

Baloise Group

Type of Engagement: Annual Review

Date: 20 August 2024

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Introduction

Baloise Group (“Baloise” or the “Company”) issued three green bonds,¹ collectively (the “Green Bonds”) between September 2021 and January 2023, to finance and refinance projects that are expected to reduce the environmental footprint of its real estate portfolio. In 2024, Baloise engaged Sustainalytics to review the projects financed with proceeds from the Green Bonds (the “Nominated Expenditures”) and provide an assessment as to whether they meet the use of proceeds criteria and whether Baloise complied with the reporting commitments outlined in the Baloise Group Green Bond Framework (the “Framework”).² Sustainalytics provided a Second-Party Opinion on the Framework in August 2021.³ This is Sustainalytics’ third annual review of allocation and reporting of the instruments issued under the Framework, following previous reviews in August 2022⁴ and August 2023.⁵

Evaluation Criteria

Sustainalytics evaluated the Nominated Expenditures and Baloise’s reporting based on whether they:

1. Meet the use of proceeds and eligibility criteria defined in the Framework; and
2. Reported on at least one key performance indicator (KPI) for each use of proceeds category defined in the Framework.

Table 1: Use of Proceeds Categories, Eligibility Criteria and Associated KPIs

Use of Proceeds Category	Eligibility Criteria	Key Performance Indicators
Green Buildings	<p>Baloise will consider assets or investments in assets as eligible if they fulfil any of the following criteria:</p> <ol style="list-style-type: none"> i. Construction or acquisitions of buildings, certified or to be certified, as follows: <ol style="list-style-type: none"> a. Minergie: “Minergie”, “Minergie-P”, “Minergie-A” or “Minergie ECO”; b. LEED: “Gold” or “Platinum”; c. SNBS 2.0: “Gold” or “Platinum”; d. BREEAM: “Excellent” or “Outstanding” e. DGNB: “Gold” or “Platinum” ii. Redevelopments, reconstruction, renovations, and refurbishments of existing buildings which lead to: 	<ol style="list-style-type: none"> i. The difference of the selected assets’ greenhouse gas emissions compared to a benchmark asset ii. The reduction of greenhouse gas emissions due to redevelopments, reconstruction, renovations and refurbishments

¹ Baloise issued three green bonds, raising CHF 200 million in September 2021 (maturing June 2030), CHF 110 million in July 2022 (maturing July 2028), and CHF 175 million in January 2023 (maturing January 2032).

² Baloise, “Baloise Group Green Bond Framework”, (2021), at: <https://www.baloise.com/dam/baloise-com/documents/de/anleihen-ratings/green-bond/allgemeine-dokumente/baloise-group-green-bond-framework.pdf>

³ Sustainalytics, “Second-Party Opinion, Baloise Group Green Bond Framework”, (2021), at: <https://mstar-sustops-cdn-mainwebsite-s3.s3.amazonaws.com/docs/default-source/spos/baloise-group-green-bond-framework-second-party-opinion.pdf>

⁴ Sustainalytics, “Annual Review”, (2022), at: <https://www.baloise.com/dam/baloise-com/documents/de/anleihen-ratings/green-bond/allgemeine-dokumente/second-party-opinion-sustainalytics-2022>

⁵ Sustainalytics, “Annual Review”, (2023), at: [https://mstar-sustops-cdn-mainwebsite-s3.s3.amazonaws.com/docs/default-source/spos/baloise-group-annual-review-\(2023\).pdf](https://mstar-sustops-cdn-mainwebsite-s3.s3.amazonaws.com/docs/default-source/spos/baloise-group-annual-review-(2023).pdf)

	<ul style="list-style-type: none"> a. the building obtaining one of the above listed certification levels, or b. a reduction of GHG emissions by 30% compared to baseline 	
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Issuer’s Responsibility

Baloise is responsible for providing accurate information and documentation relating to the details of the projects, including descriptions, amounts allocated and impact.

Independence and Quality Control

Sustainalytics, a leading provider of ESG research and ratings, conducted the verification of the use of proceeds from the Green Bonds. The work undertaken as part of this engagement included collection of documentation from Baloise and review of said documentation to assess conformance with the Framework.

Sustainalytics relied on the information and the facts presented by Baloise. Sustainalytics is not responsible nor shall it be held liable for any inaccuracies in the opinions, findings or conclusions herein due to incorrect or incomplete data provided by Baloise.

Sustainalytics made all efforts to ensure the highest quality and rigor during its assessment process and enlisted its Sustainability Bonds Review Committee to provide oversight of the review.

Conclusion

Based on the limited assurance procedures conducted,⁶ nothing has come to Sustainalytics’ attention that causes us to believe that, in all material respects, the Nominated Expenditures do not conform with the use of proceeds criteria and reporting commitments in the Framework. Baloise has disclosed to Sustainalytics that 73.2% of the proceeds from the Green Bonds were allocated to Nominated Expenditures as of July 2024 and intends to allocate the remaining 26.8% of the proceeds by January 2026.

