

Baloise climate strategy

20 November 2025 (V25.11.20)

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Baloise recognizes that climate change is one of the most significant challenges of our time. As a responsible insurance asset manager, Baloise is committed to supporting the transition to a low-carbon, climate-resilient economy. The climate strategy is an integral element of our “Baloise – Responsible Investment (RI) Policy for insurance funds of Baloise Group companies.”

Baloise has set a clear commitment to achieve Net-Zero for its financed emissions by 2050, as defined in its Climate Roadmap in 2023. To ensure it can realise its commitments, Baloise Asset Management (BAM) has embedded its climate commitment into its strategy and its investment decision-making process.

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Baloise’s climate strategy builds on the strong Responsible Investment strategy in place and consists of four key pillars, applied to each asset class as relevant (see figure 1).

As part of this strategy, BAM must define interim targets on a 5 year basis, with our first interim emission reduction and climate engagement set for 2030, towards our ultimate ambition in 2050.

These targets are reviewed and approved by Baloise Asset Management Executive Committee as well as the Investment Insurance Committee.

Progress against these targets are overseen by the RI team and compliance, while decarbonisation targets are cascaded down to the underlying portfolios. The progress against the targets are monitored on an ongoing basis. The scope of the targets is expanded as methodologies and data becomes more robust.

By acting in accordance with the responsible investment policy and climate strategy, we remain true to our values.

1. Exclusions

Our exclusions aim to reduce physical and transition risks, with specific restriction on revenue generation from fossil fuel investments, among other exclusions. For more detail refer to [RI Policy Insurance Funds](#).

2. ESG Integrations

Incorporating key climate metrics into the ESG data set and investment processes. The metrics help us understand where companies are in their decarbonisation process and their path towards a 1.5°C economy.

Moving towards a 1.5°C Pathway:

Implied Temperature Rise (ITR) is a metric that estimates how much global warming could result from the emissions associated with a portfolio or a company’s operations, if current emissions trends persist. It is used to understand how well a portfolio or company aligns with global climate targets, such as those set in the Paris Agreement to limit warming to well below 2°C, and ideally 1.5°C.



Figure 2: MSCI’s Implied Temperature Rise guidance

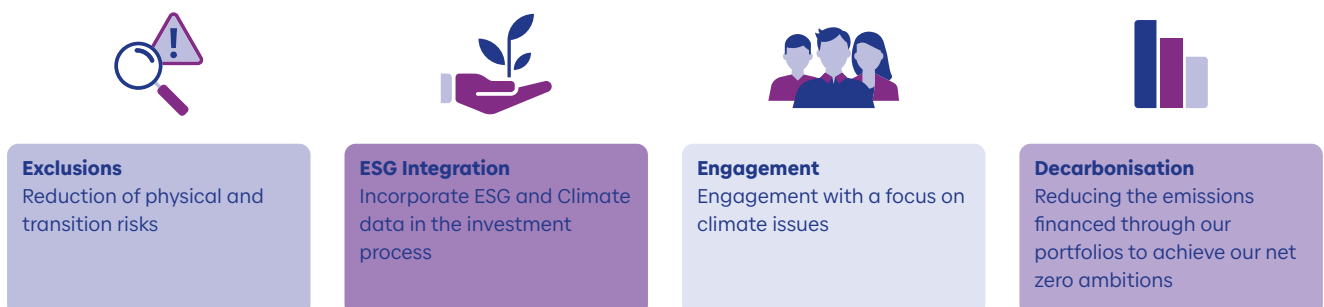


Figure 1: Climate Strategy’s four pillars

3. Climate Engagement

The climate engagement strategy builds on the BAM's engagement framework, which is leveraged for both direct and collaborative engagements as it aims to engage with others for change.

Baloise initial focus is on its 20 highest emitters from the corporate equity and credit portfolios in scope for target setting. We evaluate them considering forward looking indicators, specifically MSCI's implied temperature rise (ITR) to determine the need and priority for the engagement. For those companies with a high ITR, meaning they are misaligned to the transition path, we engage to understand the source of misalignment. The intention is to promote climate alignment and trigger improvements. Although the target setting currently based on scope 1 and 2, the ITR takes a more holistic view, incorporating scope 3 as well, which provides insights into the company's emissions and alignment path (see figure 3).

4 Decarbonisation

For Baloise to achieve net zero in 2050 in its financed emissions, it looks into its portfolios with the aim of reducing the scope 1 and 2 emissions of the underlying investments, and meeting the interim emission reduction targets set every 5 years.

4.1 Decarbonisation: Listed equity and corporate credit

For liquid assets, Baloise measures the weighted average carbon intensity (WACI), covering scope 1 and 2 emissions of the Insurance Investment Assets. The Intensity approach is done by sales (WACI) tCO₂e/annum/sales is sourced through MSCI.

The objective is to manage our portfolios to achieve emission intensity reductions in line with the 2030 reduction targets and 2050 net-zero ambition. To do so, portfolio managers follow guiding principles that aim at retaining expected return while meeting CO₂ reduction targets.

The portfolio managers implement the strategy by monitoring a) the overall intensity of their portfolios, b) incorporating forward-looking information like that of the ITR, and invest to ensure the risks and return of the portfolio are managed in alignment with our strategy.

Baloise monitors the forward-looking indicator as a forward-looking indicator to understand where we stand against the 1.5°C trajectory.

