

Climate Report

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About this Climate Report

In this Sustainability Report, BLKB documents its commitment to the sustainable development of people, society and the environment. The report was prepared in accordance with the GRI Standards. In addition, BLKB implements the transparency requirements for non-financial matters in accordance with Article 964a et seq. CO for the Group (see [About this Report](#)).

In accordance with the Ordinance on Climate Disclosures, BLKB publishes this Climate Report in its Sustainability Report 2024 in keeping with the TCFD framework (Task Force on Climate-related Financial Disclosures). The Climate Report focuses on the activities of the parent company, as the subsidiaries reported insignificant on-balance-sheet transactions during the reporting year. Their current impact on the climate risk at Group level was also classified as low. Where relevant, the activities of the subsidiaries were integrated.

Current and further information can be found [online](#). An overview of the climate-related initiatives and standards mentioned in the Climate Report can be found on [page 66](#), as can the list of abbreviations.

Introduction

BLKB is a cantonal bank whose primary public service mandate is to provide financial services to the population and companies in Northwestern Switzerland. For over 160 years, the bank has taken responsibility for the region, and it is committed to ensuring sustainable development for people, society and the environment.

BLKB's activities have an impact on climate change and the bank is also affected by its impact. BLKB directly causes greenhouse gas emissions (GHG emissions) through its operational activities. Through its financing and investment activities, it also finances activities in the real economy that trigger climate-damaging GHG emissions. As a forward-looking bank, BLKB enables its clients to contribute to a more sustainable future with their financial decisions. Through its climate protection measures, BLKB makes an economic, environmental and social contribution. BLKB firmly believes that opportunities can be exploited and risks reduced at the same time and that better performance figures can thus be achieved in the long term.

The Earth's ecological limits have been exceeded, especially in the areas of biodiversity and climate change.¹ According to business leaders and politicians, five of the ten biggest risks of this decade lie in the area of environmental risks.² Climate protection and adaptation are therefore of strategic importance and part of the bank's corporate responsibility. This is also confirmed by feedback³ from key stakeholders, including clients, employees and partners.

Voluntary commitments and increasing regulatory requirements regarding the role of banks in climate protection are developing rapidly. BLKB is actively involved in various initiatives and benefits from dialogue with industry representatives and organisations.

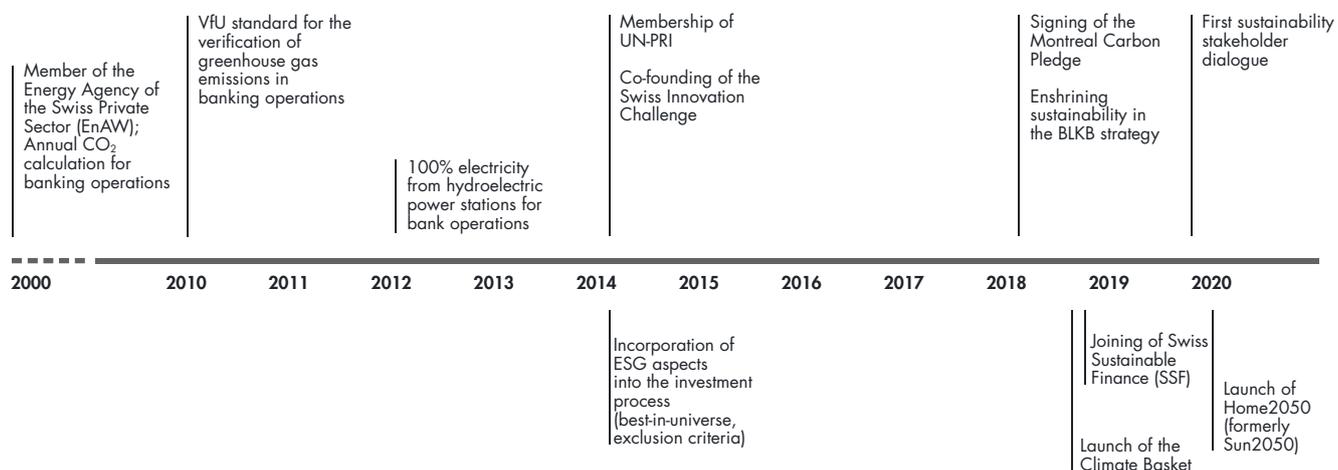
BLKB set out on its path help protect the climate more than 20 years ago. The chart "BLKB's efforts with regard to sustainability and climate" on the following page shows the measures taken during this time.

¹ Source: www.stockholmresilience.org/research/planetary-boundaries.html

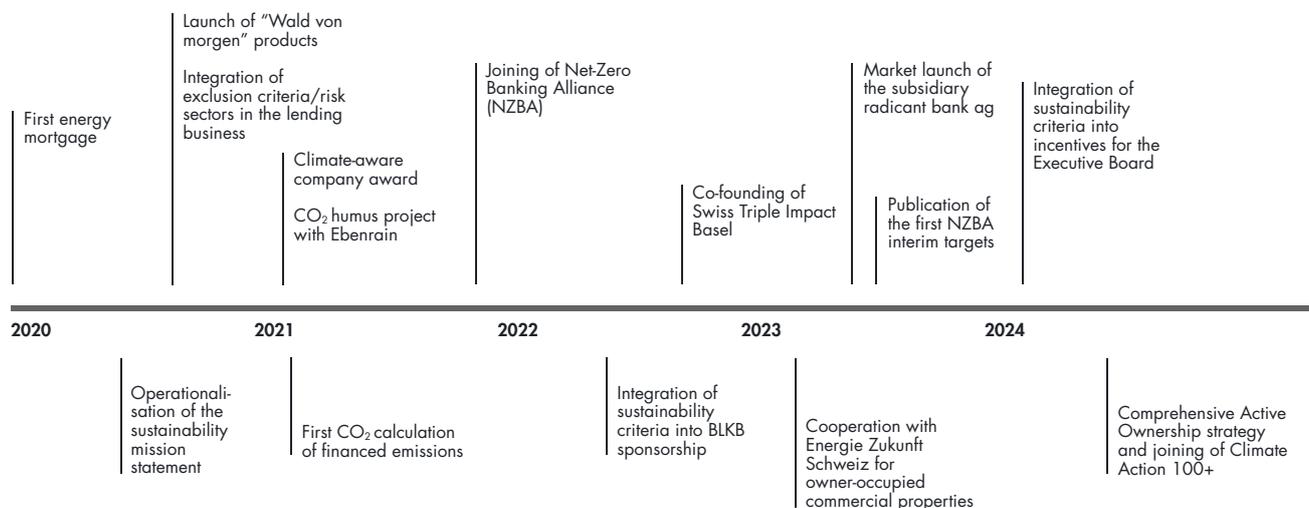
² Source: www3.weforum.org/docs/WEF_The_Global_Risks_Report_2024.pdf

³ In its 2022 materiality analysis, BLKB asked relevant stakeholder groups about what they saw as material issues for the bank ([see Sustainability Report 2023, p. 6](#)).

