, glass bottles, the concrete steps leading to the jetty. Abonnenc’s photographs of the ruins of Wacapou village capture a rich and complex blend of European colonial heritage, the passage of time and family history,” explains Martin Schwander, artistic adviser to Baloise.

www.baloiseart.com

PUTTING THE SPOTLIGHT ON ART AT BALOISE

The opening of Baloise Park marks the beginning of a new era in the Baloise Group’s corporate history. This new chapter represents an ideal opportunity to publicly showcase the Company’s commitment to art in the form of a book for the first time. Providing a concentrated insight into the art collection, the publication features works on paper and photographs by 66 international artists from the 1960s onwards. From the beginning, Baloise’s strategy has been to follow individual artists’ output over an extended period, and to acquire larger groups of works by each one. The book presents a selection of works, mostly consisting of parts of those groups. The works are accompanied by authoritative commentary from distinguished experts. The book is available at the Group headquarters and in bookshops (ISBN 978-3-7757-4641-0). A complete overview of the art collection is provided on the website at www.baloiseart.com.

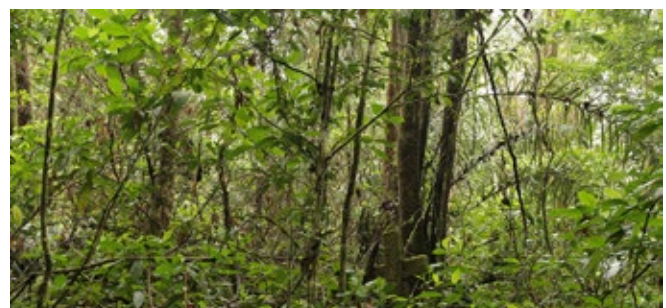
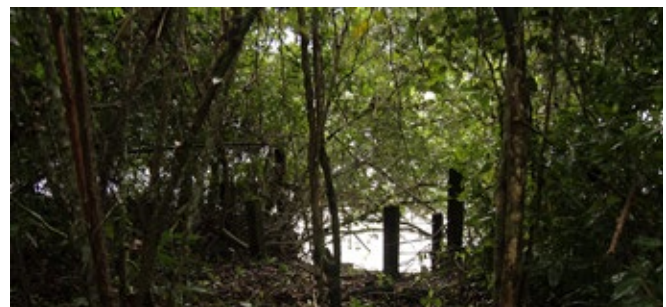
Mathieu Kleyebe Abonnenc

‘Vieux-Wacapou. Le dégrad’, 2017 / 18, 120 x 180 cm (above)

‘Vieux-Wacapou. Le cimetière’, 2018, 120 x 180 cm (below)

Collection of Baloise Group

Courtesy Künstler und Marcelle Alix, Paris



BUILDING BALOISE PARK

The buildings by Diener & Diener, Miller & Maranta and Valerio Olgiati are presented in a publication entitled Building the Baloise Park. This includes numerous illustrations and plans, as well as interviews with the architects. The new headquarters of the Baloise insurance group were designed by architectural firm Diener & Diener. With its tall windows stretching over two floors, the smallest of the three buildings sets the appropriate tone for a prestigious head office building. Valerio Olgiati was responsible for the office building with its striking, russet brown-tinted exterior that gives it a very distinct identity. The most eye-catching building of the ensemble is the high-rise block designed by architect duo Miller & Maranta. Its main occupant will be the Mövenpick Hotel, which will be furnished by Matteo Thun, the internationally renowned Milanese designer and interior architect.

The final publication is available at the Group headquarters and can also be ordered from the publisher, Christoph Merian Verlag (ISBN 978-3-85616-928-2).