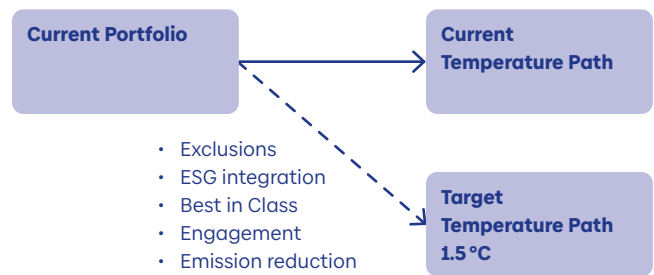


Figure 4: Actions that will support our path to 1.5°C

Baloise wants to make real world impact in its decarbonisation process, so understanding a company's path towards the transition is important to manage the portfolios with a long-term perspective.

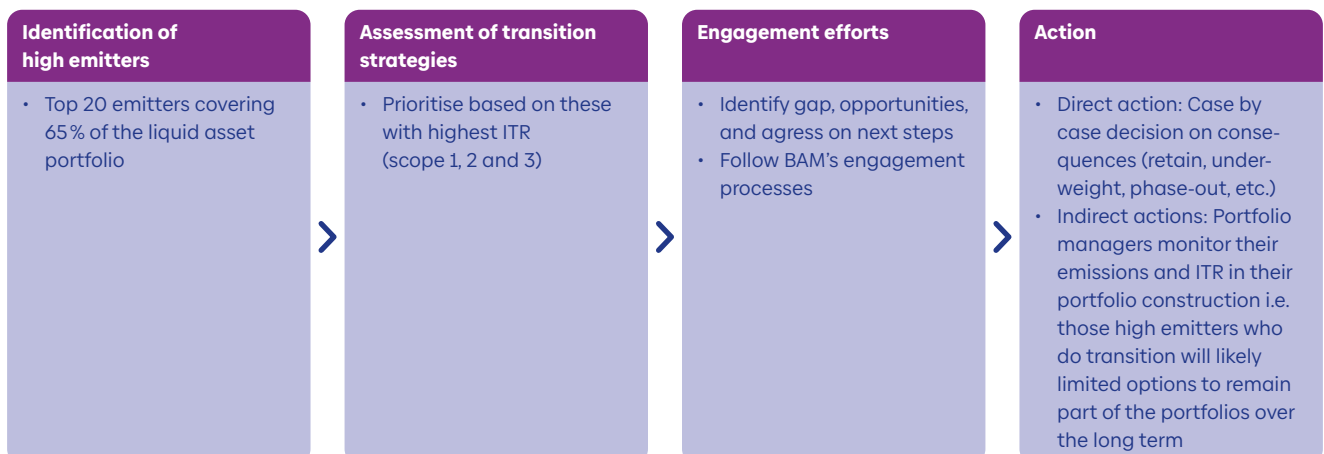


Figure 3: Climate Engagement Process

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4.2 Decarbonisation: Real Estate

For the directly held properties in the Baloise Versicherung AG and der Basler Leben AG portfolios in Switzerland, Baloise developed a decarbonisation strategy which based on a condition and life cycle analyses of the properties, as well as the resulting asset strategies. The decarbonisation strategy applies only to real estate held for investment purposes. Key levers to decarbonise the direct held Swiss Real Estate portfolio are:

- The replacement of fossil energy systems with renewable ones.
- Energy-efficient refurbishments of building envelopes.
- Yearly measuring energy consumption and CO₂ emissions Scope 1 and Scope 2. Targeted investments in measures such as energy performance optimization that lead to reduction in CO₂ emissions.
- Systematic assessment and installation of photovoltaic (PV) systems on suitable properties.

4.3 Recalculation policy

Financial institutions shall commit to recalculating their targets¹ if there is a significant change that could compromise existing validated targets, triggered by the following changes:

- Significant change in scope 1 and scope 2 emissions, as well as in any scope 3.
- Significant changes in company structure or activities (e.g., acquisition, divestiture, merger, insourcing, or outsourcing).
- Significant adjustments to the base year assessment, data sources, or calculation methodologies, or changes in data used to set.
- Other significant changes to projections or assumptions used in setting the targets.

We aim to follow SBTi's significance threshold for recalculation, defined as a cumulative change of 5% or more in an organization's total base year emissions (tCO₂e).

¹ As per the guidance set out by Financial Institutions Net-Zero Standard V1.0 (July 2025)

Financed Emissions – Baseline and 2030 Interim Target

Interim targets – 2030 Overview

Strategy element	Targets
Engagement targets	Engage on climate goals with 20 of its high emitters by 2030, misaligned to science-based targets, using MSCI's ITR
Portfolio emission targets	Reduce intensity emissions from our 2023 baseline: Listed equity: 20% metric tons CO ₂ -equivalent per USD million revenue Listed credit: 20% metric tons CO ₂ -equivalent per USD million revenue Real Estate: <ul style="list-style-type: none"> • Swiss Real Estate: Reduce intensity emissions from our 2024 baseline by 15% (Kg CO₂-equivalent/m²) for our Swiss portfolio • District heating and heat pumps as electricity source in Switzerland expected as of 2036 • Phase-in our German and Belgium portfolios Private assets: Phase-in of our private assets' portfolios, engagement with managers, and climate requirements incorporated in due-diligence process