



**Sustainability  
Report 2022**



# Editorial

Dear readers

We look back on 2022 as a challenging year, dominated by the fallout from the war in Ukraine: the tight energy situation, supply bottlenecks, turbulence on the stock markets and inflation generated widespread uncertainty. This once again underlined the pivotal role played by BLKB as a bastion of calmness and reliability – as befits one of Switzerland’s soundest banks. Our upgrading (to “AA+” with outlook “stable”) by the eminent ratings agency Standard & Poor’s in the reporting year was therefore no coincidence.

BLKB has honoured its responsibility for the Northwest Switzerland region for almost 160 years. That’s what drives us – what motivates us. Each and every day. In line with our sustainable mission statement, our aim is to help shape a livable future for people, society and the environment. In 2022, for instance, we further expanded our range of sustainable products and enhanced transparency with the new sustainability overview in the financial reports for all investment clients. As a founding partner of the Swiss Triple Impact platform for the Basel region, we now help companies to find their way into a more sustainable future. As a member of the Net-Zero Banking Alliance, we are also working hard to achieve the goal of net-zero emissions.

The highlight of our sponsorship activities in 2022 was the Swiss Wrestling and Alpine Festival in Pratteln near Basel. As main partner, we underlined our commitment to the traditional national sport of “Schwingen” (Swiss wrestling) and helped to show the Canton of Basel-Landschaft off to best advantage before the whole of Switzerland. In addition to our financial engagement and the full offsetting of our CO<sub>2</sub> emissions

(covering festival pavilion, catering, transportation), a 300-strong team of volunteers from BLKB’s staff contributed to the success of the superlative-defying event, which attracted over 400,000 visitors.

To offer our employees a motivating working environment, we expanded our training and development programme in 2022 while increasing the transparency of our functional level and salary band system. 2022 also saw us introduce a whistleblower desk, which now allows employees to report any irregularities anonymously.

BLKB does today what matters tomorrow – and, to achieve this, also relies on you, dear readers. On your opinions and needs. In the broadly based stakeholder dialogue held in 2022, we received a great deal of appreciative feedback, along with some critical voices together with intriguing ideas for possible future measures. We look forward to partnering you in tackling these new challenges. Together, we can achieve more – always with the aim of shaping a livable future for people, society and the environment.

Alexandra Lau  
Member of the Executive Board, Head of Corporate  
Development & Sustainable Asset Management

# For the people who put their trust in us

## Sustainable investing

Based on the ESG data of MSCI, our (standard) funds and mandates have an "AA" classification across the board.

# AA



## Professional employees

BLKB encourages all its employees to develop their skills. On average around 20% of them were in training or development during the reporting period. In 2022, BLKB spent around CHF 1.3 m on this investment in the future.

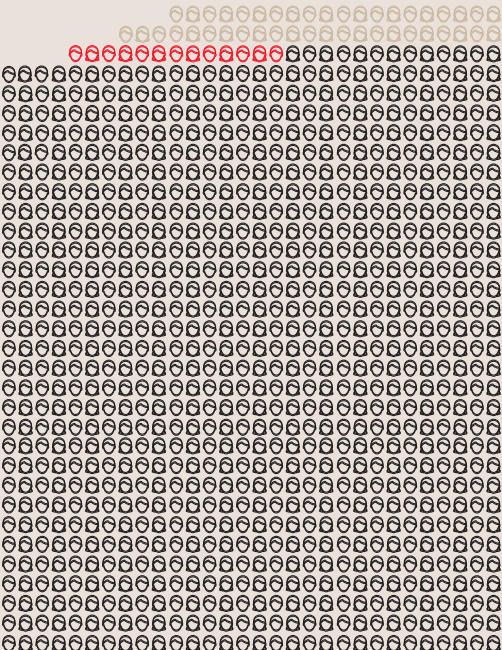
# 1.3 m<sub>CHF</sub>

## Responsible employer

The employees are key to the bank's success. We promote their specific skills and long-term development. In the reporting period, the BLKB parent bank employed a total of 913 staff (787 FTEs).

# 913

913 employees  
43 apprentices & interns  
13 new hires aged 50+



## Regional business partners

We attach importance to long-term, local partnerships. We favour regional service providers who, like us, are committed to a sustainable economic environment. In the reporting period, we awarded contracts worth CHF 30.4 m in Northwest Switzerland.

# 30.4 m<sub>CHF</sub>



## Own homes for the region

We have deep roots in the region. We financed 90% of mortgage lending amounting to CHF 23.1 bn in the Northwest Switzerland region in the reporting period.

90% of mortgage lending in Northwest Switzerland catchment area (BS, BL, AG, SO)  
10% in the rest of Switzerland

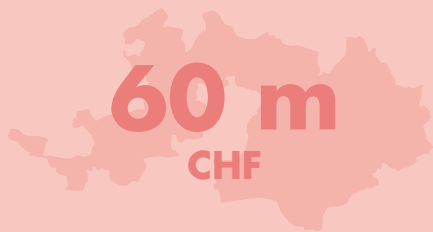
# For the society in which we live



**13.7 m**  
CHF

## Investments in the future

We promote innovative SMEs and start-ups with a connection to the Basel-Landschaft area through the *100 fürs Baselbiet* initiative. It currently provides 37 companies with support to the tune of CHF 13.7 m, plus extensive advisory services. The companies involved have created over 120 new jobs in the last three years.



**60 m**  
CHF

## Profit for the canton

In 2022, around CHF 60 m of our profit went to the **Canton of Basel-Landschaft**. In this way, we strengthen public service in the region.



**202**  
CHF

In 2022, this came to CHF 202 per **inhabitant**.



**5.9 bn**  
CHF

## Stability for the region

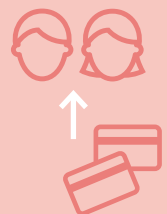
By granting around CHF 5.9 bn in loans to companies and public institutions in 2022, we made an important contribution to the sustainable development of the Northwest Switzerland economic region.



**2.1 m** CHF

## For sport, culture and society

In 2022, BLKB invested a total of CHF 2.1 m in social and cultural life through sponsorship (not including the Federal Swiss Wrestling and Alpine Festival in Pratteln). It began working with tennis player Joanne Züger from Sissach.

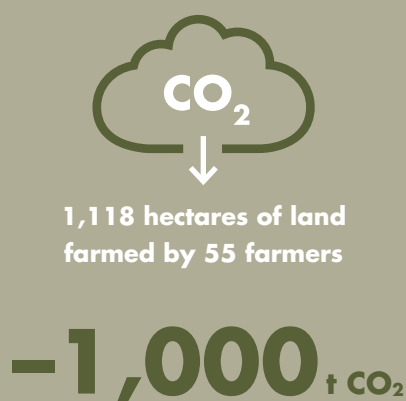


**557,400** CHF

## Young people are our future

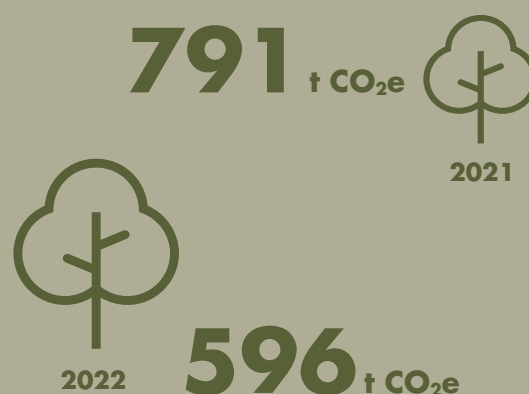
With the "Jobs for Juniors" debit card, BLKB supports an initiative for avoiding youth unemployment – in the reporting period to the tune of CHF 557,400. This contribution is split equally between Job Factory Basel AG and the KMU Lehrbetriebsverbund AG (SME apprenticeship association).

# For the environment that makes life possible



## Climate protection in the region

We are offsetting the CO<sub>2</sub> emissions from our banking operations in the Canton of Basel-Landschaft since 2022. An estimated 1,000 tonnes of CO<sub>2</sub> are stored each year on 1,118 hectares of land farmed by 55 local farmers.



## Operational carbon footprint

Compared with the previous year, we were able to lower our greenhouse gas emissions in 2022 by **195 tonnes of CO<sub>2</sub>e**. Electricity consumption per employee decreased by 4.3% and amounts to 2.97 MWh/FTE.



## More transparency thanks to ESG data

Since 2014, we have systematically integrated sustainability aspects into our entire range of investment products. In 2022, we increased transparency for all investment customers with the new sustainability overview in the financial reports: ESG data shows how portfolios rate in terms of sustainability.



**91,000** kWh/a

## Electricity from the roof

The solar panels on the roof of our head office in Liestal generate around 91,000 kWh of electricity every year – equivalent to the annual energy requirements of 26 households.

# Target: net zero

## Climate protection now

As a member of the UN Net-Zero Banking Alliance, we are doing everything we can to align our lending and investment portfolios to net-zero emissions by 2050 at the latest.

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This version of the Sustainability Report is a translation of the original German Sustainability Report. In the event of inconsistencies between the English Sustainability Report and the German Sustainability Report, the German Sustainability Report shall prevail.

# Forward-looking approach

BLKB is Switzerland's forward-looking bank. This forward-looking approach expresses the proactive attitude and is emblematic of the bank's comprehensive sustainability efforts. These form an integral part of its business strategy. BLKB is driving ahead with its campaign of systematically anchoring sustainability principles in all its areas of business.

The bank's attitude is expressed by the convictions set out below. Through its transparency, BLKB seeks to be a trustworthy partner for its stakeholder groups. For BLKB, being an ethically sound company with honest opinions is essential for conducting an open and valuable dialogue with the people around it.

BLKB's convictions also form the basis for the mission statement (see chart on page 9) that guides the bank's actions. With people, society and the environment as the focal points, BLKB shows where it intends to have a positive impact and take responsibility: in relation to employees, customers, business partners, the population and the environment.

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## Our convictions

### Public service mandate

- The primary reason for – and indeed the purpose of – our public service mandate is to make our contribution to the economic development of Northwest Switzerland through stable, long-term business success.
- For us, implementing sustainability means having a forward-looking approach. The term "sustainability" describes the concept, while the term "forward-looking approach" defines our objectives. We take a holistic view of ESG criteria in order to ensure a secure future for people, society and the environment in our region. Sustainability and a forward-looking approach shape the way we think and act, and are part of our public service mandate.

### Regulatory obligation

- As a public-law institution, we must and will make our contribution to achieving the Federal Council's net-zero target.
- In relation to sustainability, we not only comply with our regulatory obligations but also anticipate new rules to ensure we are a step ahead.

### Climate change

- Climate change and its negative impacts are a reality. Along with our stakeholders, we too are confronted with its effects. We are firmly convinced that people have a decisive influence on climate. Given our regional responsibility, we believe we have a duty to spearhead and support activities aimed at protecting the climate.
- Our sensitive, cautious approach to the use of natural resources is essential if we are to safeguard the space in which we live.

### Safeguarding our common future

- Our commitment to sustainability will also open up new business opportunities for us. We see this as a chance to capture new income streams and thus safeguard our future.

- A business model that is committed to sustainability is essential in order to reduce our own risks and manage them comprehensively, but also in order to mitigate the risks for our customers.
- The systematic alignment of our business with sustainability principles may lead to restrictions on individual business activities in the near term.
- Our sustainability commitments will have a positive impact on the success of our business in the medium to long term.
- Ensuring that our sustainability commitment brings rewards for ourselves as well as our stakeholders will require innovative approaches, a systematic and proactive stance, as well as perseverance.
- We are convinced that we cannot succeed by going it alone. That applies within BLKB itself, but also to our role as a Swiss business. We therefore intend to set a good example and support others on the shared journey to making Switzerland a sustainable business location.

#### **Pioneering role and differentiation**

- We play an active role in shaping the future and act as a role model within the region and within the banking industry.
- Sustainable business will increasingly become the norm. We intend to remain one step ahead on the journey to that destination and to stand out on account of the pioneering role we as a bank play in this field. We actively seek comparison within and beyond our sector.

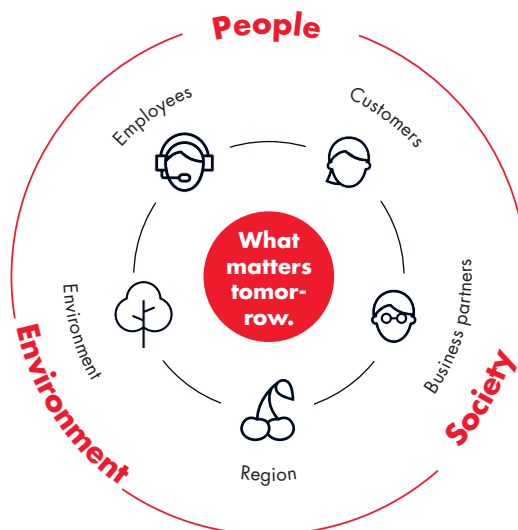
#### **Employees**

- Our employees are our most precious asset. As the need for excellent professionals is set to increase, we must strengthen our major appeal as an employer and develop this even further.
- Our active commitment, as a business, to sustainability is a key factor in our ability to attract and retain employees.
- We strive to ensure that our employees understand BLKB's mission statement and objectives for 2030. Together, we aim to act accordingly in our everyday business life and become Switzerland's no.1 forward-looking bank.



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## Mission Statement



### BLKB – Switzerland's forward-looking bank.

We are strongly committed to ensuring sustainable development for all. We act responsibly for the people who put their trust in us, for the society in which we live, and for the environment that makes life possible.

- Our employees show respect and appreciation in their dealings with one another as well as with others, encourage diversity and variety, and excel at what they do.
- Our customers can put their trust in us. Every day, they inspire us to do new things while preserving what works.
- Our convictions and values are shared with our local and global business partners.
- The region in which we live can count on our local roots and our commitment to wider society.
- Protecting the environment is the basis of our activity

We are committed to this mission statement and to the underlying convictions, and focus our business strategy and actions accordingly.

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## Our overarching objectives for 2030

### Anchored within the business

#### Mission statement and corporate strategy

- Sustainability is a fixed component of the business model: we are not creating parallel worlds for sustainability strategy and business strategy.
- The bank conducts a regular dialogue with its stakeholders and incorporates their varied perspectives into its ongoing development.
- The bank is putting into practice the 2030 objectives defined in this document.

#### Objectives and transparency

- The corporate objectives are in keeping with sustainability as a fixed component of the business strategy. These goals include financial as well as explicit social and environmental objectives.
- The progress made in implementing the objectives for 2030 will be measured and disclosed on a regular basis.
- National as well as international social, environmental, technological and regulatory developments will be monitored on a continuous basis, assessed and incorporated into the target definition.
- Transparency is a key principle of the bank's internal and external communication.

#### Governance

- Structures and responsibilities regarding all aspects of sustainability are defined and embedded within the organisation to ensure measures can be implemented effectively.
- Sustainability is an integral component of training and awareness programmes.

#### Products and services

- Sustainability is an integral component of the products and services offered. In particular, these products and services contribute to achieving the Swiss climate targets.
- Social and environmental impacts are made transparent for all products and services.
- The various aspects of sustainability are an integral component of advisory consultations with customers.

#### Employees

- The bank sees development as an investment in the future. It offers employees a setting in which they can develop continuously and helps them improve their marketability regardless of age.
- The bank does not tolerate any discrimination, treats all employees equally, and systematically encourages diversity within the organisation.
- The bank creates an attractive overall framework for ensuring work/life balance.
- The bank has a fair and transparent system of incentives and remuneration with a long-term focus.
- The bank has future-proof, attractive leadership and organisational models.
- The bank does its utmost to ensure the physical and mental safety and integrity of its employees.
- Employees accept individual responsibility and act in accordance with the bank's values and principles (see the "Mission statement" chart on page 9).
- Employees play an active role in helping shape the bank's sustainability commitment. The bank creates the requisite framework and encourages internal dialogue.

**Customers**

- The bank supports and encourages customers in relation to their commitment to sustainability.
- The various aspects of sustainability are an integral element of the dialogue with its customers.

**Region**

- The bank contributes to a balanced development of society within the region, taking into account ESG criteria.
- The bank makes an active contribution to financial literacy, encouraging a responsible, conscientious approach to financial topics such as debt (especially among young people), pensions, the intergenerational contract, estate planning, etc.
- The bank fosters education, culture and sport.
- The bank is actively involved in relevant sustainability initiatives and/or interest groups.
- The bank is a member of key sustainability associations, where it plays an active role (e.g. Swiss Sustainable Business Network, Swiss Sustainable Finance, swisscleantech).

**Business partners**

- The bank supports and encourages business partners in relation to their commitment to sustainability.
- The bank encourages innovative business partners and cooperation.
- The bank favours local service providers/suppliers and those that make their sustainability commitment transparent. It only works with businesses that likewise contribute to making Switzerland a sustainable economic space.

**Environment**

- The bank adheres to the 2015 Paris Agreement and is accordingly reducing its direct and indirect CO<sub>2</sub> emissions on a continuous basis (Scope 1–3 of the Greenhouse Gas Protocol).
- The bank systematically integrates environmental criteria (such as biodiversity, circular economy, water conservation, etc.) into all its business activities.
- The bank contributes to environmentally friendly development and encourages the circular economy as well as the sustainable use of resources.
- In relation to real estate and mobility, the bank operates a systematic environmental management system designed to ensure continuous improvement.
- The bank uses only renewable energy sources and uses them efficiently.

The convictions and the mission statement constitute the basis for BLKB's successful future sustainability efforts. Its overarching objectives for 2030 set the direction. The bank uses these as the basis for defining specific annual targets and will incorporate them into its objectives at corporate level in the future.

# Climate risks and opportunities

Climate change is relevant for BLKB at various levels and for various business activities. In identifying and reporting on the influence of climate change, specifically its risks, on the core business as well as the impact of its business activities on climate change, the bank is guided by the internationally recognised methods of the Task Force on Climate-related Financial Disclosures (TCFD). Risks are thereby disclosed in the four areas of corporate management, strategy, risk management, and key figures and targets.

## Corporate management

As a forward-looking bank, BLKB wants to drive forward and support climate protection. BLKB has enshrined the topic of sustainability – and hence climate protection – in its strategy, mission statement and objectives for 2030. In organisational terms, the identification and management of climate risks and opportunities at the strategic level is the responsibility of the Sustainability department of the Corporate Development & Sustainable Asset Management business area. The issue is managed in close coordination with the risk management functions, the Executive Board and the Board of Directors.

## Strategy

Given that financed emissions account for more than 99 per cent of BLKB's climate footprint, climate risks are of particular relevance in the business activities of "investing", "commercial loans" and "mortgages". The bank is thus redoubling its climate protection efforts in these areas, its activities being concentrated on specific working groups and projects. Work is being performed in the areas of portfolio measurement, analysis, advice and products. The focal points in the reporting year were:

- Investing: Improvement of ESG portfolio reporting (including indicator for the implicit temperature rise) for customers
- Commercial loans: Creation of sustainability-related advisory offerings
- Mortgage loans: Improved recording of climate data and expanding of the advisory services and products related to energy efficiency measures and renewable energy (e.g. through the online platform *home2050*)

BLKB took a strategically crucial step in this direction in 2021 by joining the Net-Zero Banking Alliance (NZBA) of the United Nations. In doing so, the bank undertakes to align its lending and investment portfolios to net-zero emissions by 2050 at the latest. BLKB will define a reduction strategy and interim goals accordingly, as well as publishing data on its emissions.

