



We stay close.
Even in times like these.

Editorial

Looking forward, the question we must ask ourselves is: What are the changes the extreme year of 2020 brought us and will continue to occupy our attention well into the future?

2020 was a challenge for the economy as well as for society. Managing the Covid-19 crisis proved a serious test for BLKB too, yet at the same time it revealed the many strengths of our bank. Tremendous cohesion, a high degree of flexibility and full freedom of action are the product of our close and lasting relationships with our employees, customers and business partners throughout the region. We are deeply indebted to them. What is more, we are proud to contribute to preserving the region's economic viability and stability.

The experience we gained during this period was nevertheless valuable and will be incorporated into BLKB's ongoing development as a forward-looking bank. It also confirmed the convictions we set out when producing our new mission statement. Our business activities must have a positive impact on people, society and the environment. I am therefore delighted that BLKB continued to ramp up the pace of its activities on the sustainable development front in the year under review.

The inclusion of sustainability criteria in the lending process, the Future Account savings product, together with the growing volume of our in-house, sustainably managed investment funds, reflect the fact that sustainability is enshrined in our core business. We act responsibly, and in harmony with our social and natural environment. As preferred financial partner in the region, we create lasting value for people and businesses in Northwestern Switzerland.



Since the start of 2020, we have been accompanied on our journey by the independent experts of our newly created Sustainability Advisory Committee. We also share our experience and interests externally: BLKB is an active campaigner for a sustainable Swiss financial sector and economy; in addition, we are represented on the boards of *Swiss Sustainable Finance* and *swisscleantech*.

This sustainability report 2020 provides an insight into our many diverse initiatives and illustrates in detail how we are implementing our forward-looking approach. Our aim is to create transparency and engage in a dialogue with you. With that in mind, I look forward to your feedback and hope you find the report interesting and insightful.

A handwritten signature in black ink, appearing to read 'A. Lau', written in a cursive style.

Alexandra Lau
Member of the Executive Board

Contents

Editorial	2	Environmental topics	34
		GRI 302: Energy (2016)	34
Forward-looking approach	4	GRI 305: Emissions (2016)	37
		GRI 306: Effluents and waste (2016)	39
Sustainability management	9	GRI 308: Supplier environmental assessment (2016)	39
		Social topics	40
Materiality analysis	10	GRI 401: Employment (2016)	40
		GRI 402: Labour/management relations (2016)	44
GRI content index	14	GRI 403: Occupational health and safety (2018)	45
General disclosures	14	GRI 404: Training and education (2016)	47
Organisational profile (2016)	14	GRI 405: Diversity and equal opportunity (2016)	48
Strategy (2016)	17	GRI 406: Non-discrimination (2016)	49
Ethics and integrity (2016)	17	GRI 413: Local communities (2016)	49
Governance (2016)	17	GRI 414: Supplier social assessment (2016)	50
Stakeholder engagement (2016)	18	GRI 417: Marketing and labelling (2016)	50
Reporting practice (2016)	19	GRI 418: Customer privacy (2016)	52
		GRI 419: Socioeconomic compliance (2016)	54
Economic topics	21	Key data	56
GRI 201: Economic performance (2016)	21		
GRI 203: Indirect economic impacts (2016)	26	Contact and Imprint	58
GRI 204: Procurement practices (2016)	27		
GRI 205: Anti-corruption (2016)	28		
GRI 206: Anti-competitive behaviour (2016)	29		
Responsible lending operations and investment	29		

Forward-looking approach

BLKB is Switzerland's forward-looking bank. This forward-looking approach expresses BLKB's proactive attitude and is emblematic of the bank's comprehensive sustainability efforts, which form an integral part of its business strategy. Taking responsibility for people, society and the environment lies at the heart of this strategy.

BLKB conducted an in-depth examination of its self-image in the year under review. A set of convictions (see list on [p. 5](#)) were identified and set out in explicit terms. This internal and external transparency makes BLKB a trustworthy partner. Our claim of being a business with integrity and an honest opinion constitutes the basis for an open, valuable dialogue between the bank and its stakeholders.

These convictions constitute the basis for the mission statement (see illustration on [p. 6](#)) around which the bank bases its actions. With "people", "society" and "environment" as the focal points of its mission statement, BLKB shows where it intends to have a positive impact and take responsibility – in relation to employees, customers, business partners, the region, as well as the environment.

Our convictions

Public service mandate

- The primary reason for our public service mandate and its objectives is to make our contribution to the economic development of the Northwest Switzerland region 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 consider ESG criteria in a holistic way 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 over climate change. 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.

Securing 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 secure 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 economic centre.

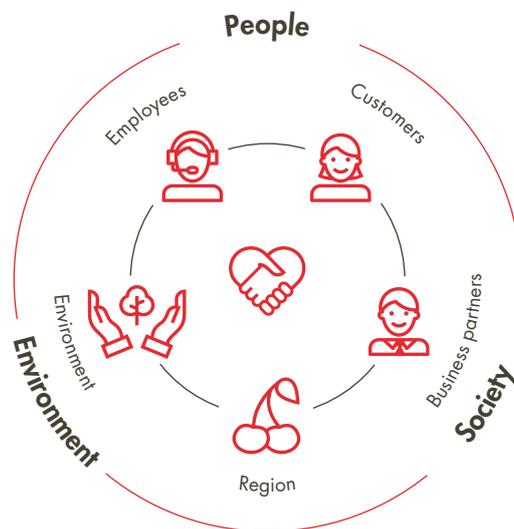
Pioneering role and differentiation

- 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, while the need for excellent specialist staff is set to increase. We must therefore strengthen our major appeal as an employer and develop this even further.
- Our active commitment to sustainability as a business 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.

Our 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 difference, 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.

Our overarching objectives for 2030

Anchored within the business

Mission statement and corporate strategy

- Sustainability is a fixed component of the business model: Our sustainability strategy does not run in parallel with our business strategy.
- The bank is in regular dialogue with its stakeholders and incorporates their varied perspectives into its ongoing development.
- The bank is operationalising the 2030 objectives as defined in this document.

Objectives and transparency

- The corporate objectives are in keeping with sustainability as a fixed component of the business strategy. The corporate targets 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 on 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 programs.

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 indicated in the case of all products and services.
- The various aspects of sustainability are an integral component of advisory consultations with our 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 mission statement).
- 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 (e.g. [young people's] debt, 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 CO₂ 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 properties and mobility, the bank operates a systematic environmental management system designed to ensure continuous improvement.
- The bank only uses 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 the period to 2030 set the direction (see list on [p. 7](#)). The bank uses them as the basis for defining specific annual targets and will incorporate them into its objectives at corporate level in the future. To embed its forward-looking approach more deeply, BLKB has also developed its governance and processes for sustainability management.

Sustainability management

With its new mission statement, BLKB is laying the strategic foundations for the ongoing development of the organisation and building on the bank's history and strengths. The defining element is its forward-looking approach, where sustainability becomes a holistic concept with a social, environmental and economic dimension. In the past, the bank has focused on the three focal points of "forward-looking business policy", "forward-looking products and services" and "forward-looking employer" (see sustainability report 2019, [↗](#) p. 4). These focal points will continue to serve as an internal framework that supplements the mission statement (see [↗](#) p. 10).

The forward-looking approach was established as BLKB's official programme at the end of 2019. The programme organisation sets out duties and responsibilities, and prioritises action areas across the board. Building on this, BLKB works with "theme owners" – a group of employees who support and develop one or more sustainability topics, in some cases in cross-functional teams – on sustainability management. They are supported by "champions" – ambassadors of our forward-looking approach who are on hand to assist the theme owners with advice and support. Coordination of the programme is coordinated by the responsible department, in close consultation with the CEO 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.

The setting up of an external Sustainability Advisory Committee is an important innovation. This committee became operational at the start of 2020 and consists of three members. Led by the sustainability officers, they support BLKB on strategic and operational issues as well as produce 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.

With this committee, the bank has created a body that provides an outside perspective on a continuous basis. Supplementing the involvement of other stakeholders, the committee functions as part of the materiality process ([↗](#) p. 10). To gain a more nuanced understanding of customer expectations on the forward-looking approach, BLKB conducted a survey of existing and potential private customers in the year under review. Around 1,500 people from across Switzerland took part, although a majority were from BLKB's market area. The results showed that respondents feel the forward-looking approach is closely associated with sustainability but also with commitment.

Materiality analysis

As a comprehensive understanding of sustainability, BLKB's forward-looking approach brings together 15 specific sustainability themes in which the bank 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*.

Topic	Brief description	GRI standard
1) Economic security	<ul style="list-style-type: none"> Stability of the financial system as a key element of a modern economy Ensuring solvency Balanced risk/return ratio 	GRI 201: Economic performance (2016) MA GRI 203: Indirect economic impacts (2016)
2) Corporate governance	<ul style="list-style-type: none"> Supervisory role of Board of Directors Ensure independence and responsibilities of Board of Directors 	GRI 102: General disclosures (2016) and 102-18: Governance structure and committees GRI 419: Socioeconomic compliance (2016) MA .
3) Risk management Compliance and integrity	<ul style="list-style-type: none"> Conformity with regulatory requirements Ethical principles of business activity Risk policy and management (incl. in upstream and downstream parts of value chain) 	GRI 205: Anti-corruption (2016) GRI 206: Anti-competitive behaviour (2016) GRI 419: Socioeconomic compliance (2016) MA .
4) Data protection	<ul style="list-style-type: none"> Data security Protecting the IT system Confidentiality in dealing with sensitive data of third parties 	GRI 418: Customer privacy (2016) MA .
5) Transparency towards, and dialogue with, external stakeholders	<ul style="list-style-type: none"> Honest communication Dialogue with officials, associations, media and other interest groups 	GRI 102: General disclosures (2016) and 102-18: Governance structure and committees and 102-43: Approach to stakeholder engagement MA .
6) Commitment to wider society	<ul style="list-style-type: none"> Sponsorship and charitable activities beyond the core business Employee commitment 	GRI 201: Economic performance (2016) MA GRI 413: Local communities (2016)
7) Climate change, use of resources and emissions	<ul style="list-style-type: none"> Internal environmental management Consumption of natural resources (in particular energy and waste) Climate protection (greenhouse gas emissions) 	GRI 201-2: Economic performance (2016) GRI 302: Energy (2016) MA GRI 305: Emissions (2016) GRI 306: Effluents and waste (2016) GRI 308: Supplier environmental assessment (2016)
8) Motivating management and work culture	<ul style="list-style-type: none"> Behaviour and working together Principles and rules of cooperation Relationship between employees and managers Employment conditions 	GRI 401: Employment (2016) MA GRI 402: Labour/management relations (2016) GRI 406: Non-discrimination (2016)

[MA](#) Link to GRI standard describing the management approach, i.e. the way in which BLKB approaches the respective topic and what goals and initiatives it pursues in this regard.

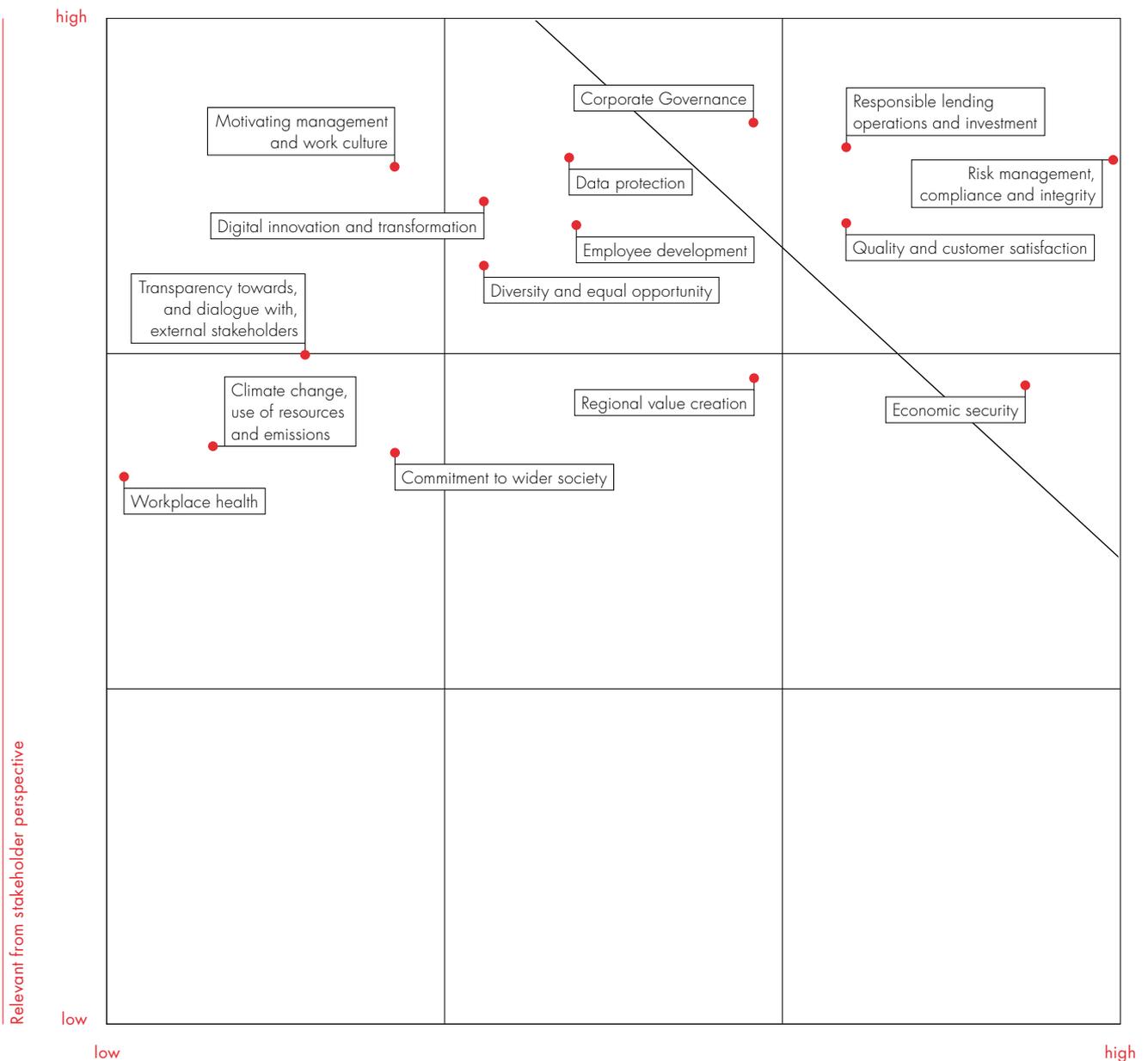
Topic	Brief description	GRI standard
9) Diversity and equal opportunity	<ul style="list-style-type: none"> ▪ Equity and equal treatment of employees in terms of all diversity criteria (including age, education, background, gender) ▪ Promotion of diversity ▪ Integrated corporate culture ▪ Freedom from discrimination 	GRI 401: Employment (2016) MA . GRI 405: Diversity and equal opportunity (2016) GRI 406: Non-discrimination (2016)
10) Employee development	<ul style="list-style-type: none"> ▪ Recruitment ▪ Training and education ▪ Employees' employability 	GRI 401: Employment (2016) MA . GRI 404: Training and education (2016)
11) Workplace health	<ul style="list-style-type: none"> ▪ Physical and mental integrity ▪ Safety at work 	GRI 403: Workplace health and safety (2018) MA .
12) Digital innovation and transformation	<ul style="list-style-type: none"> ▪ Business model innovation ▪ Innovativeness ▪ Strategic partnerships ▪ Ensuring long-term success of the business 	GRI 201: Economic performance (2016) MA .
13) Quality and customer satisfaction	<ul style="list-style-type: none"> ▪ Quality of products and services ▪ Financial well-being of customers ▪ Transparent, professional and comprehensible product information 	GRI 417: Marketing and labelling (2016) MA .
14) Responsible lending operations and investment	<ul style="list-style-type: none"> ▪ Integrity of loan and investment recipients ▪ Risk management in lending operations and investment ▪ Impact of core business on economy, society and environment 	Additional material topic MA .
15) Regional value creation	<ul style="list-style-type: none"> ▪ Contributing to development of regional economy and society ▪ Creating and ensuring local jobs ▪ Providing financial services for the region 	GRI 201: Economic performance (2016) GRI 203: Indirect economic impacts (2016) GRI 204: Procurement practices (2016) MA . GRI 308: Supplier environmental assessment (2016) GRI 414: Supplier social assessment (2016)

[MA](#) Link to GRI standard describing the management approach, i.e. the way in which BLKB approaches the respective topic and what goals and initiatives it pursues in this regard.

When the topics were introduced, BLKB conducted a half-day dialogue with selected members of the various stakeholder groups. In the presence of the Chairman of the Board of Directors, the CEO and two additional members of the Executive Board, corporate and private customers, representatives from the world of politics, fintech, sustainability and industry associations, as well as non-government organisations, discussed and evaluated the 15 topics. In addition, external sustainability experts conducted an assessment of the impacts of BLKB on the economy, society and the environment; this was subsequently reviewed and finetuned by internal specialists. This assessment of BLKB's impacts as a regional universal bank was conducted with regard to Switzerland in general and the Northwest Switzerland region specifically.

The assessment of the impacts (X-axis) by external specialists and combined assessment of our stakeholders (Y-axis) are depicted in the following materiality matrix.

Relevance of sustainability topics



From the materiality matrix, BLKB derives five key topics to which it pays special attention and attaches increased transparency in the context of sustainability management:

- Economic security
- Corporate governance
- Risk management, compliance and integrity
- Quality and customer satisfaction
- Responsible lending operations and investment

However, the consultation with stakeholders showed that all topics are of at least average – if not major – relevance. In view of its promise to communicate transparently and fully, BLKB therefore believes it is important to communicate on all sustainability topics and to nurture ongoing dialogue with its stakeholders and the general public. Consequently, the following GRI index – in accordance with the “core” reporting option of the GRI standards – includes all 15 sustainability topics and provides a comprehensive description of what makes BLKB Switzerland’s forward-looking bank.

GRI index

General disclosures

CO ₂	= carbon dioxide
CO ₂ e	= carbon dioxide equivalents
ESG	= environmental, social and governance
FTE	= full-time equivalent
HC	= headcount
HDD	= heating degree days
MJ	= megajoules

Organisational profile (2016)

102-1

a. Name of the organisation

Basellandschaftliche Kantonalbank (BLKB)

102-2

a-b Activities of the organisation, as well as its primary brands, products, and services

As a retail bank, BLKB distributes banking products and financial services in Switzerland, with a clear focus on the Northwest Switzerland region, under the "BLKB" brand and with the marketing claim "What matters tomorrow".

BLKB offers a broad-based financial advisory capability as well as a wide range of financial products and services for private as well as business customers. These include account products for saving, investment and retirement, as well as payments with debit and credit cards. Credit products including 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. In-house sustainable investment funds are a key element of this. BLKB does not have any investment banking activities.

