



**Sustainability
report 2021**

**The future
needs us all.**



The future needs us all

What we do today will shape the world of tomorrow. So BLKB wants to do today what matters tomorrow. But it's not alone in this. Countless people of all ages – in the countryside and in towns, in their leisure time and at work – share our vision of a sustainable future. At report.blkb.ch/2021, inspirational future-builders, bold motivators, valiant everyday heroes and champions of future orientation what they are doing for people, society and the environment.

Our cover picture features Jo Vergeat, chair of the Basel-Stadt cantonal parliament, student and sustainability advisor to BLKB. One day a week she looks after her sister's children, thus helping to reconcile the needs of jobs and family within her own wider family.

Editorial

Dear readers

2021 was again dominated by the pandemic. It shaped not only our private and working lives, but also BLKB's financial year. At the same time, we were beset by images of floods, drought and forest fires from all over the world – consequences of climate change. The past year has shown us how important it is to address the challenges jointly and in a focused way. And how important every single person's contribution is to success. That applies equally to societal, economic and environment-related challenges.

BLKB is conscious of its responsibility as a bank and is actively committed to a sustainable future for people, society and the environment. Thus we have set ourselves ambitious targets that we want to meet with concrete and quantifiable measures. We have defined sustainability goals for the period up to 2030 and in the reporting year we were the first regional bank in Switzerland to join the global Net-Zero Banking Alliance initiative. As a result, we are committed to implementing binding climate measures in our core business. We are therefore aligning our loan and investment portfolios to net zero emissions by 2050. Anchoring sustainability within the bank also remains an important consideration. In the year under review, therefore, we introduced a training module for all staff on sustainability and how to put it into practice. We offer our customers products and services through which they can invest their money responsibly or renovate their home in a sustainable and yet trouble-free way. Creating transparency is also an important part of our commitment. Thus the present sustainability report now also includes a chapter devoted specifically to the way in which we manage climate risks. In the year under review, our employees sent out a very noteworthy signal for people in the region. Thanks to a donation campaign at BLKB, people who are in financial straits because of the coronavirus pandemic or for other reasons can obtain advice at two of the bank's branches.

The future needs us all. Employees who are vigilant and forward-looking. Customers who deploy their assets responsibly. Suppliers who use resources sparingly. And it needs you, too, dear readers: as inspirational future-builders, bold motivators and valiant everyday heroes. Thank you for doing your bit.



Alexandra Lau
Head of Strategy & Market Services

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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. These form an integral part of its business strategy. In the year under review, BLKB made further progress in systematically anchoring sustainability and the related criteria in all its areas of business. To this end, it continued to fine-tune and adapt its processes, tightening up specific aspects of its sustainability governance.

BLKB defined and set forth its sustainability principles in the 2020 financial year. With this degree of transparency, BLKB seeks to be a trustworthy partner to its stakeholder groups. For the bank, being an ethically sound company with honest opinions is essential for conducting an open and valuable dialogue with the people around it.

BLKB's sustainability principles form the basis for the mission statement that guides the bank's 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 and the region, as well as the environment.

Our convictions

Public service mandate

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

Regulatory obligation

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

Climate change

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

Safeguarding our common future

- Our commitment to sustainability will also open up new business opportunities for us. We see this as a chance to capture new income streams and thus safeguard our future.
- A business model that is committed to sustainability is essential in order to reduce our own risks and manage them comprehensively, but also in order to mitigate the risks for our customers.

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

Pioneering role and differentiation

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

Employees

- Our employees are our most precious asset. As the need for excellent professionals is set to increase, we must strengthen our major appeal as an employer and develop this even further.
- Our active commitment 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.

Mission Statement



BLKB – Switzerland's forward-looking bank.

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

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

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

Our overarching objectives for 2030

Anchored within the business

Mission statement and corporate strategy

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

Objectives and transparency

- The corporate objectives are in keeping with sustainability as a fixed component of the business strategy. 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 in the target-defining process.
- 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 programmes.

Products and services

- Sustainability is an integral component of the products and services offered. In particular, these products and services contribute to achieving the Swiss climate targets.
- Social and environmental impacts are indicated for 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 such as debt (especially among young people), pensions, the intergenerational contract, estate planning, etc.).
- The bank fosters education, culture and sport.
- The bank is actively involved in relevant sustainability initiatives and/or interest groups.
- The bank is a member of key sustainability associations, where it plays an active role (e.g. Swiss Sustainable Business Network, Swiss Sustainable Finance, swisscleantech).

Business partners

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

Environment

- The bank adheres to the 2015 Paris Agreement and is accordingly reducing its direct and indirect CO₂ emissions on a continuous basis (Scope 1–3 of the Greenhouse Gas Protocol).
- The bank is systematically integrating 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. The bank uses these as the basis for defining specific annual targets and will incorporate them into its objectives at corporate level in the future.

Sustainability management

With its 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: sustainability as a holistic concept with a social, environmental and economic dimension. In the key areas the three principles of "forward-looking business policy", "forward-looking products and services" and "forward-looking employer" are applied within the bank to supplement the mission statement.

The forward-looking approach has been established as BLKB's official programme since 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 Strategy, Innovation & Sustainability department, in close consultation with the CEO and the Executive Board. In the year under review, moreover, BLKB created the new position of Sustainable Finance Manager. 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.

Since the beginning of 2020, BLKB has also had an external Sustainability Advisory Committee consisting of three members. Led by the sustainability officers, these three experts support BLKB on strategic and operational issues as well as producing recommendations on all aspects of sustainability. The committee has a purely advisory role, and acts independently of the Board of Directors and the Executive Board.

Climate risks and opportunities

Climate risks are relevant for BLKB at various levels and for various business activities. To identify and report on the influence of climate risks and opportunities on the core business, we use the methods of the Task Force on Climate-related Financial Disclosures (TCFD), which are widely accepted throughout the world. Risks are disclosed in the four areas of corporate management, strategy, risk management, and key figures and targets. BLKB will continue to develop TCFD reporting in the 2022 financial year.

Corporate management

By way of its public service mandate, the topic of sustainability and hence also climate protection is part of BLKB's DNA. As a forward-looking bank, BLKB wants to drive forward and support climate protection. Due to risk considerations, climate-related topics are taken into account systematically in all BLKB's business activities: they are shaped by our convictions, by the mission statement and by the sustainability goals for 2030.

Managing climate risks is an integral part of our corporate activities in the area of sustainability. In organisational terms, this comes within the remit of the Strategy, Innovation & Sustainability department, which in turn is part of the Strategy & Market Services business area, and is closely coordinated with the Executive Board and the Board of Directors. In the year under review, BLKB created the position of Sustainable Finance Manager within its Strategy, Innovation & Sustainability department to manage climate risks and opportunities in the areas of investment, commercial loans and mortgages together with the relevant business units.

Strategy

At BLKB, climate risks are of particular relevance in the areas of asset management, commercial loans and mortgages. "Financed emissions" make up over 99 per cent of the bank's climate footprint. Thus BLKB is redoubling its climate protection efforts in this area.

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

Risk management

Specific measures are being taken in various departments of the bank to reduce climate risks. When granting loans, BLKB checks not only the creditworthiness of the companies concerned but also explicitly examines their fitness for the future, also advising them with regard to possible improvements as part of a joint strategic dialogue. As a matter of principle, BLKB does not finance any exclusion sectors, i.e. those with high ESG risks such as oil and gas extraction or coal (anthracite and lignite) mining. Companies that operate or are involved in risk sectors undergo more detailed investigations and are assessed by the bank's own risk committee. In the private mortgages area, the bank offers an "energy mortgage" and forms of financing that support the real estate sector's transition to renewable energy. Since 2014, BLKB's entire range of investment products has systematically integrated sustainability aspects, including strict exclusion criteria in respect of climate protection (see "Responsible [lending operations and investment business](#)"). With our "BLKB climate basket", moreover, we enable our customers to invest in solution providers for climate protection.

In procurement and operations, BLKB does the utmost to comply with ecological and social criteria that are significantly more stringent than the sector norm. For some years, therefore, BLKB has worked to continually reduce its own CO₂ footprint, for example by procuring all its electricity from hydroelectric sources, by feeding inhouse and public e-vehicle charging stations from its own photovoltaic installations and by connecting up to district heating systems wherever possible (GRI [302](#): Energy). Since 2021 we have offset our own CO₂ emissions on a regional scale, i.e. within Basel-Landschaft (see GRI [201](#)) as part of a climate protection project.

Key figures and targets

BLKB records and evaluates data on financed emissions at various levels. Initial findings indicate that financed emissions arise in roughly equal measure from investment activities, lending operations and mortgages. In terms of investments, exposure to greenhouse gas-intensive sectors is relatively low due to the systematic integration of ESG criteria. In commercial lending operations, too, the exposure is low (see "Responsible [lending operations and investment business](#)"). Moreover, the first climate scenario analyses indicate that the financial risks relating to various climate scenarios are limited in the area of loans and mortgages. In the context of its joining the Net-Zero Banking Alliance (see GRI [102-12](#)), BLKB is working on a more detailed measurement of the climate footprint, on defining a reduction path and on other measures to lower CO₂ emissions.

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 (SDG).

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

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| 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) | <p>GRI 201-2: Economic performance (2016) GRI 302: Energy (2016) GRI 305: Emissions (2016) GRI 306: Waste (2020) GRI 308: Supplier environmental assessment (2016)</p> |
| 8. Motivational 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 | <p>GRI 401: Employment (2016) GRI 402: Labour/management relations (2016) GRI 406: Non-discrimination (2016))</p> |
| 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 | <p>GRI 401: Employment (2016) GRI 405: Diversity and equal opportunity (2016) GRI 406: Non-discrimination (2016)</p> |
| 10. Employee development | <ul style="list-style-type: none"> ▪ Recruitment ▪ Training and education ▪ Employees' employability | <p>GRI 401: Employment (2016) GRI 404: Training and education (2016)</p> |
| 11. Workplace health | <ul style="list-style-type: none"> ▪ Physical and mental integrity ▪ Safety at work | <p>GRI 403: Workplace health and safety (2018)</p> |
| 12. Digital innovation and transformation | <ul style="list-style-type: none"> ▪ Business model innovation ▪ Innovativeness ▪ Strategic partnerships ▪ Ensuring long-term success of the business | <p>GRI 201: Economic performance (2016)</p> |
| 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 | <p>GRI 417: Marketing and labelling (2016)</p> |

14. Responsible lending operations and investment business

- Integrity of loan and investment recipients
- Risk management in lending operations and investment business
- Impact of core business on economy, society and environment

Additional material topic

15. Regional value creation

- Contributing to development of regional economy and society
- Creating and ensuring local jobs
- Providing financial services for the region

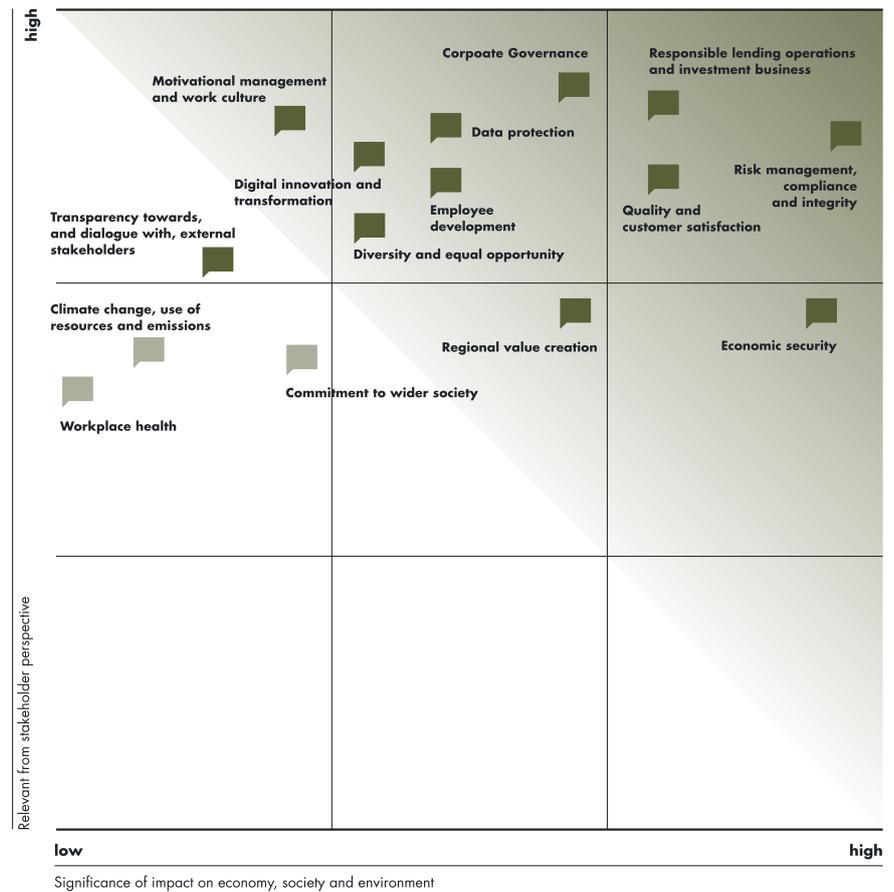
GRI 201: Economic performance (2016)
 GRI 203: Indirect economic impacts (2016)
 GRI 204: Procurement practices (2016)
 GRI 308: Supplier environmental assessment (2016)
 GRI 414: Supplier social assessment (2016)

When the topics were introduced in 2019, 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 fine-tuned by internal specialists.

This assessment of BLKB's impacts as a regional universal bank was conducted with regard to Switzerland in general and Northwest Switzerland 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 business

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.

In the 2022 financial year, BLKB intends once again to conduct a dialogue with its stakeholders as part of its regular strategy process. Our stakeholders' priorities are shaped by societal, ecological and economic change. BLKB intends to anticipate developments in good time and stay one step ahead of them. For that, it is essential to scrutinise the key issues at regular intervals and discuss them with our stakeholders. Only then can BLKB implement appropriate, forward-looking measures.