## Risk management

BLKB takes specific measures to reduce climate risks. When granting loans, it checks not only the companies' creditworthiness but also explicitly examines their fitness for the future and advises them on possible improvements as part of a strategic dialogue. Sectors with very high ESG risks, such as oil and gas extraction or coal (anthracite and lignite) mining,

are excluded and not provided with financing. Companies that operate or are involved in risk sectors undergo more detailed investigations and are assessed by the bank's own risk committee. In the private mortgages area, BLKB offers an *Energie-Hypothek* ("Energy Mortgage") that supports the real estate sector's transition to renewable energy and improved energy efficiency. Since 2014, the bank has systematically integrated sustainability aspects across its entire range of investment products. These include strict exclusion criteria in respect of climate protection (see "Responsible products and services"). The "BLKB Climate Basket" gives customers the opportunity to invest in climate protection solutions.

In procurement and operations, BLKB does its utmost to comply with ecological and social criteria that are significantly more stringent than the sector norm. BLKB has also worked for some years to reduce its own CO<sub>2</sub> footprint, for example by procuring all its electricity from hydroelectric sources, by feeding in-house and public e-vehicle charging stations from its own photovoltaic installations and by connecting up to district heating systems wherever possible (see GRI 302 "Energy"). Since 2021, BLKB has offset its own CO<sub>2</sub> emissions through a regional climate protection project (see GRI 302).

#### **Key figures and targets**

BLKB records and evaluates data on financed emissions at various levels. Analyses show that these arise in roughly equal measure from investment activities, commercial lending operations and mortgages. At the same time, in terms of investments, exposure to greenhouse gas-intensive sectors is relatively low thanks to the systematic integration of ESG criteria (see "Responsible products and services"). This was confirmed in the reporting year by the 2022 PACTA climate test conducted by the Federal Office for the Environment (FOEN).

BLKB is working on a more detailed measurement of the climate footprint, on defining a reduction path and on other measures to lower greenhouse gas emissions.

# Materiality analysis

As a comprehensive understanding of sustainability, the forward-looking approach brings together 13 specific sustainability themes in which BLKB manages its activities in relation to people, society and the environment. These topics are pivotal to the sustainability of the BLKB business model. They were identified in 2019 based on relevant sector and reporting standards such as those of the Global Reporting Initiative (GRI) and the Sustainability Accounting Standards Board (SASB). They also take into account external sustainability ratings and studies as well as international developments in connection with the United Nations, specifically the Sustainable Development Goals (SDG). In 2022, the topics were fine-tuned and, in some cases, combined (see GRI 3-1).

Topic	Brief description	GRI Standard
<b>1. Economic security</b>	<ul style="list-style-type: none"> <li>- Stability of the financial system as a key element of a modern economy</li> <li>- Ensuring solvency</li> <li>- Balanced risk/return ratio</li> </ul>	GRI 201: Economic performance (2016) GRI 2-6 to 2-8: General disclosures on activities and workers (2021) GRI 2-9 to 2-21: General disclosures on governance (2021)
<b>2. Corporate governance</b>	<ul style="list-style-type: none"> <li>- Supervisory role of Board of Directors</li> <li>- Ensure independence and responsibilities of Board of Directors</li> <li>- ESG criteria in remuneration</li> </ul>	GRI 2-9 to 2-21: General disclosures on governance (2021) GRI 419: Socioeconomic compliance (2016)
<b>3. Risk management, compliance and integrity</b>	<ul style="list-style-type: none"> <li>- Conformity with regulatory requirements</li> <li>- Ethical principles of business activity</li> <li>- Risk policy and management (incl. in upstream and downstream parts of value chain)</li> </ul>	GRI 205: Anti-corruption (2016) GRI 206: Anti-competitive behaviour (2016) GRI 419: Socioeconomic compliance (2016) GRI 204: Procurement practices (2016)
<b>4. Data protection</b>	<ul style="list-style-type: none"> <li>- Data security</li> <li>- Protecting the IT system</li> <li>- Confidentiality in dealing with sensitive data of third parties</li> </ul>	GRI 418: Customer privacy (2016)
<b>5. Transparency towards, and dialogue with, external stakeholders</b>	<ul style="list-style-type: none"> <li>- Honest communication</li> <li>- Dialogue with officials, associations, media and other interest groups</li> </ul>	General disclosures (2021): GRI 2-26: Mechanisms for seeking advice and raising concerns GRI 2-28: Membership associations GRI 2-29: Approach to stakeholder engagement
<b>6. Climate change, use of resources and emissions</b>	<ul style="list-style-type: none"> <li>- Internal environmental management</li> <li>- Consumption of natural resources (in particular energy and waste)</li> <li>- Climate protection (greenhouse gas emissions)</li> </ul>	GRI 302: Energy (2016) GRI 305: Emissions (2016) GRI 306: Effluents and waste (2020)

Topic	Brief description	GRI Standard
<b>7. Integrative and motivational management and collaboration culture</b>	<ul style="list-style-type: none"> <li>- Behaviour and working together</li> <li>- Relationship between employees and managers</li> <li>- Employment conditions</li> <li>- Integrative corporate culture</li> <li>- Promotion of equity and equal treatment of employees in terms of all diversity criteria (including age, education, background, gender)</li> <li>- Observance of human rights and due diligence</li> </ul>	<p>GRI 2-6 to 2-8: General disclosures on activities and workers (2021)</p> <p>GRI 401: Employment (2016)</p> <p>GRI 402: Labour/management relations (2016)</p> <p>GRI 405: Diversity and equal opportunity (2016)</p> <p>GRI 406: Non-discrimination (2016)</p>
<b>8. Employee development</b>	<ul style="list-style-type: none"> <li>- Recruitment</li> <li>- Training and education</li> <li>- Employees' employability</li> </ul>	<p>GRI 401: Employment (2016)</p> <p>GRI 404: Training and education (2016)</p>
<b>9. Workplace health</b>	<ul style="list-style-type: none"> <li>- Physical and mental integrity</li> <li>- Safety at work</li> </ul>	GRI 403: Occupational health and safety (2018)
<b>10. Digital innovation and transformation</b>	<ul style="list-style-type: none"> <li>- Business model innovation</li> <li>- Innovativeness</li> <li>- Strategic partnerships</li> <li>- Ensuring long-term success of the business</li> </ul>	GRI 201: Economic performance (2016)
<b>11. Quality and customer satisfaction</b>	<ul style="list-style-type: none"> <li>- Compliance with statutory requirements for product design</li> <li>- Product intelligibility</li> <li>- Financial stability and financial well-being of customers</li> <li>- Customer interviews on sustainability preferences</li> <li>- Measurement of customer satisfaction and resulting action</li> </ul>	GRI 417: Marketing and labelling (2016)
<b>12. Responsible products and services</b>	<ul style="list-style-type: none"> <li>- Impact of core business on economy, society and environment</li> <li>- Promotion of sustainability through financing (e.g. mobility, infrastructure, real estate and projects contributing to the circular economy)</li> <li>- Measurement of CO<sub>2</sub> footprint of products</li> <li>- Integrity of loan and investment recipients</li> <li>- Risk management in lending operations and investment business</li> <li>- Human rights due diligence in products</li> </ul>	Additional material topic
<b>13. Regional value creation</b>	<ul style="list-style-type: none"> <li>- Providing financial services for the region</li> <li>- Contributing to development of regional economy and society</li> <li>- Creating and ensuring local jobs</li> <li>- Sponsorship and charitable activities beyond the core business</li> <li>- Employees' commitment to wider society</li> </ul>	<p>GRI 201: Economic performance (2016)</p> <p>GRI 203: Indirect economic impacts (2016)</p> <p>GRI 204: Procurement practices (2016)</p> <p>GRI 308: Supplier environmental assessment (2016)</p> <p>GRI 413: Local communities (2016)</p> <p>GRI 414: Supplier social assessment (2016)</p>

The bank's stakeholders' priorities are shaped by ecological, societal and economic change. BLKB seeks to identify key developments at an early stage and implement appropriate forward-looking measures. That is why the material topics are re-examined and discussed with stakeholders at regular intervals (see GRI 2-29).

In the reporting year, BLKB invited representatives of key stakeholders to assess the relevance of the material topics, the bank's performance and the impact of its business activities on the individual topics. The three topics on which BLKB's business activities (could) make the biggest impact were discussed in detail at the subsequent stakeholder dialogue in spring 2022. These were: "Quality and customer satisfaction", "Responsible products and services", and "Regional value creation". Held in the "World Café" format, the discussions produced a great deal of appreciative feedback, along with some critical voices. Potential measures and approaches – to be retained, initiated or halted – were identified and examined. BLKB will address these in the new strategy period.

BLKB devotes particular attention to those topics in which, as the internal and external stakeholders see it, the bank can have a very strong positive or negative impact on people, society and the environment:

- Quality and customer satisfaction
- Risk management, compliance and integrity
- Responsible products and services
- Regional value creation
- Economic security
- Corporate governance

These are set against those topics where BLKB's impact is considered lower:

- Data protection
- Digital innovation and transformation
- Employee development
- Climate change, use of resources and emissions
- Integrative and motivational management and collaboration culture

In the stakeholders' assessment, BLKB's impact is lowest for the following topics:

- Workplace health
- Transparency towards, and dialogue with, external stakeholders

The consultations held with the stakeholders once again confirmed that all topics were relevant to them. Moreover, BLKB believes it is important to communicate fully and transparently, and to foster an ongoing dialogue with its stakeholders and the general public. The following GRI index thus includes all 13 sustainability topics and provides a comprehensive description of what makes BLKB Switzerland's forward-looking bank.



# GRI index

CO<sub>2</sub> = carbon dioxide (also used as an abbreviation for CO<sub>2</sub>e)  
 CO<sub>2</sub>e = carbon dioxide equivalents  
 ESG = environmental, social and (corporate) governance  
 FTE = full-time equivalent  
 HC = headcount (actual number of employees)  
 HGT = heating degree days  
 MJ = megajoules

## General disclosures

### The organisation and its reporting practices (2021)

GRI	Description	Data / reference
2-1	<b>Organisational details</b>	The Basellandschäftliche Kantonalbank (BLKB) is a public-law entity of the Canton of Basel-Landschaft. Its headquarters is located at Rheinstrasse 7, 4410 Liestal, Switzerland.
2-2	<b>Entities included in organisation's sustainability reporting</b>	Reporting covers the BLKB parent bank. Subsidiaries are not included in the report.
2-3	<b>Reporting period, frequency and contact point</b>	<ul style="list-style-type: none"> <li>– BLKB prepared the report in accordance with the GRI Standards for the period 1 January 2022 to 31 December 2022.</li> <li>– The reporting period corresponds to that of the annual report.</li> <li>– Annual publication</li> <li>– Publication date: 15 March 2023 (English version: 5 April 2023)</li> <li>– <a href="mailto:medien@blkb.ch">medien@blkb.ch</a>, <a href="mailto:investoren@blkb.ch">investoren@blkb.ch</a></li> </ul>
2-4	<b>Restatements of information</b>	None.
2-5	<b>External assurance</b>	The 2022 sustainability report was not externally assured.

## Activities and workers (2021)

GRI	Description	Data / reference
2-6	<b>Activities, value chain and other business relationships</b>	<p>As a universal bank, BLKB distributes banking products and financial services in Switzerland under the "BLKB" brand and with the marketing claim of "What matters tomorrow". Its market area is focused on Northwest Switzerland with complementary, cross-regional business activities, in particular via digital channels. BLKB is represented locally by 24 branches (including 20 in the Canton of Basel-Landschaft, one in the Canton of Basel-Stadt, one in the Canton of Solothurn and two in the Canton of Aargau). Via state-of-the-art direct channels, customers have straightforward access to financial products and services – regardless of time or location.</p> <p>BLKB offers a broad-based financial advisory capability as well as a wide range of financial products and services for private individuals, companies, institutional customers and external asset management firms. These include account products for saving, investment and retirement, as well as payments with debit and credit cards. The credit products comprise mortgages, loans including construction loans, current account loans and fixed advances, as well as trading products. On the investment advisory and management side, the bank offers all common types of investment products in the leading currencies as well as associated, supporting products and services such as comprehensive financial planning. BLKB does not engage in investment banking.</p> <p>To meet its obligations in respect of its offerings, BLKB obtains products and services from various suppliers. IT services, IT licences and communications technology account for the lion's share of expenditure. Other key third-party services cover the handling of payment transactions, procurement of information on the financial markets and processing in relation to securities management. Accommodation-related expenses include rents for third-party properties, heating costs, service charges and expenditure on building maintenance, physical safety/security and energy.</p> <p>The bank's product portfolio in the "Private customers" and "Corporate customers" categories can be viewed on the BLKB website.</p>
2-7	<b>Employees</b>	<p>All BLKB employees work in Switzerland. The key data include specific indicators on headcount, gender split and the proportion of part-time workers.</p> <p>Five men (2021: ten) and eight women (2021: nine) had a temporary employment contract as at the close of the financial year. All persons employed by BLKB had guaranteed working hours. The turnover rate in the reporting period was slightly up on the previous years, this being largely attributable to the more buoyant labour market and organisational restructuring.</p> <p>Data collection is mainly based on the internally used IT program for controlling the central HR processes. The data were processed by in-house experts in the HR &amp; Organisational Development department.</p>
2-8	<b>Workers who are not employees</b>	<p>BLKB's business activities do not give rise to any significant seasonal variations in headcount and are largely performed by employees who have a BLKB employment contract governed by the current terms of employment. Only in exceptional cases or for specialist areas, temporary external workers are appointed via personnel agencies. Significant outsourcings are reported pursuant to the requirements of the supervisory authority (FINMA). Particularly in relation to IT, BLKB commissions services from external experts under a long-term mandate relationship.</p>

## Governance (2021)

GRI	Description	Data / reference
2-9	<b>Governance structure and composition</b>	<p>The Board of Directors, together with its committees, and the Executive Board are presented in the corporate governance section of the Parent Bank Annual Report 2022 (from page 36 onwards). The regulatory framework for the management bodies of the BLKB is specified in FINMA Circular 2017/1 "Corporate Governance – Banks". It defines the minimum requirements, among other things, for the composition and background of members of a bank's board of directors as well as the structuring of the bank's internal control system. These requirements are complemented by the Public Corporate Governance Act (PCGA), the Kantonbank Act and the associated ordinances. The PCGA defines the requirements placed on the Board of Directors as a strategic management body, including limits on the members' ages and terms of office, an appropriate gender split and the independence of the management bodies in terms of their personnel. Double mandates on the Board of Directors and the Executive Board are precluded, thereby guaranteeing a strict separation of powers. The responsibilities, competencies and functioning of the Board of Directors and the Executive Board are further specified in the Organisational Guidelines and Regulations (see corporate governance section of the Parent Bank Annual Report 2022, from page 36 onwards).</p> <p>Sustainability forms part of the bank's overall strategy and is clearly expressed in its mission statement. The strategy and mission statement have been approved by the Board of Directors. The Executive Board is responsible for its implementation. The Board of Directors supervises the means adopted to put the strategy and sustainability efforts into practice in accordance with the mission statement.</p> <p>The Executive Board and other appointed units (see GRI 2-13) regularly report to the Board of Directors and its committees. As part of the strategy audit, the Strategy and Executive Committee is updated at least once a year on the progress made in implementing the overall strategy and achieving the sustainability objectives.</p>
2-10	<b>Nomination and selection of the highest governance body</b>	<p>The members of the Board of Directors are elected by the Basel-Landschaft cantonal council. With due regard for the regulatory and legal provisions specified in GRI 2-9, the cantonal council sets out a requirements specification for the Board of Directors as a whole, for individual members of the Board of Directors and for the Chair. This is publicly available for inspection. Competencies in the following sustainability topics or aspects thereof are defined as a prerequisite: "Economic security", "Corporate Governance" (including independence of members), "Risk management, compliance and integrity", "Digital innovation and transformation", and "Quality and customer satisfaction".</p> <p>The individual members of the Board of Directors are introduced in the corporate governance section of the Parent Bank Annual Report 2022 (from page 40 onwards).</p>
2-11	<b>Chair of the highest governance body</b>	See corporate governance section of the Parent Bank Annual Report 2022 (page 36).
2-12	<b>Role of the highest governance body in overseeing the management of impacts</b>	<p>See GRI 2-9, GRI 2-13, GRI 2-28 and GRI 2-29.</p> <p>The Canton of Basel-Landschaft, as main owner, specifies an owner strategy with targets for BLKB. A team of bank representatives, comprising members of the Board of Directors and Executive Board, reports to the canton at regular owner meetings on its implementation – also in respect of sustainability criteria. In connection with the BLKB's annual and sustainability reports, consultations also take place on an annual basis between the cantonal parliament's Finance Committee and representatives from the Board of Directors and Executive Board, which also include a discussion of sustainability topics.</p>
2-13	<b>Delegation of responsibility for managing impacts</b>	<p>Through its organisation, BLKB seeks to facilitate effective sustainability management. This commitment is made in its objectives for 2030: "Structures and responsibilities on all aspects of sustainability are defined and embedded within the organisation to ensure measures can be implemented effectively." The Sustainability department of the Corporate Development &amp; Sustainable Asset Management business area, in close consultation with the CEO and Executive Board, is responsible for pressing ahead across the board with the bank's forward-looking approach. It develops and coordinates measures and is the first point of contact for queries and suggestions. As a member of the sustainability team, a sustainable finance manager specifically focuses on the impact of products and services in terms of sustainability. The head of the Sustainability department reports regularly to the Executive Board.</p>

To enshrine the forward-looking approach in the various business units, BLKB works with “theme owners”, a group of 15 or so employees from various specialist areas. Working in sometimes cross-functional teams, they assume responsibility for one or more sustainability topics. Measures are implemented by flexible work and project groups. The theme owners are, in turn, assisted by “champions of the future orientation”, who act as ambassadors of our forward-looking approach. This takes BLKB nearer to its goal of inspiring employees and closely involving them in its forward-looking journey: “Employees play an active role in helping shape the bank’s sustainability commitment. The bank creates the requisite framework and encourages internal dialogue” (see objectives for 2030, page 10).

In terms of sustainability-related risk management, the Sustainability department, together with the employees tasked with implementation, constitutes the *first line of defence*. Depending on the situation and subject matter, the Risk Management functions, Corporate Development & Sustainable Asset Management or Investment Controlling assume the role of *second line of defence*. The *third line of defence* is Internal Audit, as one of the cross-functional control units. The key tasks and responsibilities in sustainability management are defined and assigned in the Internal Controls system.