BLKB's market area is focused on Northwestern Switzerland (cantons of Basel-Landschaft, Basel-Stadt, Solothurn and Aargau) with complementary, cross-regional business activities, in particular via digital channels.

102-3

a. Location of the organisation's headquarters

BLKB
Rheinstrasse 7
4410 Liestal

102-4

a Countries where the organisation operates

Switzerland

102-5**a Nature of ownership and legal form**

Public-law entity

102-6**a Markets served**

BLKB's market area is Switzerland with a focus on the Northwest Switzerland region. Its customer segments include private customers, corporate customers, institutional customers and external asset managers.

102-7**a Scale of the organisation**

In the year under review, BLKB employed 710 people (average FTE) in 24 branches in Northwest Switzerland (21 of them in the canton of Basel-Landschaft, one in the canton of Basel-Stadt, one in the canton of Solothurn and – since December 2020 – one in the canton of Aargau). BLKB opened an additional branch in the canton of Aargau in February 2021. A further seven locations are served by the Mobile Bank. Via state-of-the-art direct channels, customers have straightforward access to financial products and services – regardless of time or location. The bank's product portfolio in the "Private customers" and "Companies" categories can be viewed on the BLKB website ([🔗 blkb.ch](https://www.blkb.ch)). Information on the bank's net revenues and total capitalisation can be found in the key figures and balance sheet in the [2020 annual report](#).

102-8**a-f Information on employees and other workers**

BLKB had a total of 848 employees as at 31 December 2020, comprising 371 women and 477 men. The average FTE for the financial year as a whole was 710. Six men and eight women had a temporary employment contract as at the close of the financial year. The overall part-time ratio was 34.8 per cent, specifically 49.6 per cent in the case of women and 13.2 per cent in the case of men. Due to the regional nature of BLKB's operations, there is no detailed geographical breakdown.

The business activities of BLKB do not cause any significant seasonal variations in headcount and are largely performed by BLKB employees. Significant outsourcings are reported pursuant to the requirements of the supervisory authority (FINMA). In relation to IT in particular, BLKB commissions services from external experts under a long-term mandate relationship.

102-9**a Description of the supply chain**

See [🔗 GRI 201](#) and [🔗 GRI 204](#).

102-10**a Significant changes to the organisation's size, structure, ownership and supply chain**

There were no significant changes to BLKB's size, structure, ownership or supply chain in the year under review.

102-11**a Precautionary principle or approach**

See [🔗 GRI 302](#), [🔗 GRI 401](#) and [🔗 GRI 102-18](#) for more detailed information on the precautionary principle in relation to the natural environment and BLKB employees, as well as the anchoring of the sustainability concept within the bank in organisational terms. In particular, BLKB is committed to compliance with the 2015 Paris Agreement.

102-12**a External memberships, initiatives and commitments**

The bank is a member of key sustainability associations, where it plays an active role (e.g. *Swiss Sustainable Business Network*, *Swiss Sustainable Finance* and *swisscleantech*). This principle regarding memberships in relation to sustainability forms part of the objectives for 2030 (see [🔗 p. 7](#)). BLKB's active membership is reflected in the commitment of Alexandra Lau, a member of the Executive Board and head of Strategy and Market Services, who as a member of the Board of the *Swiss Sustainable Finance* association has campaigned for a sustainable, responsible banking sector since 2020. In addition, as a member of the Board of *swisscleantech*, Chairman of the Board of Directors Thomas Schneider supports the drive to make Switzerland CO₂-neutral by 2050 at the latest.

An up-to-date list of BLKB's key memberships can be viewed on our website at: [🔗 blkb.ch/mitgliedschaften](https://blkb.ch/mitgliedschaften).

Memberships:

- Basel Banking Association
- Baselbieter Energiepaket
- Energy Agency for the Economy (EnAW)
- Familienfreundliche Wirtschaftsregion Basel
- Basel Chamber of Commerce
- Minergie Switzerland
- Montréal Carbon Pledge
- öbu – Swiss Sustainable Business Network
- UN Principles for Responsible Investment
- Smart Regio Basel (SRB) (joined 2020)
- SwissBanking – Swiss Bankers Association
- swisscleantech
- Swiss Sustainable Finance (SSF)
- Employers in Banking association
- Association of Swiss Cantonal Banks
- Work Smart Charter

Initiatives and commitments:

- Basel Region 100 with FHNW and Basel regional development agency
- bike to work
- BLKB Foundation for Culture and Education (formerly BLKB Anniversary Foundation)
- Business Parc Reinach
- Campus entrepreneurship with the Basel-Stadt SME Trade Association
- CAS in SME management with the University of Applied Sciences and Arts Northwestern Switzerland
- CAS in future banking with Kalaidos University of Applied Sciences Switzerland (launched 2020)
- Cargo sous terrain
- #CEO4Climate (joined 2020)
- Christoph Merian Cantonal Banks Foundation
- CO₂ soil project with Ebenrain Centre for Agriculture, Nature and Food (launched 2020)
- CreaLab Innovation Week with students from the University of Applied Sciences and Arts Northwestern Switzerland (FHNW)
- Partnership with EBL (Genossenschaft Elektra Baselland)
- FAMIES – helping mothers return to working life after maternity leave
- FinanceMission
- Jobs for Juniors
- Mind Clinic (joined 2020)
- Proitera
- Pro Senectute (joined 2020)
- sun2050 with EBL and Primeo Energie (launched 2020)
- Swiss Innovation Challenge with FHNW and Chamber of Commerce for the Basel region
- Unicef Change for Good
- Association for Environmental Management and Sustainability in Banks, Savings Banks and Insurance Companies (VfU)
- "Forests of tomorrow" with WaldBeiderBasel (launched 2020)
- wemakeit crowdfunding cooperation
- Binningen Economic Forum
- Chamber of Commerce for the Basel region
- womenmatters

Other:

- Various cultural commitments in relation to music and ballet, as well as other cultural projects
- Various grassroots sport commitments with a focus on running and traditional types of sport within the region, such as gymnastics, Swiss wrestling, shooting and hiking
- Support for various clubs within the region

102-13

a Memberships of industry or other associations

See [🔗 GRI 102-12](#).

Strategy (2016)

102-14

a Statement from the most senior decision-maker of the organisation

See interview in annual report and management report (☞ p. 6 and ☞ p. 9 respectively).

Ethics and integrity (2016)

102-16

a The organisation's values, principles, standards, and norms of behaviour

BLKB's corporate values are: simplicity, performance, innovation, integrity, security, proximity, market focus and future orientation. The key norms of behaviour in relation to business ethics and integrity are listed in BLKB's code of conduct, which was newly launched on 1 January 2020 ([☞ blkb.ch/verhaltenskodex](https://www.blkb.ch/verhaltenskodex)) and, as an element of the General Terms of Employment, is mandatory for all employees. This covers the following topics, among others: money-laundering, corruption, financing of terrorism, tax compliance, banking and business confidentiality, data protection, inside information, conflicts of interest, equality, advertising and external communications, the obligation to retain records, sustainable principles, working environment, customer-centricity and fair business practices (management report in annual report, ☞ p. 15).

In addition, BLKB continues to adhere to the principles laid down in its mission statement, convictions and overarching objectives for 2030 (☞ p. 5).

Governance (2016)

102-18

a-b General management structure and committees responsible for economic, environmental, and social topics

The Executive Board and the Board of Directors, together with its committees, are presented in the corporate governance report within the annual report (annual report, ☞ p. 31). Additional information on corporate governance can be found in ☞ [GRI 419](#).

To ensure effective sustainability management, BLKB structures its organisation accordingly; this is also set out in its objectives for 2030 (see ☞ p. 7): "Structures and responsibilities on all aspects of sustainability are defined and embedded within the organisation to ensure measures can be implemented effectively."

BLKB's sustainability management plays a lead role in the development and implementation of measures to promote our forward-looking approach in harmony with the business strategy. The head of Strategy, Innovation & Sustainability manages this area, prepares the groundwork for decision-making and works closely with the 15 theme owners and around 30 employees – the "champions". The latter promote sustainability management within their respective business areas/departments. The head of Sustainability submits a report to the Executive Board at least four times a year. Initiatives on various sustainability themes (see "Materiality analysis", ☞ p. 10) are implemented in individual working/project groups. This takes BLKB closer to its goal of involving employees and ensuring their support on the journey to its forward-looking approach: "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, ☞ p. 7).

Accordingly, the most important bodies for economic, environmental and social topics are the Board of Directors, the Executive Board and the Strategy, Innovation & Sustainability department, as well as the theme owners and "champions". In addition, an independent, external Sustainability Advisory Committee was set up in April 2020 to advise the head of Sustainability, Executive Board and Credit Committee and to draw up recommendations on strategic and operational matters concerning all aspects of sustainability. The Sustainability Advisory Committee currently comprises Jo Vergeat, who chairs the Climate Committee for Basel-Stadt, social ethics and communications expert Stephan Feldhaus, as well as Philipp SchHigh, currently a member of the Pratteln municipal council and a former member of the Basel-Landschaft cantonal parliament (see [☞ blkb.ch/nachhaltigkeitsbeirat](https://www.blkb.ch/nachhaltigkeitsbeirat)).

In terms of risk management in relation to sustainability, the department responsible for implementation, together with its implementing employees, constitutes the *first line of defence*. Depending on the situation and subject matter, Risk Management, the Strategy, Innovation & Sustainability department 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 in Risk Management. The key tasks and responsibilities in Sustainability Management are defined and assigned in the Internal Controls System.

BLKB's commitment to key sustainability associations is implemented via its board memberships: Thomas Schneider, Chairman of the Board of Directors of BLKB, has been a member of the Board of *swisscleantech* since 2020 and, together with the head of Sustainability at BLKB, is a member of the association's Sustainable Finance working group. Alexandra Lau, head of Strategy and Market Services, has been a member of the Board of *Swiss Sustainable*

Finance since July 2020. BLKB works with *Swiss Sustainable Finance* in the form of an investment specialist in its “Sustainable investing in wealth and asset management” working group. In addition, the *Association of Swiss Cantonal Banks (ASCB)* has set up a Sustainability working group. The *Association of Swiss Cantonal Banks (ASCB)* has likewise set up a Sustainability working group, with BLKB’s head of Sustainability as part of its core team. The *ASCB* is expanding its activities in relation to sustainability in 2021. BLKB will contribute its knowledge to the *ASCB*, thus making its expertise on predefined issues available to other cantonal banks too. From 2021, BLKB is also stepping up its commitment to a sustainable Swiss banking sector through its involvement in a corresponding working group of the Swiss Bankers Association. The move is in keeping with the aspiration set out in BLKB’s objectives for 2030 of being actively involved in relevant sustainability initiatives and/or interest groups.

For information on other memberships and commitments see [☞ GRI 102-12](#).

Stakeholder engagement (2016)

102-40

a List of stakeholder groups

See [☞ GRI 102-42](#).

102-41

a Information on collective bargaining agreements

BLKB formulates its own terms of employment; therefore, none of its employees are subject to collective bargaining agreements.

102-42

a Identifying and selecting stakeholders

In the context of the materiality process, which serves as the basis for reporting, BLKB discussed and evaluated its sustainability topics with various internal and external stakeholders in 2019. This included stakeholders that are affected by the business activities of BLKB and/or have a material impact on BLKB, i.e. Board of Directors, Executive Board, employees and representatives of corporate and private customers, politicians, fintech, sustainability and sector associations, as well as non-governmental organisations.

For further information on the materiality process, see “Materiality analysis” ([☞ p. 10](#)).

102-43

a Approach to stakeholder engagement

A central principle of BLKB 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 (see [☞ p. 7](#)). The engagement of stakeholders is assured via a range of activities: Memberships of associations and commitment (see [☞ GRI 102-12](#)), 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 (see [☞ GRI 102-42](#)), network meetings of the theme owners and “champions”, as well as blog posts in the “sustainability” category.

By means of surveys, BLKB identifies the needs of (prospective) customers on a thematic and/or segment-specific basis. In the year under review, BLKB conducted a survey to establish the importance existing and potential private customers attach to the forward-looking approach (see “Sustainability management”, [☞ p. 9](#)). In terms of stakeholder engagement, the results confirmed that transparent communication on business activities is important to customers. BLKB provides the relevant information in a way that is appropriate to the target audience and – in keeping with its brand promise – engages in an open, honest dialogue with its stakeholders.

2020 saw the launch of the sustainability magazine “hüt&morn”, in which BLKB explores sustainability and various themes of the future. The bank aims to raise awareness, provide its readers with food for thought, and actively shape the discourse on all aspects of a sustainable region.

BLKB has conducted a materiality process based on an internal and external stakeholder analysis since 2014, and has reported regularly on the focal points and improvements in sustainability management since 2001.

102-44**a Key topics and concerns of stakeholders**

The stakeholder dialogue as part of the materiality process (see [GRI 102-42](#) and "Materiality process of BLKB") in September 2019 took place in the presence of the Chairman of the Board of Directors, CEO and two other members of the Executive Board. This ensured that the expectations and feedback expressed were incorporated into the work of the bank's highest governing bodies.

The topics of "risk management, compliance and integrity" and "economic security" were unanimously considered to be mandatory requirements of the BLKB business model. The stakeholders failed to agree on whether BLKB was "too big to fail" for the region. Non-governmental organisations and sustainability associations expect active management of sustainability via lending operations and investment. In this regard, corporate customers expressed fears that processes would become more complicated and lead to delays in service. Customer-centricity is crucial to the bank's success from the perspective of stakeholders. In addition, it was emphasised that digitalisation would not come at the expense of customer satisfaction. As for the physical and mental health of employees, the stakeholders regarded employees as being primarily responsible and BLKB being in a supportive role. The corporate culture was identified as a key lever in this regard. Consequently, the stakeholders ascribed significantly greater relevance to the topic of "motivating management and work culture" than the topic of "health in the workplace".

Reporting practice (2016)

102-45**a-b Entities included in the consolidated financial statements**

Annual reporting solely includes BLKB as the corporate entity.

102-46**a-b Process for defining report content and implementation of relevant principles**

The process for defining report content is described in "Materiality analysis" ([p. 10](#)). Employees from a variety of functions were involved in preparing the content of the report, led by the theme owners and "champions" (see [GRI 102-18](#)).

102-47**a List of material topics identified**

See "Materiality analysis" ([p. 10](#)).

102-48**a Restatements of information given in previous reports**

No significant changes were made to the concept or structure of reporting for the 2020 reporting year.

102-49**a Changes in the list of material topics and topic boundaries**

No changes were made to the list of material topics and topic boundaries for the 2020 reporting year.

102-50**a Reporting period**

1 January 2020 – 31 December 2020.

102-51**a Date of most recent previous report**

The sustainability report 2019 was published on 18 March 2020.

102-52**a** Reporting cycle

Yearly

102-53**a** Contact point for questions regarding the report or its contents

✉ medien@blkb.ch, ✉ investoren@blkb.ch

102-54**a** Claims of reporting in accordance with the GRI Standards

This report was prepared in accordance with the GRI Standards, "Core" option.

102-55**a-b** GRI Standards content index

The GRI Standards applied can be found in the Contents overview ([↗](#) p. 3).

The number of the GRI Standards is shown in the index. The information relates to the GRI Standards 2016 with the exception of [↗](#) GRI 403 (2018): Occupational health and safety.

102-56**a-b** External assurance

The 2020 sustainability report was not externally assured.

Economic topics

GRI 201: Economic performance (2016)

103-1

103-2

103-3

Management approach for economic performance

Explanation of the material topic and its boundary

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 the region of Northwestern Switzerland." This is founded on a healthy business performance with a good, long-term economic track record. BLKB therefore works continuously to generate opportunities out of changing customer requirements in a dynamic environment in order to be the Northwest Switzerland region's preferred partner on financial matters – both today and tomorrow. As set out in the owner strategy, the impacts of the bank extend well beyond its organisational boundaries and their direct interfaces with third parties (e.g. business partners or private and corporate customers). Due to the central role played by the banks for an economy, the business activities and manner in which they exercise them have a potentially far-reaching impact on the public's social and economic well-being. For that reason, BLKB is of major importance to the Northwest Switzerland region. The bank conducts its activities in full awareness of this responsibility to society. The following description takes a closer look at the key themes of "Economic security", "Commitment to wider society", "Digital innovation and transformation" and to some extent "Regional value creation". The latter is also discussed in [GRI 204](#) in relation to the topic of procurement (see overview of key topics, [p. 10](#)). For more information about the economic role played by BLKB as employer and customer to regional suppliers, see [GRI 401](#) and [GRI 204](#).

The management approach and its components

Strategy, processes and tools

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 region of Northwestern Switzerland as well as its economy and people, for which BLKB is expected to generate benefits. At all times, the bank is required to act in an ethical and sustainable manner. The bank's primary mission is to deliver basic banking services in the canton. In return, the canton guarantees BLKB's liabilities in the event of a crisis (state guarantee). 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, the owner strategy does not permit BLKB to participate in highly complex business areas that are accordingly volatile and involve extraordinary risks.

BLKB pursues its strategy subject to compliance with these framework conditions (see table on p. 22). It has a solid equity ratio (core capital ratio CET 1 of > 20%), which significantly exceeds the minimum statutory requirement and therefore ensures a high degree of protection for customer assets as well as economic stability within the region.

Strategy 2017– 2022

	Core business	Innovation and corporate development	Complementary business
Strategic plans	Deepen core business and systematically exploit business potential	Secure our future livelihood and income through inventiveness and innovation.	Deploy the capabilities of the core business and translate this into additional income.
Segments	<ul style="list-style-type: none"> Private customers Corporate customers 	<ul style="list-style-type: none"> Nascent markets Digitally savvy clients 	<ul style="list-style-type: none"> High-net-worth customers Large corporates External asset managers
Market positioning and reach	<ul style="list-style-type: none"> Quality leadership Northwest Switzerland region 	<ul style="list-style-type: none"> Innovative, simple solutions Whole of Switzerland 	<ul style="list-style-type: none"> Core business offering Cross-regional business activities

The internal objectives for employees are based around the business strategy. BLKB has pursued a *bottom-up* approach since 2020, with the departments and their area heads defining area goals and key results for each area based on the overarching corporate objectives, rather than the Executive Board setting out ambitions on a top-down basis. A final consolidation ensures that ambition levels across the business areas are compatible.

Both a motivating work culture (see [EN GRI 401](#)) and customer proximity (see [EN GRI 417](#)) are of crucial importance to successful implementation of the strategy, enabling new and changing requirements to be identified at an early stage. Through its regional anchoring, the bank benefits from the trust and high degree of loyalty shown by existing customers, not only in the figurative sense but also thanks to its dense, well-supported branch network in Northwestern Switzerland. All this ensures that people and businesses in the region have easy access to financial services.

To 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 internal innovative capacity. To that end, it also enters into strategically attractive partnerships with other companies beyond the canton's boundaries, e.g. companies in the fintech sector. Its particular focus at the moment is on the opportunities and risks presented by digitalisation. The expansion of digital distribution solutions and channels offering potential customers innovative types of products and services, as well as additional access to BLKB's services, plays an important role here.