GRI Content Index

CO₂ = carbon dioxide
 CO₂e = carbon dioxide equivalents
 ESG = environmental, social and (corporate) governance
 FTE = full-time equivalent
 HC = headcount (actual number of employees)
 HGT = heating degree days
 MJ = megajoules

General disclosures

Organisational profile (2016)

| GRI | Description | Data / reference |
|--------------|---|---|
| 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 | <p>As a retail bank, BLKB distributes banking products and financial services in Switzerland, with a clear focus on Northwest Switzerland, under the "BLKB" brand and with the marketing claim of "What matters tomorrow".</p> <p>BLKB offers a broad-based financial advisory capability as well as a wide range of financial products and services for private and 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 engage in investment banking.</p> <p>BLKB's market area is focused on Northwest Switzerland (Cantons of Basel-Landschaft, Basel-Stadt, Solothurn and Aargau) with complementary, cross-regional business activities, in particular via digital channels.</p> |
| 102-3 a | Location of the organisation's headquarters | <p>BLKB Rheinstrasse 7 4410 Liestal</p> |

| | | |
|--------------|--|--|
| 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 and customer segments | BLKB's market area is Switzerland with a focus on Northwest Switzerland. 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 756 people (average FTEs) 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 . Information on the bank's net revenues and total capitalisation can be found in the key figures and balance sheet in the 2021 annual report. |
| 102-8 a-f | Information on employees and other workers | <p>BLKB had a total of 879 employees as at 31 December 2021, comprising 389 women and 490 men. The average FTE for the financial year as a whole was 756. Ten men and nine women had a temporary employment contract as at the close of the financial year. The overall proportion of part-time workers was 29.4 per cent – specifically, 50.5 per cent for women and 12.6 per cent for men. Due to the regional nature of BLKB's operations, there is no detailed geographical breakdown.</p> <p>BLKB's business activities do not give rise to 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.</p> |
| 102-9 a | Description of the supply chain | See 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 | <p>The bank is a member of key sustainability associations, where it plays an active role (e.g. öbu [Swiss Business Council for Sustainable Development], Swiss Sustainable Finance, swisscleantech). This principle regarding sustainability-related memberships forms part of the <u>objectives</u> for 2030. 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. Moreover, as a member of the Net-Zero-Banking Alliance (NZBA), BLKB undertakes to align its loan and investment portfolios to net-zero emissions by 2050 at the latest.</p> |
|----------|--|--|

An up-to-date list of BLKB's key memberships can be viewed on our website: blkb.ch/mitgliedschaften.

Memberships:

- Athletes Network (joined 2021)
- Basel Banking Association
- Baselbieter Energiepaket
- Energy Agency for the Economy (EnAW)
- Familienfreundliche Wirtschaftsregion Basel
- Basel Chamber of Commerce
- Minergie Switzerland
- Montréal Carbon Pledge
- Net-Zero Banking Alliance (joined 2021)
- öbu – Swiss Business Council for Sustainable Development
- Principles for Responsible Investment (UN PRI)
- Smart Regio Basel (SRB)
- SwissBanking – Swiss Bankers Association (SBA)
- swisscleantech
- swisspeers AG (joined 2021)
- Swiss Sustainable Finance (SSF)
- Task Force for Climate-related Financial Disclosures (TCFD) (joined 2021)
- Employers in Banking association
- Association of Swiss Cantonal Banks

Initiatives and commitments:

- 100 für Baselbiet 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 (FHNW)
- CAS in future banking with Kalaidos University of Applied Sciences Switzerland
- Cargo sous terrain
- #CEO4Climate
- Christoph Merian Cantonal Banks Foundation
- CO₂ soil project with Ebenrain Centre for Agriculture, Nature and Nutrition

- 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
- Proitera
- Pro Senectute
- sun2050 with EBL and Primeo Energie
- Swiss Innovation Challenge with FHNW and Basel-Landschaft Chamber of Commerce
- Unicef Change for Good
- Association for Environmental Management and Sustainability in Banks, Savings Banks and Insurance Companies (VfU)
- “Forests of tomorrow” with WaldBeiderBasel
- wemakeit crowdfunding cooperation
- Binningen Economic Forum
- Basel-Landschaft Chamber of Commerce
- womenmatter/s – cooperation for gender equality in the workplace and promotion of the talent pipeline
- Work Smart Charter

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)

| GRI | Description | Data / reference |
|-----|-------------|------------------|
|-----|-------------|------------------|

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. 15 respectively) |
|----------|--|--|

Ethics and integrity (2016)

| GRI | Description | Data / reference |
|-------------|---|--|
| 102-16 a | The organisation's values, principles, standards, and norms of behaviour | <p>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 <u>code of conduct</u> which, 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.</p> <p>In addition, BLKB continues to adhere to the principles laid down in its <u>mission statement</u>, <u>convictions</u> and <u>objectives</u> for 2030.</p> |

Governance (2016)

| GRI | Description | Data / reference |
|---------------|---|---|
| 102-18 a-b | General management structure and committees responsible for economic, environmental, and social topics | <p>The Executive Board and the Board of Directors, together with its committees, are presented in the corporate governance report within the annual report (see annual report, p. 31). Additional information on corporate governance can also be found in GRI <u>419</u>.</p> <p>To ensure effective sustainability management, BLKB structures its organisation accordingly; this is also set out in its <u>objectives</u> for 2030: "Structures and responsibilities on all aspects of sustainability are defined and embedded within the organisation to ensure measures can be implemented effectively."</p> <p>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 the various sustainability themes (see "<u>Materiality analysis</u>") 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 <u>objectives</u> for 2030)</p> |

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 Basel-Stadt cantonal parliament, social ethics and communications expert Stephan Feldhaus, as well as Philipp Schoch, currently a member of the Pratteln municipal council and a former member of the Basel-Landschaft cantonal parliament.

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 March 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. In addition, BLKB works with Swiss Sustainable Finance in the capacity of investment specialist in the Sustainable Investing in Wealth and Asset Management working group. Moreover, the Association of Swiss Cantonal Banks (ASCB) has 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)

| GRI | Description | Data / reference |
|-------------|---|--|
| 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, in particular: 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 explanations of the materiality process, see the "[Materiality analysis](#)" chapter.

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. 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. 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.

In the sustainability magazine "[hüt&morn](#)", BLKB publishes articles on sustainability and various other topics of relevance to the future, the aim being to actively shape the debate about sustainability in the 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 the chapter "[Materiality analysis](#)") took place in September 2019 in the presence of the Chairman of the Board of Directors, the 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 business. 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 "motivational leadership and work culture" than the topic of "health in the workplace".

Reporting practice (2016)

| GRI | Description | Data / reference |
|---------------|---|--|
| 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 the " <u>Materiality analysis</u> " chapter. Employees from a variety of functions were involved in preparing the content of the report, led by the theme owners and "champions" (see GRI <u>102-18</u>). |
| 102-47 a | List of material topics identified | See " <u>Materiality analysis</u> " chapter. |
| 102-48 a | Restatements of information given in previous reports | No significant changes were made to the concept or structure of reporting for the 2021 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 2021 reporting year. |
| 102-50 a | Reporting period | 1 January 2021 to 31 December 2021. |
| 102-51 a | Date of most recent previous report | The 2020 sustainability report was published on 25 March 2021. |
| 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](#).

The number of the GRI Standards is shown in the index. The information relates to the GRI Standards 2016 with the exception of GRI 306: Waste (2020) and GRI [403](#) (2018): Occupational health and safety.

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

The 2021 sustainability report was not externally assured.

Economic topics

GRI 201: Business performance (2016)

| GRI | Description | Data / reference |
|-------------------------|---|--|
| 103-1 103-2 103-3 | Management approach for business performance | <p>Explanation of the material topic and its boundary</p> <p>The owner strategy of the Canton of Basel-Landschaft states that: "The purpose of BLKB is to contribute, within a competitive framework and in accordance with its financial means, to the balanced economic and social development of the canton and of Northwest Switzerland." This is founded on a healthy business performance with a good, long-term economic track record. BLKB therefore works continuously to generate opportunities out of changing customer requirements in a dynamic environment. BLKB's aim is to be the Northwest Switzerland region's preferred partner on financial matters. Due to the pivotal role that the banks play in an economy, the business activities and manner in which they exercise them have potentially far-reaching consequences for society's 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.</p> <p>The following sections take a closer look at the key topics of "Economic security", "Commitment to wider society", "Digital innovation and transformation" and, up to a point, at "Regional value creation". The latter is also discussed in GRI 204 in relation to the topic of procurement (see "Overview of key topic").</p> <p>For more information about the economic role played by BLKB as employer and customer to regional suppliers, see GRI 401 and GRI 204.</p> <p>The management approach and its components Strategy, processes and tools</p> <p>The owner strategy sets out BLKB's strategic direction and defines a clear public service mandate. The most important principles are: stability, sustainability, risk awareness and regional focus. The owner strategy specifies a clear commitment to the Northwest Switzerland region, its economy and its population. The bank undertakes to act in an ethical and sustainable manner. Its primary mission is to deliver basic banking services in the canton. 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. In the year under review, for example, BLKB opened two branches in the Fricktal district and thus now offers its services in Canton Aargau as well in the Cantons of Basel-Landschaft, Basel-Stadt and Solothurn. However, it is not permitted to participate in highly complex business areas that are accordingly volatile and involve extraordinary risks.</p> <p>In compliance with these framework conditions, BLKB pursues a strategy based on a solid equity ratio (core capital ratio CET 1 of > 20%), which exceeds the minimum statutory requirement. In doing so, the bank ensures a high degree of protection for customer assets as well as economic stability within the region.</p> |

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 clients ▪ Corporate clients | <ul style="list-style-type: none"> ▪ Nascent markets ▪ Digitally savvy clients | <ul style="list-style-type: none"> ▪ High-net-worth clients ▪ 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 |

In the year under review, a new strategy development process was launched in parallel to implementing the 2017-2022 business strategy. The new strategy is being launched as of 2023.

The internal objectives for employees are based around the business strategy. Both a motivating work culture (see GRI 401) and customer proximity (see GRI 417) are of crucial importance to successful implementation of the strategy. Thanks to its dense and closely managed branch network in Northwest Switzerland, BLKB practises customer focus and gives its customers ready access to financial services. This enables it to identify new and changing requirements an early stage. As it is firmly anchored in the region, the bank also benefits from the trust and high degree of loyalty shown by existing customers.

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. In doing so, the bank also enters into strategic partnerships with companies outside the canton. An example from the year under review is the cooperation launched with Lombard Odier. BLKB sees this as a way of offering private clients with large investment volumes a unique range of sustainable investment services. In addition, BLKB is focusing in particular on the opportunities offered by digitalisation. The expansion of digital distribution solutions and channels offering potential customers access to innovative products and services plays an important role here. In the year under review, BLKB founded radican ag – a purely digital financial services provider that will provide sustainable financial services to customers all over Switzerland and will offer personalised financial advice. radican is due to commence business operations in 2022.

Beyond its core business, BLKB also sees its role as that of partner to the region and has sponsorship commitments sponsorship commitments in sporting, cultural and social domains. In order to be considered for support, projects must be able to demonstrate that they have a connection with Northwest Switzerland and meet BLKB's sustainability criteria (see BLKB sponsorship guidelines). For BLKB, working together to find solutions during challenging times is part and parcel of a trusting partnership. In the reporting year, BLKB continued to pay its sponsorship contributions during the Covid-19 pandemic according to costs incurred and extended the expiring sponsorship agreements by one year. Unfortunately, a large number of events and other projects could not take place as planned in 2021.

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

- 100 fürs Baselbiet ("100 for Basel Region"): In cooperation with the University of Applied Sciences and Arts Northwestern Switzerland and the Basel-Landschaft regional development agency, BLKB promotes innovative SMEs and start-ups with links to the region. This cooperation was expanded in the reporting year with the creation of a new programme: inQbator.

- **Baselbieter Energiepaket** ("Basel Region Energy Package"): BLKB supports the canton's development programme for energy efficiency and renewable energy in buildings; this is complemented by the financing of energy-efficient construction projects via the bank's "Energy Mortgage" product.
- **BLKB Foundation for Culture and Education**: The foundation fosters cultural events and projects as well as professional and scientific talent in mathematics, information technology, natural sciences and technology. Every year, the Kantonalbank Prize is awarded to individuals in recognition of special achievement in the culture, social and sporting arena.
- **Crowdfunding**: BLKB supports start-ups and creative ideas for society and the environment in Northwest Switzerland via the wemakeit crowdfunding channel. BLKB provides funding up to CHF 2,000 and markets the projects on its website and its social media channels.
- **Das Dingsda im Museum**: In the year under review, BLKB and Fondation Beyeler launched a multi-generational art communication programme. Senior citizens and children can use the game Das Dingsda im Museum when visiting the gallery together.
- **Ebenrain Centre for Agriculture, Nature and Nutrition**: As of 2001, BLKB is offsetting its own CO₂ emissions locally in a joint climate protection project with the Ebenrain Centre. In this programme, soil in the Canton of Basel-Landschaft is enriched with humus so that it serves as a CO₂ store. In 2024, analysis of soil samples will demonstrate the compensatory effect of BLKB's contribution. (see GRI 302 and 305 for details on environmental protection and emissions).
- **EBL**: BLKB supports the energy utility's programme for promoting e-mobility and the expansion of photovoltaic installations in the region.
- **E-Bike-Land Nordwestschweiz**: BLKB has supported e-mobility in the region since 2015 and, since the year under review, has been principal partner to E-Bike-Land Nordwestschweiz. As main sponsor, BLKB is also helping to finance 20 new e-bike charging stations in the region.
- **FinanceMission**: Via FinanceMission, BLKB promotes an innovative learning game to enhance the financial skills of secondary schoolchildren (financial literacy).
- **Job for Juniors card**: With the Job for Juniors debit 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 470,400. The sum donated is split equally between Jobfactory Basel and KMU Lehrbetriebsverbund AG (SME apprenticeship association).
- **Jugendbudget**: BLKB is part of this joint initiative of all the Swiss cantonal banks. Jugendbudget.ch helps to fund the promotion of financial expertise among young people.
- **Climate school in Gelterkinden**: Gelterkinden secondary school participates in the four-year Klimaschule ("climate school" programme of the MYBLUEPLANET climate protection organisation). In the reporting year, BLKB supported the project as patron.
- **Net-Zero Banking Alliance**: In the year under review, BLKB became the first regional bank in Switzerland to join the Net-Zero Banking Alliance of the United Nations. In doing so, it undertakes to align its loan and investment portfolios to net-zero emissions by 2050. This pledge is in line with the bank's understanding of sustainability and with the objectives of the Paris Climate Agreement.
- **Pro Senectute beider Basel**: BLKB supports the "Pro Senectute beider Basel" foundation, thus emphasising its commitment to the well-being of elderly people in the region. See GRI 102.
- **Smart Regio Basel**: Through its cooperation with Smart Regio Basel, BLKB is contributing to intelligent, sustainable development aimed at making the Basel region a "smart city".
- **sun2050**: Together with EBL and Primeo Energie, BLKB has founded the sun2050 platform. This enables home-owners to calculate the solar potential of their own home online in a simple, precise way.
- **Swiss Innovation Challenge**: In cooperation with the University of Applied Sciences and Arts Northwestern Switzerland and the Basel-Landschaft Chamber of Commerce, BLKB is promoting innovation among the region's businesses.
- **swisspeers AG**: BLKB participates in swisspeers AG, a digital platform that gives SMEs fast and easy access to financing solutions. Investors can use the platform to directly acquire a stake in loans for SMEs.
- **Tag der Wirtschaft** (Industry Day): BLKB is the main sponsor of Tag der Wirtschaft. At this conference, representatives from the worlds of business, politics and society in Northwest Switzerland come together to exchange views on relevant topics.
- **Renewal of the Ulmethöchi bird migration observation point**: In the year under review, BLKB contributed to the rebuilding of the Ulmethütte, an observation point used for researching bird migration.
- **WaldBeiderBasel**: As a partner to WaldBeiderBasel, BLKB supports the Wald von Morgen ("Forest of Tomorrow") project. With the Zukunftskonto ("Future Account") and Geschenksparkonto ("Gift Future Account"), BLKB customers can participate in sustainable projects in the region, including the Wald von Morgen project.