BLKB also has an external Sustainability Advisory Committee consisting of three members. Led by the sustainability officers, these three experts support BLKB on strategic and operational issues as well as producing recommendations on all aspects of sustainability. The committee has a purely advisory role, and acts independently of the Board of Directors and the Executive Board.

In this way, BLKB works hard to systematically anchor its forward-looking approach within its business policy, products and services, processes, corporate culture, as well as internal and external communications.

2-14	<b>Role of the highest governance body in sustainability reporting</b>	The Chairman of the Board of Directors is updated on the contents of the sustainability report during the drafting process. The Board of Directors approves the sustainability report together with the parent bank and group annual reports.
2-15	<b>Conflicts of interest</b>	The rules applied to prevent conflicts of interests are described in the <u>code of conduct</u> and the internal policy “Conflicts of interest”.
2-16	<b>Communication of critical concerns</b>	The Board of Directors is notified of any incidents concerning regulated financial limits as part of Risk Management’s normal in-house escalation process. In line with standard practice, the Board of Directors expects to be advised immediately of any other high-risk incidents and issues which, in particular, might threaten the bank’s reputation.
2-17	<b>Collective knowledge of the highest governance body</b>	The Board of Directors undertakes regular training to extend its knowledge of specific subjects. This also covers aspects of the BLKB’s material sustainability topics.
2-18	<b>Evaluation of the performance of the highest governance body</b>	See compensation report in the Parent Bank Annual Report 2022 (page 54).
2-19	<b>Remuneration policies</b>	See compensation report in the Parent Bank Annual Report 2022 (from page 51 onwards), Compensation Rules and description of management approach for employment (GRI 401).
2-20	<b>Process to determine remuneration</b>	See compensation report in the Parent Bank Annual Report 2022 (from page 51 onwards).
2-21	<b>Annual total compensation ratio</b>	See compensation report in the Parent Bank Annual Report 2022 (page 54).

## Strategy, policies and practices (2021)

GRI	Description	Data / reference
2-22	<b>Statement on sustainable development strategy</b>	See introductory section of this sustainability report, management report in the Parent Bank Annual Report 2022 (from page 16 onwards) and information provided on BLKB's <a href="#">website</a> .
2-23	<b>Policy commitments</b>	<ul style="list-style-type: none"> <li>– Convictions, objectives for 2030 and mission statement in introductory sections of this report</li> <li>– <a href="#">Code of conduct</a></li> <li>– <a href="#">Sustainability agreement</a> for service providers and suppliers</li> <li>– Various obligations and commitments in external memberships and initiatives (see GRI 2-28)</li> </ul>
2-24	<b>Embedding policy commitments</b>	<p>See GRI 2-13.</p> <p>BLKB implements various strategies, processes and measures to promote the various topics of its forward-looking approach and continuously improve its impact on people, society and the environment. Further details are presented in the relevant descriptions of the management approaches (see sustainability topics).</p>
2-25	<b>Processes to remediate negative impacts</b>	<p>BLKB adopts different approaches, depending on the topic, to mitigate negative impacts. Further details are presented in the relevant descriptions of the management approaches (see sustainability topics).</p> <p>Employees can anonymously report any (potential) irregularities to the whistleblower desk (see GRI 419).</p>
2-26	<b>Mechanisms for seeking advice and raising concerns</b>	See GRI 2-29, GRI 2-13 and description of internal whistleblowing process via whistleblower desk in GRI 419.
2-27	<b>Compliance with laws and regulations</b>	BLKB provides information on compliance with laws and regulations as part of its compliance with banking and business confidentiality requirements.
2-28	<b>Membership associations</b>	<p>BLKB is a member of key sustainability associations, where it plays an active role. This principle regarding sustainability-related memberships forms part of the objectives for 2030. BLKB's active contribution is illustrated, among other things, by the involvement of Alexandra Lau, member of the Executive Board and head of Corporate Development &amp; Sustainable Asset Management, in Swiss Sustainable Finance. As Board member, she campaigns for a sustainable, responsible banking sector. Together with the head of Sustainability, she is also a member of the advisory committee of the Swiss Climate Foundation. BLKB is a member of swisscleantech, an association that champions a climate-compatible economy in Switzerland. The bank is also a founder member of the Swiss Triple Impact platform for the Basel region and thereby supports the achievement of sustainable development goals by Swiss SMEs. Moreover, as a member of the Net-Zero Banking Alliance (NZBA), BLKB undertakes to align its loan and investment portfolios to net-zero emissions by 2050 at the latest.</p> <p>All present BLKB memberships can be viewed on our website, with further commitments listed in GRI 201.</p>

Stakeholder engagement (2021)

GRI	Description	Data / reference
2-29	<b>Approach to stakeholder engagement</b>	<p>A central principle in relation to stakeholder management is to maintain a transparent, clear and honest dialogue with the various stakeholders. For that reason, transparency within internal and external communication, as well as a regular exchange with stakeholders, is explicitly laid down in the objectives for 2030. BLKB provides information in a way appropriate to the target audience and – in keeping with its brand promise – engages in an open, honest dialogue with the people around it.</p> <p>The engagement of stakeholders is assured via a range of activities: memberships of associations and commitments (see GRI 2-28), media activities, complaints and feedback management (see GRI 417), events with corporate and private customers, employee surveys and discussions (see GRI 401), meetings of the Board of Directors, materiality process, network meetings of the theme owners and champions of the future orientation, as well as blog posts in the “Sustainability” category. By means of surveys, the bank also identifies the needs of (prospective) customers on a thematic and/or segment-specific basis.</p> <p>BLKB has regularly conducted a materiality process since 2014 and has reported on the focal points and improvements in sustainability management since 2001. In the reporting year, the Sustainability department revised the sustainability topics (see GRI 3-1) and subsequently evaluated these in consultation with its stakeholders. Customers, partners, members of the Executive Board, the Board of Directors and the Sustainability Advisory Council, theme owners and representatives from politics, the Basel Chamber of Commerce, associations and other NGOs were involved. The online survey addressed the following subjects: relevance of material topics, BLKB’s performance and impact of bank’s business activities on society, the environment and the economy.</p> <p>After evaluation of the survey, a workshop took place during which in-house and external participants held in-depth discussions on the topics of “Quality and customer satisfaction”, “Responsible products and services” and “Regional value creation”, and developed ideas for possible measures and commitments (page 16).</p> <p>Not only did this allow the materiality matrix to be updated, it also provided BLKB with valuable feedback on its focal points in sustainability management and useful suggestions for further developments. This reflected the bank’s efforts to cultivate relations with the people around it.</p>
2-30	<b>Collective bargaining agreements</b>	<p>BLKB formulates its own terms of employment, which are based on Swiss legislation, standard conditions for the sector as well as ethical principles and BLKB’s corporate values. None of its employees are subject to collective bargaining agreements.</p>

# Material topics

## Disclosures on material topics (2021)

GRI	Description	Data / reference
3-1	<b>Process to determine material topics</b>	<p>See section on materiality analysis and GRI 2-29.</p> <p>In the reporting year, BLKB reviewed the sustainability topics and made the following changes:</p> <ul style="list-style-type: none"> <li>– Expansion of “Responsible lending operations and investment” and renaming as “Responsible products and services”</li> <li>– Integration of “Commitment to wider society” in “Regional value creation”</li> <li>– Combination of “Motivational management and work culture” and “Diversity and equal opportunity” to create “Integrative and motivational management and collaboration culture”</li> </ul>
3-2	<b>List of material topics</b>	See section on materiality analysis and GRI 2-29.
3-3	<b>Management of material topics</b>	The management approaches pursued and continuously refined by BLKB for the various sustainability topics (see list of sustainability topics) are described in detail in the topic-specific GRI Standards.

# Economic topics

## GRI 201: Economic performance (2016)

GRI	Description	Data / reference
3-3	<b>Management approach for economic performance</b>	<p>This section describes the management approaches for indirect economic impacts (GRI 203) and local communities (GRI 413). It thus takes a closer look at the sustainability topics of “Economic security”, “Commitment to wider society”, “Digital innovation and transformation” and, up to a point, “Regional value creation”. The latter is also discussed in GRI 204 in relation to the topic of procurement (see sustainability topics).</p> <p><b>Description of topics and impacts</b></p> <p>The owner strategy of the Canton of Basel-Landschaft states that: “The purpose of BLKB is to contribute, within a competitive framework and in accordance with its financial means, to the balanced economic and social development of the canton and of Northwest Switzerland.” This is founded on a healthy business performance with a good, long-term economic track record. BLKB works continuously to generate opportunities out of changing customer requirements in a dynamic environment. At the same time, through its business activities, BLKB is able to support the region and its start-ups, create indirect jobs and contribute to the attractiveness of Northwest Switzerland as a business location. Due to the pivotal role played by banks in an economy, their business activities and the manner in which they exercise them have potentially far-reaching consequences for society’s well-being. BLKB acts in a sustainable way in accordance with high ethical standards, as prescribed in the owner strategy: “The focus of the activities of BLKB shall be on benefiting the economy and people of the canton. Its entrepreneurial mindset and day-to-day actions will be based on sustainable and ethical principles.”</p> <p>For more information about the economic role played by BLKB as employer and customer to regional suppliers, see GRI 401 and GRI 204.</p> <p><b>The management approach and its components</b></p> <p><b>Strategy, processes and tools</b></p> <p>The owner strategy sets out BLKB’s strategic direction and defines a clear public service mandate. The most important principles are: stability, sustainability, risk awareness and regional focus. The owner strategy specifies a clear commitment to the Northwest Switzerland region, its economy and its population. The bank undertakes to act in an ethical and sustainable manner. Its primary mission is to deliver basic banking services in the canton. This is achieved by providing a dense and closely managed branch network that offers ready access to financial services. In return, the canton guarantees BLKB’s liabilities in the event of a crisis should the latter’s own means not be sufficient (state guarantee; see GRI 201-4). Provided the requirements of the owner strategy are not infringed, and no extraordinary risks are entered into, the bank is also permitted to do business outside the region and abroad. However, it is not permitted to participate in highly complex business areas that are accordingly volatile and involve extraordinary risks.</p> <p>In compliance with these framework conditions, BLKB pursues a strategy based on a solid equity ratio, which far exceeds the minimum statutory requirement. In doing so, the bank ensures a high degree of protection for customer assets as well as economic stability within the region.</p> <p>To implement its business strategy (see Parent Bank Annual Report 2022, page 16), secure its position as preferred financial services provider in the region and play an active role in shaping change within the financial sector, BLKB systematically fosters innovative capacity. In doing so, the bank also enters into strategic partnerships with companies outside the canton. One example is the cooperation launched with Lombard Odier. BLKB sees this as a way of offering private clients with large investment volumes a unique range of sustainable investment services. The expansion of digital distribution solutions and channels offering potential customers access to innovative products and services also plays an important role. The bank has collaborated in this area with digital asset manager True Wealth since 2016. In May 2022, the BLKB subsidiary radican bank ag (previously radican ag) received its licence to operate as a universal bank from the Swiss Financial Market Supervisory Authority (FINMA). radican bank ag is a strictly digital company offering personalised financial advice and sustainable financial solutions. Its business is aligned with the UN’s 17 Sustainable Development Goals 2030 (SDGs 2030). In the year under review, BLKB established a second subsidiary, BLKB Services AG, which will operate as a fund management company after receiving its FINMA licence. In the first phase, in addition to strategic real estate consulting, a real estate fund with a focus on sustainability and regionality is planned for Northwest Switzerland and neighbouring Swiss economic areas.</p>



Beyond its core business, BLKB sees its role as that of partner to the region and has sponsorship commitments in sporting, cultural and social domains. In order to be considered for support, projects must be able to demonstrate that they have a link with Northwest Switzerland, benefit the community and meet BLKB's sustainability criteria (see BLKB sponsorship guidelines). As a sustainable bank, BLKB now offsets all CO<sub>2</sub> emissions generated during events that form part of its sponsorship commitments. This was initiated in August 2022 with the Swiss Wrestling and Alpine Festival in Pratteln near Basel. BLKB's multi-faceted commitment comprises long-standing as well as new projects. Here is a selection:

- *100 fürs Baselbiet* ("100 for Basel Region"): In cooperation with the University of Applied Sciences and Arts Northwestern Switzerland and the Basel-Landschaft regional development agency, BLKB promotes innovative SMEs and start-ups with links to the region. Since 2021, this has also included the *inQbator* programme.
- *Baselbieter Energiepaket* ("Basel Region Energy Package"): BLKB supports the canton's development programme for energy efficiency measures and renewable energy in buildings; this is complemented by the financing of energy-efficient construction projects via the bank's *Energie-Hypothek* ("Energy Mortgage").
- BLKB Foundation for Culture and Education: The foundation fosters cultural events and projects as well as professional and scientific talent in mathematics, information technology, natural sciences and technology. Every year, the Kantonalbank Prize is awarded to individuals in recognition of special achievement in the culture, social and sporting arena.
- Caritas beider Basel: Through this partnership, BLKB gives people hit by poverty in the Basel region access to the Caritas advisory services.
- Ebenrain Centre for Agriculture, Nature and Nutrition: BLKB offsets its own operational CO<sub>2</sub> emissions locally in a joint climate protection project with the Ebenrain Centre for Agriculture, Nature and Nutrition (see GRI 302 and 305 for details on environmental protection and emissions).
- *FinanceMission*: Via *FinanceMission*, BLKB supports an innovative learning game to enhance the financial skills of secondary schoolchildren (financial literacy).
- Frenkentäler Forstbetrieb forest management association: BLKB has collaborated with the Forstbetrieb Frenkentäler forest management association since August 2022 on offsetting CO<sub>2</sub> emissions generated during events that form part of its sponsorship commitments. This partnership also provides the framework for the apprentices' forestry project weeks.
- "Jobs for Juniors" card: With the "Jobs for Juniors" debit card, BLKB has long supported a private initiative for preventing youth unemployment in the region – in the year under review to the tune of CHF 557,400. The sum donated is split equally between Job Factory Basel AG and KMU-Lehrbetriebsverbund AG (SME apprenticeship association).
- *Jugendbudget.ch*: *Jugendbudget.ch* is a joint initiative of all the Swiss cantonal banks aimed at promoting financial expertise among young people.
- Pro Senectute beider Basel: BLKB supports the "Pro Senectute beider Basel" foundation, thus emphasising its commitment to the well-being of elderly people in Northwest Switzerland.
- *Smart Regio Basel*: Through its cooperation with Smart Regio Basel, BLKB is contributing to intelligent, sustainable development aimed at making the Basel region a "smart city".
- *home2050*: Together with EBL and Primeo Energie, BLKB operates the home2050 platform. This offers homeowners a fast and straightforward means of obtaining customised energy counselling complete with tailored offers for installation of a replacement heating system, a photovoltaic system or an electric car charging station. Through this initiative, BLKB is supporting the drive towards energy-efficient refurbishment in the Northwest Switzerland region.
- *Swiss Innovation Challenge*: In cooperation with the University of Applied Sciences and Arts Northwestern Switzerland and the Baselland Chamber of Commerce, BLKB is promoting innovation among the region's businesses.
- *Tag der Wirtschaft* (Industry Day): BLKB is the main sponsor of this one-day conference at which representatives from the worlds of business, politics and society in Northwest Switzerland meet to exchange views on relevant topics.
- *WaldBeiderBasel*: With the "Zukunftskonto" ("Future Account") and "Geschenksparkonto Zukunft" ("Gift Savings Account Future"), BLKB customers participate in sustainable WaldBeiderBasel projects in the region, including the *Wald von morgen* ("Forests of tomorrow") scheme.

#### Responsibilities and monitoring

The economic success of BLKB is the responsibility of the Executive Board, under the leadership of the CEO. The bank has an integrated risk management and an independent risk control system headed by the Chief Risk Officer (CRO). The latter is subordinate to the CFO, however, reports directly to the Executive Board and the Board of Directors. A representative of the Canton of Basel-Landschaft is appointed as the deputy chair of the Board of Directors (see GRI 2-9).

BLKB's performance is reviewed continually on the basis of relevant key data (see [key financial data](#)). The Executive Board communicates the business developments to employees and the Board of Directors, to external stakeholders such as customers, investors and regulators, as well as to the general public (see [investor relations](#)). In-house, BLKB fosters an active and open feedback culture, and provides for anonymous reporting via the whistleblower desk (see GRI 419). In the context of its advisory activities, the bank is closely in touch with private and corporate clients and requests their feedback as well as that of other stakeholders on a constant, proactive basis (see GRI 2-29 and GRI 417). Thanks to this feedback on general, thematic and product-related issues, the bank is able to systematically review and continually improve its performance.

Innovation management is led by the head of Innovation in the Corporate Development department. A dedicated operating budget and team as well as in-house project governance are available for this purpose, making an agile approach possible. The head of Innovation manages the innovation portfolio, reports regularly on the various innovation projects to the Executive Board and prioritises individual plans with the Board. New products are devised in the context of the project portfolio.

The key duties and responsibilities in innovation management and strategy development are defined in the Internal Controls system. In this way, duties and responsibilities are clearly assigned and the bank ensures that core activities are undertaken by the process owners. Reviews are conducted within the bank's regular risk management processes.

### Targets

In 2020, BLKB formulated its overarching objectives for 2030. Since then, these have fed into the annual targets and the assessments of teams and departments.

In terms of economic performance, strategy and innovation, as well as its indirect economic effects, BLKB set out the following specific ambitions in the objectives for 2030:

- Sustainability is a fixed component of the business model: we are not creating parallel worlds for sustainability strategy and business strategy.
- The corporate objectives are in keeping with sustainability as a fixed component of the business strategy. These goals include financial as well as explicit social and environmental objectives.
- National as well as international social, environmental, technological and regulatory developments will be monitored on a continuous basis, assessed and incorporated into the target definition.
- The bank is translating the overarching objectives for 2030 into practice. The progress made in implementing the objectives for 2030 will be measured and disclosed on a regular basis.
- The bank systematically integrates environmental criteria (such as biodiversity, circular economy, water conservation, etc.) into all its business activities.
- The bank encourages innovative business partners and cooperation.
- The bank contributes to a balanced development of society within the region, taking into account ESG (environmental, social, governance) criteria.
- The bank makes an active contribution to financial literacy, encouraging a responsible, conscientious approach to financial topics, e.g. (young people's) debt, pensions, the intergenerational contract, estate planning.
- The bank fosters education, culture and sport.

### Measures and results

By far BLKB's biggest engagement in 2022 was to sponsor the Swiss Wrestling and Alpine Festival in Pratteln near Basel, which attracted over 400,000 visitors. BLKB acted as main partner in supporting the superlative event, thereby underlining its commitment to Swiss wrestling as a traditional national sport. At the same time, with the eyes of the whole country on Pratteln, it helped to show the town and the Canton of Basel-Landschaft off to the best advantage. Alongside its financial commitment, BLKB supported the event by providing various cash management services and around 300 employees as volunteers. It also donated the proceeds of CHF 15,000 from the auctioning of drinking fountains and cowbells to the cantonal wrestling association in Baselland to promote its young talents. In addition, BLKB offset all of the CO<sub>2</sub> emissions generated by its festival pavilion (construction material, transport, energy, etc.) and the guests it entertained there (travel, catering, waste etc.) in cooperation with Forstbetrieb Frenkentäler, a forest management association (see page 25). Moreover, some 200 m<sup>3</sup> of wood chips from the festival site were converted into biochar.