Beyond its core business, BLKB also sees its role as that of partner to the region and has sponsorship commitments in sport, culture, and society (see [EN blkb.ch/sponsoringgrundsaeetze](#)). In order to be considered for support, projects must be able to demonstrate that they have a connection with Northwestern Switzerland and contribute to the community (see BLKB's sponsorship guidelines at [EN blkb.ch/sponsoringgrundsaeetze](#)). For BLKB, working together to find solutions during challenging times is part and parcel of a trusting partnership. With that in mind, BLKB made its sponsorship contributions during the Covid-19 crisis of 2020 based on expenses incurred despite the fact that events and other projects could not go ahead, or could not go ahead as planned.

BLKB's multi-faceted commitment comprises long-standing as well as new projects, including:

- Basel Region 100:** In cooperation with the *University of Applied Sciences and Arts Northwestern Switzerland* and the *Basel regional development agency*, BLKB promotes the region's innovative SMEs and start-ups ([EN 100fuersbb.ch](#)). The initiative offers financial support on attractive terms to forward-looking companies and makes it easier for them to access sources of funding. In addition, companies benefit from non-monetary support in the form of advisory services and coaching. Since the value added of the companies supported must be partly or fully generated within the region, this exposure increases locational appeal and fosters local economic development.
- Baselbieter Energiepaket:** With the *Baselbieter Energiepaket* (Basel Region Energy Package), BLKB supports the canton's development programme for energy efficiency and renewable energy sources in buildings; this is complemented by the financing of energy-efficient construction projects via the "Energy Mortgage".
- BLKB Foundation for Culture and Education** (formerly BLKB Anniversary Foundation): 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.
- Crealab:** To encourage innovation among the next generation, BLKB participates in the *Crealab* with the *University of Applied Sciences and Arts Northwestern Switzerland*. Here, students are tasked with developing solutions to current social challenges and at the same time learn about innovation management practices.
- Crowdfunding:** BLKB supports the crowdfunding of start-ups as well as creative ideas for society and the environment in Northwestern Switzerland. With that in mind, it operates its own *crowdfunding* channel on *wemakeit* ([EN wemakeit.com](#)). As soon as the first third of the required financial contribution for a particular project is reached, BLKB finances the second third to the tune of up to CHF 2,000 and markets the projects on its website and social media channels.

- *Ebenrain Centre for Agriculture, Nature, and Food* (CO₂ soil project): BLKB has been CO₂-neutral since 2019. To ensure the bank can offset its CO₂ emissions locally from 2021, it teamed up with the *Ebenrain Centre for Agriculture, Nature and Food* in 2020 to set up a climate protection project within the region. The project aims to use soil in the canton of Basel-Landschaft for the storage of CO₂ through humus formation and therefore make carbon offsets in future (see [GRI 302](#) and [305](#) for details on environmental protection and emissions).
- *EBL*: As strategic partner to *EBL*, the Liestal-based cooperative electricity/heating and telecommunications provider, BLKB provides it with financial support for fostering e-mobility and the expansion of photovoltaics within the region. In 2020, BLKB – together with *EBL* and *Primeo Energie* – began work on a solar power campaign and jointly established the “*sun2050.ch*” platform. Via [sun2050.ch](#), homeowners can calculate the solar potential of their own home online in a simple, precise way. Based on various parameters, the cost of constructing a solar power system can be calculated and quotes obtained for the technology and finance.
- *FinanceMission*: Via *FinanceMission*, BLKB promotes an innovative learning game to increase the financial skills of secondary schoolchildren. In this way they develop an awareness of their own finances at an early stage and learn how to handle money responsibly.
- *Job for Juniors card*: With the *Job for Juniors card*, BLKB has for many years supported a private initiative for avoiding youth unemployment in the region – in the year under review to the tune of CHF 453,183.38. The sum donated is split equally between the *Job Factory* Basel and the *SME Apprenticeship Association* for Basel region and the surrounding area.
- *Smart Regio Basel*: Through the cooperation with *Smart Regio Basel*, BLKB is making an important contribution to intelligent, sustainable development aimed at making the Basel region a “*smart city*” ([smartregiobasel.ch](#)).
- *Swiss Innovation Challenge*: In cooperation with the *University of Applied Sciences and Arts Northwestern Switzerland* and the *Chamber of Commerce for the Basel region*, BLKB is promoting the region’s innovative businesses (“*Swiss Innovation Challenge*”; [swissinnovationchallenge.ch](#)). The *Swiss Innovation Challenge* is an eight-month sparring programme with an attractive award, specific training programmes, as well as access to financial backers and potential business partners.
- *Industry Day*: BLKB is the main sponsor of “*Industry Day*”. At this one-day conference, representatives from the worlds of business, politics and society in Northwestern Switzerland come together to exchange views on a particular focal topic, which changes every year. In the year under review, the event was adapted to Covid-19 circumstances and held without guests on site; instead they were able to attend via *Stream*.
- *WaldBeiderBasel*: In connection with the launch of the “*Future Account*”, BLKB entered into partnership with the *WaldBeiderBasel* association (association of local forest owners; [waldbeiderbasel.ch](#)) for the “*Forests of tomorrow*” project. This product enables account holders to support a sustainable project in their region. The interest-rate differential for the “*Future Account*” versus the BLKB standard savings account in Swiss francs represents the contribution made by account holders to the “*Forests of tomorrow*” project. The money will be used to plant additional climate-resistant trees in the Basel region. At the start of the new cooperation agreement in October 2020, BLKB provided initial funding for 1,000 trees.

As partner to the region, BLKB ramped up its commitment to a wide variety of initiatives during the difficult period of the Covid-19 crisis.

- *Covid-19 loans for start-ups*: In April 2020, the Federal Government decided to protect promising start-ups from insolvency through loans. Under this arrangement, the Federal Government guarantees 65% of the loan amount and either the canton or a third party mediated by the canton accepts the remaining 35%. In the case of outstanding firms included in the “*Basel Region 100*” initiative, BLKB guarantees the remaining share.
- *Immediate financial assistance for SMEs and private individuals*: In March 2020, the canton of Basel-Landschaft and BLKB together launched a support package for those affected by Covid-19. BLKB is an implementation partner for the canton and agreed additional bridging payments such as the issuing of interest-free loans to corporate customers with a sustainable business model as well as private customers. In addition, the BLKB Foundation for Culture and Education provided additional funds totalling CHF 46,000 for the preservation of the canton’s diverse and voluntary cultural scene.
- *Healthcare*: As a way of thanking healthcare personnel in our hospitals, BLKB – on behalf of all employees – gifted a “*Baselland Card*” worth CHF 50 each to nursing staff who looked after Covid-19 patients in intensive care units in the canton of Basel-Landschaft during the “*first wave*” in the spring. In addition, the bank arranged the delivery of fruit baskets from a local farm business to all 30 intensive care units at the *University Hospital*.
- *“Artists against the crisis”*: As BLKB was unable to hold any customer events during the lockdown, it supported local artists financially as part of a non-profit project on TV station *Telebasel*. The “*Our artists against the crisis*” series brought entertainment into people’s living rooms: *Telebasel* filmed the appearances in an empty *Theater Arlecchino* and presented them in full-length shows and shorter formats on all *Telebasel* channels.
- *Mind Clinic*: BLKB supported a new type of online therapy with a financial kick-start. As a result of the Federal Council’s appeal to “*Stay home!*”, people suffering from mental illness were often unable to continue their treatments and remain in contact with their therapists. This has potentially serious implications for the future course of their illness. On the initiative of the *Sonnenhalde* clinic in Riehen, several Swiss institutions and organisations jointly launched *Mind Clinic* – a call centre for online psychiatric treatments.

Responsibilities, resources and monitoring

The economic success of BLKB is the responsibility of the Executive Board, under the leadership of the CEO. The bank takes an integrated approach to risk management and has an independent risk control system headed by the Chief Risk Officer (CRO). The latter is subordinate to the CFO, but in his role as CRO reports directly to the Executive Board. The Board of Directors, of which the representative of the canton of Basel-Landschaft is Deputy Chairman, is entrusted with supervising day-to-day business (see [GRI 102-18](#)).

BLKB uses the resources made available to it under the owner and business strategy as effectively and efficiently as possible. A dedicated innovation budget is provided annually for the development of business activities. At the same time, there is an annual budget for the bank’s social commitments and sponsorship activities.

BLKB reviews its performance constantly based on relevant key data (see list of key financial data at [blkb.ch/kennzahlen](#)). 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* at [blkb.ch](#)). In the course of its advisory activities, the bank is in close dialogue with private and corporate customers and requests

their feedback as well as that of other stakeholders on a constant, proactive basis (see [EN 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 Strategy, Innovation and Sustainability department. A dedicated 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 within the Executive Board and prioritises individual plans with the Board.

New products are devised in the context of the project portfolio. Consideration is given to all measures and investments designed to expand and develop the bank (*"change the bank"*) that are not simply part of its day-to-day operations (*"run the bank"*) or that merely represent process improvements. This includes all plans (including construction projects), product changes and launches, functional expansion of the IT platform, auditor requirements, etc.

Applications with an overall project cost of up to ten person days and CHF 20,000 may be submitted via a simplified minor project process. All other applications calling for a greater volume of personnel and financial resources from the bank undergo a five-stage approval process. A specific information requirement (binding document) exists at the end of each work phase, and serves as the basis for the monthly decisions on the Executive Board's Project Portfolio & Project Management committee.

A key control element of the project portfolio, and in the examination of project outcomes, is the *business case*. The *business case* is used to present and weigh up projected financial and strategic impacts. BLKB examines all new plans and investments, not only in terms of profitability but also from the perspective of strategic compliance, customer benefit and reputation. An internal policy governs the processing of projects at BLKB. Information on the overall project portfolio is supplied to all employees on a transparent basis via the intranet.

Thanks to its seat on the Board of Directors, the canton – as sole voting owner – can influence the future activities of BLKB. In terms of direct participations by the canton in innovation projects, the Board of Directors rather than the Executive Board makes the final decisions in each case.

The key duties and responsibilities in innovation management and strategy development are defined in the Internal Controls System (ICS). 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

Every year, BLKB sets the targets it wishes to achieve in terms of its corporate development. These comprise not only key figures for the operating result but also additional key financial data such as data on risk management, customer satisfaction and personnel management. For reasons of confidentiality, historical and future targets are not published.

BLKB formulated its overarching objectives for 2030 in the year under review (see [EN p. 7](#)). These will in future be broken down into annual targets and incorporated into team and department assessments.

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

- Sustainability is a fixed component of the business model. Our sustainability strategy does not run in parallel with our business strategy.
- The corporate objectives are in keeping with sustainability as a fixed component of the business strategy. The corporate targets 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 operationalising the overarching objectives for 2030. The progress made in implementing the objectives for 2030 will be measured and disclosed on a regular basis.
- The bank is systematically integrating 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 (economic, 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, etc.).
- The bank fosters education, culture and sport.

Measures and results

BLKB revamped its brand profile in 2019. The marketing claim "What matters tomorrow" reflects BLKB's promise to its stakeholders: The bank is forward-looking, seeks dialogue, takes an honest view and adheres to its "Refreshingly simple – today and tomorrow" vision. It is therefore seeking to convey its customer proximity and forward-looking approach even more clearly – both internally and externally.

The most innovative projects of recent years include the development of insurance solutions for mortgage customers in cooperation with *Servicehub AG*, a wholly owned subsidiary of BLKB. Furthermore, a digital asset management solution was jointly developed thanks to a stepping up of strategic cooperation with fintech *True Wealth*.

With the launch of new investment products, BLKB further extended its forward-looking offering in the core business. The tracker certificate on the BLKB iQ Responsible Region Basel Basket includes companies that have a connection with Northwestern Switzerland and that do not come under BLKB's exclusion criteria on sustainability. The product therefore makes a direct contribution to the region's prosperity and sustainable development. The certificate on the BLKB Climate Basket launched in 2019 was rated best climate protection product in the *Swiss Derivative Awards 2020*. It comprises a broad array of providers in the fields of energy efficiency, mobility, renewable energy and green IT (e.g. energy-efficient cloud solutions and software) from various regions and sectors. The new BLKB Digital Future Basket launched in 2020 invests in a broadly diversified range of companies offering solutions in relation to IT security, e-finance, e-commerce, as well as software and hardware development, from various regions. In accordance with internal requirements, all companies are checked against BLKB's stringent sustainability criteria. In terms of composition, the BLKB exclusion criteria regarding sustainability and environmental, social and corporate governance (ESG) criteria are taken into account.

To further promote the regional economy, BLKB in 2019 extended its partnership with the *University of Applied Sciences and Arts Northwestern Switzerland* and the *Basel regional development agency* on the "Basel Region 100" initiative. From 2020, the bank has granted "venture loans" with a total value of CHF 20 million to start-ups and innovative SMEs over a five-year period (see "Strategy, processes and tools" above). A total of CHF 5.1 million has so far been taken up via this commitment.

BLKB's systematic focus on high standards of sustainability is resulting in a continuous improvement in its MSCI rating: The bank was upgraded in the year under review and is now rated in category A. MSCI ratings enjoy a high level of recognition on financial markets and among financial analysts. Standard & Poor's likewise commended BLKB for its achievements in relation to sustainability and digitalisation. In its assessment, the agency confirmed BLKB's outstanding AA rating; outlook stable. As for its stand-alone credit rating (without including the state guarantee), BLKB likewise continues to be awarded an A+ rating.

In addition, BLKB received two external awards for its track record: First, the bank was rated by Obermatt as one of the top ten financial firms in Switzerland in the year under review, with CEO John Häfelfinger featuring in its ranking list. Every two years, the financial research firm chooses the best [CEO des Jahres](#) of the year. In 2020, 29 listed Swiss financial firms were analysed in terms of growth, operating performance and investment record. The spotlight was therefore on the development of sales, profit and equity returns, or in BLKB's case on the returns on Kantonalbank certificates. Second, BLKB won the *Best Regional Sustainability Bank Switzerland* Award from international financial magazine *Capital Finance International* ([CFI.co](#)). In particular, the jurors praised BLKB's integrated approach, its commitment to being a forward-looking employer, its across-the-board sustainable offering of investment products, as well as its achievement in reducing its own CO₂ emissions. The jury explicitly referred to BLKB's CO₂ neutrality and the fact that the bank has devised a local approach for offsetting carbon emissions. In addition, BLKB is named as a role model for good corporate governance and transparent reporting on its business activities. The climate strike movement in Switzerland likewise awarded BLKB good marks for its climate strategy. Thus the bank was one of eight financial institutions to "pass" the [How Green Is Your Bank](#) test. A full list of the awards can be found on the BLKB website ([blkb.ch/die-blkb/nachhaltigkeit/auszeichnungen](#)).

Additional information, in particular on BLKB's economic performance, can be found in the annual report (see management report, [↗](#) p. 13).

Assessment of management approach

- **Audit:** On behalf of the Board of Directors, Internal Audit examines, assesses and advises in terms of the bank's efficiency, on the one hand, and the effectiveness of risk management as well as the internal control functions, on the other. Furthermore, the external auditors monitor BLKB's annual financial statements – comprising the balance sheet, income statement, statement of cash flow, statement of equity, and notes – and 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 for assessing BLKB (see information on the ratings of MSCI and Standard & Poor's under "Measures and results", p. 23).
- **External awards:** Recognition in the form of awards from independent third parties also provides pointers as to the business practices and successes of BLKB (see details in "Measures and results", p. 23).
- **Comparison websites:** With an overall score of 5.3 (good) in the Comparis mortgage survey 2020, BLKB again achieved an impressive result for mortgages. The representative survey is conducted in cooperation with a market research institution on an annual basis. Over 1,100 people in Switzerland are asked how satisfied they are with their mortgage provider. The score of 5.5 for the competence and commitment of employees is particularly pleasing.

For further information on BLKB's economic performance, see the annual report, [↗](#) p. 76 (income statement and profit appropriation 2020) and [↗](#) p. 79 (notes to the annual financial statements).

201-1**a-b Economic value generated and distributed**

See annual report, [↗](#) p. 74 (income statement and profit appropriation 2020) and p. 79 (notes to the annual financial statements).

Direct economic value is generated and distributed in Switzerland (exceptions: cross-border commuters among employees, individual partners or suppliers abroad). BLKB does not report separately at regional or market levels.

201-2**a Information on risks and opportunities posed by climate change that have the potential to generate impacts on the organisation**

In cooperation with external experts, BLKB examined the impact of climate risks on its entire lending portfolio (mortgages, loans and corporate loans) in the year under review. The risk analysis was conducted in line with the recommendations of the *Task Force on Climate-related Financial Disclosures* (TCFD) and covers physical risks (e.g. risks posed by climate change, e.g. floods, for properties used as collateral) as well as transition risks (e.g. costs in connection with climate-related laws such as CO₂ tax). Using scenario analyses, the impacts of various climate trends between the years of 2035 and 2060 were examined. The results show that BLKB's lending portfolio is largely resilient to physical risks as well as transition risks in the short to medium term and exhibits a low climate risk for a 1.5°C as well as a 4°C scenario. Long-term, there is evidence of wider differences between the scenarios in terms of the extent of climate risks, e.g. a higher physical risk assessment in a 4°C scenario due to the danger of floods caused by an increase in heavy rain. This risk is particularly relevant to the mortgage-heavy portfolio and is highly dependent on microgeographical location. Overall, the results are therefore positive and indicate that the lending portfolio is not exposed to any major climate risks at the present time.

For further information, see management approach for energy in [↗](#) [GRI 302](#).

201-4**a Information on financial assistance received from government**

The Basellandschaftliche 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 non-payment. Moreover, in its capacity as a public-law entity, Basellandschaftliche Kantonalbank is exempt from direct federal taxes as well as taxes in the canton of Basel-Landschaft.

In 2020, BLKB distributed the sum of CHF 60 m to the canton. In addition, the fee for the Deputy Chairmanship of the Board of Directors, which is held by a member of the cantonal council, has been paid to the canton of Basel-Landschaft since 2016.

GRI 203: Indirect economic impacts (2016)

103-1**103-2****103-1**

Management approach for indirect economic impacts

See description of management approach for economic performance in [↗](#) [GRI 201](#).

203-1**a-c Infrastructure investments and their impacts on communities and local economies**

As part of its lending business, BLKB supports companies from a wide range of sectors (including infrastructure) throughout Switzerland, but especially in Northwestern Switzerland. For more information, see management approach on economic performance in [↗](#) [GRI 201](#) as well as management approach for responsible lending operations and investment ([↗](#) [p. 29](#)) and key data on our forward-looking approach ([↗](#) [p. 56](#)).

BLKB set up or continued to cultivate various cooperative projects in the infrastructure field in the year under review.