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:

- Extension of the repayment period for immediate financial assistance loans: The repayment period for immediate financial assistance loans was extended by two years to the end of 2023.
- “Solidarity solution” for commercial tenants: For all mortgages with a commercial lease component, the bank reduced the interest payable by mortgage borrowers to 0% for the period from 1 January 2021 to 30 June 2021. Moreover, the requirement to make repayments during the same period was waived, provided that the property owner reduced the rent by at least one third. This benefited commercial tenants who were unable to continue doing business owing to the measures imposed for combating the pandemic.
- Caritas beider Basel: In the reporting year, BLKB contributed a sum for people hit by poverty. A large-scale in-house donations campaign among staff, together with an additional BLKB donation, raised a total of about CHF 200,000 that was donated in its entirety to the direct aid, advisory services and infrastructure of Caritas beider Basel.

Responsibilities and monitoring

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

BLKB's performance is reviewed continually on the basis of relevant key data (see list of [key financial data](#)). The Executive Board communicates the business developments to employees and the Board of Directors, to external stakeholders such as customers, investors and regulators, as well as to the general public (see [Investor Relations](#)). In the context of its advisory activities, the bank is closely in touch with private and corporate clients and requests their feedback as well as that of other stakeholders on a constant, proactive basis (see GRI [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. These include all projects (including construction projects), product changes and launches, functional expansion of the IT platform, auditing requirements and other possible measures.

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.

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

Targets

In 2020, BLKB formulated its over-arching [objectives](#) for 2030. Since then, these have determined the annual targets and the assessments of teams and departments.

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

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

Measures and results

The key innovation projects include the strategic investment radicant AG, the stake in swisspeers AG and the partnerships with Lombard Odier and the fintech platform True Wealth.

To further stimulate the regional economy, BLKB has expanded its 100 fürs Baselbiet initiative by including the InQbator programme. Since 2020, the bank has provided "venture loans" totalling CHF 20 million to start-ups and innovative SMEs for a five-year period through 100 fürs Baselbiet. To date, it has granted CHF 5.1 m through InQbator. (See "Strategy, processes and tools" in the same GRI.)

BLKB's systematic focus on high standards of sustainability is resulting in a continuous improvement in its MSCI rating: in 2020, this rating was upgraded to category A. MSCI ratings enjoy a high level of recognition on financial markets and among financial analysts. In its assessment, the rating agency Standard & Poor's upgraded BLKB's AA rating from "outlook stable" to "outlook positive". As for its stand-alone credit rating (without including the state guarantee), BLKB likewise continues to be awarded an A+ rating.

For the second time in succession, BLKB received the Best Regional Sustainability Bank Switzerland award from the financial journal Capital Finance International ([CFI.co](https://www.cfi.co)). The jury singled out BLKB's all-round approach to sustainability, the integration of sustainability criteria in its strategy and mission statement, the definition of sustainability goals and the regular measurement of target achievement as well as the transparent communication of progress made in its annual and sustainability reports (see '[Awards](#)').

Additional information, in particular on BLKB's business performance, can be found in the annual report (see management report, p. 12).

Assessment of the management approach

- Revision: On behalf of the Board of Directors, Internal Audit examines, assesses and advises with regard to the bank's efficiency on the one hand and to the effectiveness of risk management and of 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 the information on the MSCI and Standard & Poor's ratings under "Measures and results" in the same GRI).

- External awards: Recognition in the form of awards from independent third parties also provide pointers as to the business practices and successes of BLKB (see details in “Measures and results” in the same GRI).
- Comparison websites: With an overall score of 5.3 (good) in the Comparis mortgage survey 2021, BLKB again achieved a gratifying result for mortgages. The representative survey is conducted in cooperation with a market research institution on an annual basis. In the past year over 1,600 people in Switzerland were asked how satisfied they are with their mortgage provider.

For further information on BLKB’s business performance, see the annual report, p. 62 (Income statement and profit appropriation 2021) and p. 67 (Notes to the financial statements).

| | | | |
|--------------|------------|--|--|
| 201-1 | a-b | Information on economic value generated and distributed | <p>See annual report, p. 62 (income statement and profit appropriation 2021) and p. 67 (notes to the annual financial statements).</p> <p>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.</p> |
|--------------|------------|--|--|

| | | | |
|--------------|----------|---|---|
| 201-2 | a | Information on risks and opportunities posed by climate change and potential impacts on the organisation | <p>In cooperation with external experts, BLKB examined the impact of climate risks on its entire lending portfolio (mortgages, loans and corporate loans) in 2020. 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 a CO₂ tax). Using scenario analyses, the impacts of various climate trends to 2035 and 2060 were examined. The results show that BLKB’s lending portfolio is largely resilient to physical risks as well as transaction risks in the short to medium term and exhibits a low climate risk. 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 extreme precipitation events. This risk is particularly relevant to the mortgage-heavy portfolio and is highly dependent on microgeographic 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.</p> <p>For further information, see management approach for energy in GRI 302.</p> |
|--------------|----------|---|---|

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|--------------|----------|---|--|
| 201-4 | a | Information on financial assistance received from government | <p>The Kantonalbank Act of 1 January 2018 determines the state guarantee for BLKB. Article 4 stipulates that the Canton guarantees the bank’s liabilities should the latter’s own means not be sufficient. In return for the state guarantee, BLKB pays the Canton a fee calculated on the basis of the risk amount and the probability of default. Moreover, in its capacity as a public-law entity, BLKB is exempt from direct federal taxes as well as taxes in the Canton of Basel-Landschaft.</p> <p>In 2021, BLKB distributed the sum of CHF 60 m to the Canton. The Deputy Chairmanship of the Board of Directors is held by a member of the cantonal council, whose fee has been paid to the Canton of Basel-Landschaft since 2016</p> |
|--------------|----------|---|--|

GRI 203: Indirect economic impacts (2016)

| GRI | Description | Data / reference |
|-------------------------|--|---|
| 103-1 103-2 103-3 | Management approach for indirect economic impacts | See description of management approach for business performance in GRI 201 . |
| 203-1 a-c | Infrastructure investments and their impacts on communities and local economies | <p>As part of its lending business, BLKB supports companies from a wide range of sectors (including infrastructure) throughout Switzerland, but especially in Northwest Switzerland. For more information, see "Management approach for business performance" in GRI 201 as well as "Management approach for responsible lending operations and investment business lending operations and investment business" and the information in the "Key data on the forward-looking approach".</p> <p>In the year under review, BLKB entered into various cooperative ventures in the infrastructure field or continued to foster existing ones:</p> <ul style="list-style-type: none"> ▪ Baselbieter Energiepaket ("Basel Region Energy Package") See GRI 201. ▪ EBL: See GRI 201. ▪ Smart Regio Basel: See GRI 102-12. |
| 203-2 a | Examples of significant identified indirect economic impacts | <p>BLKB's economic impact is shown in the "Management approach for business performance" in GRI 201 as well as in the management report and income statement on pages 12 and 62 respectively of the 2021 annual report. In addition, BLKB discloses the volumes of mortgage and other types of lending in Northwest Switzerland and other parts of Switzerland (see "Key data on the forward-looking approach").</p> <p>Indirect (socio)economic impacts are not specifically quantified.</p> |
| BLKB | Further information on indirect economic impacts | <ul style="list-style-type: none"> ▪ Employee compensation: Total compensation in the year under review amounted to CHF 97,852,687. ▪ Profit appropriation: See Income statement and profit appropriation in the 2021 annual report, p. 62. ▪ Purchasing volume: See GRI 204-1. ▪ Core capital ratio: 18.71 per cent. |

GRI 204: Procurement practices (2016)

| GRI | Description | Data / reference |
|-------------------------|--|--|
| 103-1 103-2 103-3 | Management approach for procurement practices | <p>Explanation of the material topic and its boundary</p> <p>The procurement of goods and services by BLKB involves financial, environmental and social impacts in the value chain both upstream and downstream. Besides positive effects, due consideration also needs to be given to potential compliance or reputation risks in the social and ecological spheres.</p> <p>The management approach and its components</p> <p>Strategy, processes and tools</p> <p>BLKB places the utmost emphasis on compliance with environmental and social standards in relation to procurement and operations management. With its service providers and suppliers, BLKB concludes a <u>sustainability agreement</u> covering social and environmental obligations). As well as these criteria, BLKB's principles include favouring regional suppliers and service providers; this enables the bank to support the local economy. Purchases of goods with a volume of CHF 3,000 are based on a structured decision process incorporating sustainability criteria. These criteria include the following: shelf life, replacement parts/ replacement parts guarantee, device exchanges/replacements during repairs, interchangeability of individual components, recyclable materials and packaging material. Products such as ATMs, or IT and construction services which are classed as critical to BLKB's business model, are excluded. In the case of the latter, the bank has for some years had a corresponding internal policy based on SIA standard 102 which must be observed by construction projects. This is the responsibility of the project heads of properties/buildings.</p> <p>Responsibilities and monitoring</p> <p>Subject to compliance with the internal policies and defined areas of responsibility, all BLKB employees can assign binding contracts and orders to third parties under their own responsibility and on behalf of the bank, provided these are directly connected with their area of activity. The Infrastructure department of IT & Services is driving forward the development of the procurement policies. However, responsibility for implementation lies with all functions of the bank. To strengthen commitment, the sustainability agreement became an integral part of contracts with external partners in 2021. In addition, persons responsible for supporting product and supplier groups and ensuring compliance with the sustainability agreement were defined in the context of partner management. The procurement processes involve control steps and are subject to the Internal Controls System (more info GRI 102).</p> <p>Targets</p> <p>With reference to procurement and regional value creation, the <u>objectives</u> for 2030 stipulate the following:</p> <ul style="list-style-type: none"> ▪ The bank supports and encourages business partners in relation to their commitment to sustainability. ▪ The bank favours local service providers/suppliers and those that make their sustainability commitment transparent. It only works with businesses that are endeavouring to contribute to making Switzerland a sustainable economic space. <p>Measures and results</p> <ul style="list-style-type: none"> ▪ In the year under review, the sustainability agreement was incorporated in BLKB's partner management as a fixed element with clearly defined responsibilities. ▪ BLKB made the sustainability agreement an integral part of its standard contracts for all new partners as of 2021. <p>Assessment of the management approach</p> <p>The procurement process is audited as part of the internal audit. Its results are discussed and, if any issues are identified, measures are developed and implemented.</p> |
| 204-1 a-c | Information on local procurement | <p>In the reporting year, 77 per cent of the goods and services procured by the bank in the infrastructure area – including construction and trade contracts – were procured in the region. "Region" means the cantons of Basel-Landschaft, Basel-Stadt, Aargau and Solothurn.</p> |

GRI 205: Anti-corruption (2016)

| GRI | Description | Data / reference |
|-------------------------|---|--|
| 103-1 103-2 103-3 | Management approach for anti-corruption | See description of management approach for socio-economic 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. Internally, Legal & Compliance ensures that business activities are consistent with current laws and standards (see "Notes to the financial statements" in the annual report, p. 67). Beyond the established processes (training and control), there have not been any grounds for specific corruption checks to date. Nor were any significant corruption risks identified. |
| 205-2 a/d | Communication to and training of supervisory 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. BLKB does not provide specific training on the topic of anti-corruption for the Board of Directors, since expertise regarding compliance issues within the financial industry is a prerequisite for holding such office. For more information about the Board of Directors and action taken in relation to conflicts of interest, see the corporate governance report included in the annual report. |
| 205-2 b/e | Communication to and training of employees on anti-corruption policies and procedures | The bank's code of conduct 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. Additional training and awareness-raising in the form of mandatory e-learning modules are also provided. This e-learning covers topics such as money laundering (corruption), avoidance of fraud and general rules of conduct. |
| 205-2 c | Communication to business partners on anti-corruption policies and procedures | The sustainability agreement that has been an integral part of all new contracts with service providers and suppliers since 2021 states that suppliers and service providers must comply with legal provisions and must fulfil the social and environmental obligations arising in Switzerland and abroad. |
| 205-3 a-d | Information on confirmed incidents of corruption and their consequences | BLKB did not become aware of any relevant events in the reporting year. Thus there were no confirmed cases of corruption. |

GRI 206: Anti-competitive behaviour

| GRI | Description | Data / reference |
|-------------------------|--|--|
| 103-1 103-2 103-3 | Management approach for anti-competitive behaviour | See description of management approach for socio-economic compliance in GRI 419 and in particular the BLKB code of conduct , which obligates all employees to adopt fair and responsible business practices. |
| 206-1 a-b | Information on legal actions regarding anti-competitive behaviour | BLKB did not become aware of any relevant events in the reporting year. There were no legal actions regarding potential violations of anti-trust or legislation or other applicable anti-competition rules. |

Additional material topic: Responsible lending operations and investment business

| GRI | Description | Data / reference |
|-------------------------|---|---|
| 103-1 103-2 103-3 | Management approach for responsible lending operations and investment business | <p>Explanation of the material topic and its boundary</p> <p>The bank is aware that, by way of its financing and investment decisions, it can exert an influence on financing flows far beyond its own region. As a financial services provider, BLKB can influence the purposes for which funds taking the form of investment or loans are used. In its analysis process, BLKB incorporates social, ecological and economic criteria into its financing and investment decisions alongside financial factors. The integration of ESG (environmental, social, governance) criteria into the analysis process leads to more comprehensive risk management in investment and lending operations. The application of ESG criteria ensure that opportunities and risks are taken into account systematically. It thus seeks to consistently offer its customers products aligned to sustainability aspects in all areas.</p> <p>The management approach and its components</p> <p>Strategy, processes and tools</p> <p>The bank views sustainability aspects as both risks and opportunities, and thus wants to ensure that they are systematically taken into account in its products. In this connection, the Board of Directors sets out BLKB's risk policy to ensure that only risks for which the bank will be compensated and whose occurrence does not jeopardise BLKB's continued existence are accepted (see GRI 419). These framework conditions determine the processes, instruments and principles of lending and investment operations.</p> <p>Lending operations</p> <p>The bank manages lending operations based on the credit policy issued by the Board of Directors while also observing 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 clients, a detailed analysis of the business model is also part of this process at BLKB. The advisory consultation for a commercial loan also entails scrutinising the company's entire value chain. Information is obtained regarding procurement, transformation, production, sales and waste management. Serving as a decision-making basis for lending, this information is systematically recorded.</p> <p>Moreover, a basic triage by sector is essential to assessing the ESG criteria and sets the direction in lending. The triage is based on the following material risks: damage to health, climate change, decline in biodiversity and ethical risks.</p> |

These risk criteria are used to assign companies to exclusion and risk sectors. Based on the above-mentioned risks, BLKB has defined sectors that must not be financed. Any companies active in these excluded sectors that apply for financing must be turned down without any further assessment.