Key innovation projects still include the strategic investment radican bank AG, the stakes in swisspeers AG and True Wealth, and the partnerships with Lombard Odier. 2022 saw the launch of the first products with Lombard Odier along with the preparations by radican bank ag for its market entry.

In the year under review, Internal Audit reviewed the participations management regime and, based on its findings, suggested improvements that are now being implemented. At the same time, the innovation management team devised a participations strategy, which is now being applied to the management processes and instruments. These measures are accompanied by a new governance framework comprising Board of Directors regulations for the clarification of roles and policies for operational implementation.

BLKB's systematic focus on high standards of sustainability is resulting in a continuous improvement in its ESG rating by MSCI: this rating was upgraded to category "AA" in the reporting year. The ratings issued by the world-leading, independent rating agency MSCI enjoy a high level of recognition on financial markets and among financial analysts.

In its overall assessment, Standard & Poor's upgraded BLKB's rating in 2022 to "AA+" with outlook "stable" (previously "AA" with outlook "positive"). As for its stand-alone credit rating (without including the state guarantee), BLKB again achieved an "A+" rating. Moreover, according to a benchmark study prepared by swissreputation.group GmbH, BLKB enjoys the best reputation among the 36 investigated banks in Switzerland.

Additional information, in particular on BLKB's business performance, can be found in the management report (see Parent Bank Annual report 2022, page 9).

#### Assessment of management approach

- Audit: On behalf of the Board of Directors, Internal Audit examines, assesses and advises with regard to the bank's efficiency and to the effectiveness of risk management and the internal control functions. Furthermore, the external auditors conduct a yearly assessment of the correctness of BLKB's annual financial statements, comprising the balance sheet, income statement, statement of cash flow, statement of equity, and notes. This also covers the correct presentation of its financial situation and earnings in the annual report.
- Owner strategy: Based on BLKB's public-law mandate, the Canton of Basel-Landschaft can materially influence the bank's business activities due to the fact that it holds all voting rights.
- Ratings: BLKB is regularly assessed by external experts from the financial markets and civil society. These ratings are in many cases published and used by stakeholders – and also by the bank itself – as a source of information (see "Measures and results" in the same GRI).
- External awards: Recognition in the form of awards from independent third parties also provide pointers as to the business practices and successes of BLKB (see "Measures and results" in the same GRI).

201-1 a-b	<b>Direct economic value generated and distributed</b>	See "Income statement and profit appropriation" and "Notes to the financial statements" in the Parent Bank Annual Report 2022.  Direct economic value is generated and distributed in Switzerland (exceptions: cross-border commuters among employees, individual partners or suppliers abroad).
201-2 a	<b>Financial implications and other risks and opportunities due to climate change</b>	See "Climate risks and opportunities", "Management approach for responsible products and services" and "Management approach for energy" in GRI 302.
201-4 a	<b>Financial assistance received from government</b>	The Kantonalbank Act of 1 January 2018 determines the state guarantee for BLKB. Article 4 stipulates that the canton guarantees the bank's liabilities should the latter's own means not be sufficient. In return for the state guarantee, BLKB pays the canton a fee calculated on the basis of the risk amount and the probability of default. Moreover, in its capacity as a public-law entity, BLKB is exempt from direct federal taxes as well as taxes in the Canton of Basel-Landschaft.  In 2022, BLKB distributed the sum of CHF 60 m to the canton. The Deputy Chairmanship of the Board of Directors is held by a member of the cantonal council, whose fee has been paid to the Canton of Basel-Landschaft since 2016.

## GRI 203: Indirect economic impacts (2016)

GRI	Description	Data / reference
3-3	<b>Management approach for indirect economic impacts</b>	See description of management approach for economic performance in GRI 201.
203-1 a-c	<b>Infrastructure investments and services supported</b>	<p>As part of its lending business, BLKB supports companies from a wide range of sectors (including infrastructure) throughout Switzerland, but especially in Northwest Switzerland.</p> <p>For more information, see "Management approach for economic performance" in GRI 201 as well as "Management approach for responsible products and services" and the "Key data on the forward-looking approach".</p> <p>In the year under review, BLKB entered into various cooperative ventures in the infrastructure field or continued to foster existing ones: <i>Baselbieter Energiepaket</i> ("Basel Region Energy Package"), <i>home2050</i>, <i>Smart Regio Basel</i> (see GRI 201).</p>
203-2 a	<b>Significant indirect economic impacts</b>	<p>BLKB's economic impact is shown in the "Management approach for economic performance" in GRI 201 as well as in the management report and income statement in the Parent Bank Annual Report 2022. In addition, BLKB discloses the volumes of mortgage and other types of lending in Northwest Switzerland and other parts of Switzerland (see "Key data on the forward-looking approach").</p> <p>Indirect (socio)economic impacts are not specifically quantified.</p>
BLKB	<b>Further information on indirect economic impacts</b>	<ul style="list-style-type: none"> <li>- Employee compensation: Total compensation in the year under review amounted to CHF 98,550,469.</li> <li>- Profit appropriation: See income statement and profit appropriation and the management report in the Parent Bank Annual Report 2022.</li> <li>- Purchasing volume: See details in GRI 204-1.</li> </ul>

GRI 204: Procurement practices (2016)

GRI	Description	Data / reference
3-3	<b>Management approach for procurement practices</b>	<p>This section describes the management approaches for the supplier environmental assessment (GRI 308) and for the supplier social assessment (GRI 414). It thus takes a closer look at the sustainability topics “Risk management, compliance and integrity” and “Regional value creation”.</p> <p><b>Description of topics and impacts</b> The procurement of goods and services by BLKB involves financial, environmental and social impacts in the value chain both upstream and downstream (see GRI 2-6). Besides positive effects, due consideration also needs to be given to potential compliance or reputation risks in the social and ecological spheres.</p> <p><b>The management approach and its components</b> <b>Strategy, processes and tools</b> BLKB places the utmost emphasis on compliance with environmental and social standards in relation to procurement and operations management. With its service providers and suppliers, BLKB concludes a <u>sustainability agreement</u> covering social and environmental obligations. As well as these criteria, BLKB’s principles include favouring regional suppliers and service providers as a means of supporting the local economy. Purchases of goods worth CHF 3,000 or more are based on a structured decision process incorporating sustainability criteria. These criteria include the following: shelf life, replacement parts/ replacement parts guarantee, device exchanges/replacements during repairs, interchangeability of individual components, recyclable materials and packaging material. Products such as ATMs or IT and construction services, which are classed as critical to BLKB’s business model, are excluded.</p> <p><b>Responsibilities and resources</b> Subject to compliance with the internal policies and defined areas of responsibility, all BLKB employees can assign binding contracts and orders to third parties under their own responsibility and on behalf of the bank, provided these are directly connected with their area of activity. The Infrastructure department of IT &amp; Services is driving forward the development of the procurement policies. However, responsibility for implementation lies with all functions of the bank. To strengthen commitment, the sustainability agreement became an integral part of contracts with external partners in 2021. In addition, persons responsible for supporting product and supplier groups and ensuring compliance with the sustainability agreement were defined in the context of partner management.</p> <p><b>Targets</b> With reference to procurement and regional value creation, the objectives for 2030 (see page 10) stipulate the following: – The bank supports and encourages business partners in relation to their commitment to sustainability. – The bank favours local service providers/suppliers and those that make their sustainability commitment transparent. It only works with businesses that are endeavouring to make Switzerland a sustainable economic space.</p> <p><b>Measures and results</b> – The sustainability agreement is a fixed component of all contracts with partners signed for the first time or renewed. – All suppliers of giveaways and sponsorship/advertising materials have signed the sustainability agreement.</p> <p><b>Assessment of management approach</b> The procurement process is reviewed as part of the internal audit. Its results are discussed and, if any issues are identified, remedial measures are implemented.</p>
<b>204-1 a-c</b>	<b>Proportion of spending on local suppliers</b>	<p>See “Key data on the forward-looking approach”.</p> <p>In the reporting year, 76 per cent of the goods and services procured by the bank in the infrastructure area – including construction and trade contracts – were procured in the region. “Region” means the Cantons of Basel-Landschaft, Basel-Stadt, Aargau and Solothurn.</p>

**GRI 205: Anti-corruption (2016)**

GRI	Description	Data / reference
3-3	<b>Management approach for anti-corruption</b>	See description of management approach for socioeconomic compliance in GRI 419.
205-1 a-b	<b>Operations assessed for risks related to corruption</b>	Compliance risks, including corruption risks, affect all BLKB employees. In executing its function, Legal & Compliance accords top priority to ensuring that business activities are consistent with current laws and standards (see "Notes to the financial statements" in the Parent Bank Annual Report 2022). Beyond the established processes (training and control), there have not been any grounds for specific corruption checks to date. Nor were any significant corruption risks identified.
205-2 a/d	<b>Communication and training of governance body members about anti-corruption policies and procedures</b>	All members of the Board of Directors (supervisory body) are aware of the rights and duties in connection with their office. BLKB does not provide specific training on the topic of anti-corruption for the Board of Directors, since expertise regarding compliance issues within the financial industry is a prerequisite for holding such office. For more information about the Board of Directors and action taken in relation to conflicts of interest, see the corporate governance report in the Parent Bank Annual Report 2022 and in GRI 2-15.
205-2 b/e	<b>Communication and training of employees about anti-corruption policies and procedures</b>	The bank's <u>code of conduct</u> is an integral element of the terms of employment of all employees. Among other things, it includes anti-corruption provisions. Regular training and awareness-raising in the form of mandatory e-learning programmes are also provided. The e-learning programmes cover topics such as anti-corruption, money laundering legislation, fraud prevention and general rules of conduct.
205-2 c	<b>Communication and training of business partners about anti-corruption policies and procedures</b>	The <u>sustainability agreement</u> has been an integral part of all new contracts with service providers and suppliers since 2021. It states that they must comply with legal provisions and fulfil the social and environmental obligations that apply in Switzerland and abroad.
205-3 a-d	<b>Confirmed incidents of corruption and actions taken</b>	Total number of confirmed incidents of corruption in the 2022 reporting year: none.

**GRI 206: Anti-competitive behaviour (2016)**

GRI	Description	Data / reference
3-3	<b>Management approach for anti-competitive behaviour</b>	See description of management approach for socioeconomic compliance in GRI 419 and in particular the BLKB <u>code of conduct</u> , which obligates all employees to adopt fair and responsible business practices.
206-1 a-b	<b>Legal actions for anti-competitive behavior, anti-trust, and monopoly practices</b>	Number of legal actions regarding anti-competitive behaviour and violations of anti-trust and monopoly legislation in the 2022 reporting year: none.

## Additional material topic: Responsible products and services

GRI	Description
3-3	<p data-bbox="284 398 512 472"><b>Management approach for responsible products and services</b></p> <p data-bbox="549 398 975 421"><b>Explanation of the material topic and its boundary</b></p> <p data-bbox="549 427 1465 645">As a financial services provider, BLKB can influence the purposes for which funds, in the form of investment or loans, are used. Alongside financial aspects, it thus systematically factors social, ecological and economic criteria into its financing and investment decision-making. The integration of ESG (environmental, social, governance) criteria into the analysis processes for investment and lending operations leads to more comprehensive risk management and a sustainable orientation of the portfolio. This, then, is the focus of both the bank and its external stakeholders. In all other business areas too, BLKB consistently seeks, wherever possible, to offer its customers products aligned to sustainability criteria that make a positive contribution to society and the environment.</p> <p data-bbox="549 674 1465 869">Therefore, BLKB is working to further increase transparency in its investment business and to communicate in an easy-to-understand manner on how it implements sustainability criteria in its products. At the end of 2022, for instance, the new sustainability overview was introduced in the financial reports for all investment clients. ESG data shows how portfolios rate in terms of sustainability. Background information can be found in a dedicated area of the <a href="#">website</a>. BLKB is also planning to expand its in-house training on greenwashing prevention, in line with the regulatory requirements and to provide the relevant specialist units with specific training in 2023.</p> <p data-bbox="549 898 948 920"><b>The management approach and its components</b></p> <p data-bbox="549 927 794 949"><b>Strategy, processes and tools</b></p> <p data-bbox="549 956 711 978"><u>Lending operations</u></p> <p data-bbox="549 985 1465 1093">The Board of Directors sets out BLKB's overarching risk policy (see GRI 201 and 419). It thus ensures that only risks for which the bank will be compensated and whose occurrence does not jeopardise BLKB's continued existence are accepted (see GRI 419). These framework conditions determine the processes, instruments and principles of lending operations.</p> <p data-bbox="549 1122 1465 1317">Prior to lending, BLKB checks the proposed use, evaluates the collateral and assesses the integrity of the credit recipient in line with the know-your-customer principle. In the case of corporate clients, a detailed analysis of the business model is also part of this process. The grant of commercial loans is also subject to scrutiny of the company's entire value chain. Information is obtained regarding procurement, transformation, production, sales and waste management. Serving as a key decision-making basis for lending, this information is systematically recorded. Lending transactions which do not meet the bank's requirements, or for which the necessary transparency is unavailable, are rejected.</p> <p data-bbox="549 1346 1465 1518">A basic triage by sector is essential to assessing the ESG criteria and sets the direction in lending. The triage is based on the following risks: damage to health, ethical risks, climate change and decline in biodiversity. On the basis of these risks and its ethical convictions, BLKB has defined the exclusion and risk sectors listed below. To establish whether a company operates in exclusion sectors or risk sectors or has material links with them, BLKB's customer advisers are provided with an ESG questionnaire and, for the further strategic dialogue, an ESG guideline.</p> <p data-bbox="549 1547 699 1570">Exclusion sectors:</p> <ul data-bbox="549 1576 959 1704" style="list-style-type: none"> <li>- Coal (anthracite/lignite) mining</li> <li>- Uranium and thorium ore extraction</li> <li>- Extraction of crude petroleum and natural gas</li> <li>- Manufacture of weapons</li> <li>- Manufacture of military combat vehicles</li> </ul> <p data-bbox="549 1733 651 1756">Risk sectors:</p> <ul data-bbox="549 1762 995 1926" style="list-style-type: none"> <li>- Tobacco</li> <li>- Gambling</li> <li>- Nuclear energy/operation of fossil power stations</li> <li>- Manufacture of aircraft</li> <li>- Genetically modified organisms in agriculture</li> <li>- Production of adult entertainment</li> </ul>

BLKB defines exclusion sectors as being those with clear-cut and very high ESG risks. Any companies active in exclusion sectors that apply for financing must be turned down without any further assessment. Loan requests from companies that operate in risk sectors or have material links to an exclusion and/or risk sector are examined in detail to obtain a nuanced appraisal of the risks. This assessment is performed by the bank's internal Credit Committee. This is BLKB's ultimate credit authorisation body, and its members include the head of Credit Risk Management, the head of Financial & Risk Management and the member of the Executive Board responsible for corporate lending.

In view of transaction sizes and risks, structured financing is, where relevant, subject to a specific internal checking process aimed at identifying reputation risks. In some cases, the assessment is submitted to the Credit Committee. If necessary, the Credit Committee may consult an external Sustainability Advisory Committee (see GRI 2-13).

The BLKB's *Energie-Hypothek* ("Energy Mortgage") is a bespoke solution that enables mortgage customers to invest in improving their property's energy efficiency on attractive financing terms. When implementing such measures, moreover, they can obtain professional advice from external BLKB partners specialised in the field. The bank also promotes energy-efficient building refurbishments via the *home2050* platform (see GRI 201) and participates in the *Baselbieter Energiepaket* ("Basel Region Energy Package"). Moreover, the reporting year saw BLKB enter a partnership with *Energie Zukunft Schweiz AG*. Their joint offering aims to help corporate customers boost energy efficiency in the future operation of their real estate and thereby cut both costs and CO<sub>2</sub> emissions.

#### Investment and asset management business

BLKB's investment business is governed by its investment philosophy. BLKB invests its customers' money on the financial market in compliance with the required due diligence, and with a focus on an optimised risk/return ratio. For BLKB, this includes not only a routine financial analysis, but also the systematic consideration of relevant ESG topics.

In the actively managed portfolios, the Investment Centre evaluates equities and bonds in a multi-stage analysis process: in a negative analysis, specific sustainability risks (i.e. areas of activity) that are particularly problematic from a risk/return perspective are entirely excluded. This is the starting point for the positive analysis, which involves making a selection on the basis of continually reviewed ESG evaluations ("best-in-universe strategy"). In a final step, a renewed financial analysis is undertaken, with due consideration to the relevant ESG criteria. Usable third-party funds likewise undergo an analysis incorporating ESG criteria.

In terms of active asset management, the resulting investment solutions notably include the "BLKB Next Generation Strategy" funds. In the passive investment field, moreover, BLKB offers funds such as "BLKB iQ Responsible World ex. Switzerland", which also takes ESG factors systematically into account. These offerings are complemented by asset management mandates and structured products, i.e. tracker certificates for equity baskets.

BLKB's online asset management tool "Digifolio", which is readily accessible to a broad clientele and offers investments from as little as CHF 5,000, also includes sustainable options. Thus BLKB offers private investors with smaller sums to invest an additional, attractive opportunity to have their assets managed online on a professional, sustainable basis. In addition, the Duo and Trio custody account services in e-banking give customers access to a research recommendations list with equity recommendations that systematically factor in sustainability criteria.

BLKB's forward-looking approach in the investment business is formalised and strengthened through its membership of the UN Principles for Responsible Investment (PRI). Since 2014, BLKB has been committed to incorporating sustainability criteria into asset management and to encouraging this development. As signatory to the Montréal Carbon Pledge initiative, the bank also measures and publishes its product-related climate risks. It also supports sustainable investment through its active membership of the industry organisation Swiss Sustainable Finance (see GRI 2-28).

#### Deposit business

Since 2020, BLKB has been one of the first banks in Switzerland to offer a sustainable deposits instrument: the *Zukunftskonto* ("Future Account"). Linked to the *Wald von morgen* ("Forests of tomorrow") project in cooperation with *WaldBeiderBasel* (association of local forest owners), this savings account enables account holders to support a regional project that contributes to climate protection. The account interest is currently being used to plant climate-resistant trees in the Basel region. The money deposited in Future Accounts is primarily used to fund customers' sustainable projects, e.g. refinancing of the *Energie-Hypothek* ("Energy Mortgage", see also "Strategy, processes and tools" for the lending business above).



The *Geschenksparkonto Zukunft* (“Gift Savings Account Future”) is a further addition to the range of sustainable products in BLKB’s basic banking business. It offers children, grandchildren and godchildren a care-free start into their adult life while also supporting the *Wald von morgen* project.