Efforts with regard to sustainability and climate (2000–2020)



Efforts with regard to sustainability and climate (2020–2024)



Governance

BLKB has enshrined the topic of sustainability – and climate protection as a part thereof – in its strategy and mission statement (see [Forward-looking approach](#)). At the end of 2022, the internal BLKB Net Zero project was launched with the objective of, among other things, comprehensively analysing the existing governance structures with regard to climate risks and opportunities and deriving additions to internal regulations, directives, processes, responsibilities and other management instruments. The work was carried out in close coordination with the Risk Control department, the Executive Board and the Board of Directors.

The [Organisational and Business Regulations \(OBR\)](#) of BLKB set out the powers and obligations of the Board of Directors and the Executive Board. As part of the implementation of the Ordinance on Climate Disclosures, the OBR were explicitly supplemented: They now set out the responsibility of the Board of Directors and the Executive Board with regard to climate risks and opportunities in terms of governance, strategy and risk management as well as with respect to BLKB's key figures and targets. The amount of the variable remuneration of the Executive Board depends on the achievement of the company objectives, which include both objectives at a business level and in the area of ESG (see [Annual Report 2024, p. 53](#)). The contribution to achieving BLKB's climate targets has been part of the ESG targets since 2024. For the other employees of the bank, the responsibilities, objectives and incentives within the business areas are defined with the respective Executive Board member.

Board of Directors: responsible for strategic climate issues

As at 31 December 2024, governance at BLKB is organised as follows: Within the Board of Directors, the Strategy and Executive Committee (SEC) is responsible for strategic climate issues and receives an update from the Sustainability department at least once a year and as necessary with respect to the progress made towards achieving the climate targets. The Audit and Risk Committee (ARC) is responsible for risk topics and during 2024 received information on climate opportunities and risks from the Sustainability department. The Nomination and Compensation Committee (NCC) is responsible for the remuneration policy and ensures that climate issues are adequately taken into account in the specific requirements profiles of the members of the Executive Board and that these criteria are incorporated into the ["Requirements specification for the Board of Directors"](#) issued by the cantonal council.

Executive Board: implementing the corporate and sustainability strategy

For the Executive Board and the Sustainability and Risk Control departments, governance was amended as follows in November 2024: The Executive Board is responsible for the operational implementation of the corporate strategy, including the sustainability targets (including the climate targets), and reports to the Board of Directors (see [chart "Governance structures in climate matters"](#)). It implements the requirements of Group-wide risk management, including the management of climate-related financial risks and reports to the Board of Directors.

As Chief Sustainability Officer (CSO), the Head of the Wealth Management business area, to which the Sustainability department belongs, is responsible for the issue of sustainability within the Executive Board. The Sustainability department ensures the implementation of and compliance with the sustainability targets set out in the corporate strategy and coordinates the relevant activities. The Chief Financial Officer (CFO) is responsible for risk control and the Risk Control department and from 2025 will ensure risk control – including the control of climate-related financial risks – for the entire Group.

Sustainability and Risk Control: implementing and monitoring climate issues

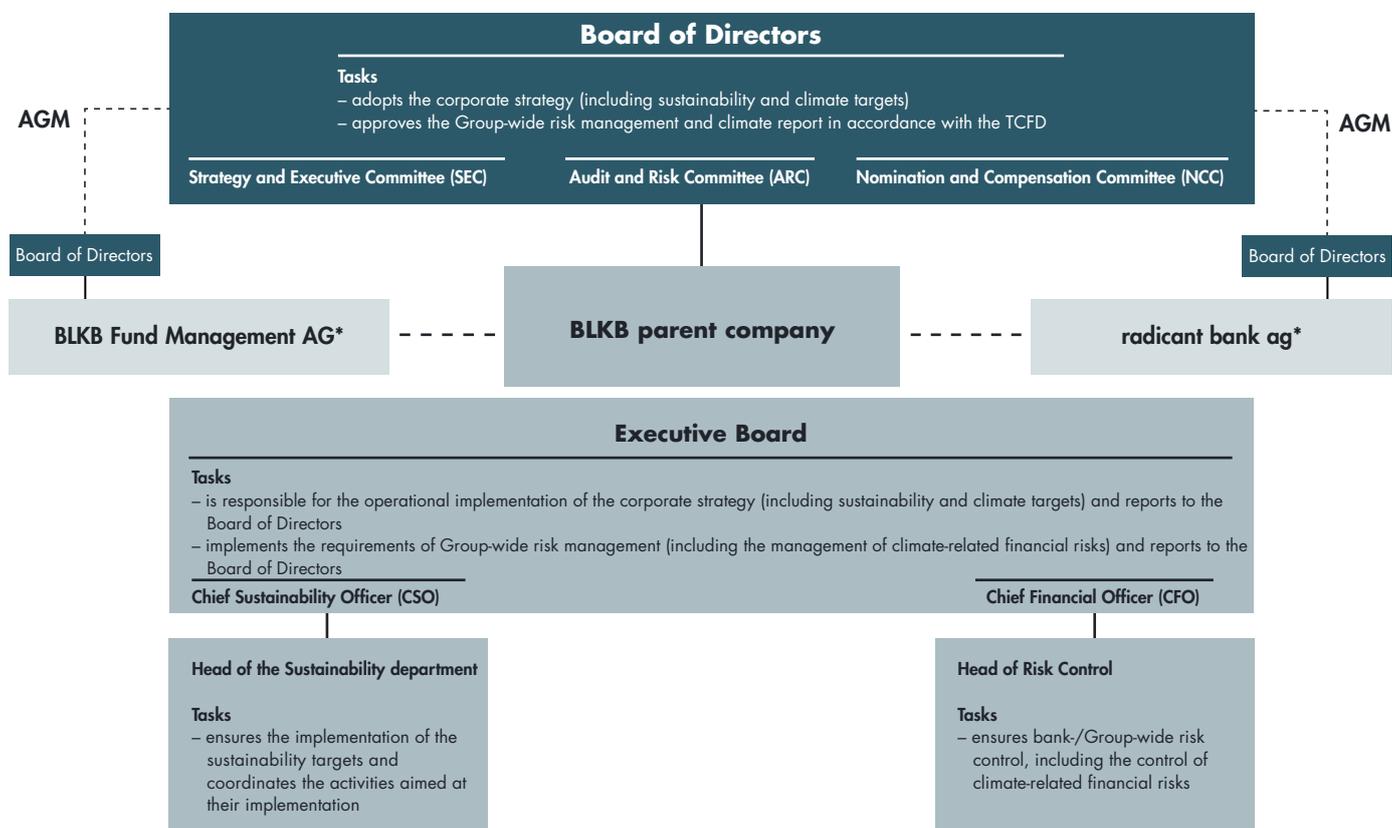
With climate issues having been managed as part of the Net Zero project since 2022, the responsibilities for the Sustainability and Risk Control departments were defined as follows in November 2024: Primary responsibility for implementing and monitoring climate issues at BLKB lies with the Sustainability and Risk Control departments. The Sustainability department plays an implementing role here and assumes responsibility for designing and integrating climate issues into BLKB's specialist departments as part of the Net Zero project. The Sustainability department also acts as a central point of contact for all operational issues relating to climate issues, including the coordination of environmental management and operational climate topics.