- *Baselbieter Energiepaket*: With the *Baselbieter Energiepaket* (Basel region energy package), BLKB supports the canton's development programme for energy efficiency and renewable energy sources in buildings; this is complemented by the financing of energy-efficient construction projects via the "Energy Mortgage".
- *EBL partnership*: As strategic partner to *EBL* ([↗](#) [ebl.ch](#)), the Liestal-based cooperative electricity/heating and telecommunications provider, BLKB provides it with financial support for fostering e-mobility and the expansion of photovoltaics within the region. In 2020, BLKB – together with *EBL* and *Primeo Energie* – began work on a solar power campaign and established the [↗](#) [sun2050.ch](#) digital platform with them. With *sun2050.ch*, homeowners

can calculate the solar potential of their own home online in a simple, precise way. Based on various parameters, the cost of constructing such a system can be calculated and quotes obtained for the technology and finance.

- *Smart Regio Basel*: Through the cooperation with *Smart Regio Basel*, BLKB is making a contribution to intelligent, sustainable development aimed at making the Basel region a “smart city” ([\[↗ smartregiobasel.ch\]](https://www.smartregiobasel.ch)).

BLKB's other partnerships are listed in the management approach for economic performance in [↗ GRI 201](#), while an overview of memberships can be found in [↗ GRI 102-12](#).

203-2

a Examples of significant identified indirect economic impacts

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 annual report 2020, [↗ p. 13](#) and [↗ p. 74](#) respectively.

In addition, BLKB discloses the volumes of mortgage and other types of lending in Northwestern Switzerland and Switzerland as a whole (key data on our forward-looking approach, [↗ p. 56](#)). Indirect (socio)economic impacts are not specifically quantified.

BLKB

Further information on indirect economic impacts

Employee compensation: Total compensation in the year under review amounted to CHF 92'842'720 .

Profit appropriation: See income statement and profit appropriation as well as management report 2020 on [↗ p. 74](#) and [p. 10](#) respectively.

Purchasing volume: See [↗ GRI 204-1](#).

Equity ratio: See [↗ GRI 102-7](#).

GRI 204: Procurement practices (2016)

103-1

103-2

103-1

Management approach for procurement practices

Explanation of the material topic and its boundary

The procurement of goods and services by BLKB involves financial, environmental and social impacts in the upstream value chain. Besides positive effects (in relation to the key topic of “regional value creation”), due consideration also needs to be given to potential compliance or reputation risks, e.g. in relation to compliance with employment law and environmental standards on the part of suppliers and service providers.

The management approach and its components

Strategy, processes and tools

BLKB places the utmost emphasis on compliance with environmental and social standards in relation to procurement and operations management. Aspects of our forward-looking approach have been systematically addressed since 2019: With its service providers and suppliers, BLKB concludes a sustainability agreement covering social and environmental obligations ([\[↗ blkb.ch/nachhaltigkeitsvereinbarung\]](https://www.blkb.ch/nachhaltigkeitsvereinbarung)). As well as these criteria, BLKB's principles include favouring regional suppliers and service providers; this enables the bank to support the local economy, in which it itself is deeply rooted. Purchases of goods with a volume of CHF 3,000 are made based on a structured decision flow chart and in accordance with the following sustainability criteria: 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. In the case of the latter, the bank has had a corresponding internal policy based on SIA standard 102 for a number of years. This contains binding guidelines for the bank to adhere to in relation to construction projects. This is the responsibility of the project heads of properties/buildings.

Responsibilities and monitoring

Subject to compliance with the internal policies and 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 & 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 is to become an integral component of contracts in 2021. The agreement must be signed by both parties. 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.

The procurement processes involve control steps and are subject to the Internal Controls System.

Targets

With reference to procurement and regional value creation, the objectives for 2030 (see [☞ p. 7](#)) stipulate the following:

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

Measures and results

- The sustainability agreement was transferred to BLKB partner management in the year under review as a fixed element with clear responsibility structures.
- To further increase commitment, BLKB is working to embed the sustainability agreement as an integral component of its standard contracts in 2021.
- As an immediate measure during the Covid-19 crisis, BLKB granted interest-free loans to suppliers and service providers on the basis of their order volumes; these loans can be offset against future contracts.

Assessment of management approach

The procurement process is part of the internal audit. Its results are discussed and, if any issues are identified, measures are developed and implemented.

204-1

a-c Information on local procurement

BLKB purchases its goods and services largely from suppliers or partners domiciled in Switzerland. In 2020, 77% of the goods and services procured by the bank in the infrastructure area – including construction and trade contracts – came from the region. “Regional” means the cantons of Basel-Landschaft, Basel-Stadt, Aargau and Solothurn.

GRI 205: Anti-corruption (2016)

103-1

103-2

103-3

Management approach for anti-corruption

See description of management approach for socioeconomic compliance in [☞ GRI 419](#).

205-1

a-b Information on operations assessed for risks related to corruption

Compliance risks, including corruption risks, affect all BLKB employees as a matter of principle. Internally, Legal & Compliance ensures that business activities are consistent with current laws and standards (see notes to annual financial statements in annual report, [☞ p. 79](#)). Beyond the established processes (training and control), there have not been any grounds for specific corruption checks to date and no significant corruption risks were identified.

For further information, see management approach for socioeconomic compliance in [☞ GRI 419](#).

205-2

a/d Communication to and training of governance body members on anti-corruption policies and procedures

All members of the Board of Directors (supervisory body) are aware of their rights and duties in connection with their office. A requirements specification extending beyond FINMA's minimum requirements exists for members of the Board of Directors (see [☞ GRI 419](#)). 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 corporate governance report in annual report ([☞ p. 36](#)).

205-2**b/e** Communication to and training of employees on anti-corruption policies and procedures

The bank's code of conduct ([\[↗ blkb.ch/verhaltenskodex\]](https://www.blkb.ch/verhaltenskodex)) is an integral element of the terms of employment of all employees. Among other things, it includes anti-corruption provisions. All employees are given an introduction to the bank's code of conduct during the induction process.

205-2**c** Communication to business partners on anti-corruption policies and procedures

The sustainability agreement for service providers and suppliers ([\[↗ blkb.ch/nachhaltigkeitsvereinbarung\]](https://www.blkb.ch/nachhaltigkeitsvereinbarung)) states that suppliers and service providers must comply with legal provisions in Switzerland and abroad, particularly in relation to anti-corruption and cartel legislation.

205-3**a-d** Information on confirmed incidents of corruption and their consequences

BLKB did not become aware of any relevant incidents in the year under review and therefore there were no confirmed incidents of corruption.

GRI 206: Anti-competitive behaviour (2016)

103-1**103-2****103-3****Management approach for anti-competitive behaviour**

See description of management approach for socioeconomic compliance in [\[↗ GRI 419\]](#) and in particular in BLKB's code of conduct ([\[↗ blkb.ch/verhaltenskodex\]](https://www.blkb.ch/verhaltenskodex)), which does not permit any condescending or denigratory advertising and commits all employees to upholding fair, responsible business practices.

206-1**a-b** Information on legal actions regarding anti-competitive behaviour

BLKB did not become aware of any relevant incidents in the year under review and therefore there were no legal actions regarding potential violations of anti-trust and monopoly legislation.

Additional material topic: Responsible lending operations and investment

103-1**103-2****103-3****Management approach for responsible lending operations and investment****Explanation of the material topic and its boundary**

Via lending operations and investment, financial service providers influence the purposes for which money – in the form of investment or loans – is used. By checking the integrity of loan and investment recipients, a bank can consider the social, environmental and economic impact of the supported business models in its financing or investment decision. The incorporation of sustainability criteria into the analysis process leads to more comprehensive risk management in investment and lending operations. At the same time, the bank can in that way increase positive effects on society, environment and economy. Via its lending operations, BLKB fosters sustained development in Northwest Switzerland. Besides regional impacts, the investment business also influences other regions and countries.

BLKB endeavours to offer sustainable products customers in all areas on a systematic basis. The customer survey conducted in 2020 showed that the bank is addressing an important and growing need among private customers.

The management approach and its components

Strategy, processes and tools

The Board of Directors sets out BLKB's risk policy in order to ensure that only risks for which the bank will be compensated and whose occurrence does not pose a risk to the institution's continued existence are accepted (see [GRI 419](#)). These framework conditions have a material influence on the processes, instruments and principles of lending and investment operations.

The bank manages lending operations based on the credit policy issued by the Board of Directors and the internal policies set out by the Executive Board, as well as in accordance with the rules on areas of responsibility. 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 customers, a detailed understanding of the business model also forms part of the analysis. In commercial lending, the advisory consultation includes analysis of the entire value chain. Information is obtained regarding procurement, transformation/production, sales and waste management, which serves as a decision-making basis for lending. This information is systematically recorded and constantly updated.

In addition, a basic triage by sector sets the direction within the lending process. The triage is based on the following material risks: damage to health, climate change, decline in biodiversity and ethical risks. On that basis, all credit applications from companies that are active in risk sectors or have material links to them must be assessed by the bank's internal Credit Committee – BLKB's ultimate credit authorisation body (whose members include the Chief Credit Officer and the member of the Executive Board with responsibility for corporate lending). Customer advisers have access to a specific ESG survey for the internally defined risk sectors:

- Tobacco
- Gambling
- Nuclear energy/operation of fossil power stations
- Extraction of fossil fuels
- Manufacture of aircraft
- Genetically modified organisms
- Manufacture of weapons
- Controversial weapons
- Production of adult entertainment

In view of transaction sizes and risks, a specific risk management process based on sensitive topics exists for structured financing with a view to identifying reputation risks. Starting spring 2020, the Credit Committee was able to consult an independent, external Sustainability Advisory Committee (see [GRI 102-18](#)) for an in-depth sustainability assessment of credit applications.

Lending operations which do not meet the bank's requirements, or for which the necessary transparency is unavailable, are rejected. Wherever possible, loan customers should in addition have a strategic or commercial connection with Northwestern Switzerland.

In the private customers segment, BLKB's lending is concentrated on the mortgage business. Due to the risks of indebtedness, BLKB does not grant consumer loans to private individuals as a matter of principle. The BLKB Energy Mortgage is a bespoke solution enabling mortgage customers to invest in their property in an energy-efficient manner based on attractive financing terms. At the implementation stage, they also benefit from professional advice from their competent BLKB partner. Furthermore, BLKB is supporting the transformation to climate-neutral building stock in the Basel region as strategic partner to [Baselbieter Energiepaket](#) ([Energiepaket-bl.ch](#); see also [GRI 203-1](#)).

BLKB's investment philosophy is based on the bank's corporate values and is key to the investment business. In compliance with the required due diligence, and with a focus on an optimised risk/return ratio, BLKB invests its customers' money on the financial market. Responsible, future-proof investment is based on a comprehensive risk assessment. For BLKB, this includes not only an analysis of key financial ratios but also consideration of relevant environmental, social and corporate governance (ESG) topics. In its investment advice, therefore, BLKB only issues recommendations that take account of financial as well as ESG criteria. These criteria are also applied to asset management mandates and in-house funds. In BLKB's asset management mandates and funds, the investment themes of microfinance and green/sustainable bonds are systematically considered and investments selected depending on the market situation. The approach is reinforced by the social change in favour of greater sustainability.

In the actively managed portfolios, Investment Research evaluates equities and bonds in a multi-stage investment process: An initial selection is based on the results in sustainability assessments (best-in-class strategy). Specific areas of activity that are particularly problematic from a risk/return perspective (see above for list of risk sectors in relation to lending business) are excluded from the portfolios entirely. As for investments in government bonds, countries that do not meet BLKB's minimum requirements regarding climate policy and the guaranteeing of basic human rights are excluded. ESG valuations are subject to constant review and are continuously updated. Finally, the internal experts verify whether the investments meet BLKB's required returns – meaning all securities included in portfolios undergo traditional financial analysis as well.

BLKB's investment solutions are the result of the above-described philosophy and approach. In terms of active asset management, this includes the BLKB Next Generation Funds in particular. On the passive side, customers invest in the BLKB iQ Responsible World ex. Switzerland and BLKB iQ Responsible Switzerland, for example, and in thematic investment products such as the certificate on the BLKB Climate Basket, which holds investments in companies that make a contribution to tackling climate change. BLKB's online asset management tool (Digifolio), which is available on a straightforward basis to a broad customer base with a minimum investment of CHF 5,000, also contains sustainable mandate elements. Therefore, BLKB offers private investors who have a smaller investment sum to

invest an additional, attractive opportunity to have their assets managed on a professional, sustainable basis. In addition, e-banking gives customers access to a research database with sustainable investment suggestions.

Our forward-looking approach in the investment business continues to be formalised and strengthened through BLKB's membership of the *UN Principles for Responsible Investment* (PRI). Since 2014, BLKB has therefore been committed to incorporating sustainability criteria into asset management and to encouraging this development. In the PRI [Transparency Report](#), BLKB provides information about the implementation of the six principles. As a signatory to the *Montréal Carbon Pledge* Initiative, BLKB in addition measures and publishes the climate risks and average sustainability rating of its investment products. BLKB also supports sustainable investment through its membership of the industry organisation *Swiss Sustainable Finance* (SSF; [sustainablefinance.ch](#)). Both the content and network of SSF are of major importance to BLKB, providing opportunities to contribute its own ideas and to benefit from cooperation in the Swiss financial market. Alexandra Lau, head of Strategy and Market Services, was elected to the Board of SSF in the year under review (see [GRI 102-12](#) and [102-18](#)).

Responsibilities and monitoring

The Risk Office ensures that risk policy is implemented within lending operations. Through its management, it optimises the risk/return ratio and in cooperation with distribution and other functions ensures that the bank meets the credit needs of the local economy and its population in the best possible way. Compliance with the risk tolerance is described and commented upon in the aggregate risk report. In the credit portfolio report, the Risk Office additionally reports its activities to the Credit Committee, Risk Management Committee of the Executive Board and the Audit and Risk Committee of the Board of Directors on a regular basis. Furthermore, 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 bank's Executive Board.

BLKB's Investment Centre is pivotal to the implementation of BLKB's sustainable investment philosophy. On a continuous basis, investment experts provide analysis and recommendations on macroeconomic themes, equities, bonds and funds. In addition, the Investment Centre provides regular training for customer advisers and advises them on all stages of interaction with the customer. BLKB places great emphasis on training employees in sustainable investment and ESG to ensure that they are qualified to advise customers. These topics are therefore incorporated into all forms of internal investment training. In addition to product training, advanced courses and certification for customer advisers (CertKB), this includes training for apprentices and trainees. BLKB is therefore fulfilling a key recommendation of the Swiss Bankers Association's ESG guidelines.

Ensuring a responsible, forward-looking approach in the investment business is the task of the BLKB Executive Board.

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 [p. 7](#)):

- Sustainability is an integral component of the products and services offered; the latter make a particular contribution to achieving the Swiss climate targets.
- The bank is systematically integrating environmental criteria (such as biodiversity, circular economy, water conservation, etc.) into all its business activities.
- Social and environmental impacts are indicated in the case of all products and services.
- The various aspects of sustainability are an integral component of advisory consultations with our customers.
- The bank supports and encourages customers in relation to their commitment to sustainability.

Measures and results

Through a range of measures, BLKB stepped up the integration of sustainability standards in the lending and investment business. The in-depth analysis of the lending process in 2019 serves as the basis for various initiatives in the lending business. An initial project is the development of a catalogue of ESG questions for systematically analysing companies' environmental and social criteria. Through a pilot survey, five corporate banking advisers validated this questionnaire with the help of twelve existing corporate customers from manufacturing, the service sector and retailing. This showed that many topics are covered by the existing value-chain analysis and that this procedure gives the bank a solid basis for lending decisions in relation to smaller corporate customers in particular. For these reasons, the extended ESG questionnaire was only used selectively. Since the second quarter of 2020, an in-depth evaluation has taken place in the case of corporate customers in risk sectors, those that are connected to risk sectors (for more information, see "Strategy, processes and tools") or sensitive topics, such as business areas that are linked to high-risk countries, conflicts of interest, or borrowers with high reputation risk.

One of the purposes of the targeted management of lending is a reduction in BLKB's indirect greenhouse gas emissions. The bank has committed itself to adhering to the 2015 Paris Agreement by reducing its CO₂ emissions on a continuous basis (scope 1–3 of the Greenhouse Gas Protocol). To gain a better understanding of the indirect impacts (in scope 3), BLKB measures and evaluates the climate risks in the lending portfolio with the support of external experts. Direct and indirect emissions (in scope 1 and 2) are reduced via ecological measures (see [GRI 302](#) and [305](#)).

As a forward-looking bank, BLKB believes in a long-term, partnership-based approach. It provides comprehensive advice to corporate customers and helps identify opportunities and risks at an early stage, for example through customer advisers proactively discussing environmental, social as well as governance aspects. In relation to the granting of corporate loans, BLKB is therefore interested in how the company addresses these topics and what measures it takes. In the advisory meeting on loan and other transactions, BLKB intends to contribute to identifying such opportunities and risks through solution-oriented discussion and create an impetus for sustainable action. In the case of a syndicated financing, for example, BLKB has set the level of credit margin on the basis of the customer's ESG

objectives. In 2020, the bank developed ESG guidelines that as of 2021 enable customer advisers to conduct an assessment of corporate customers in relation to the forward-looking approach on an even more systematic basis and refer them to various tools and players. The launch was accompanied by relevant training for advisers in the corporate customers business. Additional in-depth advisory and specialist training will be carried out in 2021.

Furthermore, BLKB further expanded its sustainable product offering in the active and passive investment business in the year under review with the launch of the structured product BLKB Digital Future Basket and the Fairtrade Gold in partnership with the Max Havelaar Foundation (Switzerland). With the new "Future Account", BLKB is one of the first banks in Switzerland to offer a sustainable product on the deposit-taking side. This is tied to the "Forests of tomorrow" project in cooperation with *WaldBeiderBasel* (association of local forest owners; [↗ waldbeiderbasel.ch](https://waldbeiderbasel.ch)). Through the interest-rate differential between the "Future Account" and the standard BLKB savings account in Swiss francs, the product enables account holders to support a project in the region. The money is currently being used to plant climate-resistant trees in the Basel region. At the start of the new cooperation agreement in October 2020, BLKB provided initial funding for 1,000 trees. The money deposited in "Future Accounts" will also be used first and foremost to fund customers' sustainable projects, e.g. refinancing of the Energy Mortgage (see "Strategy, processes and tools" on [↗ p. 30](#)). In addition, BLKB introduced an advisory tool for sustainable investments in order to support advisers in their discussions with customers.

BLKB products were honoured by independent third parties in the year under review. First, the renowned fund analysis platform Morningstar awarded the BLKB fund "iQ Responsible Equity World ex Switzerland" (iQ Equity World) five stars. With five stars, the passively managed fund is among the world's top 10 per cent in the "international equities" category. The fund was awarded this outstanding rating thanks to its above-average returns. In addition, the BLKB Climate Basket was voted best climate protection product in the *Swiss Derivative Awards 2020*. Via this tracker certificate, BLKB customers can invest in a broad array of solution providers in the fields of energy efficiency, mobility, renewable energy and green IT (e.g. energy-efficient cloud solutions and software) from various regions and sectors.