Loan requests from companies that operate in risk sectors or have material links to an exclusion and/or risk sector must be assessed by the bank's internal Credit Committee. This is BLKB's ultimate credit authorisation body, and its members include the Chief Credit Officer and the member of the Executive Board with responsibility for corporate lending. BLKB defines these "exclusion sectors" as being those with very high ESG risks. The risk entailed in "risk sector" activities is not necessarily as great: here, each case must be examined in detail. To establish whether a company operates in exclusion sectors or risk sectors or has material links with them, customer advisers have access to a specific ESG questionnaire and to a related discussion template. This documentation is also useful for addressing the relevant topics in the strategic dialogue and for jointly identifying areas for improvement (see "Measures and results"). Exclusion and risk sectors are defined as follows:

Exclusion sectors

- Coal (anthracite/lignite) mining
- Uranium and thorium ore extraction
- Extraction of crude petroleum and natural gas
- Manufacture of weapons
- Manufacture of military combat vehicles

Risk sectors

- Tobacco
- Gambling
- Nuclear energy/operation of fossil power stations
- Extraction of other fossil fuels
- Manufacture of aircraft
- Genetically modified organisms in agriculture
- 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. Since 2020, the Credit Committee has been able when necessary to consult an independent, external Sustainability Advisory Committee (see GRI [102-18](#)) for an in-depth sustainability assessment of credit applications. Lending transactions which do not meet the bank's requirements, or for which the necessary transparency is unavailable, are rejected. If possible, customers who are granted loans should also have strategic or commercial ties with Northwest Switzerland. In the private customers segment, BLKB's lending is concentrated on the mortgage business. Due to the risks of indebtedness, the bank does not grant consumer loans to private individuals as a matter of principle. BLKB attaches considerable importance to the granting of loans to SMEs. As at 31 December 2021, these loans totalled CHF 4.9 bn, i.e. approximately 20 per cent of total outstanding amounts due from customers and mortgage claims.

In 2021, BLKB developed a clearly defined strategy for implementing sustainability in the real estate sector. Its over-arching goal is to offer customers solutions that make their properties more climate-friendly. In particular, it will expand its range of advisory and other services aimed at implementing energy-conserving structural measures. The BLKB Energy Mortgage is a bespoke solution that enables mortgage customers to invest in improving their property's energy-efficiency on attractive financing terms. When implementing such measures, moreover, our customers can obtain professional advice from external BLKB partners specialised in the field. As a strategic partner to Baselbieter Energiepaket, BLKB is also supporting the overall transformation to climate-neutral real estate in Basel-Landschaft (see GRI [203-1](#)).

Investment Philosophy

BLKB's investment philosophy is based on the bank's corporate values and is key to its investment business. BLKB invests its customers' money on the financial market in compliance with the required due diligence, and with a focus on an optimised risk/return ratio. 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 the due consideration of relevant ESG topics. Implementation is based on both a negative (i.e. exclusion criteria) and a positive analysis. All BLKB investment products as well as its advisory services take systematic account of ESG criteria. In BLKB's asset management mandates and funds, the investment themes of microfinance and green/sustainable bonds are also taken into consideration and investments selected depending on the market situation.

In the actively managed portfolios, Investment Research evaluates equities and bonds in a multi-stage investment process: In a negative analysis, specific sustainability risks (i.e. areas of activity) that are particularly problematic from a risk/return perspective are excluded from the portfolios entirely. In the positive analysis, a selection is then made on the basis of continually reviewed ESG evaluations ("best-in-universe strategy"). In a final step, a renewed financial analysis is undertaken, focusing on the relevant ESG criteria.

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. In the passive investment field, moreover, BLKB offers funds such as BLKB iQ Responsible World ex. Switzerland, which also takes ESG factors systematically into account. The offering is rounded off with thematic investment products such as the certificate on the "BLKB Klima Basket"; this holds shares in companies whose products and services contribute to combating climate change. BLKB's online asset management tool Digifolio, which is readily accessible to a broad clientele and offers investments from as little as CHF 5,000, also includes sustainable options. Thus BLKB offers private investors with smaller sums to invest an additional, attractive opportunity to have their assets managed online on a professional, sustainable basis. In addition, the Duo and Trio custody account services in e-banking give customers access to a research recommendations list of sustainability-related proposals.

Our forward-looking approach in the investment business is 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 Principles. As signatory to the Montreal Carbon Pledge initiative, BLKB measures and publishes its climate risks. Moreover, the bank assesses the average sustainability rating of its investment products. BLKB also supports sustainable investment through its membership of the industry organisation Swiss Sustainable Finance (SSF). Both the topics addressed by SSF and its network 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, has been a member of the SSF board since 2020 (see GRI [102-12](#) and [102-18](#)).

Responsibilities and monitoring

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

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

BLKB places great emphasis on training employees in sustainable investment and ESG-related topics to ensure they are qualified to advise customers. In addition to product 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 on customer advice.

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:

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

Measures and results

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. To this end, customer advisers proactively address environmental, social and governance aspects. In granting corporate loans, BLKB is therefore interested in how the company addresses these topics and what measures it takes. In advising on loan and other transactions, the bank seeks to help identify opportunities and risks and provide impulses through solution-oriented discussion. In 2020, BLKB developed an ESG discussion template for customer advisers so that it is now (since 2021) possible to assess corporate customers' future focus even more precisely. The launch was accompanied by initial training for advisers in the corporate customers business. Training in 2021 dug deeper into this topic, with the result that the "forward-looking" approach is now applied as an integral part of the advisory process. The aim is not only to discuss day-to-day business but to incorporate sustainability in the strategic dialogue with customers. This idea has been communicated through several teaching modules along with in-depth exercises. A special event was held for corporate customers to highlight and discuss some possible areas for action.

BLKB has instituted a range of measures to step up the integration of sustainability standards in the lending and investment business. The in-depth analysis of the lending process carried out in 2019 serves as the basis for various initiatives in the lending business. An initial project deriving from this is the development of a list of ESG questions for systematically analysing companies' environmental and social criteria. In a pilot survey, five corporate banking advisers validated this questionnaire with the help of twelve existing corporate customers from manufacturing, the service sector and commerce. It was shown that the existing value chain analysis covers a wealth of topics. For small corporate customers in particular, this procedure allows the creation of a solid decision-making basis for granting loans. For these reasons, the extended ESG questionnaire was introduced in a number of selected areas. Since the second quarter of 2020, corporate customers in risk sectors have undergone in-depth evaluation. The customers in question are those with material links to risk sectors (see the explanations under "Strategy, processes and tools") or sensitive areas of business, e.g. in the context of high-risk countries, conflicts of interest or borrowers with significant reputation risk. Since the fourth quarter of 2021, we are fine-tuning this process based on the experience gained and the dialogue with internal and external sustainability specialists.

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 its lending portfolio with the support of external experts. Direct and indirect emissions (in Scope 1 and 2) are reduced by means of operational ecological measures (see GRI [302](#) und [305](#)).

In the year under review, BLKB accordingly expanded its sustainable product offering in the investment business. The “BLKB Demography Basket” gave investors access to a product focusing on the “demographic change” megatrend. Since 2021, moreover, BLKB has also been offering sustainable equity funds in the pensions field. Thus customers in the pensions sector now have a broad range of products in all risk classes. After our systematically managed iQ funds had already received 4- or 5-star ratings from the independent fund-rating agency Morningstar in 2020, the Swiss Dynamic Allocation Fund has now also been awarded the top 5-star rating.

The past reporting year saw the launch of a partnership with Geneva-based private bank Lombard Odier in the field of sustainable investments. This cooperation means that high-net-worth private clients in Northwest Switzerland can be offered appropriate products and investment strategies. The business models, advisory activities and products of both partners are closely focused on sustainability.

BLKB wishes to provide its customers and other stakeholders with transparent information on the impacts of investment decisions. The policy of transparently disclosing climate- and sustainability-related assessments of its own investment solutions in product communications (sales aids and website) paid off in the reporting year and is to be continued. Similarly, BLKB is increasing transparency by publishing the financing flows in its loan and investments business. Thus the bank is now also disclosing its financing operations and investments conducted in sectors with material greenhouse gas emissions (see BLKB in-house indicator below). The 2020 PACTA study by the Federal Office for the Environment (FOEN) gave BLKB's proprietary funds and tracker certificates a high sustainability rating. The average exposure of these investments to CO₂-heavy sectors was deemed to be very low (PACTA 2020). The rising volume of proprietary investment funds managed according to ESG criteria (see “[Key data](#) on the forward-looking approach”) points to growing demand.

Since 2020, BLKB has been one of the first banks in Switzerland to offer a sustainable deposits instrument: the Zukunftskonto (“Future Account”). Linked to the Wald von morgen (“Forests of tomorrow”) project in cooperation with [WaldBeiderBasel](#) (association of local forest owners), this product enables account holders to support sustainable projects in their region. At present, the interest is being used among other things to plant climate-resistant trees in Basel-Landschaft. The money deposited in “Future Accounts” will be used first and foremost to fund customers’ sustainable projects, e.g. refinancing of the Energy Mortgage (see “Strategy, processes and tools” in the same GRI. As part of the Wald von morgen project being undertaken with WaldBeiderBasel, some 750 climate-resistant trees were planted in the region in 2021. The launch of the Geschenkskonto Zukunft (“Gift Future Account”) is a further addition to the range of sustainable products in BLKB's basic banking business. This account also enables the bank’s customers to show their support for the Wald von morgen project.

Assessment of management approach

- Internal Controls System: Processes in lending operations and investment business are subject to continuous review by the Internal Controls System, the results of which are presented to the Executive Board and the Board of Directors.
- Internal Audit: Conducted at regular intervals, the reviews by Internal Audit cover structural and process organisation in lending operations and investment business.
- External auditors: The external auditors review compliance with the legal and regulatory requirements, in particular regarding risk tolerances in the lending area.
- Investment compliance: Automated functionalities in investment compliance ensure the highest possible degree of quality control in relation to investment.
- PACTA study by the Federal Office for the Environment: In 2020, BLKB voluntarily participated in the climate compatibility tests of the Federal Office for the Environment as part of the 2020 PACTA (Paris Agreement Capital Transition Assessment) study. BLKB sees this investigation of the current climate path of Switzerland’s financial sector as an attractive opportunity for further development.

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| BLKB | Volume of sustainably managed in-house investment funds | See " Key data on the forward-looking approach". |
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| BLKB | Financial flows into greenhouse gas-intensive sectors | <p>In addition to the direct emissions of an entity, Scope 3 of the Greenhouse Gas Protocol also measures emissions resulting from the use of the entity's products and services. In the case of banks, these are the "financed emissions" arising from the financing of (e.g. granting of loans to) other companies and from investments (e.g. via the purchase of equities in investment funds). These emissions are allocated to the bank on a pro-rata basis. BLKB thus monitors the proportion of high-greenhouse gas sectors in its managed assets and contains it within the objectives of the Paris Climate Agreement and Net-Zero Banking Alliance.</p> <p>The results of the PACTA analysis conducted by the Federal Office for the Environment in 2020 show that on the equities side only 2.8 per cent of the investment volume in BLKB investment products (funds and baskets as at 31 December 2019) was in high-greenhouse gas sectors; the proportion for bonds was just 1.8 per cent. The breakdowns are as follows:</p> <p style="margin-left: 20px;">Sector (percentage of equities/bonds)</p> <ul style="list-style-type: none"> ▪ 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%) ▪ Steel manufacture (0.1% / -) <p>A study on the 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 greenhouse gas-intensive sectors. These are:</p> <p style="margin-left: 20px;">Sector (share of portfolio)</p> <ul style="list-style-type: none"> ▪ Electricity distribution, trading and production (2%) ▪ Cold forming or folding, steel pipes and similar steel products (0,5%) ▪ Manufacture of paints, varnishes and similar coatings, printing ink and mastics, and building supplies made of plastic (0,8%) ▪ Manufacture of concrete, cement, and calcium-silicate products for construction (0,3%) |
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Environmental topics

GRI 302: Energy (2016)

| GRI | Description | Data / reference |
|-------------------------|---------------------------------------|---|
| 103-1 103-2 103-3 | Management approach for energy | <p>The following information describes the management approaches for emissions (GRI 305) and waste (GRI 306).</p> <p>Explanation of the material topic and its boundary</p> <p>As a forward-looking bank, BLKB is committed to the well-being of people, society and the environment. Climate protection is one of its key concerns. A secure supply of energy – in particular electricity but also heating and cooling – is of great importance to a bank’s operations. Energy management is focused on boosting energy efficiency and reducing greenhouse gas (“GHG”) emissions. For BLKB, the bulk of these emissions stem from its heating requirements and business travel as well as 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 BLKB’s approaches in relation to the material topic of “Climate change, conservation and climate protection” (see “Overview of key topics”). 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 business”.</p> <p>The management approach and its components</p> <p>Strategy, processes and tools</p> <p>BLKB’s environmental management is based on the objective of keeping the environmental footprint of the bank’s operations as small as possible. This includes minimising greenhouse gas emissions and the consumption of natural resources. Compliance with Swiss environmental protection, energy and CO₂ legislation is the minimum requirement and is seen as a matter of course. Over and above this, BLKB wants to be a role model and to strengthen its reputation as a sustainable company. Environmental management at the bank is thus central to its actions.</p> <p>BLKB already agreed on initial targets with the federal government in the year 2000 on the reduction of its CO₂ emissions and on increasing the energy-efficiency of its banking operations. This applied to the period from 2000 to 2012. BLKB also signed a target agreement with the federal government 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 and review goal achievement each year.</p> <p>In its energy management, BLKB is focused on reducing energy requirements, improving efficiency and making use of energy from renewable and environmentally compatible sources. To reduce heating requirements, insulation is improved when buildings are refurbished; at the same time, the regulation of systems is optimised and consumption is monitored constantly. BLKB also makes use of district heating wherever possible: this accounted for 82 per cent of its total heating requirements in the reporting year.</p> |

In this area it is important to ensure that the heat is produced as far as possible without emitting CO₂. Local and district heating networks in the region are operated with wood-fired, combined heat and power, and fossil-fuel plants. BLKB supports efforts to make these plants more environmentally compatible by converting them and further reducing the share of fossil fuels used.