From 2025, the Risk Control department, which reports to the Chief Risk Officer (CRO), will be responsible for continuously monitoring the level of risk, taking climate-related risks into account. In future, its duties will include regulatory reporting on climate risks, which will be integrated into

existing risk reporting. Working closely with the Net Zero project management team, Risk Control will be responsible for anchoring the monitoring and control of climate risks conceptually and methodically within the risk control framework.

Efforts to mitigate and adapt to climate change – including measurements and metrics, measures assessments or regulations – are subject to constant change. This means that individuals and teams have to constantly adapt their skills and knowledge to new circumstances. BLKB therefore regularly reviews the adjustment of roles and the creation of new tasks and competence profiles.

Governance structures in climate matters



- - - - - Co-determination under stock corporation law
- - - - Regulatory reporting line
- Direct reporting line

Strategy and Executive Committee (SEC): The SEC reviews and assesses the appropriate consideration and management of climate issues in the banking business and the impact of banking business on the climate. In particular, this includes strategy, medium-term and annual planning, budgeting and resource planning with regard to climate issues.

Audit and Risk Committee (ARC): The ARC reviews and assesses the appropriate consideration and management of climate risks and opportunities in the banking business as well as the impact of the banking business on the climate. In particular, this includes risk management, governance and reporting on climate issues.

Nomination and Compensation Committee (NCC): The NCC ensures that future-oriented topics such as sustainability and climate as well as cyber risk are also adequately taken into account in the specific requirements profiles of the CEO and other members of the Executive Board and that these criteria are also reflected in the issued “requirements specification for the Board of Directors”.

CSO = Chief Sustainability Officer, Head of Wealth Management
 CFO = Chief Financial Officer, Head of Finance & Risk Management

* The chart “Governance structures in climate matters” shows the structure prior to the merger of Numarics AG and radican bank ag, which was previously wholly owned by BLKB, on 30 December 2024. This gave rise to radican holding ag. In addition: The Climate Report focuses on the activities of the parent company, as the subsidiaries reported insignificant on-balance-sheet transactions during the reporting year. Their current impact on the climate risk at Group level was also classified as low. Where relevant, the activities of the subsidiaries were integrated.

Significance of subsidiaries for climate-related financial risks

The BLKB Group's balance sheet and income statement are largely shaped by the parent company. Companies outside the parent company have only a very small influence on the assessment of the Group's climate risks. This Climate Report therefore focuses primarily on the activities of the parent company and, where relevant, is supplemented by elements of the subsidiaries.

The subsidiaries comprise:

- radicant holding ag: The merger of radicant bank ag and Numarics AG was completed on 30 December 2024, giving rise to radicant holding ag domiciled in Liestal. This holds radicant bank ag, which was previously wholly owned by BLKB, and radicant business services ag. radicant bank ag is a digital financial services provider with its own banking licence. As a fiduciary fintech company, radicant business services ag specialises in the automation of administrative processes for SMEs in the Swiss market. Due to the late timing of the merger, reporting on radicant business ag has not been included in the Climate Report – as in the entire Sustainability Report (see [About this Report](#)).

- BLKB Fund Management AG: A fund management company supervised by FINMA and active in the fund business for collective investment schemes. The company also provides individual asset management and investment advisory services in the real estate sector for third parties.

Details on risk management in connection with climate risks can be found in the chapter [“Risk management”](#).

Training and knowledge building

BLKB has firmly anchored the topic of climate protection in its relevant internal training courses. Since 2024, the Infrastructure department has been building up GEAK (the cantonal energy certification for buildings) expertise in order to strengthen internal know-how in the areas of energy analysis and consulting for energy-efficient building renovation. Awareness-raising measures were also implemented for employees and managers, including the integration of the topic of sustainability in the Leadership Dialogue 2024. In addition, all employees have access to a web-based learning platform and can complete learning units on sustainability-related topics.

Reporting on climate matters in the context of overall reporting

Report	Frequency of publication	Competent bodies	Target audience
Sustainability Report incl. Climate Report in accordance with the TCFD	Annually	– Executive Board – ARC and SEC – Board of Directors	Public
Annual Report of the Group	Annually	– Executive Board – ARC and SEC – Board of Directors	Public
Report on the implementation of climate targets	Annually, or more frequently as required	– Executive Board – ARC, SEC, Board of Directors	Internal
	As required	– NCC	
Group risk report Parent company risk report	Quarterly Monthly	– Executive Board and Board of Directors – Executive Board	Internal (to be developed in 2025)
Information about the latest developments and insights into bank-relevant climate issues	Ad hoc	– Board of Directors	Internal
	Ad hoc	– Committees of the Board of Directors	
	Ad hoc	– Executive Board	

Climate strategy

Climate protection is anchored in BLKB’s sustainable mission statement under the environmental parameter. Sustainability targets (including climate targets) form an integral part of the corporate strategy and thus of the bank’s responsible actions. In 2021, BLKB became the first regional bank in Switzerland to join the international Net-Zero Banking Alliance (NZBA), thereby reaffirming its commitment to achieving net-zero emissions by 2050 at the latest across all three scopes, including financed emissions. In terms of the bank’s on-balance-sheet business, initial reduction pathways were defined (where deemed material and appropriate) in order to allow BLKB to pursue the target in a systematic fashion.

BLKB prioritises climate protection in areas where its effective impact is greatest. The level of effectiveness is dependent on the interplay between feasibility, the bank’s ability to yield influence and the achievable reduction in emissions. The services that are key to reducing emissions include the granting of mortgages and corporate loans and as well as the management of investments.