⁶ Sustainalytics’ limited assurance process includes reviewing documentation relating to details of projects, as provided by the issuing entity, which is responsible for providing accurate information. These may include descriptions of projects, estimated and realized costs, and reported impact. Sustainalytics has not conducted on-site visits to projects.

Detailed Findings

Table 2: Detailed Findings

Framework Requirements	Procedure Performed	Factual Findings	Error or Exceptions Identified
Use of Proceeds Criteria	Verification of the Nominated Expenditures to determine alignment with the use of proceeds criteria outlined in the Framework.	The Nominated Expenditures comply with the use of proceeds criteria.	None
Reporting Criteria	Verification of the Nominated Expenditures or assets to determine if impact was reported in line with the KPIs outlined in the Framework.	Baloise reported on at least one KPI per use of proceeds category.	None

Appendix

Baloise issued the Green Bonds since September 2021 and raised CHF 485.0 million, of which CHF 354.9 million were used to finance or refinance the below mentioned Nominated Expenditures. Baloise intends to allocate the remaining CHF 130.1 million by January 2026.

Table 3: Allocation of Proceeds from the Green Bonds as of July 2024

Use of Proceeds Category	Property	Project Type	Eligibility Criteria	Net Proceeds Allocated (CHF million)		Total Net Proceeds Allocated per Property (CHF million)
				Financing	Refinancing	
Green Buildings	4051 Basel, Baloise Park BFC	Development	Minergie-P; SNBS Gold	0.37	28.45	28.82
	4002 Basel, Baloise Park BFB	Development	Minergie-P; SNBS Gold	4.89	25.43	30.32
	6010 Kriens, Nidfeld B2	Development	Minergie-P	24.61	14.84	39.45
	6010 Kriens, Nidfeld B1	Development	Minergie-P	7.90	10.45	18.36
	8956 Killwangen, Zürcherstrasse	Development	Minergie	23.99	14.44	38.43
	1030 Bussigny, Chemin de la Mochettaz	Development	Minergie	69.67	17.94	87.62
	8600 Dübendorf, Am Ring	Development	Minergie-P	0.47	75.44	75.91
	6045 Meggen, Lerchenbühlhöhe	Development	Minergie	0.02	0.00	0.02
	4144 Arlesheim, General Guisan-Strasse	Development	SNBS 2.0 Gold	0.33	0.45	0.78
	1025 St-Sulpice VD, Route Cantonale	Development	Minergie	0.13	0.68	0.81
	8154 Oberglatt, Chlirietstrasse / Allmendstrasse	Renovation	Reduction of GHG emissions of at least 30%	14.13	2.02	16.14
	8046 Zürich, Riedenhaldenstrasse	Renovation	Minergie	7.37	0.31	7.68
	4132 Muttenz, Gründenstrasse	Renovation	Reduction of GHG emissions of at least 30%	0.17	0.03	0.20

5430 Wettingen, Landstrasse / Bahnhofstrasse	Renovation	Minergie	0.21	0.36	0.57
8800 Thalwil, Tischenloostrasse / Asylstrasse	Renovation	Minergie	0.29	0.08	0.37
1218 Le Grand-Saconnex, Ch. Fr.-Lehmann 32	Renovation	Reduction of GHG emissions of at least 30%	0.02	0.66	0.68
1206 Genève, Av. Calas 18	Renovation	Reduction of GHG emissions of at least 30%	0.09	0.09	0.18
1206 Genève, Av. Calas 20	Renovation	Reduction of GHG emissions of at least 30%	0.20	0.22	0.42
1206 Genève, Ch. Beau-Soleil	Renovation	Minergie	0.32	0.28	0.60
1206 Genève, Ch. des Clochettes	Renovation	Minergie	0.41	0.06	0.47
1007 Lausanne, Av. de Cour 3/5 Av. Grammont	Renovation	Reduction of GHG emissions of at least 30%	0.11	0.60	0.71
1006 Lausanne, Av. Juste-Olivier	Renovation	Minergie	0.56	0.39	0.95
1110 Morges, Av. Marcelin	Renovation	Minergie	0.00	0.10	0.10
1218 Le Grand-Saconnex, Ch. Fr.-Lehmann 34	Renovation	Reduction of GHG emissions of at least 30%	0.02	0.26	0.28
7000 Chur, Wiesentalstrasse	Renovation	Reduction of GHG emissions of at least 30%	0.45	4.60	5.05
Total Net Proceeds Allocated (CHF millions)^{7,8}			156.7	198.2	354.9
Total Unallocated Proceeds (CHF millions)					130.1
Total Net Proceeds Raised from Green Bonds (CHF millions)					485.0

⁷ The allocations are on a cumulative basis

⁸ The amounts and totals provided by Baloise may not add up exactly due to rounding.