#### Responsibilities and monitoring

The Risk Office is responsible for ensuring that risk policy is implemented within lending operations. It uses its management tools to optimise the risk/return ratio and, in cooperation with distribution and other functions, ensures that the bank can best meet the credit needs of the local economy and population. Compliance with risk tolerance is described and commented upon in the aggregate risk report (see GRI 419). The Risk Office also reports regularly on the development of the loans portfolio to the Credit Committee, to the Risk Management Committee of the Executive Board and to the Audit and Risk Committee of the Board of Directors. The internal policy on credit approval processes sets out the decision-making powers in this business area. The levels involved range from the sales units through to the Credit Committee set up by the Executive Board itself.

The BLKB Investment Centre is pivotal to the implementation of the bank’s sustainable investment philosophy. Investment experts provide ongoing analysis and recommendations on macroeconomic themes, equities, bonds and investment funds. Furthermore, the Investment Centre provides regular training for customer advisers and counsels them on the content of interactions with customers.

BLKB places great emphasis on training employees in sustainable investment and ESG-related topics to ensure they are qualified to advise customers. In addition to product/specialist training and certification for customer advisers (e.g. CertKB), this includes training for apprentices and interns. Their theoretical and practical training in banking also includes instruction on the relevant sustainability topics. BLKB is therefore fulfilling a key recommendation of the ESG guidelines on customer advice issued by the Swiss Bankers Association (SBVg).

#### Targets

BLKB intends to use its leverage to encourage sustainable development across the lending and investment business and has explicitly stated this conviction in its objectives for 2030 (see page 10):

- Sustainability is an integral component of the products and services offered.
  - In particular, these products and services contribute to achieving the Swiss climate targets.
- The bank systematically integrates environmental criteria, e.g. biodiversity, circular economy and water conservation, into all its business activities.
- Social and environmental impacts are made transparent for all products and services.
- The various aspects of sustainability are an integral component of advisory consultations with customers.
- The bank supports and encourages its customers in relation to their commitment to sustainability.

#### Measures and results

##### Lending business:

In 2021, BLKB developed a clearly defined strategy for implementing sustainability in the mortgage segment. Its overarching goal is to offer customers solutions that make their properties more climate-friendly.

BLKB also launched a project for the development of measures to quantify climate risks and enhance the climate compatibility of BLKB-financed real estate. In particular, it will expand its range of advisory and other services geared to the implementation of energy-conserving building works.

BLKB also unveiled a more comprehensive range of advisory services for corporate customers: BLKB is a founding partner of the Swiss Triple Impact platform for the Basel region, which helps companies to develop and meet sustainability targets. The aim is to act as partner in helping SMEs gain access to services offered under the programme.

##### Investment and asset management business

The partnership with the traditional Geneva-based private bank Lombard Odier in the field of sustainable investments was further strengthened with the aim of creating sustainable offerings and investment strategies for high-net-worth private clients in Northwest Switzerland. The first product to be launched in the year under review was the “BLKB-LO Future Shift Global Equities Fund”.

Also introduced in the reporting year was the new sustainability overview in the financial reports for all investment clients, which is set to further increase transparency. ESG data shows how portfolios rate in terms of sustainability. Background information can be found in a dedicated area of the [website](#). Improvements to ESG reporting are also planned for investment products. In the advisory process, the bank is also working on the implementation of the SBVg guidelines for financial service providers to allow the integration of ESG preferences and ESG risks in its investment advice.

BLKB once again scored well in the voluntary [2022 PACTA climate test](#) run by the Federal Office for the Environment (FOEN). The products (funds and equity baskets) exhibit a very low exposure – averaging 2 per cent – to carbon-intensive business activities such as coal mining, oil and gas power plants, and combustion engine vehicles. BLKB thus features in the top group of all 31 banks evaluated in the investment sector.

**Assessment of management approach**

- Internal Controls system: Processes in lending operations and investment business are subject to continuous review by the Internal Controls system, the results of which are presented to the Executive Board and the Board of Directors.
- Internal Audit: Conducted at regular intervals, the reviews by Internal Audit cover structural and process organisation in lending operations and investment business.
- External auditors: The external auditors review compliance with the legal and regulatory requirements, in particular regarding risk tolerances in the lending area.
- Investment compliance: Automated functionalities in investment compliance ensure the highest possible degree of quality control in relation to investment.
- PACTA climate test run by the Federal Office for the Environment (FOEN): BLKB voluntarily participates in the FOEN’s climate compatibility tests (see indicator below). BLKB sees this investigation of the current climate path of Switzerland’s financial sector as an attractive opportunity for further development.

BLKB	Volume of sustainably managed in-house investment funds	See “Key data on the forward-looking approach”.
BLKB	Financial flows into greenhouse gas-intensive sectors	<p>In addition to the direct emissions of an entity, Scope 3 of the Greenhouse Gas Protocol also measures emissions resulting from the use of the entity’s products and services. In the case of banks, these are primarily “financed emissions” (see “Climate risks and opportunities”), arising from the financing of (e.g. granting of loans to) other companies and from investments (e.g. via the purchase of equities in investment funds). These emissions are allocated to the bank on a pro-rata basis. BLKB monitors the proportion of greenhouse gas-intensive sectors in its managed assets and endeavours to reduce this in line with the objectives of the Paris Climate Agreement.</p> <p>As the results of the FOEN’s <a href="#">2022 PACTA climate test</a> show, BLKB’s products (funds and equity baskets) have a very low exposure to the carbon-intensive technologies defined under PACTA (coal mining, upstream oil and gas business, oil and gas power stations, and combustion engine vehicles). The exposure for both equities and bonds averages out at 2 per cent – a very low figure compared to the portfolios (investment products and, in some cases, own financial investments) of the other 30 participating banks. The BLKB’s result is roughly equivalent to that achieved in the 2020 PACTA climate test.</p> <p>A study on the climate risks in BLKB’s lending business (see GRI 201-2) showed that around 3.6 per cent of the entire commercial lending portfolio is in greenhouse gas-intensive sectors. These are:</p> <p>Sector (share of portfolio)</p> <ul style="list-style-type: none"> <li>- Electrical utilities companies (2.5 per cent)</li> <li>- Metals and mining (1 per cent)</li> <li>- Construction products (0.1 per cent)</li> </ul>

# Environmental topics

GRI 302: Energy (2016)

GRI	Description	Data / reference
3-3	<b>Management approach for energy</b>	<p>This section describes the management approaches for emissions (GRI 305) and waste (GRI 306).</p> <p>As a forward-looking bank, BLKB is committed to the well-being of people, society and the environment. Climate protection is one of its key concerns. A secure supply of energy – in particular electricity but also heating and cooling – is of great importance to a bank’s operations. Energy management is focused on boosting energy efficiency measures and reducing greenhouse gas (GHG) emissions in order to unburden the environment. The bulk of these emissions stem from the bank’s heating requirements and business travel as well as from the consumption of paper. A smaller proportion is attributable to power demand, waste and water consumption. Environmental management at BLKB implements measures for improving resource efficiency and climate protection at all levels.</p> <p>The following information describes BLKB’s approaches in relation to the material topic of “Climate change, conservation and climate protection” (see key topics). The impacts of the bank’s core business on the environment are discussed in detail in the description of the management approach for responsible products and services.</p> <p><b>The management approach and its components</b></p> <p><i>Strategy, processes and tools</i></p> <p>BLKB’s environmental management is based on the objective of keeping the environmental footprint of the bank’s operations as small as possible. This includes minimising GHG emissions and the consumption of natural resources. Compliance with Swiss environmental protection, energy and CO<sub>2</sub> legislation is the minimum requirement and a matter of course. Over and above this, BLKB wants to be a role model and to strengthen its reputation as a sustainable company. Environmental management at the bank is thus central to its actions.</p> <p>BLKB already agreed on initial targets with the federal government in the year 2000 on the reduction of its CO<sub>2</sub> emissions and on increasing the energy efficiency of its banking operations. This applied to the period from 2000 to 2012. BLKB also signed an agreement on targets with the federal government for the period from 2013 to 2024 (see “Targets” below). BLKB is therefore contributing to the voluntary measures taken by business to reduce CO<sub>2</sub> emissions, which the Swiss Confederation signed up to with its ratification of the Kyoto Protocol. BLKB is part of the Energy Model Group for Banks, through which the Energy Agency of the Swiss Private Sector (EnAW) fosters experience-sharing within the industry and reviews target achievement each year.</p> <p>To meet the targets agreed with EnAW, BLKB maintains a detailed action list. It checks this annually and enters the completed measures in the EnAW monitoring tool. A total of 70 measures were defined for the eight properties covered by the EnAW agreement on targets. Similar action lists are also kept for the other properties.</p> <p>In its energy management, BLKB focuses on reducing energy demand, improving efficiency and using energy from renewable and environmentally compatible sources. To reduce the heating demand, insulation is improved when buildings are refurbished; at the same time, the systems are fine-tuned and consumption is monitored constantly. BLKB also makes use of district heating wherever possible: this was used to meet 81 per cent of its total heating demand in the reporting year.</p> <p>CO<sub>2</sub>-free heat production, insofar as it is possible, is essential where district heating is used. Group and district heating networks in the region are operated with wood-fired, heat pump, combined heat and power, and fossil-fuel systems. BLKB supports efforts to make these heating plants more eco-efficient.</p> <p>Wherever possible, properties that cannot be served by district heating networks and still need gas- or oil-fired heating systems are fitted with fossil-fuel-free heat-generating equipment such as heat pumps.</p> <p>To reduce power demand, BLKB systematically deploys high-efficiency technologies such as LED lighting and presence detectors. Energy efficiency is further enhanced through the operation of buildings services systems on an “as-needed” basis and the use of IT equipment meeting current energy-saving requirements. Since 2012, BLKB has purchased 100 per cent of its electricity from Swiss hydroelectric power stations –</p>

the power source with the lowest GHG emissions. Solar power is also produced by the rooftop photovoltaic system at the bank's head office (2022: 91,000 kWh/a) for its own consumption and for the public electric vehicle charging stations.

In the area of business travel, BLKB seeks to avoid unnecessary journeys, use eco-friendly transportation and generally boost efficiency, e.g. through greater use of electric vehicles. Employees at the head office have access to seven electric vehicles for business purposes (together with two diesel, four petrol and three hybrid cars). To encourage employees to use public transport, they receive SBB vouchers in the value of a half-fare travelcard. Moreover, by implementing awareness-raising measures, BLKB motivates its employees to further reduce the bank's footprint through their conduct.

In terms of material management, BLKB focuses on a general reduction in consumption. It ensures that items with the highest possible proportion of recyclable, recycled or eco-efficient materials are procured (see GRI 204). Waste is systematically sorted and disposed of in accordance with current environmental standards.

Since 2003, BLKB has used the KPI system published by the Association for Environmental Management and Sustainability in Financial Institutions (VfU). It therefore discloses its key operational ecology figures in relation to energy, water, waste, paper, business travel, home-working and GHG emissions in accordance with internationally recognised standards. GHG emissions are calculated on the basis of the Ecoinvent lifecycle database. The results cover direct as well as indirect GHG emissions (Scope 1–3 in accordance with the Greenhouse Gas Protocol) as CO<sub>2</sub> equivalents. These are examined by external experts on an annual basis, compared with the previous years' figures and the reasons for the changes analysed. The analysis also includes an appraisal of the impact of improvement measures. The findings are used to assess action areas for further improvements.

Since 2021, BLKB has offset the aforementioned operational emissions through a climate protection project implemented in the Basel region in collaboration with the Ebenrain Centre for Agriculture, Nature and Nutrition. In this programme, soil in the Canton of Basel-Landschaft is enriched with humus so that it serves as a CO<sub>2</sub> store. Only in 2024 will it be possible to measure the effective CO<sub>2</sub>-binding capacity and BLKB's offsetting contribution through this research project.

#### Responsibilities and monitoring

The Infrastructure department of IT & Services is responsible for environmental management at BLKB. The sustainability principle is enshrined in the relevant support processes, and the department's experts implement measures on climate and environmental protection together with other key functions.

Energy management has an extensive monitoring system that currently records data on BLKB energy consumption using 291 energy meters. The data are saved and analysed with the help of an external service provider. This ensures that the effect of optimisation measures is monitored and any deviations in consumption are identified and corrected at an early stage. In an annual exchange of experience, property managers compare consumption data from individual branches and discuss causes and measures.

The sustainability of financial investments is managed via the corresponding specialist areas (see "Responsible products and services").

#### Targets

Through its membership of the Net-Zero Banking Alliance, BLKB has undertaken to achieve net-zero emissions by 2050. BLKB will frame and communicate intermediate targets by spring 2023.

BLKB offsets the aforementioned operational GHG emissions on a regional basis (see "Strategy, processes and tools" in the same GRI). However, achieving reductions remains the overarching aim.

Under the agreement on targets with federal government, BLKB committed itself to achieving the following targets for selected branches by 2022 versus the base year of 2013:

- Increase in energy efficiency to 107.8 per cent (status 2022: 122.9 per cent)
- Reduction in CO<sub>2</sub> intensity to 81.2 per cent (status 2022: 73.2 per cent)

This agreement on targets complies with the requirements governing large-scale consumers, as set out in the cantonal Energy Act; these requirements had to be met by 2022.

BLKB's overarching ambitions in environmental management are stipulated in the objectives for 2030:

- The bank adheres to the 2015 Paris Agreement and is accordingly reducing its direct and indirect greenhouse gas emissions on a continuous basis (Scope 1–3 of the Greenhouse Gas Protocol).
- The bank contributes to environmentally friendly development and encourages the circular economy as well as the sustainable use of resources.
- In relation to properties and mobility, the bank operates a systematic environmental management system designed to ensure continuous improvement.
- The bank uses only renewable energy sources and uses them efficiently.
- Sustainability is an integral component of the products and services offered. In particular, these products and services contribute to achieving the Swiss climate targets.

#### Measures and results

Total GHG emissions have fallen from 791 t CO<sub>2</sub>e to 596 t CO<sub>2</sub>e year on year. Given the 4.5 per cent rise in FTEs, GHG emissions per FTE fell to 737 kg CO<sub>2</sub>e/FTE (previous year: 1,022 kg CO<sub>2</sub>e/FTE), equivalent to a 28 per cent drop. This was the first financial year since analysis of the environmental key data under the VfU 2003 standard began in which such low greenhouse gas emissions have been recorded. This gratifying trend is attributable to various internal and external factors.

- The district heating station in Liestal, from which BLKB obtains 60 per cent of its district heating energy, has undergone alteration and, in the year under review, was already being 78 per cent sourced by wood from regional forests.
- Climate-related heating demand dropped by 18 per cent year on year. The number of heating degree days fell from 3,058 to 2,495. The average heating requirement fell sharply by 20 per cent.

Other measures have also contributed to the cut in GHG emissions. For example, in the reporting year, BLKB replaced the oil-fired heating system in the Ettingen subsidiary by a heat pump. In future, this will reduce GHG emissions by 5 t CO<sub>2</sub>e per year. The number of business journeys with electric vehicles rose by 50 per cent year on year. Paper and waste volumes also fell.

Electricity consumption per employee decreased by 4.3 per cent to 2.97 MWh/FTE. Five years previously, this figure was still as high as 4.18 MWh/FTE. Although electricity consumption exceeds the heating requirement (2.20 MWh/FTE), it only generated 39.6 kg CO<sub>2</sub>e/FTE (heating requirement: 322 kg CO<sub>2</sub>e/FTE).

As yet, "mobility" in terms of the annual analysis under the VfU standard relates solely to business travel. Commuting is not included in the following figures. With the lifting of the Covid measures, the distances travelled by road, rail and air rose significantly by 26 per cent year on year. The annual train journeys increased from 71,620 km to 125,595 km. Business travel generated 259 kg CO<sub>2</sub>e/FTE.

Paper consumption fell by 20 per cent to 93 kg/FTE and generated 73 kg CO<sub>2</sub>e/FTE. The proportion of recycled paper stood at 88 per cent. Only ten years previously, paper consumption ran to 214 kg per FTE.

Despite the hot summer, water consumption per FTE only rose by 7.6 per cent year on year. It generated 5.5 kg CO<sub>2</sub>e/FTE.

The volume of waste was reduced by 16 per cent to 135 kg/FTE. However, as the recycled proportion, at 47 per cent, was lower than in the previous year (58 per cent), the GHG emissions rose slightly from 35 to 37 kg CO<sub>2</sub>e/FTE. Ten years previously, the figure for waste totalled 250 kg/FTE.

**Assessment of management approach**

BLKB assesses its management approach based on the following mechanisms:

- Key figures: Key operational ecology figures are obtained at least monthly. This allows the environmental footprint to be tracked.
- Dialogue with experts: BLKB reviews its performance on a regular basis in cooperation with external experts.
- Benchmarking: The data submitted in connection with the EnAW are compared with the benchmark of the participating companies.
- Federal government/EnAW agreement on targets: In the annual consultation with EnAW, BLKB receives feedback on its progress and recommendations for improving energy efficiency and reducing its CO<sub>2</sub>e intensity.
- Dialogue with civil society: BLKB discusses its climate and environment strategy with civil society organisations and receives valuable feedback from them – most recently through the broadly based stakeholder dialogue in spring 2022.

302-1 a-g	<b>Energy consumption within the organisation</b>	See "Key data on the forward-looking approach" and VfU key data tool for quantitative information and explanation of the applied standards, methods and conversion factors. Energy purchased by third parties is not included. For example, this relates to consumption on the part of tenants in BLKB's bank properties that are supplied via the bank's heating systems.
302-2 a-c	<b>Energy consumption outside of the organisation</b>	The disclosed energy consumption outside the organisation is confined to business travel (car, rail, plane). The electricity consumed by the data centre, which BLKB shares with third parties, is not included. Information on the applied standards, methods and conversion factors can be found in the "Key data on the forward-looking approach" and the VfU key data tool.
302-3 a-d	<b>Energy intensity</b>	The energy intensity ratio is disclosed in the "Key data on the forward-looking approach". - The number of full-time equivalents (FTE) corresponds to the organisation-specific metric (the denominator) used to calculate the ratio. - The calculation of the intensity ratio includes the following energy types: energy consumed in buildings (electricity and heating energy) as well as business travel.
302-4 a-d	<b>Reduction of energy consumption</b>	See "Management approach for energy" in GRI 302 ("Measures and results") and "Key data on the forward-looking approach".  - The calculation of energy consumption includes the following energy types: energy consumed in buildings (electricity and heating energy) as well as business travel. - The aim of the cooperation with the Energy Agency of the Swiss Private Sector (EnAW) is to reduce the bank's energy requirements. The current agreement on targets runs until 2024, with 2013 as the baseline year.

**GRI 305: Emissions (2016)**

GRI	Description	Data / reference
3-3	<b>Management approach for emissions</b>	See description of management approach for energy in GRI 302.