Since 2014, BLKB has defined investment exclusion criteria, including with respect to investments in the extraction of fossil fuels, fossil-fuel power plants, aviation and the tobacco industry. These exclusion criteria also have a risk-reducing effect in terms of climate risks.

The pillars of the transition to net zero

Disclosure

Standards and regulations

Federal Council Ordinance on Climate Disclosures
TCFD recommendations
GRI Standards

Trade fairs

Reduce and avoid

Compensate

Engage

Description

BLKB records its emissions across all material scopes and business areas.

BLKB avoids greenhouse gas emissions wherever possible and justifiable. Where avoidance is not yet feasible, it reduces emissions in order to achieve its climate targets. Where available, it uses science-based reduction pathways.

Remaining operational emissions are offset through a project that sees CO₂ stored in agricultural soils, while emissions from sponsorship activities are offset through sequestration in a forest project.

BLKB advocates a climate-friendly Switzerland as part of various political and business commitments.

Organisations/methods

- GHG Protocol
- PCAF
- MSCI
- TCFD recommendations

- CRREM
- NZBA requirements
- Science-based objectives

- Regional climate protection projects

- Swiss Climate Foundation
- NZBA
- CEO4Climate
- Swisscleantech
- SSF
- öbu
- Lignum
- SBA
- ASCB
- Baselbieter Energiepaket

When granting commercial loans, ESG criteria are also taken into account due to risk considerations and, in part, on the basis of legal and regulatory requirements. In 2020, for example, BLKB defined risk sectors⁴. Financing applications from companies operating in these sectors are thoroughly reviewed by the bank's internal Credit Committee. At the end of 2021, exclusion criteria were also introduced for the extraction of fossil energy sources, the manufacture of weapons and military combat vehicles, as well as for certain mining sectors such as coal, iron ore and uranium extraction.

Avoidance and reduction of greenhouse gas emissions in banking operations

BLKB systematically records its energy consumption and operational greenhouse gas emissions in accordance with the Greenhouse Gas Protocol and signed an emissions reduction target agreement with the Energy Agency of the Swiss Private Sector (EnAW) for the first time in 2000. Based on this data, BLKB defines measures aimed at reducing its energy consumption and emissions and regularly reviews their effectiveness. Where it is not possible to completely avoid environmental pollution, the bank utilises climate-friendly alternatives such as using electricity from 100% renewable sources, including the bank's own photovoltaic system and the systematic purchasing of electricity from hydropower. Since 2024, the BLKB fleet has consisted entirely of electric vehicles.

BLKB is involved in regional CO₂ offsetting projects to compensate for its remaining emissions. These projects include the "Climate protection through humus build-up" project of the Ebenrain Centre for Agriculture, Nature and Nutrition as well as with climate protection and biodiversity projects of the Frenkentäler Forestry Association and the Swiss Forest Climate Protection Association (WKSS). In doing so, BLKB specifically supports local measures aimed at capturing and offsetting CO₂.

Avoidance and reduction of greenhouse gas emissions in the lending and investment business

BLKB records the greenhouse gas emissions resulting from its financing and investment business in accordance with the requirements of the Greenhouse Gas Protocol. The emissions associated with corporate loans are estimated on the basis of the emission factors of the Partnership for Carbon Accounting Financials (PCAF). The emissions generated in the real estate sector, on the other hand, are based on an emissions

calculation prepared by Wüest Partner. These methods allow the bank to record and analyse the CO₂ footprint of its financed emissions from its banking business in a structured manner. Based on these findings, BLKB develops measures for its financing and investment portfolio. In addition to recording greenhouse gas emissions and defining corresponding measures, the bank attaches great importance to transparency in disclosing climate information.

radicant bank ag took part in the climate compatibility test (PACTA) conducted by the Federal Office for the Environment in 2024 and had its sustainable investment products tested. PACTA assesses the compatibility of investment products with different climate scenarios and assesses any climate-related risks and associated losses. The investment products are characterised by a low CO₂ footprint, a high proportion of the invested companies' use of renewable energies and their generally high level of compatibility with net-zero climate scenarios.

The opportunities and risks of climate change

While climate change is a long-term phenomenon, the time horizons for banking in Switzerland are much shorter. In order to do justice to both aspects, BLKB has chosen a middle course and defined its time horizons as follows: in the short term up to three years, in the medium term of four to ten years and in the long term from ten years. Where possible, particularly for qualitative analyses, very long periods beyond 2050 were also taken into account. In quantitative models, a comprehensive consideration of these long periods has so far only been possible to a limited extent. Further details can be found in the chapter "[Risk management](#)".

⁴ The risk sectors for corporate loans include the operation of fossil-fuel power plants, the manufacture of aircraft/airlines, genetically modified organisms, gambling, tobacco, nuclear energy and the production of adult entertainment.

Time horizon for assessing climate-related opportunities and risks

Time span	Number of years
Short term	0–3 years
Medium term	4–10 years
Long term	10–30 years

Over the past five years, BLKB's largest sources of income have been interest income and the fee and commission business.

For the 2023–2027 strategy period, BLKB is focusing on expanding its holistic advisory services with the aim of becoming the region's leading investment, pension and entrepreneur bank. BLKB is expanding its asset management services for all client segments. Together with regional partners, the range of consulting offerings, products and services in the area of sustainability is being expanded for private individuals and companies. Clients are provided with a platform to contribute to sustainable development through their financial decisions.

Based on BLKB's current earnings situation, main expenses and strategic priorities, it can be seen that the bank is striving to seize the opportunities presented by climate change. At the same time, it is pursuing a diversification strategy in order to increase its resilience to potential risks and position itself for the future.

Opportunities presented by climate change for BLKB's banking business

In the Canton of Basel-Landschaft, around 64% of the roughly 66,000 residential buildings were still heated using fossil fuels in 2022, equating to approximately 42,000 buildings.⁵ These fossil-fuel heating systems must be replaced by renewable energies by 2050. This corresponds to around 1,500 renovations per year. In addition, many buildings need to be renovated if they are to achieve the climate targets. Estimates⁶ suggest that achieving climate neutrality will require a renovation rate of at least 2% per year, necessitating annual investments in the millions. Through its sustainable financing and advisory services, BLKB can

actively contribute to the energy-efficient renovation and transformation of existing properties.

Companies in Northwestern Switzerland, the majority of which are SMEs, are increasingly having to deal with sustainable transformation. According to one study⁷, many of them have already taken initial steps towards integrating sustainability developments, but often require support in implementing and developing a long-term strategy. The figures from another study⁸ conducted by the Swiss Bankers Association also reveal that the Swiss economy will need to invest around CHF 13 billion per year in order to meet the net-zero targets. A large part of this investment requirement can, in principle, be financed by banks.