In terms of electricity consumption, BLKB systematically focuses on efficient technologies. For example, it has installed LED lighting and motion detectors, operates building services on an "as-needed" basis and ensures that IT equipment meets current energy-saving requirements. Since 2012, BLKB has purchased 100 per cent of its electricity needs from Swiss hydroelectric power stations – the electricity source with the lowest greenhouse gas emissions. In addition, the photovoltaic system on the roof of the bank's head office produces solar power (capacity: 82.38 kWp) for its own consumption as well as the public charging station for electric vehicles.

In the area of business travel, BLKB strives to ensure that unnecessary trips are avoided, to encourage the use of environmentally compatible transport options and to improve efficiency overall. Increasing use is therefore made of electric vehicles. Employees at the head office in Liestal have access to six electric vehicles for business purposes. Moreover, employees receive SBB vouchers in the value of a half-fare travelcard to encourage them to use public transport. In terms of material management, BLKB focuses on a general reduction in consumption. It ensures that items with the highest possible proportion of recyclable, recycled or ecologically manufactured materials are procured (see GRI 204).

The conduct of employees influences BLKB's footprint significantly, which is why the bank focuses on awareness-raising activities (also a part of the induction event for new employees). In addition, the design of office premises creates incentives for behaviours that conserve resources. Offices are designed and fitted out in such way as to minimise use of resources. This includes suitable workplace lighting and energy efficient IT systems.

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 greenhouse gas emissions in accordance with internationally recognised standards. Greenhouse gas emissions are calculated on the basis of the lifecycle database from Ecoinvent.

By optimising the internal use of resources, environmental management makes an important contribution to climate protection. A bank's indirect greenhouse gas emissions are produced not only via electricity consumption or the use of district heating but also via procurements and financial investments. For greater transparency and to create a comprehensive basis for decisions, BLKB analyses its greenhouse gas emissions each year with the help of external experts (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 offsets its emissions in a local research project (see "Measures and results" in the same GRI). The bank is also committed to greater transparency and climate protection in external projects. Thus it took part in the 2020 PACTA study of the Federal Office for the Environment. This study examined climate compatibility in the Swiss financial sector (see description of the management approach for responsible lending operations and investment business). 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.

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 on BLKB energy consumption using 287 energy meters. The data are saved and analysed with the help of an external service provider. This ensures that the effect of optimisation measures is monitored and any deviations in consumption are identified and corrected at an early stage. In an annual exchange of experience, property managers compare 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 business](#)").

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 2021: 123.7%)
- Reduction in CO₂e intensity to 81.2 per cent (status 2021: 76.0%)

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.

BLKB wants to remain climate-neutral in the Scopes described and thus contribute to meeting the objectives of the Paris Climate Agreement. This is explicitly stated in the [objectives](#) for 2030, 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 greenhouse gas emissions on a continuous basis (Scope 1–3 of the Greenhouse Gas Protocol).
- The bank contributes to environmentally friendly development and encourages the circular economy as well as the sustainable use of resources.
- In relation to properties and mobility, the bank operates a systematic environmental management system designed to ensure continuous improvement.
- The bank only uses renewable energy sources and uses them efficiently.
- Sustainability is an integral component of the products and services offered. In particular, these products and services contribute to achieving the Swiss climate targets.

Measures and results

To meet the targets set by the federal government, BLKB worked with external specialists to devise 72 measures for eight branches. As per the agreement with the Confederation, these included measures classed as being amortisable within eight years. BLKB also implemented measures exceeding this specification, achieving an energy efficiency figure of 123.7 per cent and a CO₂e intensity of 76 per cent. Thus the targets set for the period up to 2022 were already easily exceeded.

Analysis of the consumption data in the areas of energy, mobility, paper, water and waste showed a year-on-year increase of direct and indirect greenhouse gas emissions (calculated according to Scope 1 to 3) of 31 per cent in total. Emissions generated by BLKB totalled 823 tonnes of CO₂e (previous year: 628 t CO₂e). Given the 7.3 per cent increase in FTEs, the increase in greenhouse gas emissions per FTE to 1063 kilograms/CO₂e/FTE (previous year 871 kg/CO₂e/FTE) equated to a 22 per cent rise.

This was the first financial year since analysis of the environmental key data according to the Vfu 2003 standard began in which greenhouse gas emissions have risen significantly. However, the causes are clear. These relate solely to heat consumption and are beyond the control of BLKB:

- As the district heating plant in Liestal from which BLKB obtains 60 per cent of its district heating was being rebuilt, it was wholly gas-fired throughout the year. The heating plant is being fitted with new wood-fired boilers so that locally grown wood will provide 90 per cent of its energy in future.
- Climate-related heating requirements rose by 22 per cent compared with the previous year. The number of heating degree days increased from 2,508 to 3,058.
- The higher greenhouse gas emissions arising from district heating accounted for 82 per cent of the total increase of 195 tonnes of CO₂e relative to the previous year. The cooler weather in the reporting year resulted in a 9.2 per cent increase in heating requirements (equating to only 1.8% per FTE, however). The

rest of the increase was due to a modified and more detailed allocation of the remaining district heating supplies to the specific energy sources.

Electricity consumption per employee decreased by 8.8 per cent to 3.11 MWh/FTE. Five years previously, this figure was still as high as 4.45 MWh/FTE. Although electricity consumption exceeds the heating requirement (2.75 MWh/FTE), it only generates 38 kilograms CO₂e/FTE. In the reporting year, the heating requirement was responsible for 610 kilograms of CO₂e/FTE.

At present, "mobility" in terms of the annual analysis according to the VfU standard consists solely of business travel. Commuting is not included in the following figures. The distance covered by rail and road was almost the same as in the previous year and gave rise to 249 kilograms of CO₂e/FTE. The distance covered by electric vehicles rose sharply (+ 76%). Petrol- and diesel-powered vehicles covered some 1.4 per cent more kilometres. The resulting greenhouse gas emissions generated by this road traffic fell by 13 kilograms of CO₂e/FTE. Business travel did not involve any flights.

Paper consumption gave rise to 125 kilograms CO₂e/FTE. The share of recycling paper rose again to 89 per cent. Total consumption of paper was reduced to 4 kg/FTE, resulting in a small reduction in greenhouse gas emissions.

Water consumption per employee fell by 35 per cent year-on-year. This was partly due to the cooler weather: less water was needed for watering the grounds of bank branches or for air conditioning (evaporator condensers). Water consumption only generated 5 kilograms CO₂e/FTE.

The volume of waste was reduced by 17 per cent to 161 kg/FTE, resulting in a 30 per cent reduction in greenhouse gas emissions. Thus CO₂e emissions from this source fell to 35 kilograms CO₂e/FTE. The volume of recycled waste remained almost unchanged, and the proportion recycled was 58 per cent. Less waste was 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. In 2020, the bank thus offset about 1,105 tonnes of CO₂e through international climate projects (see "Strategy, processes and tools" in the same GRI). As of the reporting year, BLKB has been offsetting the greenhouse gas emissions from its own operations in a local research project with the Ebenrain Centre for Agriculture, Nature and Nutrition. This involves using soil in the Canton of Basel-Landschaft for the storage of CO₂ by way of humus formation. Only in 2024 will it be possible to measure effective CO₂-binding capacity and hence BLKB's offsetting contribution through this project (for more information, see GRI [201](#)).

In the infrastructure area, meanwhile, BLKB is expanding the number of charging points for electric vehicles at its head office and has 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 the 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 track the bank's environmental footprint.
- Dialogue with experts: BLKB reviews its performance on a regular basis in cooperation with external experts.
- Benchmarking: The data submitted in connection with the EnAW are compared with the benchmark of the participating companies.

- Federal government/EnAW agreement on objectives: In the annual EnAW discussion, BLKB receives feedback on its progress and recommendations for improving energy efficiency and reducing its CO₂e 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 feedback from them.

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| 302-1 a-g | Information on fuel consumption and energy consumption within the organisation | <p>See "Key data on the forward-looking approach" and VfU key data tool for quantitative information and explanation of standards, methods and conversion factors used.</p> <p>Energy purchased by third parties is not included. For example, this relates to consumption on the part of tenants in BLKB's bank properties that are supplied via the bank's heating systems.</p> |
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| 302-2 a-c | Information on energy consumption outside the organisation | <p>The disclosed energy consumption outside the organisation is confined to passenger travel (car, rail, plane). The electricity consumed by the data centre, which BLKB shares with third parties, is not included.</p> <p>Information on standards, methods and conversion factors can be found in the "Key data on the forward-looking approach" and the VfU key data tool.</p> |
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| 302-3 a-d | Information about the energy intensity ratio | <p>The energy intensity ratio is disclosed in the "Key data on the forward-looking approach".</p> <ul style="list-style-type: none"> ▪ 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. |
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| 302-4 a-d | Information on reductions in energy consumption as a result of initiatives by the organisation | <p>See management approach for energy in GRI 302 ("Measures and results") and "Key data on the forward-looking approach".</p> <ul style="list-style-type: none"> ▪ 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 of the Swiss Private Sector (EnAW) is to reduce the bank's energy requirements. The current agreement on targets runs until 2022, with 2013 as the baseline year. |
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GRI 305: Emissions (2016)

| GRI | Description | Data / reference |
|-------------------------|---|--|
| 103-1 103-2 103-3 | Management approach for GHG emissions | See description of management approach for energy in GRI 302 . |
| 305-1 a-g | Information on direct GHG emissions (Scope 1) | <p>The intensity (kg CO₂e/FTE) of direct greenhouse gas emissions is shown in the “Key data on the forward-looking approach”.</p> <ul style="list-style-type: none"> ▪ The intensity (kg CO₂e/FTE) of direct greenhouse gas emissions is shown in the “Key data on the forward-looking approach”. ▪ 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 are not collected. ▪ The EnAW report for the period 2013–22 shows the greenhouse gas emissions for the building heating systems of eight bank locations. These are direct greenhouse gas emissions in the case of gas and heating oil, and indirect too in the case of district heating. In the context of the targets agreed with EnAW, the figures for the calculation of the bank’s CO₂ intensity are used. These are not included in the “Key data for the forward-looking approach”. ▪ The VfU key figures, which are shown in the “Key data on the forward-looking approach” were recorded and calculated for the bank as a whole in 2003 for the first time. Thus the greenhouse gas emissions for all bank locations were disclosed. The change versus previous years is evaluated 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 are used to calculate greenhouse gas emissions (CO₂-equivalents). Ecoinvent is supported and regularly updated by the institutions of the Swiss Federal Institute of Technology (ETH) Domain. ▪ The “equity share” approach is applied for consolidation purposes, i.e. all emissions that arise in connection with the bank’s operations are taken into account. Energy consumption/greenhouse gas emissions for BLKB properties let to tenants (commercial undertakings or households), for example, are excluded. |
| 305-2 a-g | Information on energy indirect GHG emissions (Scope 2) | <p>The intensity (kg CO₂e/FTE) of the “energy indirect” greenhouse gas emissions is shown in the “Key data on the forward-looking approach”.</p> <ul style="list-style-type: none"> ▪ Information on the gases included in the calculation, and on the standards, methods and conversion factors used, can be found in the corresponding footnotes. Since BLKB purchases district heating from a range of suppliers at its various sites, the emissions factor of the largest supplier (53 per cent of total consumption) was used to apply proportionately for all suppliers. ▪ Electricity from 100 per cent Swiss hydroelectric power is taken into account. This corresponds to market-based values. ▪ The EnAW report for the period 2013–22 shows the CO₂ emissions for the building heating systems of eight bank locations. These are direct greenhouse gas 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 the forward-looking approach” were recorded and calculated for the bank as a whole in 2003 for the first time. The greenhouse gas emissions for all bank locations are disclosed. The change versus the preceding years is evaluated and analysed. In each case, the data are adjusted in line with the current version of the VfU key figures tool. ▪ The environmental data produced by the Ecoinvent database are used to calculate greenhouse gas emissions (CO₂-equivalents). Ecoinvent is supported and regularly updated by the institutions of the Swiss Federal Institute of Technology (ETH) Domain. |

- The “equity share” approach is applied for consolidation purposes, i.e. all emissions that arise in connection with the bank’s operations are taken into account. The electricity consumption of the data centre, which BLKB shares with third parties, is not included in the indirect greenhouse gas emissions.