It is in BLKB's interest to provide customers and other stakeholders with transparent information on the impacts of investment decisions. The newly introduced practice of providing a transparent statement of climate and sustainability assessments for in-house investment solutions in product communications (sales tools and website) proved its worth in the year under review and will therefore be continued in future and extended to include fact sheets.

At the same time, BLKB is increasing transparency through the first-time disclosure of financial flows in the lending and investment business by disclosing the funding and investments conducted in sectors with material greenhouse gas emissions (see BLKB in-house indicator below). The PACTA study conducted by the Federal Office for the Environment in 2020 concludes that BLKB's in-house funds and tracker certificates show a high degree of climate compatibility, as the average exposure of the investments in CO₂-intensive sectors is classed as very low (see also blkb.ch/die-blkb/nachhaltigkeit/pacta-2020).

The encouraging result of all these endeavours is a steadily rising volume of sustainably managed in-house investment funds (see key data, [↗ p. 56](#)).

Assessment of management approach

- Internal Controls System: Processes in lending operations and investment 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.
- 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 study by the Federal Office for the Environment: In the reporting year, BLKB voluntarily participated in the climate compatibility tests of the Federal Office for the Environment as part of the PACTA (Paris Agreement Capital Transition Assessment) study 2020. BLKB sees participation in the survey on the current climate path of Switzerland's financial sector as an attractive opportunity for further development. The results can be viewed at [↗ blkb.ch/die-blkb/nachhaltigkeit/pacta-2020](https://blkb.ch/die-blkb/nachhaltigkeit/pacta-2020).

BLKB

Volume of in-house, sustainably managed investment funds

See key data on our forward-looking approach ([↗ p. 56](#)).

BLKB

Financial flows into carbon-intensive sectors

In addition to the direct emissions of an entity, scope 3 of the GHG Protocol measures emissions resulting from the use of the entity's products and services. In the case of banks as financial services providers, these are "financed emissions" arising as a result of the funding (e.g. granting of loans) of other companies or investment (e.g. via the purchase of equities in investment funds) and therefore allocated to the bank on a pro-rata basis. BLKB wants to help customers from carbon-intensive sectors in the transition to a forward-looking business model. We therefore keep a close watch on the proportion of carbon-intensive sectors in our portfolio and develop it in keeping with the objectives of the Paris Climate Agreement.

The results of the PACTA analysis conducted by the Federal Office for the Environment show that on the equities side just 2.8 per cent of the investment volume in BLKB investment products (funds and baskets as at 31. December 2019) is in carbon-intensive sectors; the figure on the bonds side, meanwhile, is just 1.8 per cent. The details are as follows:

Sector (equities/bonds in portfolio)

▪ Automotive industry	(0.4% / < 0.1%)
▪ Aerospace	(< 0.1% / -)
▪ Shipping	(< 0.1% / -)
▪ Coal	(< 0.1% / -)
▪ Cement manufacturing	(1.3% / 1.3%)
▪ Oil and gas production	(< 0.1% / 0.2%)
▪ Power generation	(0.9% / 0.3%)
▪ Shipping	(< 0.1% / -)

A study on climate risks in BLKB's lending business (see [GRI 201-2](#)) showed that around 3.5 per cent of the entire commercial lending portfolio is in carbon-intensive sectors; the figures are as follows:

Sector (share of portfolio)

- Electricity distribution, trading and production (2%)
- Cold forming or folding, steel piping and similar steel products (0.5%)
- Manufacture of paints, varnishes and similar coatings, printing ink and mastics (0.8%)
- Manufacture of concrete, cement, and calcium-silicate products for construction (0.3%)

Environmental topics

GRI 302: Energy (2016)

103-1

103-2

103-3

Management approach for energy

The following information describes the management approaches for emissions (☒ GRI 305) as well as effluents and waste (☒ GRI 306).

Explanation of the material topic and its boundary

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. The customer survey (see ☒ p. 9) conducted in the year under review showed that many people associate sustainability with environmental awareness and the conservation of natural resources. In addition, the secure supply of energy – in particular electricity, but also heating and cooling – is of major importance to a bank's operations. Energy management is focused on boosting energy efficiency and reducing greenhouse gas ("GHG") emissions. For BLKB, the bulk of these emissions stem from its heating requirements and business travel, but also from the consumption of paper. A smaller proportion is attributable to electricity needs, waste and water consumption. Environmental management at BLKB implements strategies and measures for improving the conservation of resources and climate protection at all levels of the bank. The following information contains a detailed description of the approaches pursued by BLKB in relation to the material topic of "Climate change, conservation and climate protection" (see information on the material topics on ☒ p. 10). The impacts of the bank's core business on the environment are discussed in detail in the management approach for "responsible lending operations and investment" (☒ p. 29).

The management approach and its components

Strategy, processes and tools

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 greenhouse gas emissions and ensuring the lowest possible consumption of natural resources. Compliance with Swiss environmental protection, energy and CO₂ legislation is the minimum requirement and a matter of course. As an important employer and provider of financial services in Northwestern Switzerland, BLKB additionally intends to serve as a role model and boost its reputation as a business that operates on a sustainable basis.

In the year 2000, BLKB concluded an agreement on objectives with the federal government with the aim of improving energy efficiency within the bank and cutting its CO₂ emissions. The initial target applied to the period from 2000 to 2012. Another target was set for the period from 2013 to 2022 (see "Objectives" and "Measures and results" below). BLKB is therefore contributing to the voluntary measures taken by business to reduce CO₂ 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 for the Economy (EnAW)* fosters the exchange of experience within the industry.

In its energy management, BLKB is focused on reducing energy requirements and improving efficiency as well as using energy that is from renewable sources, or is as environment-friendly as possible. As for heating, insulation is improved when buildings are refurbished; at the same time, the regulation of systems is

optimised and consumption is monitored constantly. BLKB also purchases district heating wherever possible, and in the year under review this source covered 82 per cent of the bank's overall needs.

What matters with this energy source is to ensure that production is as CO₂-free as possible. Thanks to the planned renovation and conversion of the district heating network in Liestal to 90 per cent renewable energy, BLKB will be able to reduce indirect greenhouse gas emissions further in future. In terms of electricity consumption, BLKB systematically focuses on efficient technologies. These include LED lighting and motion detectors, "as-needed" operation of building services systems, as well as the use of IT equipment that meets current energy-saving requirements. Since 2012, BLKB has purchased 100 per cent of its electricity needs from Swiss hydroelectric power stations and therefore from electricity production with the lowest greenhouse gas emission values. In addition, the photovoltaic system on the roof of the bank's head office produces solar power (capacity: 82 kWp) for its own consumption as well as the public charging station for electric vehicles.

The most important levers in terms of business travel are efficiency, avoidance and substitution through environmentally compatible mobility including the increased use of electric vehicles; employees at the head office in Liestal therefore have access to five electric vehicles for business purposes. Furthermore, employees receive Swiss Federal Railways (SBB) vouchers equivalent to the price of a half-fare card to encourage them to use public transport.

In terms of materials management, environmental management is focused on reducing consumption of materials as well as ensuring the highest possible proportion of recyclable and recycled/ecologically manufactured materials in procurement (see [GRI 204](#)). Waste is systematically separated and disposed of in accordance with current environmental standards.

Environmental management is largely influenced by the conduct of employees, which is why the bank focuses on awareness-raising activities (e.g. at induction events for new employees). In addition, the design of office premises creates incentives for behaviours that conserve resources.

Since 2003, BLKB has used the KPI system published by the Association for Environmental Management and Sustainability in Banks, Savings Banks, and Insurance Companies (VfU). It therefore discloses its key operational ecology figures in relation to energy, water, waste, paper, mobility and GHG emissions in accordance with internationally recognised standards. Greenhouse gas emissions are calculated on the basis of the lifecycle database from Ecoinvent (ecoinvent.org).

By optimising the internal use of resources, environmental management makes an important contribution to climate protection. Nevertheless, a bank's indirect greenhouse gas emissions are produced not only via electricity consumption or the purchase of district heating but also via procurements and financial investments. For greater transparency and to create a comprehensive basis for decisions, BLKB analysed its greenhouse gas emissions with the help of external experts for a second time in the year under review (see [GRI 201-2](#)). The results cover direct as well as indirect greenhouse gas emissions (scope 1–3 in accordance with the Greenhouse Gas Protocol) as CO₂-equivalents. By offsetting CO₂ emissions in scope 1 and 2, as well as specific aspects of scope 3 (business travel, energy production, water treatment, waste disposal and purchased goods), BLKB has been climate-neutral since 2019. Two gold-standard climate projects currently benefit from the offsets: One is committed to ensuring safe access to water in Rwanda, and the other to forest preservation in Zimbabwe. BLKB employees had said they were in favour of supporting these two projects in 2019. In future, the bank plans to offset its emissions locally (see "Measures and results" below).

BLKB is also committed to greater transparency and climate protection in external projects. It therefore took part in the PACTA study conducted by the Federal Office for the Environment in 2020, which examined climate compatibility in the Swiss financial sector (see management approach for "responsible lending operations and investment", [p. 29](#)). As a member of *swisscleantech*, BLKB also campaigns for a climate-neutral Switzerland and supports the development of binding climate protection measures for its economic space. In addition, BLKB CEO John Häfelfinger signed the *#CEO4Climate Initiative* set up by *swisscleantech* and the *Swiss Sustainable Business Network* and is therefore publicly advocating an effective energy and climate policy.

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 records the data from 287 energy meters; the data is then stored and analysed with the support 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 energy consumption data from individual branches and discuss causes and measures.

The sustainability of financial investments is managed via the corresponding specialist areas (see management approach for "responsible lending operations and investment", [p. 29](#)).

Targets

In line with the agreement with the Federal Government on objectives, BLKB is committed 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 2020: 122,5 per cent)
- Reduction in CO₂ intensity to 81.2 per cent (status 2020: 76,0 per cent)

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

In addition, BLKB intends to remain CO₂-neutral and therefore make its contribution to achieving the Paris Climate Agreement targets. To that end, it is reducing its greenhouse gas emissions and offsetting the remaining emissions (in scope 1, 2 and specific aspects of scope 3) in full. This is explicitly stated in the objectives for 2030 (see [p. 7](#)), which stipulate the following with reference to environmental management and climate protection:

- The bank adheres to the 2015 Paris Agreement and is accordingly reducing its direct and indirect CO₂ 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 only uses renewable energy sources and uses them efficiently.
- Sustainability is an integral component of the products and services offered; the latter make a particular contribution to achieving the Swiss climate targets.

Measures and results

To meet the targets agreed with the Federal Government to increase energy efficiency and reduce CO₂ intensity (see targets above), BLKB worked with external specialists to draw up 76 measures for eight branches. The specific objectives stemmed from those measures that were classed as being amortisable within eight years. Through the measures implemented, the bank achieved an energy efficiency figure of 122,5 per cent and CO₂ intensity of 76,0 per cent, thereby significantly exceeding the targets.

The bank's commitment resulted in a reduction in direct and indirect GHG emissions: These amounted to 871 kg CO₂e/FTE in 2020 – a reduction of 6.7 per cent versus the previous year. In a five-year comparison, BLKB achieved a reduction of 21 per cent.

The reduction in GHG emissions of 225 kg CO₂e/FTE was attributable to the heating of buildings (–138 kg CO₂e/FTE), consumption of paper (–51 kg CO₂e/FTE), as well as the consumption of electricity (–44 kg CO₂e/FTE). To a lesser extent, the reduction in GHG emissions was due to business travel (–6 kg CO₂e/FTE) and water consumption (–2 kg CO₂e/FTE). Waste, on the other hand, caused an increase (+16 kg CO₂e/FTE).

As for the heating of buildings, GHG emissions were reduced due to significantly lower demand for natural gas and heating oil (–27% per FTE) for the bank's own boilers and lower CO₂ emissions per unit of district heating purchased (–22% per kWh) on reduced demand (–13% per FTE).

In the case of paper consumption, the proportion of recycled paper has been unchanged in the last five years at 87 per cent. On the other hand, consumption was reduced – to the tune of 48 kg/FTE – and accordingly GHG emissions too.

Electricity consumption per FTE was reduced by 20 per cent in the five-year comparison. By including all consumption points, all electricity consumption was assigned to the same quality and this impacted positively on the evaluation of GHG emissions.

Business travel by road and by air was more or less unchanged despite a higher headcount. The 33 per cent reduction in rail travel per FTE in the year under review was striking and demonstrates the impact of the Covid-19 pandemic on travel activity.

The volume of waste fell slightly. However, only half was sent to recycling in the year under review and the remainder had to be disposed of in the waste incineration plant. Five years ago, two thirds were recycled and one third incinerated.

A new, detailed analysis of direct and indirect greenhouse gas emissions (scope 1–3) provides BLKB with information about its footprint as well as action points in relation to climate protection. The study constitutes the basis for the bank's CO₂ neutrality (for scope 1 and 2 as well as individual aspects of scope 3). As in 2019, BLKB devised and prioritised further measures on the basis of this comprehensive evaluation and offset around 1,105 tonnes of CO₂e via international climate projects (see "Strategy, processes, and tools" above). This is changing in 2021, as BLKB is partnering with the *Ebenrain Centre for Agriculture, Nature and Food* to set up a climate protection project in the region for the purpose of making offsets locally in future. The planned project aims to use soil in the canton of Basel-Landschaft for the storage of CO₂ through humus formation.

Through the *Crealab*, BLKB makes an active contribution to raising people's awareness of climate change. This platform brings together students at the *University of Applied Sciences and Arts Northwestern Switzerland* and representatives of BLKB with the aim of developing ideas on changing thematic focal points. The way in which a bank can contribute to climate protection was the focal theme in 2020.

In the infrastructure area, meanwhile, BLKB is expanding the supply of charging points for electric vehicles at its head office and replaced some of them with higher-performance models to ensure employees can charge their e-cars on site. Latest-generation charging points were installed at the public sites too.

Assessment of management approach

BLKB assesses its management approaches based on the following mechanisms:

- Key figures: Key operational ecology figures are obtained at least monthly. This enables BLKB to monitor whether the bank's environmental footprint is heading in the chosen direction.
- Exchange of 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 a benchmark of the participating companies.
- Federal government/EnAW agreement on objectives: As part of the EnAW annual discussion with the moderator of the Energy Model Group for Banks, BLKB receives feedback and recommendations for improving energy efficiency and reducing its CO₂ intensity.

- Exchange with civil society: BLKB discusses its climate and environment strategy with civil society organisations (e.g. climate strike movement in Switzerland and WWF Switzerland) and receives valuable feedback from them.

302-1

a-g Information on fuel consumption and energy consumption within the organisation

See key data on our forward-looking approach ([↗ p. 56](#)) and VfU key data tool for quantitative information and explanation of standards, methods and conversion factors used.

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 system.

302-2

a-c Information on energy consumption outside the organisation

The disclosed energy consumption outside the organisation is confined to business travel (car, rail, plane). The electricity consumption of the data centre, which BLKB shares with third parties, is not included.

Information on standards, methods and conversion factors can be found in the key data on our forward-looking approach ([↗ p. 56](#)) and the VfU key data tool.

302-3

a-d Information about the energy intensity ratio

The energy intensity ratio is disclosed in the key data on our forward-looking approach ([↗ p. 56](#)).

- 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, i.e. electricity and heating energy, as well as business travel.

302-4

a-d Information on reductions in energy consumption as a result of initiatives by the organisation

See management approach for energy in [↗ GRI 302](#) ("Measures and results") and key data on our forward-looking approach ([↗ p. 56](#)).

- The calculation of energy consumption includes the following energy types: energy consumed in buildings, i.e. electricity and heating energy, as well as business travel.
- The aim of the cooperation with the Energy Agency for Industry (EnAW) is to reduce the bank's energy requirements. The current agreement on objectives applies until 2022, the base year being 2013.

GRI 305: Emissions (2016)

103-1

103-2

103-3

Management approach for GHG emissions

See description of management approach for energy in [↗ p. 56](#).

305-1

a-g Information on direct GHG emissions (scope 1)

The intensity (kg CO₂e/FTE) of direct GHG emissions is shown in the key data on our forward-looking approach ([↗ p. 56](#)).

- 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.
- Data on biogenic CO₂ emissions is not collected.
- The EnAW report for the period 2013 to 2022 shows the CO₂ emissions for the building heating systems of eight bank locations. These are direct GHG emissions in the case of gas and heating oil, and indirect too in the case of district heating.
- The VfU key figures, which are shown in the key data on our forward-looking approach ([↗ p. 56](#)), were recorded and calculated for the bank as a

whole in 2003 for the first time. The change versus previous years is identified and analysed. In each case, the data are adjusted in line with the current version of the VfU key figures tool.

- The environmental data produced by the *Ecoinvent* database ([Ecoinvent.org](https://www.ecoinvent.org)) are used to calculate greenhouse gas emissions (CO₂-equivalents). *Ecoinvent* is supported and regularly updated by the institutions in the Swiss Federal Institute of Technology (ETH) domain.
- The *equity share* approach is used for consolidation purposes, i.e. all emissions that arise in connection with the bank's operations are taken into account. This means that energy consumption/greenhouse gas emissions for BLKB properties let to tenants (commercial, households), for example, are excluded.

305-2

a-g Information on energy indirect GHG emissions (scope 2)

The intensity (kg CO₂e/FTE) of the energy indirect GHG emissions is shown in the key data on our forward-looking approach ([p. 56](#)).

- Information on the gases included in the calculation, and on the standards, methods and conversion factors used, can be found in the corresponding footnotes. To calculate the GHG emissions for district heating, which BLKB purchases at its various sites from a range of suppliers, the emissions factor of the largest supplier (53 per cent of total consumption) was used for all suppliers for the sake of simplicity.
- Electricity from 100 per cent Swiss hydroelectric power is taken into account. This corresponds to market-based values.
- The EnAW report for the period 2013 to 2022 shows the CO₂ emissions for the building heating systems of eight bank locations. These are direct GHG emissions in the case of gas and heating oil, and indirect too in the case of district heating.
- The VfU key figures, which are shown in the key data on our forward-looking approach ([p. 56](#)), were recorded and calculated for the bank as a whole in 2003 for the first time. The change versus previous years is identified and analysed. In each case, the data are adjusted in line with the current version of the VfU key figures tool.
- The environmental data produced by the *Ecoinvent* database ([Ecoinvent.org](https://www.ecoinvent.org)) are used to calculate greenhouse gas emissions (CO₂-equivalents). *Ecoinvent* is supported and regularly updated by the institutions in the Swiss Federal Institute of Technology (ETH) domain.
- The *equity share* approach is used for consolidation, 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 greenhouse gas emissions.

305-3

a-g Information on other indirect GHG emissions (scope 3)

The intensity (CO₂e/FTE) of the other energy indirect greenhouse gas emissions is shown in the key data on our forward-looking approach ([p. 56](#)).