305-1 a-g	<b>Direct (Scope 1) GHG emissions</b>	<p>The intensity (kg CO<sub>2</sub>e/FTE) of the direct GHG emissions is shown in the “Key data on the forward-looking approach”.</p> <ul style="list-style-type: none"> <li>- Information on the gases included in the calculation, and on the standards, methods and conversion factors used, can be found in the VfU key data tool. The key data are calculated in accordance with the requirements of the VfU.</li> <li>- Data on biogenic CO<sub>2</sub> emissions are not collected.</li> <li>- The EnAW report for the period 2013 to 2022 shows the GHG emissions for the building heating systems of eight bank locations. These are direct GHG emissions in the case of gas and heating oil, and also indirect in the case of district heating. In the context of the targets agreed with EnAW, the figures for the calculation of the bank’s CO<sub>2</sub>e intensity are used. These are not included in the “Key data for the forward-looking approach”.</li> <li>- The VfU key figures, which are shown in the “Key data on the forward-looking approach”, were first recorded and calculated for the bank as a whole in 2003. The GHG emissions for all bank locations are thus disclosed. The change versus the preceding years is evaluated and analysed. In each case, the data are adjusted in line with the current version of the VfU key figures tool.</li> <li>- The environmental data from the Ecoinvent database (<a href="https://ecoinvent.org">ecoinvent.org</a>) are used to calculate GHG emissions (CO<sub>2</sub> equivalents).</li> <li>- The “equity share” approach is applied for consolidation purposes, i.e. all emissions that arise in connection with the bank’s operations are taken into account. Energy consumption/GHG emissions for BLKB properties let to tenants (commercial undertakings or households), for example, are excluded.</li> </ul>
305-2 a-g	<b>Energy indirect (Scope 2) GHG emissions</b>	<p>The intensity (kg CO<sub>2</sub>e/FTE) of the indirect energy-related GHG emissions is shown in the “Key data on the forward-looking approach”.</p> <ul style="list-style-type: none"> <li>- Information on the gases included in the calculation, and on the standards, methods and conversion factors used, can be found in the corresponding footnotes. BLKB purchases district heating from a range of suppliers at its various sites. To calculate these GHG emissions, the effectively used energy sources were applied for 75 per cent of the total consumption while the emission value of the Swiss district heating mix was applied for 25 per cent.</li> <li>- The purchase of 100 per cent of electricity from Swiss hydroelectric power stations is factored in. This corresponds to market-based values.</li> <li>- The EnAW report for the period 2013 to 2022 shows the CO<sub>2</sub> emissions for the building heating systems of eight bank locations. These are direct GHG emissions in the case of gas and heating oil, and also indirect in the case of district heating.</li> <li>- The VfU key figures, which are shown in the “Key data on the forward-looking approach”, were first recorded and calculated for the bank as a whole in 2003. The GHG emissions for all bank locations are thus disclosed. The change versus the preceding years is evaluated and analysed. In each case, the data are adjusted in line with the current version of the VfU key figures tool.</li> <li>- The environmental data from the Ecoinvent database (<a href="https://ecoinvent.org">ecoinvent.org</a>) are used to calculate GHG emissions (CO<sub>2</sub> equivalents).</li> <li>- The “equity share” approach is applied for consolidation purposes, i.e. all emissions that arise in connection with the bank’s operations are taken into account. The electricity consumption of the data centre, which BLKB shares with third parties, is not included in the indirect GHG emissions.</li> </ul>
305-3 a-g	<b>Other indirect (Scope 3) GHG emissions</b>	<p>The intensity (CO<sub>2</sub>e/FTE) of the other indirect GHG emissions (excluding financed emissions) is shown in the “Key data on the forward-looking approach”.</p> <ul style="list-style-type: none"> <li>- Besides energy provision (preliminary stages and distribution) and passenger transport (car, rail, plane), emissions in connection with paper and water consumption as well as volume of waste are considered.</li> <li>- Information on the gases included in the calculation, and on the standards, methods and conversion factors used, can be found in the corresponding footnotes.</li> <li>- Data on biogenic CO<sub>2</sub> emissions are not collected.</li> <li>- The VfU key figures, which are shown in the “Key data on the forward-looking approach”, were first recorded and calculated for the bank as a whole in 2003. The GHG emissions for all bank locations are thus disclosed. The change versus the preceding years is evaluated and analysed. In each case, the data are adjusted in line with the current version of the VfU key figures tool.</li> <li>- The environmental data from the Ecoinvent database (<a href="https://ecoinvent.org">ecoinvent.org</a>) are used to calculate GHG emissions (CO<sub>2</sub> equivalents).</li> </ul>

305-4 a-d	<b>GHG emissions intensity</b>	<p>The intensity ratio for GHG is disclosed in the “Key data on the forward-looking approach”.</p> <ul style="list-style-type: none"> <li>- The number of full-time equivalents (FTE) corresponds to the organisation-specific metric (the denominator) used to calculate the ratio.</li> <li>- The scope of the gases included in the calculation corresponds to the definitions in the Ecoinvent database (<a href="http://ecoinvent.org">ecoinvent.org</a>).</li> <li>- Information on the types of GHG emissions (Scope 1–3) included in the intensity ratios can be found in the corresponding footnotes.</li> </ul>
305-5 a-e	<b>Reduction of GHG emissions</b>	<p>See “Management approach for energy” in GRI 302 and “Key data on the forward-looking approach”. The aim of the cooperation with EnAW is to reduce the CO<sub>2</sub> emissions caused by the building energy requirements. The current agreement on targets runs until 2022, with 2013 as the baseline year.</p>

**GRI 306: Effluents and waste (2020)**

GRI	Description	Data / reference
3-3	<b>Management approach for effluents and waste</b>	See description of management approach for energy in GRI 302.
306-2 b-c	<b>Waste by type and disposal method</b>	<p>Waste based on type of disposal is disclosed in the “Key data on the forward-looking approach”.</p> <ul style="list-style-type: none"> <li>- The key data are calculated in accordance with the requirements of the VfU. Information on the applied standards, methods and conversion factors can be found in the VfU key data tool.</li> <li>- The Ecoinvent database (<a href="http://ecoinvent.org">ecoinvent.org</a>) is used to calculate the key data.</li> </ul> <p>Information on determining the method of waste disposal: BLKB transfers part of the waste (e.g. documents) directly to the incinerators, where it is weighed. Domestic waste is weighed by BLKB and collected by the public waste disposal service for incineration. The remaining waste is collected by other service providers and recycled. BLKB receives feedback from the waste disposal firm regarding the weight of the waste.</p>

**GRI 308: Supplier environmental assessment (2016)**

GRI	Description	Data / reference
3-3	<b>Management approach for the supplier environmental assessment</b>	See description of management approach for procurement practices in GRI 204.
308-1 a	<b>New suppliers that were screened using environmental criteria</b>	BLKB implements a sustainability agreement, introduced in its current form in 2019, that applies to suppliers and service providers. Partner management ensures systematic monitoring/management (see description of management approach in GRI 204).



# Social topics

GRI 401: Employment (2016)

GRI	Description	Data / reference
3-3	<b>Management approach for employment</b>	<p>This section describes the management approach for labour/management relations (GRI 402), training and development (GRI 404), diversity and equal opportunity (GRI 405) and non-discrimination (GRI 406). It thus covers the material topics of “Integrative and motivational management and collaboration culture” and “Employee development” (see sustainability topics). For further information, see also GRI 102-8.</p> <p><b>Description of topics and impacts</b></p> <p>BLKB views employees as its most important resource. The bank can only implement its strategy and achieve long-term success if it has healthy, motivated, professional and team-spirited employees. To cater for the individual life circumstances of customers, employees need a full understanding of customer needs. Diversity and inclusion are facilitating factors in this regard. Through diversity and inclusion – e.g. of people with impairments – BLKB can also promote social integration.</p> <p>The increasingly digitalised and rapidly changing work environment influences the type of skills that BLKB staff need to have. BLKB therefore systematically invests in the professional and personal development of its staff as well as their employability. The focus here is on having a responsible, forward-looking HR regime as well as an integrative and motivational management and collaboration culture at all business locations. This ultimately benefits customers too, in the form of high-quality products and services as well as a comprehensive, professional advisory capability.</p> <p><b>The management approach and its components</b></p> <p><i>Strategy, processes and tools</i></p> <p><u>Management and collaboration culture at BLKB</u></p> <p>Personnel management (Human Resources – HR) at BLKB is based on the internal HR strategy. This underlines the bank’s claim to be a forward-looking employer with systematic management of its employees’ competencies (see GRI 404) and a strong corporate culture.</p> <p>Employees assume responsibility in line with their role and make targeted use of the creative and decision-making scope accorded to them. Key to this philosophy is the practical application of the corporate value “We work together” as well as the six leadership and collaboration principles (see GRI 102-16):</p> <ul style="list-style-type: none"> <li>– Freedom to make decisions</li> <li>– Active feedback culture</li> <li>– Output-led performance</li> <li>– Active involvement as the role model</li> <li>– Empowerment that confers self-assurance</li> <li>– High degree of loyalty and integrity</li> </ul> <p>These principles describe the aspects of collaboration that are important to BLKB. All employees assume responsibility for themselves personally, for their role and for their team. Managers provide optimum conditions for employees and teams to attain the bank’s ambitious goals. At its <i>Leadership Academy</i>, BLKB trains staff in these leadership principles and develops its managers’ skills in a targeted manner. Regular training modules and the sharing of experience are central to the Leadership Academy.</p> <p>To strengthen its corporate culture, BLKB has developed a “principles checklist” that communicates the principles in a light-hearted way and promotes their application within the team.</p>

### Training and development

Through its strategic workforce planning, the bank controls the allocation of roles. BLKB's competencies model sets out the necessary skills requirements and supports decision-making with regard to the recruitment of new employees and development of the existing personnel. In the *Leadership Academy*, the people leaders familiarise themselves with strategic workforce planning and, through targeted development and cockpit discussions (i.e. employee performance reviews), ensure that this is firmly rooted in everyday management practice.

The training and development programme, with its various role- and subject-specific courses and workshops, is open to all employees. Shaped by the changing requirements of the various job profiles, it fosters the development of specialist, methodological, behavioural and leadership skills. BLKB is continually expanding its offerings. An in-house training initiative enabling financial advisers to gain certification has been running for several years. In addition, BLKB gives employees the opportunity to attend its own CAS in "Future Banking" study programme, delivered in partnership with the Kalaidos University of Applied Sciences. It prepares participants for the banking world of tomorrow and focuses on the skills they will need. Since 2022, the course has included an internal module dedicated to sustainability and its translation into practice. The CAS course is also explicitly aimed at older employees. And it is possible to complete individual modules on a standalone basis.

In the reporting period, BLKB began supporting interdisciplinary innovation and change skills with the in-house CAS on "Growth and Transformation" delivered by the University of Lucerne, which nine employees successfully completed in 2022. In addition to internal courses and training, BLKB also provides staff with financial support or time to avail themselves of third-party training opportunities, .

The bank accords major importance to the in-house training of apprentices and interns. Besides commercial training, BLKB offers apprenticeships in the specialist areas of IT (with a focus on application development), operational maintenance (building services systems) and mediamatics. The bank offers all apprentices who pass their vocational qualification exams employment contracts. The training concept for the youngest employees is continuously optimised and its forward-looking approach and sustainability reviewed. Introduction of the new education and training ordinance for commercial apprentices in summer 2023 will offer an opportunity to focus even more closely on sustainability-related training and skills development. The "project week" also helps to raise awareness: in the second year of training, all BLKB apprentices, together with apprentices from Basler Kantonalbank and Bank Cler, take part in a "forestry project week" in the region. This is organised in collaboration with the Bildungswerkstatt Bergwald foundation and the Forstbetrieb Frenkentaler forest management association.

### Flexible working

Another way in which BLKB strives to be a forward-looking, modern and attractive employer is by offering flexible working models. The in-house "Rules on mobile working at BLKB" provide the necessary framework. The specific form this can take is discussed by employees with the people leaders. A modern infrastructure facilitates mobile working. Employees can also choose between a variety of working-time models, with long or short working days and additional or reduced leave. Moreover, since 2022, BLKB has also enabled employees to "buy in" additional leave so that they can plan their holiday according to their particular needs. BLKB firmly believes that this flexibility not only fosters individual responsibility and initiative, but also boosts employees' motivation and productivity. That is why the bank signed the *Work Smart Charta* – an initiative by Swiss companies to promote flexible working models – as early as 2015.

Greater flexibility for older employees also provides opportunities for staggered retirement. Instead of early or normal retirement, which takes place from one day to the next, employees can gradually reduce their working hours. This also allows BLKB to retain the specialist expertise of experienced employees for longer while they gradually become accustomed to retirement.

### Balancing work and family life

By law, employees who (temporarily) have to provide care for a family member due to illness can take up to ten days' paid absence per calendar year, or up to three days per illness. Given that such exceptional circumstances are an enormous burden, BLKB makes every effort to find tailored solutions to support those affected. In many cases, a temporary reduction in working hours can already be of help. Staff can also request assistance from the Proitera social counselling service. Contrary to statutory regulations, BLKB requires no doctor's certificate when children are sick.

Depending on the number of years of service, maternity leave amounts to 16 or 24 weeks on full pay. Furthermore, BLKB allows mothers to return to work in stages following maternity leave. Fathers are allowed to take unpaid leave in addition to the fully paid, two-week statutory paternity leave. Parents (or parents-to-be) are also given free access to the services of the external AMIE Familie und Beruf counselling centre and/or the Proitera social counselling service.

#### Diversity and inclusion

Despite all the scope enjoyed by employees when performing their activities and in relation to working models, BLKB also sets clear boundaries for safeguarding personal integrity. Discrimination, bullying and sexual harassment are not tolerated. The latter is explicitly set out in the General Terms of Employment. These are binding for all employees. The Executive Board is also firmly committed to ensuring that employees treat one another in a respectful and considerate way. It endeavours to ensure that personal boundaries are respected at all times. Employees who are experiencing a difficult time (conflict at work, health problems, family challenges, social insurance and pension issues) can consult an external social counselling service free of charge and confidentially – on an anonymous basis if required. BLKB also set up a whistleblower desk in 2022 (see GRI 419).

#### Services for employees

For BLKB, attractive and fair contractual benefits for employees are an integral part of being a forward-looking employer. Within the normal range for the region and sector, BLKB offers attractive salary models with fixed and variable components. Employees benefit from attractive terms and conditions on the bank's own products as well as when purchasing Kantonalbank certificates or various third-party products. The bank also takes responsibility for the well-being of its employees at retirement age or in the event of an unfortunate health-related event by insuring them for extra-mandatory benefits.

#### **Responsibilities and resources**

The HR & Organisational Development department supports the Executive Board in implementing the HR strategy. The Personnel Commission contributes to the discussion on current personnel-related topics and represents the employees' interests vis-à-vis HR & Organisational Development and the Executive Board. The three to five members of the Commission are separate from the bank's management and organisational structure, and work independently on behalf of the employees, who elect them for a three-year term of office. Requests received by the Personnel Commission from employees are treated with absolute discretion and confidentiality.

Since 2022, BLKB has gauged its performance as an employer and the satisfaction of its employees on the basis of "pulse surveys". This is a brief type of survey that is conducted regularly to promote an open feedback culture in the company. Managers receive further feedback on their conduct through cockpit dialogues (employee performance reviews). Employees are free to communicate their general needs or concerns to their HR Business Partner at any time. If necessary, employees can also anonymously contact the whistleblower desk. Exit interviews also provide useful pointers as to how further improvements can be made. Across its organisation, BLKB assesses its HR management using key metrics (e.g. turnover rate or years of service; see "Key data on the forward-looking approach").

#### **Targets**

In its objectives for 2030, BLKB expresses various ambitions in relation to corporate culture, its employees and their training and development, specifically:

- The bank sees development as an investment in the future. It offers employees a setting in which they can develop continuously and helps them improve their employability regardless of age.
- The bank does not tolerate any discrimination, treats all employees equally, and systematically encourages diversity within the organisation.
- The bank creates an attractive overall framework for ensuring work/life balance.
- The bank has a fair and transparent system of incentives and remuneration with a long-term focus.
- The bank has future-proof, attractive leadership and organisational models.
- Employees accept individual responsibility and act in accordance with the bank's values and principles.
- Employees play an active role in helping shape the BLKB's sustainability commitment. The bank creates the requisite framework and encourages internal dialogue.
- Sustainability is an integral component of training and awareness programmes.

BLKB has set itself the goal of increasing the percentage of women at function levels 5 to 8 to at least 30 per cent by 2025 (incl. Executive Board). Moreover, a minimum target of 1 per cent, to be achieved by 2025, is set for the number of employees with impairments.

### Measures and results

#### Management and collaboration culture:

- “Pulse survey”: As the results of the 2022 survey show, BLKB has a stronger management and collaboration culture than the benchmark.

#### Flexible working:

- The Covid-19 crisis forced companies to adjust their work methods and make them more flexible. BLKB employees accordingly performed a higher proportion of work from home – on virtual platforms and using digital tools. Regardless of the pandemic situation, BLKB will continue to use the flexible arrangements in future, wherever appropriate.
- Having formulated “New Work” principles, BLKB supports hybrid working and endeavours to meet individual needs.

#### Training and development:

- CAS study programme: BLKB gives employees the chance to participate in the “Future Banking” CAS study programme at the Kalaidos University of Applied Sciences Switzerland. Since the year under review, it has also sponsored the “Growth and Transformation” CAS study programme offered by the University of Lucerne.
- Future Day: On Future Day, children can accompany their parents, relatives and acquaintances to work and gain insights into their profession and working routine. 2022 marked the first time that BLKB allowed external schoolchildren to spend Future Day at BLKB.

#### Diversity and equal opportunity:

- Inclusion: In cooperation with the social integration scheme Eingliederungsstätte Baselland ESB, three external persons with impairments received a temporary work placement in BLKB’s Infrastructure department – this with the aim of helping them return to the world of work.
- Non-discrimination: Through various amendments to job advertisements (in relation to wording and requirements), BLKB is also making progress in terms of gender-neutral recruitment.
- Balancing work and family life in tandem with the AMIE Familie und Beruf counselling centre, BLKB is creating dialogue platforms for working mothers, among other things with the aim of strengthening their network. A special event was also staged for parents on the subject of work and family.

#### Compensation system:

- In 2022, BLKB revised the existing functional hierarchy model and associated pay bands. Together with representatives from the business areas, all roles were re-defined, re-evaluated and re-assigned to new, sub-pay bands that are in line with the market. Uniform evaluation grids and criteria make the classifications of all roles comparable even across organisational units, enabling career paths to be mapped out more easily and development paths identified. Similarly, the previously broad pay bands, with overly wide range spreads, have been divided into three sub-pay bands to better ensure that compensation is both fair and in line with the market. From the second quarter of 2023, employees will be able to see where they are positioned within the pay band.
- In the reporting period, BLKB also laid down the foundations for an even more long-term and stable compensation system for the Executive Board. Thus, the Rules on the Compensation Scheme were revised and brought closer into line with the ESG criteria. The overall compensation of the Executive Board will also change as of the 2023 financial year: members will receive higher fixed and, therefore, lower variable compensation, which will now be fully paid in the form of Kantonalbank certificates. Moreover, fringe benefits for the Executive Board were revised and the company vehicles phased out as of 2023.