The expansion of renewable energies will play a key role in achieving the net-zero targets in Switzerland. In the Canton of Basel-Landschaft, investments in photovoltaics, wind energy and hydropower will be especially relevant as a means of making the regional energy supply more sustainable and reducing the need for fossil fuels. The canton is aiming for a significant increase in electricity production from renewable sources in order to support net zero by 2050. According to the Energy Perspectives 2050+ issued by the Swiss Federal Office of Energy (SFOE), this will require a massive increase in energy efficiency and a significant expansion of the infrastructure for renewable energies.

To speed up the implementation of renewable energy projects, the Canton of Basel-Landschaft has initiated, among other things, the Baselbieter Energiepaket (Basel Region Energy Package) funding platform, in which BLKB is a strategic partner. This allows the bank to promote the expansion of renewable energies through targeted financing and advisory services.

In order to seize the opportunities presented by the climate transition, BLKB and other stakeholders are also putting their faith in the provision of individual advice and awareness-raising measures such as the public information events of the Baselbieter Energiepaket. These initiatives strengthen companies' understanding and capacity to act with respect to climate-friendly strategies and contribute to the region's economic resilience.

⁵ Source: www.baselland.ch/politik-und-behorden/direktionen/finanz-und-kirchendirektion/daten-statistik/abteilung-statistik/publikationen-und-statistiken/energie/webar-tikel-vom-27-06-2024-energiestatistik-2022

⁶ Source: www.swissbanking.ch/_Resources/Persistent/0/1/0/7/0107d9f329d8762cb9c3ec57b23716283d9a6a67/SBVg_Nachhaltige%20Hypothenen%20Diskussionspapier_DE.pdf

⁷ Source: www.bak-economics.com/studien-analysen/detail/sustainability-gap-der-nordwestschweiz-2023

⁸ Source: www.swissbanking.ch/en/topics/sustainable-finance/financing-switzerland-s-climate-transition

In its banking operations, BLKB focuses on measures aimed at increasing its energy efficiency in order to reduce operating costs and protect the climate. The main factors are mobility (especially commuting), construction and renovation measures on buildings, the energy consumption of building technology and the IT infrastructure.

BLKB is reducing its energy consumption and thus also operating costs through the energy-efficient refurbishment of its properties. Where possible, fossil-based heating systems are being replaced by fossil-free fuels. In addition, the bank focuses on generating its own electricity, which also enhances its independence from rising electricity prices. BLKB also uses only electric vehicles in its own fleet. The use of resources, such as paper and water, is systematically monitored and optimised through targeted measures. Further details can be found in the Sustainability Report under "[Greenhouse gas emissions](#)".

Climate change risks for the banking business and the Group

Climate change entails a variety of risks that pose major challenges for society and life on our planet. These include physical climate risks, which can be acute (e.g. floods and storms that cause damage to real estate), as well as chronic risks such as long-term temperature increases and droughts. Transition risks, on the other hand, arise from the transition to a net-zero economy and include legislative changes, technological innovations and changes in market dynamics such as changes in client behaviour or stricter emission regulations.

BLKB has identified and comprehensively researched the central risks posed by climate change for the bank, and has assessed their potential impact on the banking business.

Summary of climate risks

BLKB views climate risks as a driver of risk for the bank's traditional risk categories. The result of the in-depth risk assessment shows that climate-related financial risks only have a minor impact on BLKB's risk profile. In the short and medium term, the most important risk drivers for BLKB are transition risks such as regulatory changes and macroeconomic upheavals, which would lead to a significant increase in CO₂ prices. Such price increases could result in

significantly higher operating costs for emission-intensive properties or companies, thus increasing the risk of credit default.

In the long term, however, physical risks such as heavy rain, river floods and storms are potentially more significant risk drivers for the bank. Such acute events, which are increasing in terms of both their frequency and intensity, could have an impact on the recoverability of individual properties in the mortgage portfolio and in the Group's own banking operations, and significantly increase clients' liquidity requirements in the short term.

Risk assessment overview

Qualitative and quantitative analyses were conducted to assess the impact of climate change on BLKB.

As part of its risk assessment, BLKB reviewed all existing risk categories in its risk inventory and analysed how climate risks affect the respective sub-risk categories ([see definition from page 75 in the Annual Report 2024](#)). Physical risks and transition risks were considered and a distinction was made with regard to their acute or chronic nature. For each sub-category, short-, medium- and long-term assessments were developed according to the risk factors and transmission mechanisms described by the TCFD.⁹ The assessment was made on a four-point scale ranging from "not material" to "low", "medium" and "high" based on the economic importance of the business area and the qualitative assessment of the expected loss.

This analysis shows that of all the key risk drivers impacting BLKB's credit risks (e.g. rising CO₂ prices, heavy rainfall, floods, droughts, the commitment to adopt cleaner technologies, rising regulatory costs), an increase in CO₂ prices and extreme weather events are likely to have the greatest impact in both the short and long term. It should be noted here that this analysis always takes place in a geopolitical and economic context that can change and could therefore also have an impact on the results of future analyses.

BLKB applied scenario analyses in line with the recommendations of the TCFD. To this end, it conducted two macroeconomic top-down stress tests based on the scenarios of the Network on Greening the Financial System (NGFS) in order to assess the potential impact of climate risks on the loan portfolio. A bottom-up stress test based on Climada Technolo-

⁹ BLKB's time horizons, defined as short term (up to three years), medium term (four to ten years) and long term (>ten years), differ from the usual periods of physical climate scenarios (short term up to 2035, medium term up to 2050 and long term beyond 2050). In the banking sector, strategies tend to be planned over shorter periods of up to five years, with stress tests typically covering a maximum of ten years.

gies was also performed for physical risks in the mortgage portfolio. Details on these analyses are provided in the chapter “Resilience”. The results of the risk analysis in the various risk categories are discussed below.

Detailed analysis of credit risks

Physical risks and transition risks as drivers of the bank’s traditional risks are explained in detail below.

Physical risks

While BLKB rates the physical climate risks for its loan portfolio as low in the short and medium term, it expects an increase in the long term. Acute risks such as floods and storms as well as chronic risks such as droughts can negatively impact property values and the stability of companies. Due to its location on the Rhine and other rivers, Northwestern Switzerland is potentially at risk of flooding. In addition, storms at higher altitudes, such as those found in the Jura, could lead to infrastructure damage. These risks are usually localised and affect only parts of the loan portfolio at a time.