- Besides energy provision (preliminary stages and distribution) and business travel (car, rail, plane), emissions in connection with paper and water consumption as well as volume of waste are considered.
- Information on the gases included in the calculation, and on the standards, methods and conversion factors used, can be found in the corresponding footnotes.
- Data on biogenic CO₂ emissions is not collected.
- The VfU key figures, which are shown in the key data on our forward-looking approach ([p. 56](#)), were recorded and calculated for the bank as a whole in 2003 for the first time. The change versus previous years is identified and analysed. In each case, the data are adjusted in line with the current version of the VfU key figures tool.
- The environmental data produced by the *Ecoinvent* database ([Ecoinvent.org](https://www.ecoinvent.org)) are used to calculate GHG emissions (CO₂-equivalents). *Ecoinvent* is supported and regularly updated by the institutions in the Swiss Federal Institute of Technology (ETH) domain.

305-4

a-d Information on the GHG emissions intensity ratio

The GHG emissions intensity ratio is shown in the key data on our forward-looking approach ([p. 56](#)).

- The number of full-time equivalents (FTE) corresponds to the organisation-specific metric (the denominator) used to calculate the ratio.
- The scope of the gases included in the calculation corresponds to the definitions in the *Ecoinvent* database ([Ecoinvent.org](https://www.ecoinvent.org)). *Ecoinvent* is supported and regularly updated by the institutions in the Swiss Federal Institute of Technology (ETH) domain.
- Information on the types of greenhouse gas emissions (scope 1–3) included in the intensity ratios can be found in the corresponding footnotes.

305-5

a-e Information on reductions in GHG emissions as a result of initiatives by the organisation

See management approach for energy in [GRI 302](#) ("Measures and results") and key data on our forward-looking approach ([p. 56](#)).

- The aim of the cooperation with the Energy Agency for Industry (EnAW) is to reduce the CO₂ emissions caused by the building energy requirements. The current agreement on objectives applies until 2022, with 2013 being the base year.

GRI 306: Effluents and waste (2016)

103-1

103-2

103-3

Management approach for effluents and waste

See description of management approach for energy in [GRI 302](#).

306-2

b-c Total weight of non-hazardous waste

Waste based on type of disposal is disclosed in the key data on our forward-looking approach ([p. 56](#)). Information 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. The Ecoinvent database (ecoinvent.org) is used to calculate the key data.

Information on determining the method of waste disposal:

Part of the waste is incinerated directly by BLKB (e.g. documents), where the weight is measured. The building waste is weighed by BLKB and collected by the public waste disposal service and incinerated. Another part of the waste is collected by service providers and recycled. BLKB receives feedback from the waste disposal firm regarding the weight of the waste.

GRI 308: Supplier environmental assessment (2016)

103-1

103-2

103-3

Management approach for the supplier environmental assessment

See description of management approach for procurement practices in [GRI 204](#).

308-1

a Percentage of new suppliers that were screened using environmental criteria

The sustainability agreement for service providers and suppliers (blkb.ch/nachhaltigkeitsvereinbarung) applies to all suppliers and service providers. The agreement was introduced in its current form in 2019. The sustainability agreement is a fixed element of the contract in the case of all new or extended partnerships with suppliers and service providers. For the purpose of further institutionalisation, the sustainability agreement will be integrated into standard contracts in 2021. Systematic monitoring/management is currently being prepared as part of the "Partner management" project.

All suppliers of giveaways, sponsorship and advertising materials have signed the sustainability agreement. Purchases of goods with a volume of CHF 3,000 are made based on a structured decision flow chart and in accordance with the following sustainability criteria: Products such as ATMs, or IT and construction services, which are classed as critical to BLKB's business model, are excluded.

See [GRI 204](#) for further information and an overview of the percentage distribution of suppliers that meet the list of criteria in the BLKB sustainability agreement.

Social topics

GRI 401: Employment (2016)

103-1

103-2

103-3

Management approach for employment

The following information 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](#)).

Explanation of the material topic and its boundary

BLKB views employees as its most important resource. The bank will only be successful in the long term if it has healthy, motivated, professional and team-spirited employees. To implement its strategy and remain successful in a challenging environment, BLKB structures itself accordingly, develops its corporate culture continuously and invests in the competencies of all employees. In this dynamic working environment, it is essential to be able to systematically focus on a varied range of customer requirements, individual stages of life and technological change. BLKB is determined to harness these opportunities and systematically invests in the professional and personal development of its employees as well as their employability. Responsible, forward-looking HR management, together with a motivating collaborative leadership and work culture at all business locations are therefore key for BLKB. This ultimately benefits customers too, in the form of high-quality products and services as well as a comprehensive, professional advisory capability.

Various material topics relating to our employees therefore define sustainability management at BLKB. [↗ GRI 401](#) comprehensively describes the material topics of “motivating management and work culture”, “diversity and equal opportunity” and “employee development” (see overview of key themes on [↗ p. 10](#)).

Strategy, processes and tools

HR management at BLKB is based on the internal HR strategy. This embodies the bank’s claim to be a forward-looking employer with systematic management of its competencies (see [↗ GRI 404](#)) and a strong corporate culture.

Flat hierarchies are a central element of the internal team culture; that is why the traditional employee grades were abolished in 2018, although the system of function levels continues to exist. Employees are motivated into taking responsibility in line with their function and within the organisational and decision-making scope.

This philosophy of partnership is underpinned by another key element: our internal understanding of management, which is based on the bank’s management principles. They reinforce the role model played by managers, who set a good example and convey not only the corporate values but also the management principles both internally and externally. The direction is set by our six internal management principles: a climate in which there is freedom to make decisions, an active feedback culture, output-led performance, active involvement as the role model, self-assurance through competencies, as well as a high degree of loyalty and integrity. To that end, BLKB communicates these management principles and systematically develops the skills of its managers at its Leadership Academy. Regular training modules aimed at cementing an active feedback culture and the sharing of experience are central to the Leadership Academy. An annual

Leadership Circle, which took place for the first time in November 2020, serves as a new strategic quality assurance tool. In addition, the feedback culture is formalised through regular discussions about goals and development in line with the corporate objectives (see [☞ GRI 404-3](#)).

Through the organisational development measures taken in the year under review, BLKB focused heavily on the competency and career development opportunities of its employees. This also includes systematic succession planning for key persons. The topic of leadership is among the current focal points of the culture change and competencies model of BLKB. This reflects BLKB's requirements, making it a key point of reference for strategic HR management. The bank uses this as the basis for driving forward the recruitment of new employees as well as ongoing development for existing members of staff. The internal training and development programme, with its various function and subject-specific courses and workshops, is open to all employees and fosters the development of specialist, methodological, social, behavioural and leadership skills. BLKB constantly reviews and develops the content offered. In addition, a large number of employees received general training on sustainability in connection with the launch of the new mission statement and its operationalisation. Specialist departments that are heavily involved in implementation were given in-depth information. In future, sustainability will be more broadly incorporated into the training offer and new employees will be informed of its importance for the bank on their induction day. In addition to internal courses and training, BLKB contributes time and money – in accordance with internal guidelines – to training for third parties.

BLKB is also an important training venue for apprentices in the region and offers internships for young employees. The bank accords major importance to in-house training for talented individuals. Besides commercial training, BLKB offers apprenticeships in the specialist areas of application development, operational maintenance (building systems) and mediomatics. The training concept for the youngest employees is continuously optimised and its forward-looking approach and sustainability reviewed (see "Measures and results" [☞ p. 42](#)). The Project week is an important element of training. In the second year of their apprenticeship, all BLKB apprentices, together with apprentices from Basler Kantonalbank and Bank Cler, take part in a forestry project week organised by Vocational Training in cooperation with the *Bildungswerkstatt Bergwald foundation*. Due to the Covid-19 crisis, the forestry project week could not be held in the year under review.

Mutual learning plays a crucial role, not only in vocational training but also in terms of future career path. Introduced in 2019, the mentoring programme – in which all employees can apply to become a mentor or mentee – became increasingly popular in 2020. In "tandems", two-person teams meet up monthly for an informal discussion on various topics in their everyday working life and personal development. With the so-called "pit stop" for all mentoring tandems, a learning module on design thinking was organised in the reporting year in cooperation with the CYP – a sector-wide centre of excellence for modern learning.

BLKB aims to be a forward-looking, modern and attractive employer not just in terms of work culture and the development of competencies but also with regard to mobile, flexible working methods. All employees can take advantage of the working and learning models offered, provided they respect the requirements specific to their task as well as local circumstances. Employees can discuss with their line manager what form this will take in their individual case. HR & Organisational Development provides advice and sets out framework conditions in the internal "Rules on mobile working at BLKB". Mobile working is facilitated by state-of-the-art infrastructure with personal notebooks and digital telephony. BLKB employees can also choose between a variety of working-time models, for example with long or short working days and additional or reduced leave. BLKB firmly believes that this flexibility fosters individual responsibility and initiative, and that it also boosts employees' motivation and productivity. In 2015, the bank therefore signed the *Work Smart Charter* – an initiative by Swiss companies to promote flexible working models. The measures taken in the past, together with the established work culture, proved their worth during the Covid-19-related restrictions in the year under review and were rapidly expanded in view of the extreme situation (see "Measures and results" below and [☞ GRI 403](#) for further information on dealing with Covid-19 in HR management).

Greater flexibility for older employees also provides opportunities for gradual retirement. Instead of early retirement, which takes place from one day to the next, employees gradually reduce their working hours. This has advantages: firstly for the bank, because the specialist expertise of experienced employees is retained for longer, and secondly for employees, who can approach the next stage of their life step by step.

Since 2020, employees who (temporarily) have to provide care for a family member due to illness have been able to take up to three days' paid absence per calendar year and to use the support provided by social advice centre Proitera. The simplified rules on absence apply to mothers and fathers equally: if a child is sick, they can take up to three days' absence without any need to show a doctor's certificate.

Furthermore, the bank offers attractive care solutions for children (depending on income) and enables maternity leave to be extended from 16 to 24 weeks on full pay (depending on number of years' service). In addition, BLKB enables mothers to return to work on a staggered basis following maternity leave. Fathers can take additional unpaid leave. This rule will be reviewed in 2021, after the Swiss electorate voted to support the initiative to increase statutory paternity leave in the year under review. In addition, (expectant) parents benefit free of charge from the services of external advice centres *FAMIES* and *Proitera*. The latter assists women with targeted and structured support before the birth of their child and during pregnancy, and enables them to make a successful return to working life. Furthermore, BLKB holds seminars for interested mothers and fathers to discuss a constructive approach to issues such as the division of roles and any conflicts.

Despite all the scope enjoyed by employees when performing their activities and in relation to work methods, the bank also sets clear boundaries for safeguarding personal integrity. Discrimination, bullying and sexual harassment are not tolerated. The latter is explicitly set out in the binding General Conditions of Employment for all employees. The Executive Board is firmly committed to an atmosphere of dignity, respect and care among employees, and endeavours to ensure that personal boundaries and individuals are respected. Employees going through a difficult time (e.g. conflict at work, health problems, family challenges, social insurance and pension issues) can also consult an external counsellor (*Proitera*) on an anonymous basis and free of charge.

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 also benefit from attractive terms and conditions on the bank's own products, and when purchasing Kantonalbank certificates or numerous offerings from third parties. 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 (see [☞ GRI 401-2](#)).

Responsibilities and monitoring

The HR strategy, i.e. the systematic management of competencies and nurturing of the corporate and workplace culture, is a key part of the bank's overall strategy. The HR & Organisational Development department supports the Executive Board in terms of operational implementation. Here it is crucial for the bank that employees feel they are part of the business, and can live and help shape its culture.

The Personnel Commission represents the interests of the employees vis-à-vis HR & Organisational Development and the Executive Board, and contributes to the discussion on current personnel-related topics. Members of the Commission are separate from the bank's management and organisational structure, and work independently on behalf of the employees. Requests received by the Personnel Commission from employees are treated with total confidentiality and anonymity. The Commission consists of five members, who are elected by the employees for a term of office of up to three years.

BLKB gauges its performance as an employer and the satisfaction of its employees on the basis of an employee survey conducted every two to three years. A survey on the subject of "Working during lockdown" was conducted in summer 2020. In addition, managers receive feedback from employees in the course of day-to-day business. Requirements and feedback of a general nature are forwarded to HR & Organisational Development. In the context of the Leadership Academy, managers have the opportunity to exchange views on their experiences. An exchange programme for mentors exists with the aim of boosting mutual learning. Last but not least, exit interviews provide information about how further improvements can be made.

On an overarching basis, BLKB assesses its HR management using key metrics (turnover rate, years of service, promotion numbers, etc.; see key data on our forward-looking approach, [p. 56](#)).

Targets

In its objectives for 2030 (see [p. 7](#)), 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 ([blkb.ch/leitbild](https://www.blkb.ch/leitbild)).
- Employees play an active role in helping shape the bank's sustainability commitment. The bank creates the requisite framework and encourages internal dialogue.
- Sustainability is an integral component of training and awareness programs.

At the end of 2019, BLKB set itself the target of ensuring at least 20 per cent of positions in senior levels 5 to 7 were occupied by women. As at 31 December 2020, 22 per cent of positions in senior levels 5 to 7 were occupied by women.

Measures and results

Organisational development and culture change:

- Competency and HR planning: Accompanied by a change manager, all business areas organised workshops in 2019 and 2020 in order to identify future roles and competencies as well as pinpoint development potential. This culminated in the introduction in the year under review of a training programme on strategic workplace planning. Through these approaches, the bank is marking out the path to the future on a collaborative basis and developing specific measures. In addition, all employees are involved through comprehensive accompanying communication and anchoring measures.
- Culture change: Through a range of measures, BLKB succeeded in systematically fostering cross-business cooperation, an integrated work environment, as well as an open dialogue based on partnership. Through the "team bank prize" initiative, for example, stories of successful collaboration have been honoured on a regular basis over the past 18 months or so. With an impressive tally of 31 prize-winning collaborative efforts involving 217 employees, the initiative came to a successful conclusion in the year under review.
- Transparent information: By replacing the information given to departmental heads with "strategy talks", a greater emphasis will be given in future to conveying a sense of purpose, setting out a consistent direction for organisational development and improving the dissemination of relevant information within the organisation. The changing group of participants supports the concept of flat hierarchies.
- Code of conduct: The revised code of conduct creates transparency and commitment to BLKB's fundamental corporate values and principles for responsible, conscientious business practices.
- Feedback culture: The strengthening of the feedback culture was the focal point for the Leadership Academy in the year under review. However, it is not just managers that can and should contribute to establishing this culture; for that reason, all employees received a feedback kit based on the "facts, emotions, future" method at the beginning of the year under review.
- Employee dialogue: 2020 saw the creation of the "Cockpit" – a new tool designed to support structured dialogue between employees and managers based on the principles of holistic corporate management. It includes the "My role", "My contribution" and "My development" elements, and will be used for all employees from 2021.
- Employee surveys: The teams used the results of the 2019 survey to independently prepare and implement measures. One measure was the repeated survey on strategy and market services, in light of the major organisational changes in the year under review. Support measures resulting from the "Working in lockdown" survey were also devised and put in place.

- “Ageing workforce” survey: In March 2020, BLKB conducted a voluntary survey of employees on the topic of an ageing workforce. 140 people took part in the initiative, which formed part of an employee’s Master’s thesis. Age structures and employability of older employees are becoming increasingly important to HR management at BLKB.

Working methods and models:

- New work: New forms of working together were evaluated in the course of the organisational development, overall conditions optimised, and employees and managers alike supported through suitable measures and ideas. Particular emphasis was given to collaborative forms of work and self-management.

Training & development:

- CAS study program: June 2020 saw BLKB launch its own “Future banking” CAS study program, which is open to internal employees at specialist or expert level. BLKB is offering this *Certificate of Advanced Studies* at university of applied sciences level in collaboration with *Kalaisos University of Applied Sciences Switzerland*. The study program prepares participants for the banking world of tomorrow and focuses on the required competencies. The CAS is also explicitly aimed at older employees, while employees without a university qualification can also be admitted following an in-depth examination of their case. 14 employees began their training in June 2020, with others participating in individual modules.
- Training for financial advisers/planners: The internal training initiative begun in 2019 to enable all customer advisers to become qualified financial advisers continued with the start of a third class, with the result that 55 employees attended financial adviser training in 2020. All 34 employees who sat the exam in 2020 received the CertKB certification. The first internal class for financial planners began in December.
- Training programme for apprentices: The first two IT apprentices in the application development field began their apprenticeship in 2020. In addition, BLKB extended its apprenticeship programme to include operational maintenance (building systems) and mediamatics specialists. The first apprentices for both new specialist areas were recruited in 2020 and will begin their training next summer.
- Development of training offer and processes: The HR Development unit provided detailed information about HR development measures and the comprehensive training and development offer at two digital events. At the same time, a new training process designed to foster individual responsibility among employees was introduced in summer 2020.
- Knowledge-sharing: In the year under review, BLKB employees had the opportunity to present exciting aspects of their role or findings from their diploma theses as part of an exchange and networking platform created in 2019. These presentation formats became well established in the year under review; in addition, the audience appreciates the broad array of topics, which contribute to a general expansion of competencies among listeners as well as presenters.

Support for families:

- Parental leave and external child care: Statutory paternity leave is to be increased to ten days in 2021, in line with BLKB’s existing voluntary provision. Discussions that had already begun internally on the subject of parental leave (combination of maternity and paternity leave) will be picked up again at some point after the implementation of the increase in paternity leave. In addition, BLKB is planning a review and evaluation of alternatives to existing financial support for external child care.
- Seminars for parents: The “Being a father” seminar specifically explored the demands and challenges experienced by fathers in relation to work/life balance.

Employer payments:

- Development of salary system: The total amount of variable compensation was reduced by half in April 2020 for employees in function levels 1 to 7, while in return the fixed base salary was increased. At Executive Board level, a change in the rules on variable compensation further cements the link with the success of the business.

Covid-19 crisis

The Covid-19 crisis forced companies to adjust their work methods and make them more flexible in the year under review. It resulted in increased numbers of BLKB employees working from home, on virtual platforms, and using digital tools. Various HR management processes were digitalised during this period. In addition, support measures were agreed for employees and managers (see management approach for occupational health and safety in [EN GRI 403](#):

- Digital training and events: Various training programmes and events were held digitally. The two-day induction event for new employees (“Welcome to the team”) was likewise held online.
- Seminars on specific topics: BLKB responded to the challenges due to changes in methods of working with courses such as “Working from home plus kids”.
- Working from home for managers: A section was created on BLKB’s collaboration platform to support managers with managing employees who are working from home and to inspire them through digital team development measures.
- Simplified approach to Covid-19-related absence: The requirements in relation to the production of doctor’s certificates were adjusted for absence caused by illness, in the event of children being ill, and where child care was needed during lockdown and beyond (e.g. due to the closure of childcare facilities or if children had to go into quarantine).
- Working digitally: The Covid-19 crisis led to an increase in the digital skills of many employees. BLKB therefore set up the “New work” working group, which develops and implements measures on a continuous basis.
- “Baselland Card” for all employees: As Covid-19 prevented any Christmas events from being held, all employees received a “Baselland Card”. Through this gift card, BLKB enables employees to fulfil a wish and at the same support businesses in the region.