#### Assessment of management approach

- Benchmarking: On the “kununu” corporate ratings platform, BLKB receives feedback from current and former employees on how it is viewed as an employer. With its overall score of 4.4 points and a recommendation rate of 92 per cent (as per 31 December 2022), BLKB is among the top-rated employers in the financial services industry.
- Employee market: Job applicants are surveyed on how satisfied they are with BLKB’s approach in the recruitment process.
- Fair-ON-Pay certification: This external certification system regularly evaluates and confirms compliance with the requirement for equal pay between women and men based on a Logib analysis in compliance with federal government rules. BLKB was most recently awarded the Fair-ON-Pay certification in the summer of 2022.
- Internal Audit: HR management processes are evaluated by Internal Audit on a regular basis.

401-1  
a-b

**New employee hires and  
employee turnover**

For information on turnover as well as the total number and rate of new employee hires, see “Key data on the forward-looking approach”.

## GRI 402: Labour/management relations (2016)

GRI	Description	Data / reference
3-3	<b>Management approach for labour/management relations</b>	See description of management approach for employment in GRI 401.
402-1 a-b	<b>Minimum notice periods regarding operational changes</b>	<p>BLKB notifies its employees as soon as possible about significant operational changes, such as changes to the organisational structure.</p> <p>In the case of changes to their contract, the notice period stated in the contractual agreements is adhered to as a minimum.</p>

## GRI 403: Occupational health and safety (2018)

GRI	Description	Data / reference
3-3	<b>Management approach for occupational health and safety</b>	<p>The focus of the following descriptions is on the material topic of "Workplace health" (see sustainability topics). More information on prevention and assistance with well-being can be found in "Management approach for employment" in GRI 401.</p> <p><b>Description of topics and impacts</b></p> <p>With their knowledge and abilities, employees are the bank's most important resource, and it attaches great importance to their physical and mental well-being. Few of the bank's business activities harbour any risk of injury. However, there is a risk of being involved in threatening situations, such as bank robberies. In addition, mental health can be impaired by a highly stressful work environment. Therefore, one of BLKB's key tasks is to implement appropriate preventive measures and to define systems and processes that permit a rapid response in the event of an incident. Good health impacts positively on satisfaction, motivation and performance. Effective employee health management and health-promoting measures are therefore in the interests of BLKB, its employees and society as a whole.</p> <p><b>Strategy, processes and tools</b></p> <p>BLKB does its utmost to guarantee the physical and mental safety of employees. The standards covering occupational health and safety apply to everyone and are based on the recognised guidelines of SUVA (Swiss National Accident Insurance Fund), the Swiss Council for Accident Prevention (BFU) and the Federal Coordination Commission for Occupational Safety (FCOS). The emphasis is on protecting employees at particular risk, e.g. in technical services. In order to ensure a rapid response in medical emergencies, selected employees at all locations are trained as first-aiders.</p> <p>Bank employees can find themselves in high-risk situations in which their physical as well as mental integrity is under acute threat. BLKB's security concept includes numerous preventive measures such as building monitoring systems and automatic police alerts. In threatening situations, the safety of employees is the top priority. Specialised courses are provided so that vulnerable employees know what to do in the event of an armed robbery or how to use fire extinguishers. In the difficult period after an incident, an in-house care team will provide first-line care pending the arrival of a professional external care team to help affected employees come to terms with the events they have experienced.</p> <p>Particularly at the start of the reporting year, the Covid-19 pandemic continued to influence BLKB's security concept (see "Measures and results" in the same GRI) and the protection of employees enjoyed accordingly high priority. The measures were flexibly adapted to the situation and home-working was retained as an option where required by the particular working circumstances.</p>

**Responsibilities and monitoring**

The Integral Security department is responsible for the security concept, one objective being to protect employees. Local security officers support the implementation of relevant guidelines as well as further development of the management systems. They identify new risks or report shortcomings to Integral Security, which devises measures and reviews their implementation. In relation to specific security and health measures, Integral Security works closely with HR & Organisational Development as well as with managers.

**Targets**

The bank has formulated its ambition in relation to workplace health in its objectives for 2030, which state: "The bank does its utmost to ensure the physical and mental safety and integrity of its employees."

**Measures and results**

The first quarter of 2022, in particular, was still dominated by the Covid-19 crisis. BLKB complied with the requirements and recommendations issued by the federal government and the canton at all times, and took additional measures for the well-being of its employees:

- *Energy Days*: In 2022, the heart rate variability of nearly 50 BLKB employees was measured over a 48-hour period. Measurements were taken during stress, exercise and recovery phases. The analysis, which was complemented by a questionnaire, formed the basis for coaching and advice sessions focusing on mental health.
- "Zämme gsund" ("Stay healthy together"): This internal blog campaign became an established fixture in the year under review. This initiative has seen contributions on the subjects of health, relationships, hope and optimism, self-management and looking after yourself. The addressed issues may inspire a more detailed treatment, e.g. as the subject of workshops.
- Awareness-raising among managers: 2022 saw BLKB hold training courses for people leaders on the topics of resilience and stress. The bank thus seeks to raise awareness among managers and enable them to recognise signs of high mental stress.
- Training: So that employees are better able to deal with challenging situations, BLKB introduced a module on the topics of self-management and resilience in the "Future Banking" CAS programme (see GRI 401).
- Protective measures at branches: Despite the easing of restrictions, BLKB has remained flexible, monitored its measures continuously and adapted them as necessary. Some employees were unable to work from home due the nature of their job and their function. BLKB implemented the recommended protective measures at their locations.
- Social contact: The increasing opportunities for in-person meetings over the course of the year facilitated social interaction.

**Assessment of management approach**

- Analysis of risks in relation to occupational health and safety: The occupational health and safety risks feed into the risk analysis conducted by the bank as a whole (see GRI 419).
- Internal Audit on occupational health and safety: Measures are examined on a regular basis by Internal Audit.
- Feedback to Integral Security: Integral Security operates as an independent body to which potential irregularities can be reported.
- Evaluation with an external analysis tool: In 2020, the bank carried out the Swiss Foundation for Health Promotion's self-assessment of friendly workspace. BLKB achieved a good result.

403-1 a-b	<b>Occupational health and safety management system</b>	See "Management approach for occupational health and safety" in GRI 403.
403-2 a-b	<b>Hazard identification, risk assessment, and incident investigation</b>	See "Management approach for occupational health and safety" in GRI 403.
403-3 a	<b>Occupational health services</b>	See "Management approach for occupational health and safety" in GRI 403.

403-5 a	<b>Worker training on occupational health and safety health and safety training</b>	See "Management approach for occupational health and safety" in GRI 403.
403-6 a-b	<b>Promotion of worker health</b>	In accordance with the law, BLKB employees are insured against accident and illness.  Voluntary programmes and initiatives for promoting the general health of employees include <i>bike to work</i> , <i>myChange</i> , the <i>Check-up Days</i> or the <i>Energy Days</i> (held every three years). Information on health promotion programmes is provided on the intranet.  For further information, see "Management approach for employment" in GRI 401.
403-9 / 403-10	<b>Work-related injuries/ill health</b>	The risk of injury and sickness in the financial sector is low compared with other industries. BLKB reports absences due to sickness as well as work-related and non-work-related accidents (see "Key data on the forward-looking approach"). There were no work-related fatalities in the year under review.
BLKB	<b>Absences by cause</b>	See "Key data on the forward-looking approach".
BLKB	<b>Extent of sickness and accident-related absences</b>	See "Key data on the forward-looking approach".

**GRI 404: Training and education (2016)**

GRI	Description	Data / reference
3-3	<b>Management approach for training and education</b>	See description of management approach for employment in GRI 401.
404-2 a	<b>Type and scope of programmes implemented and assistance provided to upgrade employee skills</b>	BLKB believes in offering comprehensive training opportunities. It supports all employees, irrespective of function level, age or other individual characteristics, with their personal and professional development. In addition, it is an important training venue for apprentices within the region. The programmes and measures to improve employee competencies are explained in detail in the management approach for employment in GRI 401. To support life-long learning, BLKB makes use of formal training and development offerings while increasingly implementing personalised learning and development methods. It also supports forms of learning such as web-based training, mentoring and coaching programmes or participation in the "Skills 4.0" workshop, in which employees' future skills are honed.  A special "welcome day" is organised for new employees to introduce them to the company. This event paves the way for systematic and professional onboarding while also allowing contacts to be made with future colleagues from diverse business areas.
404-2 b	<b>Programmes provided to facilitate continued employability and management of career endings resulting from retirement or termination of employments</b>	See "Management approach for employment" in GRI 401.  BLKB gives employees who are due to retire the chance to attend an external course to prepare them for this next stage of their lives.

404-3 a	<b>Percentage of employees receiving regular performance and career development reviews</b>	BLKB conducts appraisal interviews with all permanent employees several times a year. In addition, the bank fosters an open feedback culture. The principal content of the appraisals and discussion of goals is documented internally. The "Cockpit", a new tool designed to support structured dialogue between employees and managers, was rolled out in 2021. It covers the perspectives and interview content on the topics of "My role", "My contribution" and "My development". Employees and their line managers jointly note the performance and development goals. Operations managers have been coached specially in the use of the Cockpit.
BLKB	<b>Proportion of positions filled by internal candidates</b>	In the reporting period, 10.2 per cent of new positions were filled by internal candidates.
BLKB	<b>Number of apprentices and interns</b>	See "Key data on the forward-looking approach".

#### GRI 405: Diversity and equal opportunity (2016)

GRI	Description	Data / reference
3-3	<b>Management approach for diversity and equal opportunity</b>	See description of management approach for employment in GRI 401.
405-1 a-b	<b>Diversity of governance bodies and employees</b>	See "Key data on the forward looking approach" (page 56).
405-2 a-b	<b>Ratio of basic salary and remuneration of women to men</b>	The ratio of the basic salary and remuneration of women and men are not disclosed for reasons of confidentiality. In this area, BLKB uses analyses and certifications by independent external experts: The <i>Fair-ON-Pay</i> certification confirmed compliance with the requirement for equal pay between women and men at BLKB in the year under review.

#### GRI 406: Non-discrimination (2016)

GRI	Description	Data / reference
3-3	<b>Management approach for non-discrimination</b>	See description of management approach for employment in GRI 401.
406-1	<b>Incidents of discrimination and corrective actions taken</b>	BLKB is not aware of any such cases during the reporting period.



**GRI 413: Local communities (2016)**

GRI	Description	Data / reference
3-3	<b>Management approach for local communities</b>	See description of management approach for economic performance in GRI 201.
413-1 a	<b>Operations with local community engagement, impact assessments, and development programmes</b>	<p>BLKB and its business model have a regional focus and have traditionally been closely linked with Northwest Switzerland. The bank sees its role as that of a partner to the region's society and economy. It is committed to protecting the environment and natural resources. BLKB maintains and nurtures a wide range of commitments with partners in Switzerland and especially in Northwest Switzerland.</p> <p>Memberships, commitments and measures are shown in detail in GRI 2-28, 2-29, 201 ("Management approach for economic performance") and 203-1.</p>

**GRI 414: Supplier social assessment (2016)**

GRI	Description	Data / reference
3-3	<b>Management approach for supplier social assessment</b>	See description of management approach for procurement practices in GRI 204.
414-1 a	<b>New suppliers that were screened using social criteria</b>	See GRI 308-1.

**GRI 417: Marketing and labelling (2016)**

GRI	Description	Data / reference
3-3	<b>Management approach for marketing and labelling</b>	<p><b>Description of topics and impacts</b></p> <p>As financial products may be highly complex, both private and corporate customers may sometimes find it difficult to understand their functioning. At the same time, they affect the financial security and economic well-being of the affected persons in the short term and particularly the long term. By the same token, customer insolvencies can have negative consequences for the bank. Corporate and private customers rightly count on the provision of responsible advice in relation to financial matters. In addition to the regulatory specifications applying to bank advisory services, the customers' individual financial and personal situation as well as their preferences also play a major role. A BLKB customer survey on sustainability conducted in 2020 confirmed the importance of responsible advice. Quality and fair products were named as a bank's most important attributes.</p> <p>Moreover, high customer satisfaction and responsible conduct in the provision of services serve to build trust and strengthen the bank's reputation. Plus, as a strong financial institution, BLKB also vouches for stability in the region.</p>

### The management approach and its components

#### Strategy, processes and tools

The legal requirements for the structuring of financial products and for the provision of advisory services as well as the currently applicable advertising guidelines constitute the minimum requirements for product development and labelling at BLKB. Here, BLKB adheres to the most stringent requirements in terms of its products, services and advisory quality. The advisory processes are structured along the lines of life events such as “buying residential property” and “protecting the family”. BLKB thus seeks to meet or surpass its customers’ wishes for comprehensive financial services in all stages of life.

When new products are developed, BLKB strives to minimise their complexity. Customers are thus able to understand and assess the mechanisms underlying these services more easily (for more information on the innovation process, see “Management approach for economic performance” in GRI 201). As processes are kept short, customers also benefit from a fast service. BLKB regards an honest, open dialogue as its obligation and as the basis for trusting relationships with its stakeholders (see GRI 2-29). This attitude, which is embodied in the communication and branding strategy, applies not only to information on products and services but also to media activities in general as well as to business and sustainability reporting in particular.

The employees are in daily contact with private and corporate customers as well as other stakeholders. Good training is fundamental to the provision of comprehensive, professional, high-quality advice. BLKB seeks continuous improvement in this area and strives to be a quality leader. All customer advisers are accredited in accordance with CertKB certification, which the bank has designed in collaboration with external experts. Certification is renewed every three years. In addition, success is increased through hands-on training for customer advisers and individual coaching for managers. Trainers and coaches ensure continuous employee development on relevant topics. BLKB also provides for training to enable employees to become qualified financial advisers with a federal certificate of proficiency. The bank is thus strengthening its expertise and methodology, as well as guaranteeing uniform, binding qualification and quality standards (see GRI 401). Employees completing the “Future Banking” CAS study programme (See “Management approach for employment” in GRI 401) will also tackle the “Marketing, branding and product development” module with its focus on customer-centricity. When individual targets are set for sales staff, they – like all other employees – are given behavioural targets but no sales targets. It is deliberate policy for the latter only to be set at the team level.

For specific customer advice issues, BLKB works with so-called “advisory tandems” whereby employees from specialist areas, such as investment, accompany customer advisers to advisory consultations. This boosts both customer-centricity and cross-business cooperation.

#### Responsibilities and resources

Product managers within the banking, investing and lending areas are responsible for developing the products and services. The Customer Experience and Segment Management teams support all further developments by ensuring the adoption of a fully customer-centred approach. Customer advisers are trained in financial solutions through the offerings of HR & Organisational Development. With the help of internal and external trainers and coaches, their development path is individually defined together with the employees and guided by the managers responsible. BLKB also offers product-specific training. This includes a course on sustainable investing (see “Responsible products and services”). HR & Organisational Development documents and reviews the certification status of customer advisers as well as the training level of all employees.

Customer satisfaction is gauged via different methods at various contact points such as the Customer Centre, in e-banking and at bank branches. Customer feedback can be recorded in an internal quality management system. It is collected and evaluated by Sales Performance Management. If this team identifies a cluster of similar types of feedback, it conducts an in-depth analysis. In the event of reports indicating significant risks or a threat to the bank’s reputation, it responds immediately and, if required, contacts all affected customers. Where required, Sales Performance Management will also approach the affected employees or teams directly in order to discuss customer feedback or complaints (see “Assessment of management approach” in the same GRI).

**Targets**

BLKB wishes to provide its corporate and private customers with the best possible services and is therefore keen to reduce complaints to a minimum and to process the complaints as best possible. It strives to gain the best possible understanding of its customers and their needs, and to create a positive customer experience at all points of contact.

**Measures and results**

- Measurement of satisfaction: A systematic means of measuring customer satisfaction at all relevant points of contact is still under development.
- Customer involvement: In refining its e-banking system, BLKB collected feedback on prototypes directly from customers.

**Assessment of management approach**

- Customer feedback: BLKB receives customers feedback verbally, via the Customer Centre or in written correspondence via various channels. Feedback is systematically assessed by the Sales Performance Management department of the Private Investment & Financial Advisory business area. Where required, the Customer Experience section of Marketing reports the key findings to the Executive Board.
- Measuring customer satisfaction: Touchpoint analysis for the systematic capture and analysis of customer feedback directly after the point of contact with BLKB is under ongoing development.
- Customer surveys: BLKB conducts quantitative as well as qualitative surveys of its customers on a regular and targeted basis.
- Customer involvement: Consumers (i.e. customers and non-customers) are invited to join focus groups and give individual interviews to provide feedback on specific themes such as product and service offerings. Specific reasons for this include the transformation of a branch or the development of a product.
- Complaints management: The findings from complaints management feed into the organisational flows to support the ongoing improvement process.
- Test visits: The quality of services – and in particular advice – is constantly reviewed via test visits as well as through qualitative interviews with customers.
- External ratings and awards: BLKB obtains valuable feedback from the evaluations conducted by third parties such as Comparis. In 2022, the bank was awarded a good overall score of 5.2 in the Comparis survey on customer satisfaction in the mortgage business.