Effects of physical risks on mortgages

Floods and heavy rainfall can cause damage to residential buildings, reducing property values and causing renovation costs. An increase in storms could also lead to a greater financial burden for homeowners. Such damage is largely¹⁰ covered by the mandatory natural hazard insurance. However, it is to be expected that insurance benefits could be reduced as extreme weather events increase in terms of both their intensity and frequency. At the same time, BLKB assumes that preventive adaptation measures, including flood protection against extreme weather, will have a mitigating effect on the damage. The overall risk therefore remains low in the short and medium term.

Commercial real estate is exposed to similar physical risks as private real estate, with the difference that rental losses can have additional financial consequences. Although these claims are also covered by natural hazard insurance, there are long-term risks from rising insurance premiums and more frequent extreme weather events.

Impact of physical risks on corporate loans

Physical climate risks can endanger the infrastructure and operations of companies and cause interruptions to their business activities. Climate-related risks can also give rise to

supply chain problems. Prolonged droughts could also negatively impact water-intensive businesses. In the short and medium term, however, these risks can be classified as low due to the insurance cover and the limited share of agricultural and industrial companies contained in the portfolio.

Transition risks

Transition risks arise as a result of the transition to a net-zero economy and encompass a number of areas, including increased CO₂ prices. CO₂ prices fluctuate greatly and, as in previous years, volatility may be triggered by various factors, including geopolitical upheavals, macroeconomic changes and movements in related markets such as the electricity market or emissions trading. This volatility not only affects direct levies, but also other market dynamics.

The transition to a low-emission economy is being accompanied by technological innovation. This relates to the use of new or improved technologies that change existing standards and require adjustments. Examples here include more efficient heating systems and modern building materials. Regulatory changes, in turn, include new or more stringent laws and regulations that place increased demands on the environmental standards of real estate and companies, potentially resulting in higher costs.

Effects of transition risks on mortgages

An increase in CO₂ prices can significantly increase the operating costs of properties with fossil-fuel heating systems. For households with limited income or real estate with a high lending value, these costs could lead to financial burdens and increase the risk of credit default. In addition, a possible fall in value of these properties is to be expected. While technological innovations (e.g. modern heating systems and improved insulation materials) can increase the need for refurbishment and investment costs in the medium to long term, they also reduce the rate of depreciation.

Commercial real estate may also be affected by higher operating costs due to rising CO₂ prices, which would lead to reduced demand for buildings with fossil-fuel heating systems. As around two-thirds of properties in Northwestern Switzerland are still equipped with fossil-fuel heating systems, the pressure in terms of the credit burden increases if the prices of fossil fuels rise.

¹⁰ Natural hazards insurance covers a large part of the damage. However, this is not always sufficient to cover the full purchase price of the property.

In the short and medium term, an increase in the CO₂ price means an increased transition risk. However, due to the adjustment options, this risk is classified as low in the long term. Risks with respect to bans on existing technologies and the marketability of technological innovations, on the other hand, are rated as low in the short and medium term, while medium in the long term.

Impact of transition risks on corporate lending

An increase in CO₂ prices and other regulatory requirements can increase production costs and affect the competitiveness of companies, especially in CO₂-intensive industries. However, as they only make up a small proportion of BLKB's portfolio, the risk for the bank is classified as low. In the long term, it is expected that companies will adapt their business models and invest in more efficient technologies, potentially further reducing risk.

Market, liquidity and other risks

The impact of climate risk drivers on market and liquidity risk as well as other risks is described below.

Market and liquidity risks

Physical risks can reduce the market valuation of affected assets and thus increase the degree of market price risk. Climate-related damage to key infrastructure or supply bottlenecks can also negatively affect the liquidity position if access to necessary resources or services is restricted as a result. Transition risks such as stricter environmental regulations could lead to the insolvency of companies due to an increasing need for investment and influence BLKB's liquidity position. In terms of market risks in the banking and trading book, it should be noted that the trading book per se is not material for BLKB and that the risk driver of climate change is therefore not decisive. With regard to market risk, the impact of climate risk as a driver can be classified as low or insignificant, with the exception of the credit rating effect, which is classified as medium. With regard to liquidity risk, the impact of climate risk on the level of refinancing and market liquidity risk is assessed as medium over the medium and long term.

Other risks

Climate-related physical events such as floods or storms may tend to increase over time. This could result in damage to bank buildings and infrastructure, which could disrupt business operations and lead to high repair costs. For this reason, the risk drivers "Physical security and protection" and "Business continuity management/technology" are rated as medium to long term. All other climate-related risk drivers are currently assessed to have a low or insignificant impact on operational risks.

With the marketing claim "What matters tomorrow," BLKB positions itself as a forward-looking bank. "Forward-looking approach" describes its holistic understanding of sustainability (see "[Forward-looking approach](#)"). The topic of greenwashing is closely monitored by both the Swiss Financial Market Supervisory Authority (FINMA) and the media. This is due to rapidly changing regulations and a lack of market standards in various areas. In the long term, BLKB expects regulatory requirements to stabilise and legal certainty to increase, for example through more precise definitions of what is considered sustainable. Due to the establishment of clear processes and sound training within BLKB, as well as the development of a market standard within the industry, BLKB assesses the level of reputational risk as low in the long term.

According to the risk inventory, none of the climate risk drivers were rated as high in terms of operational, strategic and compliance risks, including reputational and legal risks.

Impact of climate-relevant risks and opportunities on the business, strategy and financial planning

While the opportunities identified above offer potential for growth, this is considered to be low in the short and long term. The costs associated with further developing product and advisory offerings in order to meet regulatory requirements and client needs have a negative impact on costs for the bank. Currently, however, these cannot yet be reliably estimated.

In addition, rising energy prices would result in higher operating costs. This is not critical for BLKB, however, as the refurbishment of the bank's operating properties has been completed and the entire vehicle fleet has been converted to exclusively electric drives. As explained in the chapter "[Climate change risks for the banking business and the Group](#)", the increase in potential impairments would only have a minor impact on the operating results.

Resilience of the bank's strategy to climate change

For BLKB, dealing consciously with the effects of climate change is a strategic issue. The financial business opportunities are considered holistically. Integrating climate-related financial risks into risk management makes the bank more resilient, while its active commitment to climate protection (see [BLKB's initial transition plan](#)) strengthens BLKB's position as a responsible financial services provider. Developments relating to climate risks are monitored on an ongoing basis and the strategy and range of products and services are adapted, if necessary, in line with the changing requirements of the regulator and the needs of clients.