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| 305-3 a-g | Information on other indirect GHG emissions (Scope 3) | <p>The intensity (CO₂e/FTE) of the other energy indirect greenhouse gas emissions is shown in the “Key data on the forward-looking approach”.</p> <ul style="list-style-type: none"> ▪ Besides energy provision (preliminary stages and distribution) and passenger transport (car, rail, plane), emissions in connection with paper and water consumption as well as volume of waste are considered. ▪ 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 are not collected. ▪ The VfU key figures, which are shown in the “Key data on the forward-looking approach” were recorded and calculated for the bank as a whole in 2003 for the first time. Thus the greenhouse gas emissions for all bank locations were disclosed. The change versus the preceding years is evaluated and analysed. In each case, the data are adjusted in line with the current version of the VfU key figures tool. ▪ The environmental data produced by the Ecoinvent database are used to calculate greenhouse gas emissions (CO₂-equivalents). Ecoinvent is supported and regularly updated by the institutions of the Swiss Federal Institute of Technology (ETH) Domain. |
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| 305-4 a-d | Information on the GHG emissions intensity ratio | <p>The intensity quotient for greenhouse gas emissions is disclosed in the “Key data on the forward-looking approach”.</p> <ul style="list-style-type: none"> ▪ 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 is supported and regularly updated by the institutions of 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. |
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| 305-5 a-e | Information on reductions in GHG emissions as a result of initiatives by the organisation | <p>See management approach for energy in GRI 302 (“Measures and results”) and “Key data on the forward-looking approach”.</p> <p>The aim of the cooperation with EnAW is to reduce the CO₂ emissions caused by the building energy requirements. The current agreement on targets runs until 2022, with 2013 as the baseline year.</p> |
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GRI 306: Waste (2020)

| GRI | Description | Data / reference |
|-------------------------|--------------------------------------|--|
| 103-1 103-2 103-3 | Management approach for waste | See description of management approach for energy in GRI 302 . |

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| 306-3 a-b | Volume of waste | Waste based on type of disposal is disclosed in the " Key data on the forward-looking approach". 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 is used to calculate the key data. |
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Information on determining the method of waste disposal: BLKB transfers part of the waste (e.g. documents) directly to the incinerators, where it is weighed. Domestic waste is weighed by BLKB and collected by the public waste disposal service and incinerated. The remaining 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)

| GRI | Description | Data / reference |
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| 103-1 103-2 103-3 | Management approach for the supplier environmental assessment | See description of management approach for procurement practices in GRI 204 . |

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| 308-1 a | Percentage of new suppliers that were screened using environmental criteria | The sustainability agreement for suppliers and service providers that was introduced in its current form in 2019 applies to all suppliers and service providers. The sustainability agreement is a fixed component of all contracts with suppliers and service providers signed for the first time or renewed. For the purpose of further institutionalisation, the sustainability agreement was integrated into standard contracts in 2021. Partner management ensures systematic monitoring/management. 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. |
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For further information and for an overview of the breakdown of suppliers complying with the criteria in the BLKB sustainability agreement, see GRI [204](#).

Social topics

GRI 401: Employment (2016)

| GRI | Description | Data / reference |
|-------------------------|---|--|
| 103-1 103-2 103-3 | Management approach for employment | <p>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). Consequently, the present section covers the material topics of “motivational leadership and work culture”, “diversity and equal opportunity” and “employee development” (see “Overview of key topics”). For further information, see GRI 102-8.</p> <p>Explanation of the material topic and its boundary</p> <p>BLKB views employees as its most important resource. The bank will only succeed in the long term and be able to implement its strategy if it has healthy, motivated, professional and team-spirited employees. For our employees, it is important to be able to identify customer needs and take due account of their individual life circumstances. The increasingly digitalised and rapidly changing work environment greatly influences the type of skills that BLKB staff need to have. BLKB harnesses these opportunities and systematically invests in the professional and personal development of its employees as well as their employability. The focus is therefore on having a responsible, forward-looking HR management as well as a motivational and collaborative leadership and work culture at all business locations. This ultimately benefits customers too, in the form of high-quality products and services as well as comprehensive and professional advisory services.</p> <p>Strategy, processes and tools</p> <p>Leadership and collaboration culture at BLKB</p> <p>Personnel management (Human Resources – HR) 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 employees’ competencies (see GRI 404) and a strong corporate culture. Flat hierarchies are a key element in the culture of collaboration at BLKB. BLKB abolished ranks in 2018 but retained a system of function levels.</p> <p>Employees assume specialist responsibility in line with their function and make targeted use of the creative and decision-making scope accorded to them. This philosophy of partnership is underpinned by another key element: our internal understanding of leadership and collaboration (see GRI 102-16):</p> <ul style="list-style-type: none"> ▪ Freedom to make decisions ▪ Active feedback culture ▪ Output-led performance ▪ Active involvement as the role model ▪ Empowerment that confers self-assurance <p>These principles describe the aspects of collaboration that are important to BLKB. All employees assume leadership responsibility for themselves, their role and their team. Managers ensure optimum conditions in which employees and teams can attain the bank’s ambitious goals.</p> <p>At its Leadership Academy, BLKB trains staff in these leadership principles and develops its managers’ skills in a targeted manner. Regular training modules and the sharing of experience are central to the Leadership Academy.</p> |

Training and development for employees

With its HR & Organisational Development unit, the bank ensures that key positions are filled by the right people. In doing so, it draws on the BLKS's competencies model, which sets out the necessary skills requirements and thus facilitates the recruitment of new employees and the development of existing members of staff. At the Leadership Academy, regular Q+A and coaching sessions are held to ensure that management staff are properly embedded and empowered as part of the strategic workforce planning process.

The internal training and development programme, with its various function and subject-specific courses and workshops, is open to all employees. Shaped by the changing requirements of the various job profiles at BLKB, it fosters the development of specialist, methodological, behavioural and leadership skills. In this regard, BLKB is continually expanding its offering, which also covers sustainability-related topics. Since 2021, it has been staging a specific staff development event on sustainability and how to translate it into practice. A number of staff have already attended this training. In addition to internal courses and training, BLKB also provides staff with financial support or time to avail themselves of third-party training opportunities.

Moreover, the bank accords major importance to in-house training of trainees and interns. Besides commercial training, BLKB offers apprenticeships in the specialist areas of IT (with a focus on application development), operational maintenance (building systems) and "mediamatics". The training concept for the youngest employees is continuously optimised and its forward-looking approach and sustainability reviewed (see "Measures and results" in the same GRI). The "project week" is an important element of training: in the second year of their apprenticeship, all BLKB apprentices, together with apprentices from Basler Kantonbank and Bank Cler, take part in a "forestry project week" organised by Vocational Training in cooperation with the Bildungswerkstatt Bergwald foundation. In the reporting year, "forest days" were held in Basel-Landschaft, as Covid-19 restrictions made it impossible to hold the week-long camp. Mutual learning plays a crucial role, not only in vocational training but also in terms of future career paths.

The mentoring programme – in which all employees can apply to become a mentor or mentee – is another inhouse opportunity for staff to hone their own skills. Mentors and mentees conduct an informal dialogue, discussing various topics of relevance to their everyday work and personal development.

Flexible working

Another way in which BLKB strives to be a forward-looking, modern and attractive employer is by offering flexible working models. The in-house "Rules on mobile working at BLKB" provide the necessary framework. Employees can talk to their "people leader" about the form this should take in their particular case. Modern infrastructure helps to facilitate mobile working. 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. From 2022, BLKB is also enabling staff to "buy in" additional leave so that their holidays are properly tailored to their needs. BLKB firmly believes that this flexibility fosters individual responsibility and initiative, and that it also boosts employees' motivation and productivity. The bank already signed the [Work Smart Charter](#) – an initiative by Swiss companies to promote flexible working models – in 2015. These flexible working options, together with the established work culture, proved their worth during the Covid-19-related restrictions in the year under review (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 staggered retirement. Instead of early retirement, which takes place from one day to the next, employees gradually reduce their working hours. This has advantages not only for the bank – because the specialist expertise of experienced employees is retained for longer – but also for employees, who can approach the next stage of their life step by step.

Balancing work and family life

By law, employees who (temporarily) have to provide care for a family member due to illness can take up to ten days' paid absence per calendar year, or up to three days per illness. Unfortunately, it is not uncommon for our employees to have friends or family members who have fallen ill and may also need care. When this happens, the pressures on everyone involved may for a time be immense. BLKB thus talks to the employees affected to find solutions that cater for the exceptional circumstances involved. In many cases, a temporary reduction in working hours can already be of help. In addition, staff can request assistance from the Proitera counselling service.

The bank offers subsidised 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 of service). Furthermore, BLKB allows mothers to return to work in stages following maternity leave. Fathers are allowed to take unpaid leave in addition to the two weeks of statutory paternity leave. Parents (or parents-to-be) are also given free access to the external FAMIES counselling centre or to the Proitera social counselling service. FAMIES assists women with targeted and structured support before the birth of their child and/or during maternity leave, and helps them return to working life.

Respecting one another

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 General Conditions of Employment, which are binding for all employees. The Executive Board is firmly committed to ensuring that employees treat one another in a respectful and considerate way. It endeavours to ensure that the personal boundaries of all 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 if required, and free of charge. As of 2022 we are creating a whistleblower desk.

Services for employees

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

Responsibilities and monitoring

The HR & Organisational Development department supports the Executive Board in implementing the HR strategy. The Personnel Commission contributes to the discussion on current personnel-related topics and represents the employees' interests vis-à-vis HR & Organisational Development and the Executive Board. 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 three years.

Until 2021, BLKB gauged its performance as an employer and the satisfaction of its employees on the basis of employee surveys. In 2021, a plan for conducting "taking-your-pulse" surveys was drafted which will take effect as of 2022. This is a brief type of survey that is conducted regularly to promote an open feedback culture in the company. In this way, managers receive feedback from employees about their own conduct. Employees are free to communicate their general needs or concerns to their HR Business Partner at any time.

Exit interviews can also provide useful pointers as to how further improvements can be made. Across its organisation, BLKB assesses its HR management using key metrics (turnover rate, years of service, promotion numbers, etc.; see "[Key data](#) on the forward-looking approach").

Targets

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

- The bank sees development as an investment in the future. It offers employees a setting in which they can develop continuously and helps them improve their 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.
- Employees accept individual responsibility and act in accordance with the bank's values and principles.

- 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.

BLKB has set itself the goal of increasing the percentage of women at function levels 5 to 7 to at least 30 per cent by 2025 (excluding function level 8, Executive Board). As at 31 December 2021, 23 per cent of positions at function levels 5 to 7 were occupied by women. There are 8 function levels in total.

Measures and results

Organisational development and culture:

- **Competency and HR planning:** In 2019 and 2020, all business areas held workshops to identify employees' future roles and competencies and pinpoint development potential. Then in 2021 a training programme on strategic personnel planning for management was rolled out. Employees' individual roles are discussed in the employee dialogue "cockpit" (see GRI 404-3). The HR & Organisational Development department collates the strategically necessary focal areas for competency development, and compiles an appropriate training programme on that basis. As part of the HR strategy, a "human capital strategy", to include clearly defined KPIs for the whole bank, is being drawn up that will encompass strategic personnel planning.
- **Culture:** Through a range of measures, BLKB has succeeded in systematically fostering cross-business cooperation, an integrated work environment and an open, partnership-based dialogue. The leadership and collaboration principles are of particular note here. To ensure that this information is implemented more actively and integrated into the corporate culture, two departments in the reporting year went through a "principles checklist" for applying the principles in daily practice. With this checklist, the principles and their relevance to employees' daily work are communicated in a light-hearted way. Extension of the "checklist game" to the rest of the bank is planned for 2022. In addition, BLKB has signed up as practice partner to a project group of the University of Applied Sciences and Arts Northwestern Switzerland (FHNW) that has drafted a set of recommendations to assist staff in the transformation process at the bank.
- **Transparent information:** "Strategy talks" have been held to ensure that greater emphasis is placed on conveying a sense of purpose and disseminating relevant information more widely within the organisation. The alternating participants in these talks support the approach of achieving flat hierarchies.
- **Freedom to make decisions:** At the Leadership Academy, the question of how to involve staff more in decision-making was the key topic in the year under review. The third issue of the staff magazine focused on the leadership and collaboration principles.
- **Employee dialogue:** By rolling out the "cockpit" at the start of 2021, the bank created a new tool designed to support structured dialogues between employees and managers (see GRI 404).
- **Employee surveys:** The teams used the results of the 2019 survey to independently prepare and implement measures. One of these measures was a repeat of the survey on strategy and market services, conducted in light of major organisational changes in the year under review. Support measures resulting from the "Working in lockdown" survey were also devised and put in place.

Working methods and working models:

- **New Work and New Learning:** To support life-long learning, BLKB is making increasing use of personalised learning and development methods and is trying out agile forms of learning, in addition to the formal training and development tools. A group of FHNW students assisted by BLKB are evaluating new self-guided, collaborative learning methods to develop skills at the bank in a future-oriented way.

Training & development:

- **CAS study programme:** BLKB, in conjunction with Kalaidos University of Applied Sciences Switzerland, offers its managers its own "Future Banking" CAS study programme. This Certificate prepares participants for the banking world of tomorrow and focuses on the required competencies. The CAS is explicitly aimed at older employees. Employees without a university qualification can also be admitted following an in-depth examination of their case. The first 14 employees successfully completed the course in summer 2021. At the same time, the second intake of eleven participants began the course. Employees can also just study individual CAS modules.
- **Training for financial advisers/planners:** As part of the in-house training initiative to offer financial advisers a diploma qualification, 32 employees took part in financial advisory training in 2021. The 29 employees who sat the exam in 2021 received the certification. In June 2021, moreover, BLKB was able to congratulate the nine employees who successfully completed the first in-house course in financial planning.

- Training programme for apprentices: A further two IT apprentices in the application development field began their apprenticeship in 2021. In addition, BLKB extended its apprenticeship programme to include “mediamatics” and specialists for operational maintenance (building systems). The first apprentices were recruited for both of these disciplines in 2021.

Compensation system:

- The past year saw the implementation of the amended variable compensation arrangements. As of April 2020, the total fixed compensation for the whole bank was increased, and the variable compensation was reduced by around half. In the reporting period, this adjustment to variable compensation was implemented for the first time. As planned, the variable compensation paid out in March 2021 for financial year 2020 was thus much lower than in the previous year. This remuneration system is easier for employees to calculate and offers greater security. At the same time, BLKB can continue to reward outstanding performance via the variable compensation component.
- In the year under review, the foundations were also laid for a compensation system geared even more closely to the long term and to stability. The rules on the compensation systems are to undergo a general overhaul in the 2022 financial year, with a particular focus on sustainability in line with ESG (environmental, social and governance) criteria. As a forward-looking bank, BLKB naturally has a compensation system geared to sustainability. Moreover, fringe benefits for the Executive Board are being revised, and the current company vehicles will be phased out as of the 2023 financial year. To ensure even better comparability between functions and organisational units, BLKB has been working since November 2021 to systematically re-evaluate all functions. The aim of the re-evaluation is to create even greater transparency in the compensation system and to make employees aware of possible career paths.

Diversity and equal opportunity:

- Benchmarking: In its Diversity Benchmark, HSG (University of St. Gallen) evaluates 111 Swiss banks in terms of “gender”. In 2021, BLKB's rating was around the average for the sector.
- In cooperation with the social integration scheme Eingliederungsstätte Baselland ESB, BLKB is looking into temporarily employing people with impairments to perform work in the infrastructure area. As a regionally based and forward-looking bank, BLKB wants to join ESB in helping such people return to the world of work.
- Cooperation with womenmatter/s for promoting the careers of young women In a pilot project, BLKB has given young women the opportunity to plan their next career step and strengthen their own skills.