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<b>417-2 a-b</b>	<b>Incidents of non-compliance concerning product and service information and labelling</b>	BLKB is not aware of any related incidents of non-compliance with the regulations or voluntary codes in connection with product and service information and its labelling.
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<b>417-3 a-b</b>	<b>Incidents of non-compliance concerning marketing communications</b>	Total number of violations of regulations and/or voluntary codes in connection with marketing and communication in the 2022 reporting year: none.
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## GRI 418: Customer privacy (2016)

GRI	Description	Data / reference
3-3	<b>Management approach for customer privacy</b>	<p><b>Description of topics and impacts</b></p> <p>The major importance of data protection is inherent in BLKB's business model and is reflected in the material topic of the same name, "Data protection" (see sustainability topics). The bank holds particularly sensitive information on its customers and is subject to Swiss banking confidentiality. Its area of activity harbours reputation and regulatory risks in the event of a breach of data protection. Data protection generally covers all personal information, i.e. all information relating to a specific or identifiable person. Responsible handling of sensitive data involves not only protecting it from unauthorised access (both online and offline, as well as internally and externally) but also transparency about the purposes for which data can be processed internally.</p> <p><b>The management approach and its components</b></p> <p><b>Strategy, processes and tools</b></p> <p>The Swiss Federal Act on Data Protection, the Banking Act and the FINMA guidelines on operational risks in banks and regarding bank client data constitute the definitive regulatory basis for data protection. This, together with other requirements, is translated into various internal policies on the topics of data protection, IT and information security, protection of bank customer data or classification of information. These internal policies apply to all persons with access to IT systems and data. All employees are responsible for compliance with these policies. The main content of the policies is also summarised in clear documentation and on the intranet, and forms part of the BLKB code of conduct.</p> <p>In communications within and outside the bank, there is always a risk of sensitive customer data and other information falling into the hands of unauthorised parties. Employees therefore need to pay attention to their surroundings during discussions or when doing on-screen work. When phoning with customers they must establish the customers' identity beyond doubt. Electronic communication channels at the interface between the bank's network and external networks are particularly critical in terms of data privacy. In an internal policy, BLKB sets out specific instructions regarding conduct on the internet, the definition and updating of passwords as well as secure e-mailing. All those persons (including external service providers) who have access to bank customer data must complete the mandatory e-learning module on IT and data security.</p> <p>BLKB relies on state-of-the-art technology to protect against unauthorised access and afford the necessary degree of data security. Automated mechanisms report conspicuous behaviour within the IT landscape. However, not every incident occurs within the system and is recognised by it. Employees are therefore required to immediately report any loss of data or access by unauthorised parties. They can contact line managers, Integral Security, or the IT Service Desk, which process the incidents in an expert manner.</p> <p>Sensitive information is classified into the categories of "secret", "confidential" and "internal", and is subject to differing security precautions in each case. This classification is an important guide in terms of the correct handling of the information upon receipt, processing, and disposing of/deleting the information. The <i>clear desk policy</i> applies irrespective of this classification. Essentially, the policy states that employees must protect sensitive data from easy access when they are away from their workstation for a short or long period – for example by activating the screen lock or storing documents in the office furniture provided for that purpose. These provisions also apply when employees work from home or during travel. Specific instructions are presented in the rules for home-working and are binding on all employees.</p> <p>BLKB uses customer data in accordance with the statutory requirements for corporate, segment and product development. BLKB provides transparent and comprehensible information on the use of personal data. Customers can at any time find out about the personal data that is stored. The data privacy statement applies to all units of the bank and can be viewed on BLKB's website.</p>

### Responsibilities and resources

The aim of Integral Security is not only to protect information but also to protect individuals, assets and services (see GRI 403 for more detailed information on the physical protection of the bank's employees). Standardisation at a central location facilitates a holistic view and comprehensive control of all areas of security. Integral Security is also responsible for regularly reviewing the *Client-Identifying Data* (CID) guidelines, which regulate the handling of bank client data. An external provider monitors BLKB's IT system. The data collected is used to improve the security concept. In the risk report on operating risks, Integral Security reports regularly on security topics to the bank's Operational Risk Committee (see GRI 419).

### Targets

BLKB seeks to ward off any attacks on the online services such as e-banking, and on the bank's internal network, and to protect customer data, assets and transactions as best as possible.

### Measures and results

BLKB accords top priority to data protection and to the confidentiality of bank customer data. The new Data Protection Act enters into force on 1 September 2023. As implementation within the bank of the revised provisions is at a highly advanced stage, BLKB will have implemented the necessary changes prior to entry into force. For instance, it has already fulfilled its duty to notify stakeholders as to how their data is used and processed. The bank likewise continues to respond to requests for information from customers within the statutory time limits. The processes required for this purpose have become established in practice.

In the reporting period, BLKB also held roadshows on cyber risks, IT and information security at all its branches in order to increase the awareness of employees that unauthorised persons may often try to use them as a "gateway". Also in 2022, BLKB ran an awareness-raising campaign in which it asked customers to work together with it to ensure greater security in online banking. The campaign included the creation of an area dedicated to security on the [website](#), a series of social media posts, conspicuous security warnings in the e-banking portal and BLKB banking app, and a circular letter, including info flyer, sent to all e-banking customers.

### Assessment of management approach

The protective measures are constantly reviewed by Integral Security and adapted in line with the changing internal and external environment. The following tools are used in relation to data protection:

- Technical checks: Penetration tests and security analyses for devices, servers and applications such as Avaloq (central banking system), e-banking and mobile banking check the effectiveness of BLKB's IT security mechanisms.
- Internal and external auditing: The internal and external auditors check IT security and data privacy at regular intervals (e.g. user access management and business continuity). An internal audit of security incident response and the penetration test concept was conducted in the reporting year.
- Sending of phishing e-mails: Several times a year, BLKB intentionally sends out harmless phishing e-mails for awareness-raising purposes and in order to test employee alertness.

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**Substantiated complaints concerning breaches of customer privacy and losses of customer data**

Total number of justified complaints received regarding violations of customer data privacy in the 2022 reporting year: none.

Total number of identified cases of data theft and data loss in connection with customer data in the 2022 reporting year: none.

## 419: Socioeconomic compliance

GRI	Description	Data / reference
3-3	<b>Management approach for socioeconomic compliance</b>	<p>This section describes the management approaches for anti-corruption (GRI 205) and anti-competitive behaviour (GRI 206).</p> <p><b>Description of topics and impacts</b></p> <p>Compliance with financial market-specific and socioeconomic rules is among the most fundamental duties in the banking industry. The business activities of financial institutions are governed by numerous legal provisions. The key legal frameworks for BLKB include the Kantonbank Act, the Swiss Federal Banking Act, FINMA and Swiss Bankers Association provisions as well as the rules laid down by SIX Swiss Exchange. Any compliance breaches have an adverse effect not only on the reputation of the bank concerned but also on public opinion about the industry as a whole. Due to its economic importance to the Canton of Basel-Landschaft, such incidents would in BLKB's case – depending on the severity – be highly likely to impact on the canton and the entire Northwest Switzerland region.</p> <p>Besides the rules specific to the financial markets, the umbrella term “compliance” also covers labour-law topics (see GRI 401) as well as anti-competitive behaviour and corruption, including money-laundering (see GRI 205 and GRI 206). With regard to money-laundering, banks are more exposed than other sectors due to the nature of their business; thus society and politicians have very high expectations of a bank's internal risk management.</p> <p>Aspects of the key topic “Risk management, compliance and integrity” are described below; this is in addition to the content in the corporate governance report (see Parent Bank Annual report 2022, page 33). Details on risk management at the interface with service providers and suppliers are provided in GRI 204 and GRI 418.</p> <p><b>The management approach and its components</b></p> <p><b>Strategy, processes and tools</b></p> <p>BLKB is aware of its responsibilities as described above. As far as it is concerned, compliance therefore extends beyond merely conforming to the law. This is also set out in the bank's code of conduct, issued by the Board of Directors and the Executive Board, which describes BLKB's basic values and states that BLKB is committed to combating money-laundering and the financing of terrorism as well as the avoidance of conflicts of interest and corruption. It also prohibits all types of anti-competitive behaviour, active assistance in the flight of capital and tax evasion. Other key legal frameworks include the Swiss banks' Code of Conduct with Regard to the Exercise of Due Diligence and the policies on money-laundering, staff banking transactions and breaches of policies and rules. These require employees to critically examine the plausibility of financial trades and transactions at all times.</p> <p>The codes of conduct serve to protect the bank's reputation and are therefore an integral element of the General Terms of Employment for all employees. BLKB has a clear commitment to not making any compromises in terms of compliance and reputation. A breach of the code of conduct may – depending on the severity – result in various disciplinary measures and, in some circumstances, intervention by the law enforcement agencies and supervisory authorities.</p> <p>Within the first three months of their employment, new employees are required to complete a mandatory e-learning programme that will familiarise them with and give them a deeper understanding of the compliance rules. Client-facing employees undergo additional training sequences, e.g. on the subject of bribery. The bank's internal structural and process organisation helps employees to comply with the code of conduct and risk management in their day-to-day work. Automated checks and controls built into the system also help identify errors or discrepancies.</p> <p>The Board of Directors supervises the bank's business activities in general and the activities of the Executive Board in particular. The members of the Board of Directors must fit a specific requirements profile. In particular, BLKB adheres to the FINMA provisions on “Corporate Governance – Banks”, as specified in Circular 2017/1, which defines the powers, tasks and responsibilities of the bank's management bodies. BLKB guarantees a strict separation of powers. For example, none of the members of the Board of Directors has an operating management role as a member of the Executive Board (see information on “Corporate governance” in the “General disclosures and corporate governance” section of the Parent Bank Annual Report 2022, page 36).</p>

### Responsibilities and monitoring

The Executive Board must ensure that the necessary structures exist for a culture that is conducive to integrity and responsible behaviour. It is supported by internal experts in corporate governance, risk management and HR management. As well as financial risks, systemic, reputation and compliance risks are components of BLKB's integral risk management. The risk catalogue describes the significant risks for the bank. Every year, the Board of Directors performs an assessment of the risks and their likelihood of occurrence (see "Notes on risk management and risk control" in Parent Bank Annual Report 2022, page 65). Based on the risk policy, the Board of Directors defines risk tolerances that must not be exceeded in relation to various risk positions. Independent risk controls – under the supervision of the Chief Risk Officer – use suitable tools to monitor the effectiveness of the management approaches. Results are prepared in standardised report format on at least a quarterly basis and in a form appropriate to the target audience. This ensures on the one hand that the bodies responsible for risk management (Security Committee, Credit Committee, Asset and Liability Committee, and Trade Committee) as well as the Board of Directors and its committees are notified of the bank's risk situation promptly and in an appropriate form and, on the other hand, ensures reporting to FINMA or the Swiss National Bank.

With regard to risk management in lending operations and investment, see "Notes to the financial statements" in the Parent Bank Annual Report 2022 (page 65) for further information, as well as "Responsible products and services".

### Targets

The bank's aim, with its compliance and risk management structure, is to avoid entering into disproportionate risks or breaching laws and standards.

### Measures and results

BLKB set up a whistleblower desk in 2022. The bank's employees can use a purpose-developed software application to give anonymous details of incidents potentially relevant under existing regulations or criminal/civil law, and/or violate the code of conduct or other BLKB policies. These include, for example, bribery, data protection breaches, theft and embezzlement, insider transactions and market manipulations, conflicts of interest, bullying, discrimination, violence and threats, non-compliance with processes, violation of duty of loyalty and due diligence, and violation of policies. The anonymous information is received by the head of the Board of Directors secretariat, which, in terms of organisation, is separate from the bank's operational units. Staffed by a core team, it processes the reported incidents while remaining in contact with the reporting person, whose anonymity is safeguarded by the deployed software.

Protection of the reporting person is paramount. That is why a provision was added to BLKB's General Terms of Employment in the reporting year, stating that any such notifications have no employment- or job-related consequences. The whistleblower desk is aimed at supporting the development of the bank and not sanctioning erroneous conduct.

### Assessment of management approach

- Audit and Risk Committee: The Audit and Risk Committee consists of three members of the Board of Directors. As an independent and objective body, it supervises financial reporting, the integrity of the financial statements, the framework concept for institution-wide risk management and the approaches taken by the internal controls.
- Internal Audit: Internal Audit monitors the quality and effectiveness of BLKB's business processes on a continuous basis. Among other things, it focuses on risk aspects.
- External auditors: The external auditors review compliance with external regulations as well as the handling of compliance matters and the functioning of the management approaches; this is performed both on a rolling basis and in the context of the regular annual audit.
- Internal reports: Reports from employees via line managers, HR & Organisational Development, the Compliance department or the whistleblower desk highlight potential for improvement and possible misconduct.
- Ratings: BLKB regularly commissions independent rating agencies to conduct an external assessment of its corporate governance.

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### Non-compliance with laws and regulations in the social and economic area

Severe fines and non-monetary sanctions for non-compliance with laws and/or regulations in the social and economic area in the 2022 reporting year: none.

Cases brought as part of dispute settlement proceedings arising from non-compliance with laws and/or regulations in the social and economic area in the 2022 reporting year: none.

# Key data on the forward-looking approach

## Key data for "society"

Factor	Data quality	GRI Standard	Unit	2022	2021	2020	2019	2018
Distribution to the Canton of Basel-Landschaft	High (3)	201-1	CHF m	60.3	60.2	60.1	60.1	60
Mortgage lending, total	High (3)	201	CHF bn	23.1	21.7	20.5	19.6	18.7
Mortgage lending, Northwest Switzerland catchment area	High (3)	201	Per cent	90	90	91	92	92
Other lending, total (incl. loans to companies)	High (3)	201	CHF bn	2	2.3	1.7	1.5	1.4
Other lending, Northwest Switzerland catchment area (incl. loans to companies)	High (3)	201	Per cent	48	47	50	50	46
Volume of in-house, sustainably managed funds <sup>1</sup> and structured products <sup>1</sup>	High (3)	Supp.	CHF m	2.2	2.4	1.6	1.1	0.7
Volume of sustainable asset management mandates	High (3)	Supp.	CHF m	2.5	2.9	2.4	–	–
Contracts awarded in Northwest Switzerland	High (3)	204-1	CHF m	30.4	34.8	29.2	31.9	–
Sponsorship commitments (excl. Swiss Wrestling and Alpine Festival 2022)	High (3)	201	CHF m	2.1	2.3	1.4	1.5	–
Commitment via BLKB Foundation for Culture and Education	High (3)	201	CHF	480,000	340,000	466,000	420,000	–

## Key data for "people"

Factor <sup>2</sup>	Data quality	GRI Standard	Unit	2022	2021	2020	2019	2018
Headcount, incl. hourly-paid employees	High (3)	102-8	Number	913	879	848	810	802
Full-time equivalents (FTE)	High (3)	102-8	Number	787	756	710	687	685
Proportion of women, overall bank <sup>2</sup>	High (3)	405-1	Per cent	44.3	44.3	48.8	44.2	44.3
Proportion of women, Board of Directors	High (3)	405-1	Per cent	28.5	28.5	38.0	38.0	–
Proportion of women, Executive Board	High (3)	405-1	Per cent	16.7	17.0	17.0	0	0
Proportion of women in function levels 6–7 <sup>3</sup>	High (3)	405-1	Per cent	11.4	10.2	12.0	10.7	11.5
Proportion of women in function levels 4-5 <sup>3</sup>	High (3)	405-1	Per cent	37.4	35.0	31.5	31.0	29.5
Proportion of women in function levels 1-3 <sup>3</sup>	High (3)	405-1	Per cent	67.9	67.5	66.5	67.0	68.0
Women in part-time positions <sup>4</sup> (rel. to total headcount) <sup>3</sup>	High (3)	405-1	Per cent	22.7	22.4	22.0	22.0	20.9
Women in part-time positions <sup>4</sup> (rel. to all women)	High (3)	405-1	Per cent	51.3	50.5	49.6	49.7	47.2
Men in part-time positions <sup>4</sup> (rel. to total headcount) <sup>3</sup>	High (3)	405-1	Per cent	5.4	7.0	7.0	6.4	6.0
Men in part-time positions <sup>4</sup> (rel. to all men)	High (3)	405-1	Per cent	9.7	12.6	13.2	11.4	10.8
Proportion of employees below age 30	High (3)	405-1	Per cent	21.9	22.8	20.5	21.5	21.1
Proportion of employees aged 30-50	High (3)	405-1	Per cent	47.5	45.0	41.7	41.2	41.6
Proportion of employees aged 50-plus	High (3)	405-1	Per cent	30.6	32.2	32.1	31.9	30.3
Number of trainees	High (3)	404	Number	32	35	31	27	28
Number of interns	High (3)	404	Number	11	12	11	12	14
Recruitment of women	High (3)	401-1	Number	56	55	47	48	–
Recruitment of men	High (3)	401-1	Number	85	59	62	63	–
Recruitment of employees below age 30	High (3)	102-8	Number	51	55	57	67	–
Recruitment of employees aged 30-50	High (3)	102-8	Number	77	52	40	36	–
Recruitment of employees aged 50-plus	High (3)	102-8	Number	13	17	12	8	10
Absences due to sickness	High (3)	403	No. of days	6,683	5,079	3,200	3,405	4,407
Absences due to accident at work (headcount)	High (3)	403	No. of days	8	36	0	1	9
Absences due to non-occupational accident (headcount)	High (3)	403-2	No. of days	630	436	534	618	586
Turnover <sup>5</sup>	High (3)	401-1	Per cent	6.3	5.6	5.3	6.3	5.3



## Key data for "environment"

Factor	Data quality	GRI Standard	VfU no.	Unit	2022	2021	2020	2019	2018
Number of heating degree days		302-1		HGT	2,495	3,058	2,508	2,720	2,620
Energy consumed in buildings (total) <sup>6</sup>	High (3)	302-1	1	MJ/FTE	18,626	21,076	21,984	23,813	26,282
– Electricity	High (3)	302-1		MJ/FTE	10,706	11,187	12,264	13,993	15,036
– Heating energy	High (3)	302-1		MJ/FTE	7,920	9,889	9,719	9,820	11,246
Business travel	Good (2)	302-2	2	km/FTE	1,062	879	941	1,192	1,129
Direct and indirect greenhouse gas emissions (total) <sup>6,7</sup>		305	7	kg CO <sub>2</sub> e/FTE	737	1,022	832	885	927
– Direct greenhouse gas emissions		305-1	7a	kg CO <sub>2</sub> e/FTE	250	247	274	300	261
– Indirect greenhouse gas emissions		305-2	7b	kg CO <sub>2</sub> e/FTE	152	380	232	234	303
– Other indirect greenhouse gas emissions		305-3	7c	kg CO <sub>2</sub> e/FTE	335	395	326	351	363
Volume of waste (total)	High (3)	306-2		kg/FTE	135	161	196	232	211
– Recycling	High (3)	306-2		kg/FTE	63	93	99	130	130
– Incineration	High (3)	306-2		kg/FTE	72	68	97	102	81
– Landfill	High (3)	306-2		kg/FTE	0	0	0	0	0
– Special waste	High (3)	306-2		kg/FTE	0	0	0	0	0
Paper (total)	High (3)	306-3		kg/FTE	93	116	119	125	144
– Recycling	High (3)	306-3		kg/FTE	82	103	104	109	125
– Fresh fibre (ECF, TCF)	High (3)	306-3		kg/FTE	11	13	15	16	19

<sup>1</sup> As of 2021 includes structured products.

<sup>2</sup> Key data for employees is based on the headcount (HC) as at 31 December of the reporting year.

<sup>3</sup> Level system: 1–3 = lower function levels; 4–5 = mid function levels; 6–7 = higher function levels

<sup>4</sup> Working week of 85 per cent or less

<sup>5</sup> Turnover excludes termination by employer, retirement, pregnancy and death

<sup>6</sup> Key operational ecology figures for energy used in buildings and greenhouse gas emissions based on headcount (FTE) as at 31 December of the reporting year.

<sup>7</sup> BLKB calculates greenhouse gas emissions based on the guidelines of the Association for Environmental Management and Sustainability in Banks, Savings Banks and Insurance Companies (VfU key data, Version 2022.1.1) as well as GRI Standards. The previous year's values were aligned with the current version of the VfU key data. Hence, not only the bank's direct emissions of greenhouse gases (Scope 1) are recorded, but also those produced by power stations or district heating plants (Scope 2) and those produced in upstream or downstream preparation and disposal stages (Scope 3). Besides business travel (car, rail, plane), other indirect greenhouse gas emissions (GRI 305-3) also take account of emissions in connection with paper and water consumption, waste and home-working. Greenhouse gas emissions are stated as CO<sub>2</sub>e. The previous year's values were retroactively aligned with the latest version of the VfU guidelines and are therefore not directly comparable with the figures published in previous sustainability reports.

## Definition of data capture quality based on VfU 2022:

- (3) Data based on exact measurements
- (2) Data based on extrapolations
- (1) Data based on estimates

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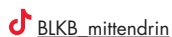
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