Table 4: Estimated Impact from Acquisitions and Development Projects

Property	Asset Value (CHF million)	Total Net Proceeds Allocated (CHF million)	Total Energy Reference Area (ERA)(m ²)	Allocated ERA (m ²) ⁹	Yearly GHG Emissions (kgCO ₂ /m ² ERA/year)		Yearly Avoided GHG Emission (kgCO ₂ /m ² ERA/year) ¹⁰
					Of the property	Of the benchmark ¹¹	
4051 Basel, Baloise Park BFC	58.50	28.82	11,163.00	5,499.20	2	16	-14
4002 Basel, Baloise Park BFB	69.00	30.32	10,239.00	4,499.00	2	16	-14
6010 Kriens, Nidfeld B2	40.30	39.45	4,061.00	3,973.40	2	16	-14
6010 Kriens, Nidfeld B1	18.70	18.35	8,421.00	8,253.10	2	16	-14
8956 Killwangen, Zürcherstrasse	41.20	38.43	9,896.60	9,238.70	2	16	-14
1030 Bussigny, Chemin de la Mochettaz	101.10	87.61	22,633.00	19,616.00	1	16	-15
8600 Dübendorf, Am Ring	249.90	75.91	52,307.10	15,888.30	1	16	-15
6045 Meggen, Lerchenbühlhöhe	33.00	0.02	7,021.00	4.10	1	16	-15
4144 Arlesheim, General Guisan- Strasse	30.60	0.78	6,660.00	170.50	1	16	-15
1025 St-Sulpice VD, Route Cantonale	33.90	0.81	6,722.00	160.10	1	16	-15
Total	676.20	320.50	139,123.70	67,302.40	Weighted average¹²		-14.5
Estimated yearly GHG emissions avoided by acquisitions and developments (in tCO₂)¹³							978

⁹ The allocated ERA is calculated by multiplying the building's total ERA of a building by the proportion of total investment that was allocated from the Green Bonds.

¹⁰ Baloise has excluded tenants' electricity from the calculation for yearly GHG emissions avoided for each building.

¹¹ Baloise engaged Wüest Partner AG to develop suitable benchmarks for its real estate portfolio. These benchmarks were based on a reference portfolio representing a wide spectrum of Swiss real estate investors to provide a relevant standard for comparison.

¹² The weighted average is calculated according to allocated ERA.

¹³ The estimated yearly GHG emissions avoided by acquisition and development projects were calculated by multiplying the weighted average avoidance (kgCO₂/m² ERA/year) by the total allocated ERA per property (m²).

Table 5: Estimated Impact from Renovations and Refurbishment Projects

Property	Asset Value (CHF million)	Total Net Proceeds Allocated (CHF million)	Total ERA (m ²)	Allocated ERA (m ²) ¹⁴	GHG Emissions After Renovation (kg CO ₂ /m ² ERA/year)	GHG Emissions Before Renovation (kg CO ₂ /m ²)	Reduction of GHG Emissions (kg CO ₂ /m ² ERA/year)
8154 Oberglatt, Chlirietstrasse / Allmendstrasse	16.00	16.15	5,824.00	5,824.0	1	32	-31
8046 Zürich, Riedenhaldenstrasse	9.00	7.68	4,056.00	3,462.30	1	38	-37
4132 Muttenz, Gründenstrasse	5.00	0.20	2,094.00	84.60	2	11	-9
5430 Wettingen, Landstrasse / Bahnhofstrasse	12.90	0.57	5,056.00	225.00	1	12	-11
8800 Thalwil, Tischenloostrasse / Asylstrasse	12.00	0.37	53,862.50	118.10	1	18	-17
1218 Le Grand-Saconnex, Ch. Fr.-Lehmann 32	6.80	0.68	3,226.00	326.00	2	9	-7
1206 Genève, Av. Calas 18	5.80	0.18	2,426.00	74.50	2	39	-37
1206 Genève, Av. Calas 20	10.90	0.42	3,225.00	125.00	2	36	-34
1206 Genève, Ch. Beau-Soleil	26.00	0.60	9,071.00	207.70	2	22	-20
1206 Genève, Ch. des Clochettes	30.20	0.47	8,694.00	136.70	2	32	-30
1007 Lausanne, Av. de Cour 3/5 Av. Grammont	0.70	0.71	5,880.00	5,880.00	1	26	-25
1006 Lausanne, Av. Juste-Olivier	11.90	0.95	3,772.00	302.30	1	20	-19
1110 Morges, Av. Marcelin	10.80	0.10	3,334.00	32.00	1	13	-12
1218 Le Grand-Saconnex, Ch. Fr.-Lehmann 34	7.40	0.28	3,226.00	121.10	2	9	-7
7000 Chur, Wiesentalstrasse	5.20	5.05	2,686.00	2,610.50	2	7	-5
Total	170.60	34.41	66,432.50	19,529.70	Weighted average		-25.4
Estimated yearly GHG emissions avoided by renovations and refurbishments (tCO₂)¹⁵							496

¹⁴ Allocated ERA is calculated by multiplying the total ERA of a building with the proportion of total investment that was allocated to the Green Bonds.

¹⁵ The estimated yearly GHG emission avoided by renovation and refurbishment projects were calculated by multiplying the weighted average avoidance (kgCO₂/m²/ERA/year) with the total allocated ERA per property (m²).

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