Importance of different climate scenarios

The impact of climate change will largely depend on when and how measures are taken to mitigate it. The longer there is no coordinated action, the more global warming will intensify and the more physical risks will increase. The transition risks for the economy and society will also increase if the transition to net zero is pursued in an abrupt and

Impact of climate-related risk drivers on existing risks and opportunities

Impact on opportunities	short-term	medium-term	long-term
Products, services and markets	low	low	low
Energy efficiency in operations	low	low	low
Investments for utilisation of opportunities	low	low	low
Impact on risks			
Credit risks			
Physical risks	low	low	low
Transition risks	low	medium	low
Market and liquidity risks			
Operational risks	low	low	low
Compliance risks (including legal and reputational risks)	medium	medium	low

uncoordinated manner. In order to do justice to this uncertainty, we need to think in terms of scenarios.

The Network on Greening the Financial System (NGFS) has developed various climate scenarios along the axes of physical and transition risks. Each of these scenarios involves specific macroeconomic developments (deviations from the forecast standard development) and describes different intensities of the various climate risks.

Net Zero 2050 scenario (best case)

In the first step, the Net Zero 2050 scenario was modelled, which assumes that global warming remains below 1.5 degrees Celsius and that the net-zero emission targets are met by 2050. This scenario, which also underpins

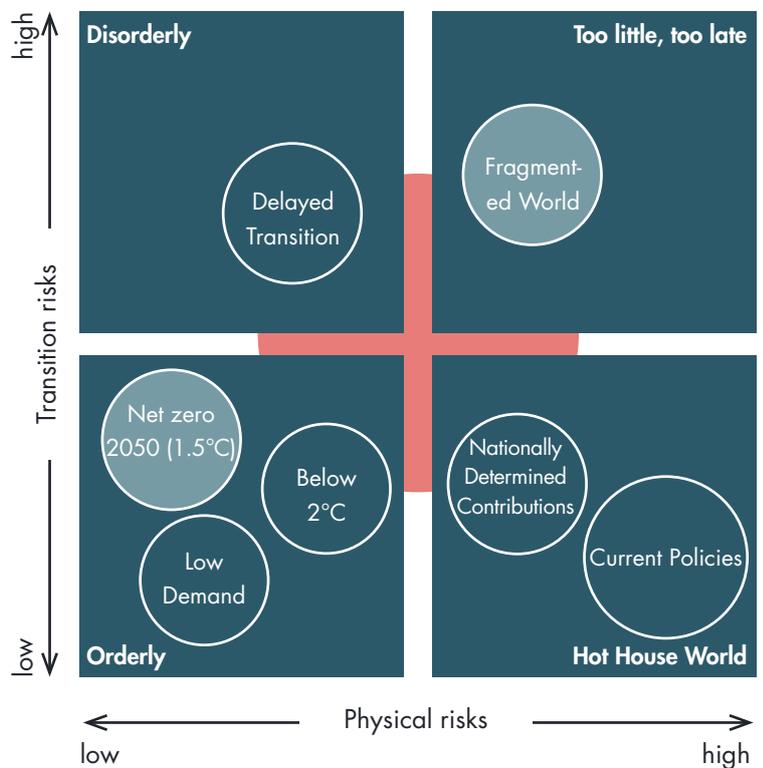
Switzerland's climate strategy and BLKB's reduction pathways, involves a significant increase in CO₂ prices as part of the transition.¹¹

Fragmented World scenario (worst case)

In the second step, a stress test was carried out for the Fragmented World scenario, which assumes that transition risks and physical risks accumulate as a result of insufficient measures being taken to combat climate change for too long.

Analyses of the two scenarios did not reveal any significant risks for BLKB. However, the results are only reliable to a limited extent, as several limitations mean that the top-down stress test has only a certain degree of validity. For example,

NGFS scenario framework



Please note: BLKB bases its best-/worst-case assessments on the two scenarios "Net Zero 2050 (1.5°C)" and "Fragmented World" (see text above).
 Legend: Net Zero 2050 (1.5°C): according to the Paris Climate Agreement; below 2°C: as per the Paris Climate Agreement; Low Demand: economic slowdown; Fragmented World: no coordinated climate policy; Nationally Determined Contributions: the Paris Climate Agreement requires every country to make a commitment to NDCs (Nationally Determined Contributions), which, taken together, result in the promised global efforts to reduce CO₂ emissions; Current Policies: target path if no measures other than those already in place are implemented. Source: ngfs.net.

¹¹ Source: <https://www.ngfs.net/ngfs-scenarios-portal/explore>

the simulation is limited to a maximum time horizon of ten years, meaning that it does not fully cover long-term risks. Forecasts for macroeconomic variables such as gross domestic product (GDP), inflation and unemployment are only made available by the State Secretariat for Economic Affairs (SECO) over a period of two years. The development of real estate prices has to be estimated independently for Switzerland. In addition, certain deviations from the forecast standard development under the NGFS scenarios were only recently identified for Switzerland and were not available at the start of the analysis.

BLKB does not use climate-related stress tests with the expectation of gaining a precise quantitative assessment of the risks, but rather to identify the materiality of individual scenarios. This makes it possible to draw well-founded strategic conclusions, allowing for flexible, learning-oriented planning.

BLKB carried out an additional bottom-up stress test for its mortgage portfolio to assess the most relevant physical climate risks. The physical climate scenarios (RCP 2.6, RCP 4.5 and RCP 8.5), which were also used by the Intergovernmental Panel on Climate Change (IPCC), were included for the periods 2030, 2050 and 2080 to analyse the risks of flooding and wind storms for each asset held in the portfolio.

The results reveal that in the worst-case scenario (RCP 8.5) for the individual assets, the physical risks from river flooding and winter storms will only increase marginally. Nevertheless, the number of assets with a heightened level of risk will increase significantly over the years.

In the case of storms, all assets are exposed to medium risk, with the exception of the Canton of Basel-Stadt, where no increased exposure has been identified. Over time, a very slight increase in risk can be observed for all cantons. The level of risk associated with winter storms will only increase slightly for the assets in the Canton of Basel-Landschaft during the period up to 2050. This is lower than in other cantons. In the event of river flooding, the assets are exposed to different levels of risk on a regional basis. Most cantons have a high percentage of assets in the lower risk categories (very low or low), as the risk of river flooding depends

heavily on the topography and only affects assets located near a river. The relative increase in the risk of river flooding is assessed as very low or low in all relevant regions over the coming years.

Further analyses on climate change

In addition to carrying out stress tests, BLKB, as a member of the Net-Zero Banking Alliance (NZBA), analysed its loan portfolio in climate-intensive sectors. This analysis came to the conclusion that such sectors make up only a small share of BLKB's corporate loan portfolio. In this report, the evaluation of the credit allocation to the various sectors is based on the requirements of the NZBA (see table ["Presentation of greenhouse gas emissions from high-emission sectors in accordance with NZBA 2024"](#)).

