

Dear Shareholders,

Since the 1st of January 2023, shareholders representing at least 0.5% of the share capital or votes of Baloise may request the inclusion of an agenda item at the General Meeting. zCapital, an independent asset manager from Zug, has made use of this and proposes to the General Meeting on the 26th of April 2024 that the registration and voting rights restriction at Baloise be lifted.

The articles of association of Baloise contain a restriction on registration and voting rights of 2%. It is the responsibility of the shareholders to decide on a change or lifting of the registration and voting rights restriction, which was itself originally introduced by the shareholders of Baloise.

The Board of Directors encourages you to attend the General Meeting on the 26th of April 2024 as the protection of the rights of our minority shareholders and the long-term business interests of Baloise are concerned.

The Board recommends that you reject zCapital's proposal for the following reasons:

1. Registration and voting rights restrictions are well-recognized

The fundamental motivation for registration and voting rights restrictions is to ensure a framework aligned with taking a long-term perspective on a company. Especially in the insurance industry and particularly in life insurance, which bears responsibility across generations, balancing short- and long-term interests is crucial for the success of a company and for its value creation.

Registration and voting rights restrictions reduce the risk that a few shareholders dominate the General Meeting in favour of their short-term self-interests and displace long-term value creation and company interests; they contribute to a decision-making process that is as broad-based as possible.

For these same reasons, registration and voting rights restrictions are widely used and accepted in Switzerland. A third of the companies in the SMI Expanded, which includes Baloise, have a registration and voting rights restriction or related provisions. In particular, other Swiss insurance companies besides Baloise have similar provisions.

2. Impact of Baloise's registration and voting rights restriction

The existing registration and voting rights restriction was introduced by Baloise's shareholders to ensure the broadest possible shareholder approval for important resolutions, to protect the rights and interests of small and medium-sized shareholders and to maintain the independent entrepreneurial path of Baloise.

In the absence of a registration and voting rights restriction, a numerically small minority of shareholders with 25% of the votes could control the General Meeting of Baloise if – as was the case (on average) over the last five years – only 49% of the votes are represented. They could do this without having to submit a takeover offer to the other shareholders, since such an obligation arises under stock exchange law only from a stake of 33.3% or more.

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Its long-term orientation is not only essential to Baloise's success, for insurers it is also a requirement. Our regulators expect that we protect the interests of our customers. The well-being of our customers and our other stakeholders, such as our employees, is important to us. For the Board of Directors, therefore, a broad shareholder base is an essential factor for the stability and predictability of Baloise.

3. Assessment of the Board of Directors

The Board of Directors considers a long-term oriented, diversified, and balanced shareholder base, currently consisting of 34,000 shareholders registered in the share register, as well as a decision-making process at the General Meeting that is as broad-based as possible to be important pillars for the implementation of the long-term oriented corporate strategy and for sustainable value creation benefitting our shareholders, customers, and the business hub of Basel.

Under the current framework, including the registration and voting rights restriction, Baloise has distributed CHF 3.44 billion to shareholders over the last ten years via dividends and share repurchases. This represents more than 60% of Baloise's market capitalization at the time.

In preparation for this statement, Baloise has initiated discussions with our shareholders and other stakeholders. We have received feedback that supports maintaining the existing registration and voting rights restriction, a series of proposals on possible changes and adjustments as well as feedback that follows zCapital's argumentation. The breadth of feedback received reflects the different opinions on this topic.

Considering the interests of the various stakeholders and the feedback received, the Board of Directors takes the following view:

1. The complete lifting of the registration and voting rights restriction without replacement proposed by zCapital is not in the long-term interest of Baloise and the majority of our shareholders. To our knowledge, Baloise is the only company to handle such a request as part of the 2024 General Meeting season.
2. The feedback from our shareholders and other stakeholders has pointed out constructive proposals, which the Board of Directors will evaluate in detail and as part of a dialogue with our shareholders. This will allow the Board of Directors to submit to the shareholders a proposal suitable for Baloise to adapt the registration and voting rights restriction at the next General Meeting on the 25th of April 2025, which will take into account both the feedback of the shareholders and proxy advisers as well as the voting behaviour of the various groups of shareholders at the upcoming General Meeting.

For these reasons, we recommend that you exercise your voting rights at the General Meeting on the 26th of April 2024 in line with the recommendation of the Board of Directors to reject zCapital's proposals.

Specifically, the following agenda items should be rejected:

- **Agenda item 6.1** concerns the core of the **registration and voting rights restriction** with the changes requested by zCapital to §§ 3, 5, 16 and 17 of the Articles of Association. The Board of Directors recommends that the proposal be rejected for the above reasons.

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- **Agenda item 6.2** is the motion of zCapital for a revision of the **nominee clause** by supplementing §5 of the Articles of Association. Nominees are banks, brokers, and other financial services providers who hold shares in a fiduciary capacity for shareholders who do not want to appear in person. zCapital wants a nominee to be able to hold up to a maximum of 5% of the share capital with voting rights and to exercise voting rights also in excess of this limit if the beneficial owners for which the nominee holds more than 0.5% of the share capital are disclosed.

This change would reduce transparency for Baloise and its shareholders, as it would allow individuals holding shares via nominees to own up to 2.99% of the shares anonymous (only from 3% upwards they will have to disclose their share ownership in accordance with Art. 120 FinfraG). The anonymous holding of shares also enables the non-transparent build-up of significant shareholdings and the exercise of the voting rights associated with them. The Board of Directors is of the opinion that shareholders who wish to register and exercise their voting rights should have to disclose their names. So far, no requests from nominees have been received and therefore there is no need for such an overreaching registration clause for nominees.

- With **agenda item 6.3**, zCapital requests a lower **approval rate** for resolutions of the General Meeting requiring a qualified majority (amendment of §17 of the Articles of Association).

§ 17 of the Articles of Association provides that the lifting of the restriction on registration and voting rights shall only be possible if three quarters of the votes represented at the General Meeting agree. This majority requirement is in line with the aim of protecting the interests of smaller and medium-sized shareholders and their importance in the company. The restriction on registration and voting rights should only be lifted if a vast majority, and not only the larger and thus directly affected shareholders, calls for it. Today, shareholders holding a quarter of the shares together can prevent the lifting of the registration and voting rights restriction and thus ensure the protection of minority shareholders. This is a strong commitment to a diversified and broad shareholder base.

We thank you for your trust and look forward to welcoming you on the 26th of April 2024 in Basel.

On behalf of the Board of Directors

Dr Thomas von Planta
Chairman