Assessment of management approach

- Benchmarking: BLKB participates in the *Swiss Employer Awards*, in which Swiss businesses are compared by employees based on their evaluation of working conditions. BLKB can also be rated on *kununu*, and receives feedback via this platform.
- Employee market: Applicants are surveyed on how satisfied they are with BLKB's approach in the recruitment process.
- "Fair-ON-Pay" certification: Via external certification, compliance with the requirement for equal pay between women and men is evaluated and confirmed on the basis of a Logib analysis.
- Recertification of customer advisers: A large number of customer advisers in the corporate and private customers area successfully underwent CertKB recertification in the year under review.
- Internal Audit: HR management processes are evaluated by Internal Audit on a regular basis.

See key data on our forward-looking approach ([p. 56](#)) and [GRI 102-8](#) as well as [GRI 402-406](#) for quantitative and other information in relation to employees and HR management.

401-1

a-b Information on new employee hires and employee turnover

See key data on our forward-looking approach ([p. 56](#)) for information on turnover as well as total number and rate of new employee hires. Due to the local nature of BLKB's operations, there is no breakdown by region.

401-2

a Benefits which are standard for employees including insurance, parental leave and stock ownership

Social insurance and accident insurance benefits are paid in accordance with customary industry practice and in compliance with legal requirements in Switzerland (specifically taking into account the entry threshold based on salary and level of employment). Accordingly, the vast majority of employees are fully insured against accidents via BLKB (including extra-mandatory worldwide first-class cover) as well as covered by daily sickness benefits insurance and the BLKB pension fund. Under the Federal Act on Occupational Retirement, Survivors' and Disability Pension Plans (BVG), BLKB contributes more than the statutory minimum to pension provision and insurance protection.

Mothers have the option of extending their maternity leave.

All employees benefit from preferential terms for the bank's own products as well as purchases of Kantonbank certificates.

See also management approach for employment in [GRI 401](#).

GRI 402: Labour/management relations (2016)

103-1

103-2

103-3

Management approach for labour/management relations

See description of management approach for employment in [GRI 401](#).

402-1

a-b Information on minimum of weeks' notice prior to significant operational changes

BLKB notifies its employees as soon as possible about significant operational changes, such as changes to the organisational structure. In the case of changes to their contract, the notice period stated in the contractual agreements is adhered to as a minimum.

The VAB and VZA collective bargaining agreements (see [GRI 102-41](#)) do not cover such notice periods.

GRI 403: Occupational health and safety (2018)

103-1

103-2

103-3

Management approach for occupational health and safety

Explanation of the material topic and its boundary

The physical and mental well-being of its employees is important to BLKB. With their knowledge and ability, employees are BLKB's most important resource. Few of the bank's business activities harbour inherent risk of injury. However, there is a possibility of being involved in threatening situations. In addition, mental health can be impaired by a highly stressful work environment. Therefore, one of BLKB's key tasks is to implement adequate prevention measures as well as define systems and processes that take effect in the event of an incident. Furthermore, good health impacts positively on employees' satisfaction, motivation and performance. Effective employee health management and health-promoting measures are therefore in the interests of employees and BLKB alike.

The focus of the following descriptions is on the material topic of "occupational health and safety" (see overview of key themes on [p. 10](#)). More information on prevention and assistance with mental well-being can be found in the management approach for employment in [GRI 401](#) (e.g. work culture, feedback processes, social advice centres, etc.).

The management approach and its components

Strategy, processes and tools

BLKB does all it can to guarantee the physical and mental safety of employees. The standards covering health and safety at work apply to all employees and are based on the recognised guidelines of SUVA (the 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 are trained as first-aiders. They attend a refresher course every two years in order to increase their knowledge and enable them to become certified.

Bank employees can also find themselves in high-risk situations in which their physical as well as mental integrity is under acute threat. BLKB's security concept therefore provides for numerous prevention measures such as building monitoring systems and automatic police alerts. In threatening situations such as a bank robbery, the safety of employees is the top priority. Internal documents describe the correct behaviour and course of action to adopt in these situations. In addition, courses are provided to ensure exposed employees know what to do in the event of an armed robbery or fire. In the difficult period after an incident, a professional care team consisting of external specialists will – if needed and requested – help affected employees process what has happened and resume their everyday working life.

Due to the Covid-19 crisis, the year 2020 had a considerable impact on BLKB's security concept (see "Measures and results" below). The protection of employees was taken seriously and corresponding measures were implemented. BLKB's modern IT infrastructure enabled a majority of employees to switch their place of work from the office to their home in a straightforward manner.

Responsibilities and monitoring

Integral Security is responsible for the security concept, one of the objectives of which is to protect employees. Local security officers support the implementation of relevant guidelines as well as further development of 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 for employees, 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 (see [p. 7](#)), which state: "The bank does its utmost to ensure the physical and mental safety and integrity of its employees."

Measures and results

The year under review was 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:

- Protective measures at BLKB branches: Some BLKB employees are unable to work from home due to the nature of their job and their function. BLKB ensured that the social distancing recommendations were adhered to in branches and issued rules on the maximum occupancy of internal as well as publicly accessible premises. Perspex screens were installed if this was not fully possible. Furthermore, gloves and hand sanitiser dispensers were provided for employees. At the entrances to BLKB buildings, visitors were made aware of the safety measures in place and hand sanitiser was provided. BLKB supplied meals for employees

at larger sites through cooperation with local restaurants offering a lunch catering service on BLKB premises while their own venue was closed. In addition, BLKB made it compulsory to wear face masks in all premises in order to ensure additional protection. Employees also received certified fabric masks from the bank.

- **Work infrastructure:** Laptops and digital telephony – as BLKB’s standard telephony – made it easier for many employees to switch from working in the office to working at home. To ensure employees were able to set up a comfortable, ergonomic work station, BLKB provided monitors in individual cases.
- **Social contact:** Working from home brings the risk of social isolation, and as a preventive measure many teams therefore organised digital coffee breaks. In addition, employees were able to sign up to online fitness activities (e.g. yoga courses). Furthermore, in the event of mental challenges, employees benefited free of charge from a hotline to external experts; this was set up specifically – in addition to the existing counselling services – during the Covid-19 crisis.
- **Face masks for private use:** Employees were given face masks by BLKB to protect them in their private life.
- **Training:** To strengthen the ability to deal with challenging situations, BLKB introduced a module on the topics of self-management and resilience in the newly launched *CAS “Future banking”* (see [☞ GRI 401](#)). In the third quarter, employees were additionally able to register for *caregiver* courses to enable them to develop their skills in psychosocial emergencies. BLKB now has an internal *caregiver* team that can be deployed in emergencies until external emergency psychologists arrive.
- **Flu vaccinations:** In an internal vaccination campaign, BLKB employees were able to take advantage of flu vaccinations free of charge and on a voluntary basis.

Despite dealing with a crisis that tied up extensive resources in the short term, BLKB proceeded to implement further measures in relation to employee health management.

- **Changes to the security concept:** The security concept for lobby areas of bank branches was supplemented by construction measures in the year under review in order to offer better protection against robberies.
- **Risk training:** Due to robberies at BLKB branches in 2019, refresher courses designed to ensure that employees are better prepared for these high-risk situations have increasingly been offered since 2020. The aim is to ensure employees have greater security and learn from experts about how to behave in order to avoid being injured.
- **Simplified approach to absence:** BLKB adapted the rules on sickness-related absence, with employees now required to provide a doctor’s certificate after five days’ absence rather than three.
- **Evaluation of health management:** BLKB conducted an assessment of employee health management in the year under review (see assessment of management approach below).

Assessment of management approach

- **Analysis of risks in relation to workplace health and safety:** The risks in relation to occupational health and safety are incorporated into the risk analysis conducted by the bank as a whole (see [☞ GRI 419](#)).
- **Internal Audit on workplace health and safety:** Measures are examined on a regular basis in an audit performed by Internal Audit.
- **Feedback to Integral Security:** Integral Security operates as an independent body, to which feedback can be submitted.
- **Survey of employees:** During the Covid-19 crisis, BLKB obtained feedback from employees via a survey and interviews. This revealed that employees felt supported and that the protective measures introduced were accepted and appreciated. In addition, it was apparent that many of them regarded the additional flexibility afforded by working from home as an advantage.
- **Evaluation with an external analysis tool:** BLKB did not possess a formal, comprehensive health management concept in the year under review. In 2020, the bank carried out the Swiss Foundation for Health Promotion’s self-assessment of *friendly workspace*. BLKB achieved a good result, which showed that the management system, measures taken and culture of BLKB constitute a solid basis for comprehensive health management.

403-1

a-b Management system for occupational health and safety

See management approach for occupational health and safety in [☞ GRI 403](#), including the setting of relevant standards and guidelines.

403-2

a-b Information on processes used to identify, assess and report hazards and risks as well as investigate incidents

See management approach for occupational health and safety in [☞ GRI 403](#).

403-3

a Information on occupational health services

See management approach for occupational health and safety in [☞ GRI 403](#).

403-5**a Information on occupational health and safety training**

See management approach for occupational health and safety in [☞ GRI 403](#).

403-6**a-b Healthcare services and programs to address major non-work-related health risks**

In accordance with the law, BLKB employees are insured against accident and illness (see [☞ GRI 401-2](#)).

Voluntary programmes and initiatives for promoting the general health of employees include *bike to work*, *myChange* and *Check-up Days* (held every three years). Information on health promotion programmes is provided on the intranet for all employees.

For further information, see management approach for employment in [☞ GRI 401](#).

403-9 / 403-10**Information on (work-related) injuries and sickness among employees**

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 our forward-looking approach, [☞ p. 56](#)). There were no work-related fatalities in the year under review.

BLKB**Absences by cause**

See key data on our forward-looking approach ([☞ p. 56](#)).

BLKB**Extent of sickness and accident-related absences**

See key data on our forward-looking approach ([☞ p. 56](#)).

GRI 404: Training and education (2016)

103-1**103-2****103-3****Management approach for training and education**

See description of management approach for employment in [☞ GRI 401](#).

404-2**a Information on type and scope of training programs**

BLKB supports its employees through comprehensive training opportunities. The bank explicitly grants all employees, irrespective of function level, age or other individual characteristics, the right to development and to acquire additional competencies. In addition, the bank 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](#).

Through flexible work models and graduated working hours (e.g. in the case of pregnancy or retirement), BLKB offers every individual the opportunity to maintain their employability and marketability while taking into account their individual development needs. Individual solutions such as mentoring, coaching, attending the Skills 4.0 course, or completing MOOCs (massive open online courses, such as LinkedIn Learning) are often arranged in order to provide transitional assistance.

404-2**b Programs to upgrade employee skills and manage career endings resulting from retirement or termination of employment**

See management approach for employment in [☞ GRI 401](#).

404-3**a Information on employee performance review**

BLKB conducts appraisal interviews with all permanent employees on an annual basis. In addition, the bank fosters an open feedback culture (see [☞ GRI 401](#)). The essential content of the annual appraisals is documented internally.

With the "Cockpit", a new tool designed to support structured dialogue between employees and managers was created and prepared for launch at the start of 2021. The *Cockpit* covers the perspectives and interview content of "My role", "My contribution" and "My development". In the event of unsatisfactory performance or misconduct, a parallel process is defined in which the agreed measures and consequences are set down in writing as of 2021.

An evaluation of the percentage of all employees who received a formal performance review does not currently take place. In the event of irregularities, issues or complaints, employees can consult HR & Organisational Development at any time.

BLKB**Proportion of positions filled by internal candidates**

With the imminent introduction of new systems, this figure can be systematically recorded and measured in future.

BLKB**Number of apprentices and trainees**

See key data on our forward-looking approach ([☞ p. 56](#)).

GRI 405: Diversity and equal opportunity (2016)**103-1****103-2****103-3****Management approach for diversity and equal opportunity**

See description of management approach for employment in [☞ GRI 401](#).

405-1**a-b Diversity within the governing bodies and in other internal employee categories**

Diversity within the Board of Directors and the Executive Board was as follows (as at 31.12.2020):

Board of Directors by age:

Members under 30:	0 per cent
Members between 30 and 50:	25 per cent
Members over 50:	75 per cent

Board of Directors by gender:

Proportion of women:	37.5 per cent
Proportion of men:	62.5 per cent

Executive Board by age:

Members under 30:	0 per cent
Members between 30 and 50:	66.7 per cent
Members over 50:	33.3 per cent

Executive Board by gender:	
Proportion of women:	16.7 per cent
Proportion of men:	83.3 per cent

The breakdown of employees by age and gender is shown in the key data on our forward-looking approach ([↗](#) p. 56).

405-2

a-b Ratio of the basic salary and remuneration of women and men

The ratio of the basic salary and remuneration of women and men is not disclosed for reasons of confidentiality. In this area, BLKB uses analyses and certifications by independent external experts: "Fair-ON-Pay" certification confirmed the compliance with the requirement for equal pay between men and women at BLKB in the year under review.

GRI 406: Non-discrimination (2016)

103-1

103-2

103-3

Management approach for non-discrimination

See description of management approach for employment in [↗](#) GRI 401.

406-1

a Total number of incidents of discrimination during the reporting period.

BLKB is not aware of any such incidents during the reporting period.

GRI 413: Local communities (2016)

103-1

103-2

103-3

Management approach for local communities

See description of management approach for economic performance in [↗](#) GRI 201.

413-1

a Measures to implement local community engagement, impact assessments, and/or development programs

BLKB and its business model have a regional focus and have traditionally been closely linked with Northwestern Switzerland. The bank sees its role as that of a partner to the region's society and economy, and is also committed to protecting the environment and natural resources. BLKB maintains and nurtures a wide range of commitments with partners in Northwestern Switzerland and in the country as a whole. The bank made additional contributions in the year under review and supported various initiatives in connection with the Covid-19 crisis.

Memberships, commitments and measures are shown in detail in [↗](#) GRI 102-12, [↗](#) 201 (management approach for economic performance) and [↗](#) 203-1.

GRI 414: Supplier social assessment (2016)

103-1

103-2

103-3

Management approach for supplier social assessment

See description of management approach for procurement practices in [☞ GRI 204](#).

414-1

a Percentage of new suppliers that were screened using social criteria

See [☞ GRI 308-1](#).

GRI 417: Marketing and labelling (2016)

103-1

103-2

103-3

Management approach for marketing and labelling

Explanation of the material topic and its boundary

The structuring of financial products can be highly complex, with the result that the way in which they function is in some cases not easy for private or corporate customers to understand. At the same time, they affect financial security and the 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. High quality standards for products, services and advice, as well as easy-to-understand and transparent product descriptions and truthful marketing promises, are therefore crucial. Not surprisingly, a survey of private customers on the topic of sustainability at BLKB (see also "Measures and results" below) showed that quality and fair products are the most important characteristics of a bank in the view of respondents. The result confirms the consideration given to "quality and customer satisfaction" as one of BLKB's main themes (see overview of key topics on [☞ p. 10](#)).

The management approach and its components

Strategy, processes and tools

The legal requirements for the structuring of financial products, provision of advisory services and 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.

In relation to product development, the bank is strongly focused on the needs of its customers. By optimising existing products and developing new ones, BLKB reduces the complexity of its offering to a minimum, ensures its processes are as streamlined as possible, and keeps its decision-making channels deliberately short (see [☞ GRI 201](#) for more information on the innovation process). This makes it easier for customers to understand and assess the mechanisms involved and to benefit from the swift processing of their queries. BLKB regards honest, open dialogue as an obligation as well as the basis of a trusting business relationship. Accordingly, communication with all stakeholders is transparent and clear (see [☞ GRI 102-43](#)). This applies to information on products and services, but also to media activities as well as business and sustainability reporting. The approach is enshrined in the communications and branding strategy.

BLKB employees are in daily contact with private and corporate customers as well as other stakeholders. Good training is fundamental to the provision of professional advice that adds value for the customer. BLKB seeks continuous improvement in this area and to be a quality leader. All customer advisers are accredited in accordance with CertKB certification. This certification has been designed by BLKB in collaboration with external experts. It conveys theoretical expertise and offers a platform for practical exercises. Customer advisers' 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 training to enable employees to become qualified financial advisers/planners 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. In addition, the setting of individual targets for employees in sales – as well as those of all other employees – includes behavioural goals. Sales targets, on the other hand, are deliberately set at team level only.

As in other areas of employee development (see [☞ GRI 401](#)), BLKB believes in the opportunities and positive impact provided by mutual learning. In its customer advisory services, for example, the bank supports the creation of "advisory tandems". This involves employees from specialist areas such as investment accom-

panying customer advisers to advisory consultations. This boosts customer-centricity and cross-business cooperation, enabling customers to benefit directly from our internal specialist expertise. As well as the individual capabilities of our employees, internal processes are crucial. BLKB structures its advisory processes along the lines of life events such as “buying residential property” and “protecting the family”, with offerings including “next-generation mortgage” and “income protection”, with a view to meeting or exceeding the demand for comprehensive financial services for all stages of life. Customer advisers now provide information about the risks associated with the products, where necessary drawing attention to the insurance options (e.g. insurance services for mortgage customers). The advisory approach in the corporate banking business is based on a comprehensive understanding of the situation and the customer’s business model as well as a customised, flexible structuring of the solution. At the same time, it is equally important for BLKB to convey the bank’s way of thinking and acting to the customer.

Responsibilities and monitoring

Product managers within the banking, investing and lending areas are responsible for developing the products and services offered by BLKB. The training of customer advisers in financial solutions takes place through the courses offered by HR & Organisational Development with internal and external trainers and coaches, and is individually managed by the managers responsible, who also set out a development path with employees. BLKB also provides product-specific training, including a course on sustainable investing (see additional key topic “investment and lending operations”, [↗ p. 29](#)). 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, e-banking and bank branches. In addition, customer feedback of all types can be recorded in an internal quality management system. Central collection and assessment are carried out by the teams in Sales Management and Support. Where they identify an accumulation of similar types of feedback, they conduct an investigation. In the event of messages with significant risks or danger to the bank’s reputation, it responds immediately and, if required, contacts all affected customers. Where necessary, Sales Management and/or the Support Team will also approach affected employees or teams directly in order to discuss customer feedback or complaints (see “Assessment of management approach” below).

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. Specific internal quality targets are not published.

Measures and results

In the year under review, BLKB continued to expand its new range of advisory services based on life events, including offers such as the home ownership, property selling and moving home services.

Given its clear positioning as a forward-looking and sustainable bank, BLKB sought to identify what matters to (potential) customers as far as these topics are concerned and how BLKB measures up in their eyes. With the support of experts, the bank therefore conducted a customer survey in which over 1,500 people across Switzerland – including approximately 800 people in the bank’s market area – took part (see “Sustainability management”, [↗ p. 9](#)).