Covid-19 crisis:

Once again in 2021, the Covid-19 crisis forced companies to adjust their work methods and make them more flexible. Thus BLKB employees again did a higher proportion of work from home – on virtual platforms and using digital tools. A number of HR management processes continued to be digitalised during this period. In addition, support measures were agreed for employees and managers (see “Management approach for occupational health and safety” in GRI [403](#)):

- Digital training and events: In the first half of the year and towards the end of the reporting period, the majority of learning and training programmes were conducted virtually.
- Topic-specific seminars and information: BLKB responded to the challenges due to changes in methods of working with special-purpose courses such as on the topic of self-management. To help the bank fulfil its duty of care as an employer, the HR & Organisational Development department also brought out a factsheet on New Work principles. Under the banner of “How to survive home-working unscathed”, it provided inputs on self-management, planning meetings, fostering relationships, digital communication and security.
- Hybrid collaboration: A section was created on BLKB's collaboration platform that assists managers with hybrid collaboration and inspires them to implement digital team development measures.
- Simplified approach to Covid-19-related absences: The less stringent requirements for presenting doctor's certificates were retained in the reporting period.

Assessment of the management approach

- Benchmarking: On the “kununu” corporate ratings platform, BLKB receives feedback from current and former employees on how they view BLKB as an employer. With its overall score of 4.4 points and a recommendation rate of 94 per cent, BLKB is among the top-rated employers in the financial services industry.
- Employee market: Job applicants are surveyed on how satisfied they are with BLKB’s approach in the recruitment process.
- “Fair-ON-Pay” certification: This external certification system evaluates and confirms compliance with the requirement for equal pay between women and men based on a Logib analysis in compliance with federal government rules.
- Internal Audit: HR management processes are evaluated by Internal Audit on a regular basis.

See “[Key data](#) on the forward-looking approach”.

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| 401-1 a | Information on new employee hires and employee turnover | For information on turnover as well as the total number and rate of new employee hires, see “ Key data on the forward-looking approach”. Due to the local nature of BLKB’s operations, there is no breakdown by region. |
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GRI 402: Labour / management relations (2016)

| GRI | Description | Data / reference |
|-------------------------|--|--|
| 103-1 103-2 103-3 | Management approach for labour/management relations | See description of management approach for employment in GRI 401 . |

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| 402-1 a-b | Information on minimum of weeks’ notice prior to significant operational changes | <p>BLKB notifies its employees as soon as possible about significant operational changes, such as changes to the organisational structure.</p> <p>In the case of changes to their contract, the notice period stated in the contractual agreements is adhered to as a minimum.</p> |
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GRI 403: Occupational health and safety (2018)

| GRI | Description | Data / reference |
|-------------------------|---|---|
| 103-1 103-2 103-3 | Management approach for occupational health and safety | <p>Explanation of the material topic and its boundary</p> <p>BLKB attaches great importance to the physical and mental well-being of its employees. With their knowledge and ability, employees are the bank's most important resource. Few of the bank's business activities harbour any risk of injury. However, there is a risk of being involved in threatening situations, such as bank robberies. In addition, mental health can be impaired by a highly stressful work environment. Therefore, one of BLKB's key tasks is to implement appropriate preventive measures as well as define systems and processes that permit a rapid response in the event of an incident. 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.</p> <p>The focus of the following descriptions is on the material topic of "occupational health" (see "Overview of key topics"). More information on prevention and assistance with mental well-being can be found in the management approach for employment in GRI 401 "Employment".</p> <p>Strategy, processes and tools</p> <p>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. Every two years, they attend a refresher course so that they can expand their knowledge and become re-certified.</p> <p>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 includes numerous preventive 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. Specialised courses are provided so that exposed employees know what to do in the event of an armed robbery or fire. In the difficult period after an incident, an in-house care team will provide first-line care for employees pending the arrival of a professional external care team. The aim is to help the affected employees to process the events they have experienced so that they can resume work as soon as possible.</p> <p>As in the previous year, the Covid-19 pandemic greatly influenced BLKB's security concept (See "Measures and results" below in the same GRI). As ever, the bank attached great importance to protecting its employees. The measures already in place were adapted accordingly. BLKB's modern IT infrastructure enabled most employees to switch their place of work from the office to their home swiftly and easily.</p> <p>Responsibilities and monitoring</p> <p>The Integral Security department is responsible for the security concept, one objective being to protect employees. Local security officers support the implementation of relevant guidelines as well as further development of 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.</p> <p>Targets</p> <p>The bank has formulated its ambition in relation to workplace health in its objectives for 2030, which state: "The bank does its utmost to ensure the physical and mental safety and integrity of its employees."</p> |

Measures and results

Like 2020, 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: Despite the easing of restrictions, BLKB has remained flexible, monitored its measures continuously and adapted them as necessary. Some BLKB employees were unable to work from home due to the nature of their job and their function. BLKB ensured that the recommended social distancing could be observed at all locations and issued rules on 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.
- To maintain ergonomic standards for staff working at home, they were offered discounts from office furniture and supply companies.
- Social contact: Working from home brings the risk of social isolation, and as a preventive measure many teams therefore organised digital coffee breaks. The bank was able again to hold a number of on-site events – while observing the necessary precautions.
- Face masks: Employees were given protective face masks by BLKB.
- Training: So that employees are better able to deal with challenging situations, BLKB introduced a module on the topics of self-management and resilience in the “Future Banking” CAS programme (see GRI 401). In the third quarter, employees were additionally able to register for courses to develop their skills in psychosocial emergencies.
- Covid vaccinations: Employees were permitted to receive Covid-19 vaccinations during working hours.
- Flu vaccinations: BLKB also assumes the cost of flu vaccinations for its employees.
- BLKB has instituted the following additional measures for the health of its employees at work: On its intranet site, BLKB launched the zämme gsund (“stay healthy together”) campaign. This initiative has seen regular contributions on the subjects of “health”, “relationships”, “hope and optimism”, “self-management” and “looking after yourself”. In this connection, BLKB provided its employees with “home-grown” videos on the subject of stress management. Based on some of the zämme gsund contributions, a health promotion workshop was organised to raise employees’ awareness of health issues.

Assessment of the 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 reports on possible irregularities can be submitted.
- Evaluation with an external analysis tool: BLKB did not have 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. The health promotion measures already in place were retained for 2021 as well (see 403-6).

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| 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. |
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| 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. |
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| 403-3 | a Information on medical 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 programmes to address major non-work-related health risks | <p>In accordance with the law, BLKB employees are insured against accident and illness.</p> <p>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.</p> <p>For further information, see "Management approach for employment" in GRI 401.</p> |
| 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 the forward-looking approach"). There were no work-related fatalities in the year under review. |
| BLKB | Absences by cause | See " Key data on the forward-looking approach". |
| BLKB | Extent of sickness and accident-related absences | See " Key data on the forward-looking approach". |

GRI 404: Training and education (2016)

| GRI | Description | Data / reference |
|-------------------------|---|---|
| 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 provides its employees with comprehensive training opportunities. The bank supports all employees, irrespective of function level, age or other individual characteristics, with their personal and professional development. In addition, it is an important training venue for apprentices within the region. The programmes and measures to improve employee competencies are explained in detail in the management approach for employment in GRI 401 . To support life-long learning, BLKB is making increasing use of personalised learning and development methods and is trying out agile forms of learning, in addition to the formal training and development tools. These include web-based training, mentoring and coaching programmes or participation in the in-house "Skills 4.02" workshop, in which employees' future skills are honed. |
| 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 several times a year. In addition, the bank fosters an open feedback culture (see GRI 401). The principal content of the annual appraisals is documented internally. The "Cockpit", a new tool designed to support structured dialogue between employees and managers, was rolled out at the start of 2021. This tool covers the perspectives and interview content of "My role", "My contribution" and "My development". Employees and their line managers jointly note the performance and development goals. Operations managers have been coached specially in the use of the Cockpit. Employees make regular use of the tool, which is proving popular as a means of sharing experiences. |
| BLKB | Proportion of positions filled by internal candidates | In the reporting period, 8.6 per cent of new positions were filled by internal candidates. |
| BLKB | Proportion of positions filled by internal candidates | See " Key data on the forward-looking approach". |

GRI 405: Diversity and equal opportunity (2016)

| GRI | Description | Data / reference |
|-------------------------|--|--|
| 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 | <p>Diversity within the Board of Directors and the Executive Board was as follows (as at 31.12.2021):</p> <p>Board of Directors by age:</p> <ul style="list-style-type: none"> ▪ Mitglieder unter 30: 0 per cent ▪ Mitglieder zwischen 30 und 50: 28.6 per cent ▪ Mitglieder über 50: 71.4 per cent <p>Board of Directors by gender:</p> <ul style="list-style-type: none"> ▪ Proportion of women: 28.6 per cent ▪ Proportion of men: 71.4 per cent <p>Executive Board by age:</p> <ul style="list-style-type: none"> ▪ Members under 30: 0 per cent ▪ Members between 30 and 50: 83.3 per cent ▪ Members over 50: 16.7 per cent <p>Executive Board by gender:</p> <ul style="list-style-type: none"> ▪ Proportion of women: 16.7 per cent ▪ Proportion of men: 83.3 per cent <p>The breakdown of employees by age and gender is shown in the "Key data" on our forward-looking approach".</p> |
| 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: The "Fair-ON-Pay" certification confirmed compliance with the requirement for equal pay between men and women at BLKB in the year under review. |

GRI 406: Non-discrimination (2016)

| GRI | Description | Data / reference |
|-------------------------|---|--|
| 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)

| GRI | Description | Data / reference |
|-------------------------|--|---|
| 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 | <p>BLKB and its business model have a regional focus and have traditionally been closely linked with Northwest Switzerland. The bank sees its role as that of a partner to the region's society and economy. It is committed to protecting the environment and natural resources. BLKB maintains and nurtures a wide range of commitments with partners in Switzerland and especially in Northwest Switzerland. The bank made additional contributions in the year under review and supported various initiatives in connection with the Covid-19 pandemic.</p> <p>Memberships, commitments and measures are shown in detail in GRI 102-12, 201 (Management approach for business performance) and 203-1.</p> |

GRI 414: Supplier social assessment (2016)

| GRI | Description | Data / reference |
|-------------------------|--|---|
| 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 | Information on new suppliers that were screened using social criteria | See GRI 308-1 . |

GRI 417: Marketing and labelling (2016)

| GRI | Description | Data / reference |
|-------------------------|--|--|
| 103-1 103-2 103-3 | Management approach for marketing and labelling | <p>Explanation of the material topic and its boundary</p> <p>As financial products may be highly complex, both private and corporate customers may sometimes find it difficult to understand their functioning. At the same time, they affect 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. In addition to the regulatory specifications applying to bank advisory services, the customers' individual financial and personal situation as well as their preferences also play a major role. A BLKB customer survey on sustainability conducted in 2020 confirmed the importance of responsible advice. Quality and fair products were named as a bank's most important attributes.</p> <p>The management approach and its components</p> <p>Strategy, processes and tools</p> <p>The legal requirements for the structuring of financial products and for the provision of advisory services as well as the currently applicable advertising guidelines constitute the minimum requirements for product development and labelling at BLKB. Here, BLKB adheres to the most stringent requirements in terms of its products, services and advisory quality.</p> <p>The bank is continuously optimising its existing products. When new products are developed, BLKB strives to minimise their complexity. Thus customers are able to understand and assess the mechanisms underlying these services more easily (see GRI 201 for more information on the innovation process). As processes are kept short, customers benefit from fast service. BLKB regards an honest, open dialogue as its obligation and as the basis for a trusting business relationship (see GRI 102-43). This attitude, which is embodied in the labelling and branding strategy, applies not only to information on products and services but also to media activities in general as well as to business and sustainability reporting in particular.</p> |

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 ultimately adds value for the customer. BLKB seeks continuous improvement in this area and strives to be a quality leader. Its employees undergo regular training and coaching to ensure that they are able to properly inform and advise customers about individual and flexible solutions. At the same time, it is equally important for BLKB to convey the bank's way of thinking and acting to the customer. When individual targets are set for sales staff, they – like all other employees – are given behavioural targets but no sales targets. It is deliberate policy for the latter only to be set at the team level.

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”. In doing so, it seeks to meet or surpass its customers' wishes for comprehensive financial services in all stages of life. All customer advisers are accredited in accordance with CertKB certification, which the bank has designed 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 enables employees to train as qualified financial advisers/planners with a federal certificate of proficiency. A growing number of employees are completing this training. The bank is thus strengthening its expertise and methodology, as well as guaranteeing uniform, binding qualification and quality standards (see GRI 401).

Responsibilities and monitoring

Product managers within the banking, investing and lending areas are responsible for developing the products and services offered by BLKB. Customer advisers are trained in financial solutions through the courses offered by HR & Organisational Development. With the help of internal and external trainers and coaches, their development path is individually defined together with the employees and guided by the managers responsible. BLKB also offers product-specific training, including a course on sustainable investing (see key topic “[Investment and lending operations](#)”). HR & Organisational Development documents and reviews the certification status of customer advisers as well as the training level of all employees.

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

Targets

BLKB wishes to provide its corporate and private customers with the best possible services and is therefore keen to reduce complaints to a minimum and to process the complaints as best possible.

Measures and results

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” whereby employees from specialist areas, such as investment, accompany customer advisers to advisory consultations. This boosts customer-centricity and cross-business cooperation, enabling customers to benefit directly from our internal specialist expertise.

The systematic measurement of customer satisfaction at all relevant points of contact is being developed. The focus in the year under review was primarily on e-banking.

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 Performance Management department of the Private Investment & Financial Advisory business area. Where required, the Customer Experience section of Marketing reports the key findings to the Executive Board.
- Measuring customer satisfaction: Touchpoint analysis for the systematic capture and analysis of customer feedback directly after the point of contact with BLKB is currently being developed.
- 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 development of a product.
- 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 through qualitative interviews with customers.
- External ratings and awards: BLKB obtains valuable feedback from the evaluations conducted by third parties such as Comparis. In 2021, the bank was awarded an overall score of 5.3 in the Comparis survey on customer satisfaction in the mortgage business (see GRI 201).

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| 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. |
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| 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. |
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GRI 418: Customer privacy (2016)

| GRI | Description | Data / reference |
|-------------------------|---|--|
| 103-1 103-2 103-3 | Management approach for customer privacy | <p>Explanation of the material topic and its boundary</p> <p>The major importance of data protection is inherent in BLKB’s business model and is reflected in the material topic of the same name, “Data protection” (see “Overview of key topics”). The bank holds particularly sensitive information on its customers and is subject to Swiss banking confidentiality. Its area of activity harbours reputation and regulatory risks in the event of a breach of data protection. Data protection generally covers all personal information, i.e. all information relating to a specific or identifiable person. Responsible handling of sensitive data involves not only protecting it from unauthorised access (both online and offline, as well as internally and externally) but also transparency about the purposes for which data can be processed internally.</p> |

The management approach and its components

Strategy, processes and instruments

The Swiss Federal Law on Data Protection, the Banking Act and the 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 or classification of information. These internal 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 of the policies is also summarised in clear documentation and on the intranet, and forms part of the BLKB code of conduct.