Assessment of management approach

- Customer feedback: BLKB receives feedback from its customers verbally, via the Customer Centre or in written correspondence via various channels. Feedback is systematically assessed by the Sales Management & Support department of the Private Investment & Financial Advisory business area. The Customer Experience unit of Marketing includes the key findings in a quarterly report submitted to the Executive Board.
- Measuring customer satisfaction: Customer satisfaction is measured and assessed on a consistent, systematic basis.
- 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 to provide feedback on specific themes such as product and service offerings. Specific reasons include the transformation of a branch or the “customer journey”.
- Complaints management: The findings from complaint management are incorporated into the organisation to support the ongoing improvement process.
- *Mystery shopping*: The quality of services – and in particular advice – is constantly reviewed via *mystery shopping* as well as qualitative interviews with customers.
- External ratings and awards: BLKB obtains valuable feedback from the evaluations conducted by third parties such as *Comparis*. In 2020, the bank was awarded an overall score of 5.3 in the *Comparis* survey on customer satisfaction in the mortgage business. In addition, the advisory suite was honoured with a bronze in the *Best of Swiss Web* in the Business category. This annual award ([↗ bestofswissweb.ch](https://www.bestofswissweb.ch)) recognises services that create added value for customers in particular.

The results of all of these processes constitute the basis for measures to optimise and improve the customer experience.

417-2**a-b Information on non-compliance concerning product and service information**

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.

417-3**a-b Information on non-compliance in connection with marketing and communication**

For reasons of confidentiality, BLKB does not publish any information on fines, penalties or warnings in connection with non-compliance with regulations. With regard to voluntary codes, BLKB held discussions with the Association of Swiss Cantonal Banks regarding the new logo introduced by the bank in 2019. It was jointly decided that the wedge shape in the logo would be dropped. The change was implemented gradually during the year under review.

GRI 418: Customer privacy (2016)**103-1****103-2****103-3****Management approach for customer privacy****Explanation of the material topic and its boundary**

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 overview of key topics on [p. 10](#)). 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 passed on internally.

The management approach and its components**Strategy, processes and tools**

The Swiss Federal Law on Data Protection, Banking Act and FINMA guidelines on operational risks in banks and 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, security in relation to electronic communication channels and classification of information. The policies apply to all persons with access to IT systems and data. Each individual is personally responsible for compliance with these policies. The main content is also summarised in clear documentation and on the intranet, and forms part of the code of conduct applicable to all employees.

In communications within and outside the bank, sensitive customer data and other information can be accessed by unauthorised parties. Employees therefore need to pay attention to their surroundings and, when communicating with customers by telephone, establish their 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. This is supported within the IT system by pre-configured security measures including encryption protocols for emails, spam filters and firewalls.

The bank's internal network is protected by means of anti-virus programs as well as restrictive configuration of the firewall. In addition, a system for preventing data loss checks outgoing correspondence and external data transfer. System users are nevertheless the most important security factor when it comes to protecting the bank's data and information from unauthorised access. BLKB manages access rights based on the *need-to-know* principle, and – through a mandatory e-learning module – all persons (including external service providers) with access to bank customer data are trained in how to deal with this information.

Sensitive information is classified into the categories of "secret", "confidential" and "internal", and subject to differing security precautions. This classification is an important guide for employees in terms of the correct handling of the information upon receipt, processing, and disposing of/deleting the information. The "clear desk policy" applies irrespective of this classification. Essentially, the policy states that employees must protect sensitive data from easy access when they are away from their work station for a short or long period – for example by activating the screen lock or storing documents in the office furniture provided for that purpose.

Automated mechanisms report conspicuous behaviour within the bank's IT landscape. However, not every incident happens within the system or is identified by it. Employees are therefore required to immediately report any loss of data or access by unauthorised parties. They can do this by contacting their line manager, Integral Security, or the IT Service Desk, which process the incidents in an expert manner.

BLKB uses customer data in accordance with the statutory requirements for corporate, segment and product development. The bank provides transparent, comprehensible information on the use of personal data and customers can at any time find out about the personal data that is stored. The data privacy statement can be viewed on BLKB's website (blkb.ch/datenschutz). It informs third parties about their rights, in particular the right of access, right to rectification or erasure, right to restriction of processing, and right to object, as well as – if applicable – the right to data portability. BLKB bases this on the legal and regulatory obligations applicable to the bank.

Responsibilities and monitoring

The aim of Integral Security is not only to protect information but also to protect individuals, assets and services (see [GRI 401](#) for more detailed information on the physical protection of the bank's employees and assets). Simplification at a central location allows 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. It operates as an independent control unit in this area, and is supported primarily by IT in terms of protecting the system landscape. An external provider monitors BLKB's IT system and notifies Integral Security of any incidents. 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](#)), which is supervised by the Audit & Risk Committee of the Board of Directors.

Targets

Preventing successful attacks on the bank's internal network and avoiding complaints in relation to data privacy from stakeholders – in particular customers – are BLKB's overarching objectives when it comes to data protection.

Measures and results

Data protection is accorded top priority by BLKB. Implementation of the Data Protection Act (FADP) is at a highly advanced stage, with the result that BLKB implemented the necessary changes prior to entry into force. For instance, BLKB has already fulfilled its duty to notify stakeholders about how their data is used and processed. The bank continues to respond to requests for information from customers within the statutory time limits. The centralised processes required for this purpose have become established in practice.

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:

- Sending of phishing e-mails: Several times a year, BLKB sends out harmless phishing e-mails for awareness-raising purposes and in order to test employee alertness.
- Technical checks: Penetration tests and security analysis 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). Internal Audit carried out an audit in the data management, governance and security area in 2020.

For further information on data protection and IT security, see [p. 25](#) of the annual report.

418-1

a-b Information on complaints and incidents concerning customer privacy

For confidentiality reasons, BLKB does not publish key data or detailed information on complaints in connection with the protection of customer data or in cases of data theft and data loss.

GRI 419: Socioeconomic compliance (2016)

103-1

103-2

103-3

Management approach for socioeconomic compliance

Explanation of the material topic and its boundary

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 Basellandschaftliche Kantonalbank Act, the Swiss Federal Banking Act, FINMA and Banking Association provisions as well as the rules laid down by SIX Swiss Exchange. Any compliance breaches negatively affect not only the reputation of the bank concerned but also 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 entire region of Northwestern Switzerland as well.

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 the latter, banks are more exposed than other sectors due to their business purpose; hence the fact that society and politicians have very high expectations for the bank's internal risk management.

Aspects of the key topic “risk management, compliance and integrity” are therefore described below; this is in addition to the content in the corporate governance report (see annual report 2020, [p. 31](#)). See [GRI 204](#) for information on risk management at the interface with service providers and suppliers.

The management approach and its components

Strategy, processes and tools

BLKB is aware of its extraordinary responsibilities, as described above. As far as the bank is concerned, compliance therefore extends beyond merely conforming to the law. This is also set out in the bank's code of conduct, which describes BLKB's basic values. It 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, and prohibits all types of anti-competitive behaviour, active assistance in the flight of capital and tax evasion. Other key legal frameworks include the policy on money-laundering, staff banking transactions and breaches of policies and rules, as well as the Swiss banks' Code of Conduct with Regard to the Exercise of Due Diligence (CDB). These require employees to critically examine the plausibility of financial trades and transactions at all times.

The codes of conduct serve to protect the bank's reputation and are therefore an integral element of the General Conditions of Employment for all employees. BLKB has a clear commitment to not making any compromises in terms of compliance and reputation. Accordingly, a breach of the code of conduct – depending on the severity – can result in disciplinary measures and in some circumstances can even lead to intervention by the law enforcement agencies and supervisory authorities.

New employees are given an introduction to the bank's code of conduct during the induction process (“Welcome to the team”). Depending on their function, they are then required to complete a mandatory e-learning module in order to revise and absorb the compliance rules within the first three months of their employment. Client-facing employees undergo additional training sequences. In their day-to-day work, employees are supported by the bank's internal structural and process organisation in terms of compliance with the code of conduct and risk management. The systematically applied *3-lines-of-defence* principle includes controls by the Internal Controls System in relation to the processes of the various bank units (*1st line of defence*). High-risk processes are therefore subject to control steps (e.g. 4-eyes check principle). Automated checks and checks stored within the system help with identifying errors or discrepancies. Furthermore, the key processes are documented and can be viewed in a central portal.

All management levels are required to comply with the code of conduct. 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 an exacting and specific requirements profile. In particular, BLKB adheres to the FINMA provisions on “Corporate Governance – Banks”, as specified in Circular 2017/1, and ensures a strict separation of powers. Thus none of the eight members of the Board of Directors has an operating management role as a member of the Executive Board (see corporate governance report in annual report, [p. 36](#)).

Responsibilities and monitoring

The integrity of a bank is reflected in the behaviour of its employees. Each individual bears responsibility for compliance with the law and the bank's ethical behaviour. The Executive Board is responsible for creating a culture that is conducive to integrity and responsible behaviour as well as the necessary structures within the bank. The Board 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 information on business activities in annual report, [☞](#) p. 36). With the risk policy, the Board of Directors defines limits that must not be exceeded in relation to various risk positions. With suitable tools and regular risk assessments, independent risk controls led by the Chief Risk Officer monitor the effectiveness of the management approaches (2nd line of defence). Results are prepared in standardised report format on a regular basis and appropriate to the target audience. This ensures, firstly, that the relevant operating bodies (Operational Risk Committee, Security Committee, Credit Committee) and the Board of Directors and its bodies (e.g. Audit and Risk Committee) are notified of the bank's risk situation in appropriate form and in a timely manner; secondly, it ensures reporting to FINMA or the Swiss National Bank.

Please see the notes to the annual financial statements in the annual report ([☞](#) p. 79) for further information and the additional topic of "responsible lending operations and investment" ([☞](#) p. 29) in relation to risk management in lending operations and investment.

Targets

Through compliance and risk management, the bank's target is to avoid entering into disproportionate risks or breaching laws and standards.

Measures and results

BLKB introduced a new code of conduct on 1 January 2020. The update was carried out in order to ensure that the code better reflects the bank's corporate values. All employees were informed about the changes in the code, to which they are bound.

There were no events or irregularities making significant changes or measures necessary in Compliance and Risk Management in the year under review.

Assessment of management approach

- Internal Controls System: BLKB maintains an internal controls system, including its various elements (reporting, control measures within processes, risk assessment and corporate culture), in order to ensure compliance with rules and limit any claims and damages due to improper conduct.
- Risk report: Twice a year, the Risk Management team provides the Executive Board and the Board of Directors with information about any compliance breaches, compliance with the risk policy and other findings by Risk Management.
- Audit and Risk Committee: The Audit and Risk Committee consists of three members of the Board of Directors. As an independent body, it supervises financial reporting and the integrity of the annual financial statements, the framework concept for institution-wide risk management and the Internal Controls System.
- Operational Risk Committee: The Operational Risk Committee comprises internal experts and discusses the risks arising from the operating business at regular intervals. The body is subordinate to the Chief Risk Officer and reports via the latter to the Security Committee, which consists of two members of the Executive Board.
- Internal Audit: Internal Audit monitors the quality and effectiveness of BLKB's business processes on a continuous basis. Here, the focus is on risk factors, among others (3rd line of defence).
- Internal reports: Reports from employees via line managers, HR & Organisational Development or the Compliance department highlight potential for improvement and possible improper conduct.
- 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 also performed on a rolling basis as well as in the context of the regular annual audit.
- Ratings: In certain instances, BLKB commissions independent rating agencies with conducting an external assessment of its corporate governance.

419-1

a-c Information on sanctions for non-compliance with laws and/or regulations in the social and economic area.

For reasons of confidentiality, information on fines and non-monetary sanctions for non-compliance with laws and/or regulations in the social and economic area is not published.

Key data

Key data for "society"

Factor	Data quality	GRI Standard	Unit	2020	2019	2018	2017	2016
Distribution to the canton of Basel-Landschaft	High (3)	201-1	CHF m	60	60	60	60	60
Mortgage lending, total	High (3)	201	CHF bn	20,5	19,6	18,7	18,2	17,6
Mortgage lending, Northwest Switzerland catchment area	High (3)	201	Per cent	91	92	92	93	93
Other lending, total (including loans to companies)	High (3)	201	CHF bn	1,7	1,5	1,4	1,3	1,4
Other lending, Northwest Switzerland catchment area	High (3)	201	Per cent	50	50	46	49	57
Volume of in-house, sustainably managed investment funds ¹	High (3)	Supp.	CHF m	1 660,4	1 136,6	743,5	480,4	247,9
Volume of sustainable asset management mandates	High (3)	Supp.	CHF m	2 356,8	–	–	–	–
Contracts awarded in Northwestern Switzerland	High (3)	204-1	CHF m	29,2	31,9	–	–	–
Sponsorship commitments	High (3)	201	CHF m	1,4	1,5	–	–	–
Commitment via BLKB Foundation for Culture and Education	High (3)	201	CHF	466 000	420 000	–	–	–

Key data for "people"

Factor ²	Data quality	GRI Standard	Unit	2020	2019	2018	2017	2016
Headcount, incl. hourly-paid employees	High (3)	102-8	Number	848	810	802	786	773
Full-time equivalents (FTE)	High (3)	102-8	Number	710	687	685	673	657
Proportion of women, overall bank ²	High (3)	102-8	Per cent	48,8	44,2	44,3	44,9	46,3
Proportion of women, Board of Directors	High (3)	405-1	Per cent	38,0	38,0	–	–	–
Proportion of women, Executive Board	High (3)	405-1	Per cent	17,0	0	0	0	0
Proportion of women in function levels 1–3 ³	High (3)	102-8	Per cent	66,5	67,0	68,0	67,2	69,1
Proportion of women in function levels 4–5 ³	High (3)	102-8	Per cent	31,5	31,0	29,5	30,3	30,0
Proportion of women in function levels 6–7 ³	High (3)	102-8	Per cent	12,0	10,7	11,5	9,7	6,8
Women in part-time positions ⁴ (rel. to total headcount) ³	High (3)	102-8	Per cent	22,0	22,0	20,9	22,1	22,8
Women in part-time positions ⁴ (rel. to all women)	High (3)	102-8	Per cent	49,6	49,7	47,2	49,3	49,2

Key data for "people" (continued)

Factor ²	Data quality	GRI Standard	Unit	2020	2019	2018	2017	2016
Men in part-time positions ⁴ (rel. to total headcount) ³	High (3)	102-8	Per cent	7,0	6,4	6,0	3,9	4,2
Men in part-time positions ⁴ (rel. to all men)	High (3)	102-8	Per cent	13,2	11,4	10,8	7,1	7,8
Proportion of employees below age 30	High (3)	102-8	Per cent	20,5	21,5	21,1	18,7	18,6
Proportion of employees aged 30–50	High (3)	102-8	Per cent	41,7	41,2	41,6	42,1	42,9
Proportion of employees aged 50-plus	High (3)	102-8	Per cent	32,1	31,9	30,3	31,8	31,7
Number of trainees	High (3)	102-8	Number	31	27	28	29	32
Number of apprentices	High (3)	102-8	Number	11	12	14	14	13
Recruitment of women	High (3)	401-5	Number	47	48	–	–	–
Recruitment of men	High (3)	401-6	Number	62	63	–	–	–
Recruitment of employees under age 30	High (3)	102-8	Number	57	67	–	–	–
Recruitment of employees aged 30–50	High (3)	102-8	Number	40	36	–	–	–
Recruitment of employees aged 50-plus	High (3)	102-8	Number	12	8	10	5	4
Absences due to sickness	High (3)	403-2	No. of days	3 200	3 405	4 407	3 881	3 751
Absences due to accident at work (headcount)	High (3)	403-2	No. of days	0	1	9	20	35
Absences due to non-occupational accident (headcount)	High (3)	403-2	No. of days	534	618	586	394	424
Turnover ⁵	High (3)	401-1	Per cent	5,3	6,3	5,3	5,0	4,6

Key data for "environment"

Factor	Data quality	GR Standard	VFU-no.	Unit	2020	2019	2018	2017	2016
Number of heating degree days		302-1		HDD	2 508	2 720	2 620	2 870	3 025
Energy consumed in buildings (total) ⁶	High (3)	302-1	1	MJ/FTE	21 984	23 813	26 282	27 713	26 443
– Electricity	High (3)	302-1		MJ/FTE	12 264	13 993	15 036	16 027	15 269
– Heating energy	High (3)	302-1		MJ/FTE	9 719	9 820	11 246	11 686	11 174
Business travel	Good (2)	302-2	2	km/FTE	941	1 192	1 129	1 086	1 078
Direct and indirect greenhouse gas emissions (total) ^{6,7}		305	7	kg CO ₂ e/FTE	871	933	942	981	1 096
– Direct greenhouse gas emissions		305-1	7a	kg CO ₂ e/FTE	267	292	254	272	303
– Indirect greenhouse gas emissions		305-2	7b	kg CO ₂ e/FTE	235	237	284	297	381
– Other indirect greenhouse gas emissions		305-3	7c	kg CO ₂ e/FTE	369	404	404	418	412
Waste (total)	High (3)	306-2		kg/FTE	196	232	211	211	206
– Recycling	High (3)	306-2		kg/FTE	99	130	130	133	135
– Incineration	High (3)	306-2		kg/FTE	97	102	81	79	66
– Landfill	High (3)	306-2		kg/FTE	0	0	0	0	0
– Special waste	High (3)	306-2		Metric tonnes	0	0	0	0	0

Definition of data capture quality based on VFU in 2015:

(3) Data based on exact measurements

(2) Data based on extrapolations

(1) Data based on estimates

Abbreviations:

MJ = megajoules

FTE = full-time equivalent

CO₂e = carbon dioxide equivalents

HDD = number of heating degree days

References:

¹⁾ As of 2018 includes in-house, sustainably managed investment funds²⁾ Key data for employees are based on the headcount (HC) as at 31.12.2020.³⁾ Level system: 1–3 = lower function levels; 4–5 = mid function levels; 6–7 = higher function levels⁴⁾ Workload of 85 per cent or less⁵⁾ Turnover excludes termination by employer, retirement, pregnancy and death⁶⁾ Key operational ecology figures for energy used in buildings and greenhouse gas emissions based on headcount (FTE) on the closing date of 31.12.2020. This amounted to 710 FTEs across all locations.⁷⁾ We calculate greenhouse gas emissions based on the guidelines of the Association for Environmental Management and Sustainability in Banks, Savings Banks and Insurance Companies (VFU) as well as GRI standards. This includes our direct emissions of greenhouse gases[scope 1], 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) include emissions in connection with paper and water consumption as well as volume of waste. Greenhouse gas emissions are stated as CO₂-equivalents. The previous year's values were retroactively aligned with the latest version of the VFU guidelines and therefore are not directly comparable with the figures published in previous sustainability reports.

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