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 during discussions, for example, or when doing on-screen work. When phoning with customers, they must establish the customers' identity beyond doubt. Electronic communication channels at the interface between the bank's network and external networks are particularly critical in terms of data privacy. In an internal policy, BLKB sets out specific instructions regarding conduct on the internet, the definition and updating of passwords as well as secure e-mailing. All those persons (including external service providers) who have access to bank customer data must complete the mandatory e-learning module on IT and data security. (See GRI 419 for more detailed information on the various e-learning options.)

BLKB relies on state-of-the-art technology to protect against unauthorised access and afford the necessary degree of data security. Automated mechanisms report conspicuous behaviour within the bank's IT landscape. However, not every incident occurs within the system and is recognised by it. Employees are therefore required to immediately report any loss of data or access by unauthorised parties. They can do this by contacting their line manager, Integral Security, or the IT Service Desk, which process the incidents in an expert manner.

Sensitive information is classified into the categories of "secret", "confidential" and "internal", and is subject to differing security precautions in each case. This classification is an important guide 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 workstation for a short or long period – for example by activating the screen lock or storing documents in the office furniture provided for that purpose.

BLKB uses customer data in accordance with the statutory requirements for corporate, segment and product development. BLKB provides transparent and comprehensible information on the use of personal data. Customers can at any time find out about the personal data that is stored. The [data privacy statement](#) applies to all units of the bank and can be viewed on BLKB's website.

Responsibilities and monitoring

The aim of Integral Security is not only to protect information but also to protect individuals, assets and services (see GRI 403 for more detailed information on the physical protection of the bank's employees and assets). Standardisation 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, which regulate the handling of bank client data. As an independent control unit, Integral Security also conducts checks on the protection of bank customer data. 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

BLKB seeks to ward off any attacks on the bank's internal network and protect customer data as best possible.

Measures and results

BLKB accords top priority to data protection and to the confidentiality of bank customer data. In October 2021, the consultation process regarding the Data Protection Ordinance was completed. Thus the Ordinance should take effect next year. As implementation within the bank of the revised provisions is at an advanced stage, BLKB will have implemented the necessary changes before the Ordinance enters 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 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 intentionally 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 areas in 2020.

For further information on data protection and IT security, see p. 24 of the annual report.

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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)

| GRI | Description | Data / reference |
|-------------------------|---|--|
| 103-1 103-2 103-3 | Management approach for socioeconomic compliance | <p>Explanation of the material topic and its boundary</p> <p>Compliance with financial market-specific and socioeconomic rules is among the most fundamental duties in the banking industry. The business activities of financial institutions are governed by numerous legal provisions. The key legal frameworks for BLKB include the Kantonbank Act, the Swiss Federal Banking Act, FINMA and Swiss Bankers Association provisions as well as the rules laid down by SIX Swiss Exchange. Any compliance breaches have an adverse effect not only on the reputation of the bank concerned but also on public opinion about the industry as a whole. Due to its economic importance to the Canton of Basel-Landschaft, such incidents would in BLKB's case – depending on the severity – be highly likely to impact on the canton and the entire Northwest Switzerland region.</p> |

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 the nature of their business; thus society and politicians have very high expectations of the bank’s internal risk management.

Aspects of the key topic “risk management, compliance and integrity” are described below; this is in addition to the content in the corporate governance report (see annual report 2021, p. 31). Details on risk management at the interface with service providers and suppliers are provided in GRI 204.

The management approach and its components

Strategy, processes and tools

BLKB is aware of its 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 and states that BLKB is committed to combating money-laundering and the financing of terrorism as well as the avoidance of conflicts of interest and corruption. It also prohibits all types of anti-competitive behaviour, active assistance in the flight of capital and tax evasion. Other key legal frameworks include the Swiss banks’ Code of Conduct with Regard to the Exercise of Due Diligence and the policies on money-laundering, staff banking transactions and breaches of policies and rules. These require employees to critically examine the plausibility of financial trades and transactions at all times.

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 may – depending on the severity – 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”). They are then required to complete a mandatory e-learning module within the first three months of their employment in order to revise and more thoroughly absorb the compliance rules. Client-facing employees undergo additional training sequences, e.g. on the subject of bribery. The bank’s internal structural and process organisation helps employees to comply with the code of conduct and risk management in their day-to-day work. Automated checks and checks stored within the system help with identifying errors or discrepancies. Furthermore, key processes are documented and are available to everyone in a central portal.

All employees 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, which defines the boundaries to be observed by the bank with regard to its management bodies. Accordingly, BLKB guarantees a strict separation of powers. For example, none of the eight members of the Board of Directors has an operating management role as a member of the Executive Board (see the corporate governance section of the annual report, p. 31).

Responsibilities and monitoring

The Executive Board must ensure that the necessary structures exist for a culture that is conducive to integrity and responsible behaviour. It is supported in this endeavour 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. 67). Based on the risk policy, the Board of Directors defines limits that must not be exceeded in relation to various risk positions. Independent risk controls – under the supervision of the Chief Risk Officer – use suitable tools and conduct regular risk assessments to monitor the effectiveness of the management approaches. Results are prepared in standardised report format on a regular basis and appropriate to the target audience. This ensures on the one hand 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 promptly and in an appropriate form and, on the other hand, ensures reporting to FINMA or the Swiss National Bank.

With regard to risk management in lending operations and investment business, see the notes to the annual financial statements in the annual report (p. 67) for further information, as well as the additional topic of "responsible [lending operations and investment business](#)".

Targets

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

Measures and results

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 with the elements "reporting", "control measures within processes", "risk assessment" and "corporate culture" 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, the integrity of the financial statements, the framework concept for institution-wide risk management and the approaches taken by the internal controls.
- Operational Risk Committee: The Operational Risk Committee comprises internal experts and discusses the risks arising from the operating business at quarterly 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. Among other things, it focuses on risk aspects.
- 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 performed both on a rolling basis and 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.

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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 | 2021 | 2020 | 2019 | 2018 | 2017 |
|--|--------------|--------------|----------|---------|---------|---------|------|-------|
| Distribution to the Canton of Basel-Landschaft | High (3) | 201-1 | CHF m | 60.2 | 60.1 | 60.1 | 60 | 60 |
| Mortgage lending, total | High (3) | 201 | CHF bn | 21.7 | 20.5 | 19.6 | 18.7 | 18.2 |
| Mortgage lending, Northwest Switzerland catchment area | High (3) | 201 | Per cent | 91 | 91 | 92 | 92 | 93 |
| Other lending, total (including loans to companies) | High (3) | 201 | CHF bn | 2.3 | 1.7 | 1.5 | 1.4 | 1.3 |
| Other lending, Northwest Switzerland catchment area | High (3) | 201 | Per cent | 47 | 50 | 50 | 46 | 49 |
| Volume of in-house, sustainably managed funds and structured products ¹ | High (3) | Supp. | CHF bn | 2.4 | 1.6 | 1.1 | 0.7 | 480.4 |
| Volume of sustainable asset management mandates | High (3) | Supp. | CHF bn | 2.9 | 2.4 | - | - | - |
| Contracts awarded in Northwest Switzerland | High (3) | 204-1 | CHF m | 34.8 | 292 | 31.9 | - | - |
| Sponsorship commitments | High (3) | 201 | CHF m | 2.3 | 1.4 | 1.5 | - | - |
| Commitment via BLKB Foundation for Culture and Education | High (3) | 201 | CHF | 340 000 | 466 000 | 420 000 | - | - |

Key data for "people"

| Factor | Data quality | GRI Standard | Unit | 2021 | 2020 | 2019 | 2018 | 2017 |
|--|--------------|--------------|-------------|-------|-------|-------|-------|-------|
| Headcount, incl. hourly-paid employees | Hoch (3) | 102-8 | Number | 879 | 848 | 810 | 802 | 786 |
| Full-time equivalents (FTE) | Hoch (3) | 102-8 | Number | 756 | 710 | 687 | 685 | 673 |
| Proportion of women, overall bank ² | Hoch (3) | 102-8 | Per cent | 44.3 | 48.8 | 44.2 | 44.3 | 44.9 |
| Proportion of women, Board of Directors | Hoch (3) | 405-1 | Per cent | 28.5 | 38.0 | 38.0 | - | - |
| Proportion of women, Executive Board | Hoch (3) | 405-1 | Per cent | 17.0 | 17.0 | 0 | 0 | 0 |
| Proportion of women in function levels 1–3 ³ | Hoch (3) | 102-8 | Per cent | 67.5 | 66.5 | 67.0 | 68.0 | 67.2 |
| Proportion of women in function levels 4–5 ³ | Hoch (3) | 102-8 | Per cent | 35.0 | 31.5 | 31.0 | 29.5 | 30.3 |
| Proportion of women in function levels 6–7 ³ | Hoch (3) | 102-8 | Per cent | 10.2 | 12.0 | 10.7 | 11.5 | 9.7 |
| Women in part-time positions ⁴ (rel. to total headcount) ³ | Hoch (3) | 102-8 | Per cent | 22.4 | 22.0 | 22.0 | 20.9 | 22.1 |
| Women in part-time positions ⁴ (rel. to all women) | Hoch (3) | 102-8 | Per cent | 50.5 | 49.6 | 49.7 | 47.2 | 49.3 |
| Men in part-time positions ⁴ (rel. to total headcount) ³ | Hoch (3) | 102-8 | Per cent | 7.0 | 7.0 | 6.4 | 6.0 | 3.9 |
| Men in part-time positions ⁴ (rel. to all men) | Hoch (3) | 102-8 | Per cent | 12.6 | 13.2 | 11.4 | 10.8 | 7.1 |
| Proportion of employees below age 30 | Hoch (3) | 102-8 | Per cent | 22.8 | 20.5 | 21.5 | 21.1 | 18.7 |
| Proportion of employees aged 30–50 | Hoch (3) | 102-8 | Per cent | 45.0 | 41.7 | 41.2 | 41.6 | 42.1 |
| Proportion of employees aged 50-plus | Hoch (3) | 102-8 | Per cent | 32.2 | 32.1 | 41.2 | 30.3 | 31.8 |
| Number of trainees | Hoch (3) | 102-8 | Number | 35 | 31 | 27 | 28 | 29 |
| Number of interns | Hoch (3) | 102-8 | Number | 12 | 11 | 12 | 14 | 14 |
| Recruitment of women | Hoch (3) | 401-1 | Number | 55 | 47 | 48 | - | - |
| Recruitment of men | Hoch (3) | 401-1 | Number | 69 | 62 | 63 | - | - |
| Recruitment of employees under age 30 | Hoch (3) | 102-8 | Number | 55 | 57 | 67 | - | - |
| Recruitment of employees aged 30–50 | Hoch (3) | 102-8 | Number | 52 | 40 | 36 | - | - |
| Recruitment of employees aged 50-plus | Hoch (3) | 102-8 | Number | 17 | 12 | 8 | 10 | 5 |
| Absences due to sickness | Hoch (3) | 403-2 | No. of days | 5 079 | 3 200 | 3 405 | 4 407 | 3 881 |
| Absences due to accident at work (headcount) | Hoch (3) | 403-2 | No. of days | 36 | 0 | 1 | 9 | 20 |
| Absences due to non-occupational accident (headcount) | Hoch (3) | 403-2 | No. of days | 436 | 534 | 618 | 586 | 394 |
| Turnover ⁵ | Hoch (3) | 401-1 | No. of days | 5.6 | 5.3 | 6.3 | 5.3 | 5.0 |

Key data for "environment"

| Factor | Data quality | GRI Standard | VfU no. | Unit | 2021 | 2020 | 2019 | 2018 | 2017 |
|---|--------------|--------------|---------|--------------------------|--------|--------|--------|--------|--------|
| Number of heating degree days | | 302-1 | | HGT | 3 058 | 2 508 | 2 720 | 2 620 | 2 870 |
| Energy consumed in buildings (total) ⁶ | High (3) | 302-1 | 1 | MJ/FTE | 21 076 | 21 984 | 23 813 | 26 282 | 27 713 |
| – Electricity | High (3) | 302-1 | | MJ/FTE | 11 187 | 12 264 | 13 993 | 15 036 | 16 027 |
| – Heating energy | High (3) | 302-1 | | MJ/FTE | 9 889 | 9 719 | 9 820 | 11 246 | 11 686 |
| Business travel | Good (2) | 302-2 | 2 | km/FTE | 879 | 941 | 1 192 | 1 129 | 1 086 |
| Direct and indirect greenhouse gas emissions (total) ^{6,7} | | 305 | 7 | kg CO ₂ e/FTE | 1 063 | 871 | 933 | 942 | 981 |
| – Direct greenhouse gas emissions | | 305-1 | 7a | kg CO ₂ e/FTE | 240 | 267 | 292 | 254 | 272 |
| – Indirect greenhouse gas emissions | | 305-2 | 7b | kg CO ₂ e/FTE | 371 | 235 | 237 | 284 | 297 |
| – Other indirect greenhouse gas emissions | | 305-3 | 7c | kg CO ₂ e/FTE | 452 | 369 | 404 | 404 | 418 |
| Volume of waste (total) | High (3) | 306-3 | | kg/FTE | 161 | 196 | 232 | 211 | 211 |
| – Recycling | High (3) | 306-3 | | kg/FTE | 93 | 99 | 130 | 130 | 133 |
| – Incineration | High (3) | 306-3 | | kg/FTE | 68 | 97 | 102 | 81 | 79 |
| – Landfill | High (3) | 306-3 | | kg/FTE | 0 | 0 | 0 | 0 | 0 |
| – Special waste | High (3) | 306-3 | | kg/FTE | 0 | 0 | 0 | 0 | 0 |

¹ As of 2018 includes in-house, sustainably managed investment funds. As of 2021 includes structured products.

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

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

⁴ Working week of 85 per cent of less

⁵ Turnover excludes termination by employer, retirement, pregnancy and death

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

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 not only includes our direct emissions of greenhouse gases (scope 1) but also those produced by power stations or district heating plants. 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.

Definition of data capture quality based on VfU 2015

(3) Data based on exact measurements

(2) Data based on extrapolations

(1) Data based on estimates

BLKB
Rheinstrasse 7
4410 Liestal

+41 61 925 94 94
info@blkb.ch
blkb.ch