Summary of the results of the various risk analyses

Based on its qualitative and quantitative analyses, BLKB has come to the conclusion that, according to its findings to date, climate change has only had a minor impact on the bank.

In order to strengthen the bank's long-term resilience and steer it on its reduction pathway, BLKB worked intensively on integrating climate parameters into its lending activities in 2024. This should help both corporate and private clients in mitigating risks and seizing opportunities to adapt to climate change.

Risk management

Climate risks are integrated into BLKB's existing risk management system as a key risk driver. This process follows the classic steps of risk handling: Identification, evaluation, management, monitoring and reporting.

Identification and evaluation

An interdisciplinary working group was set up to identify these risks, which included various climate parameters as risk drivers in the bank's existing risk inventory. The focus here is on environmental developments, political and regulatory changes, technological evolution and general market sentiment. The aim is to identify risks to which BLKB is exposed at an early stage and to counter them.

All of the available internal and external data on emissions, risk positions and climate change are used for the qualitative assessment. In addition, resilience has to date been quantitatively tested within stress tests with two top-down scenarios and one bottom-up scenario for the loan portfolio (see [Resilience of the bank's strategy to climate change](#)).

Control and management

The control of risks is defined and documented within the framework of the integral set of rules. This includes the sustainability targets as well as exclusion criteria and risk sectors in the lending business.

As part of its commitment to achieving its net-zero targets, BLKB illustrates in its [initial transition plan](#) and in the table in the chapter "[Transition plan](#)" of this Climate Report how it intends to actively reduce potential risks through targeted climate protection measures. This is despite the fact that there is currently only little need for action in terms of both the reduction pathway and the risk analysis. Nevertheless, BLKB is continuously strengthening its risk management capabilities.

In the area of private mortgages, the emission intensity will be visualised by a traffic light indicator for client advisors from mid-2025 onwards. In the event of very high emission intensities for individual properties, an in-depth analysis and overall assessment of the property needs to be carried out by Credit Risk Management. In addition, financing of this kind will only be possible to a limited extent in the outer area¹².

Monitoring and reporting

In the monitoring of climate-related financial risks, BLKB attaches particular importance to ensuring that volumes do not increase significantly in business areas that are more affected by climate change and are at a higher risk. To this end, metrics and key risk identifiers (KRIs) have been evaluated for all business areas. The bank currently estimates its emissions on an annual basis and monitors risk developments. One aspect on which we focus is continuously improving data quality. Monitoring includes updating the qualitative analysis of the impact of climate parameters on the risk inventory at least once a year.

As part of the reporting on the progress made in the Net Zero project, the committees of the Board of Directors and the Executive Board were informed of the new monitoring and reporting requirements.

¹² BLKB operates its lending business primarily in Northwestern Switzerland in the following area: Canton of Basel-Landschaft, Canton of Basel-Stadt, Canton of Solothurn (districts of Dorneck and Thierstein), Canton of Aargau (districts of Rheinfelden and Laufenburg, Fricktal). Areas outside this area are considered to be part of the outer area.

Key figures and targets

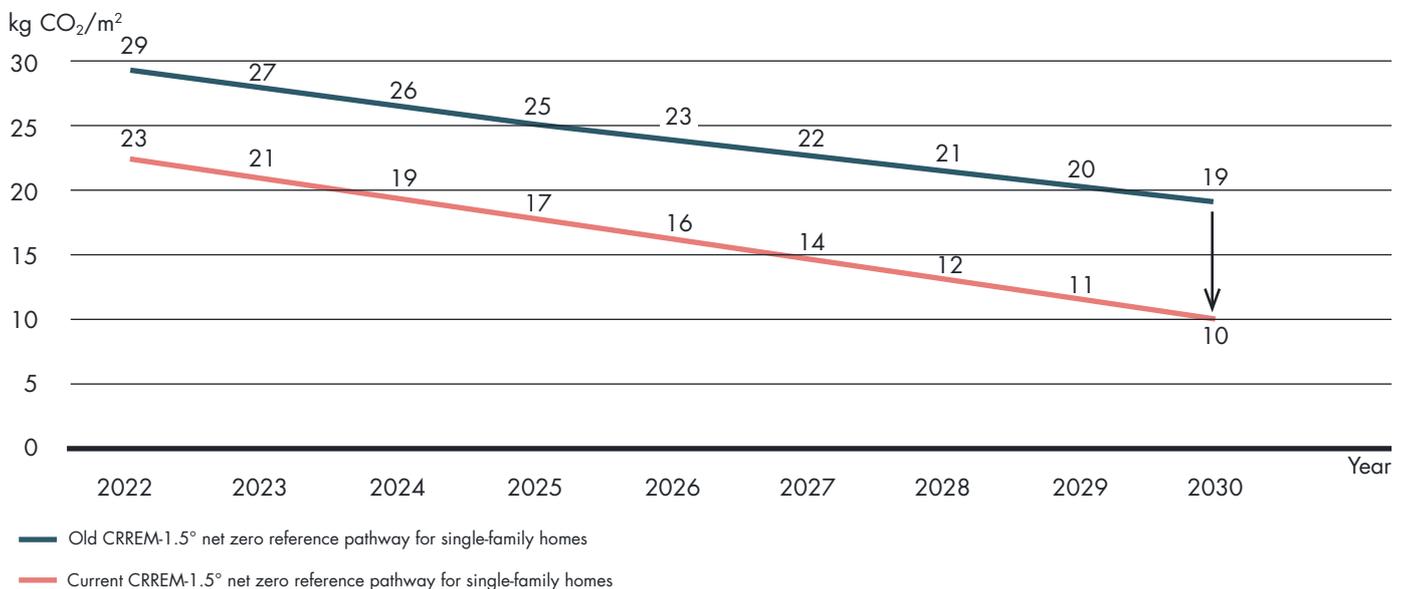
BLKB joined the Net-Zero Banking Alliance (NZBA) in October 2021, thereby pledging to set reduction targets for all on-balance-sheet assets where material and feasible. The first targets for the mortgage portfolios were published in spring 2023 and were based on the Carbon Risk Real Estate Monitor (CRREM) reference pathways applicable at the time. CRREM has since tightened the 1.5° net-zero reduction pathways. This made it necessary to adjust the reduction pathways in 2024.

BLKB has adjusted its reduction pathways accordingly in order to comply with current scientific requirements and subsequently comply with both regulatory requirements and its self-imposed obligations (see [Targets](#)). These reduction targets are comparable with the cantonal targets for the building sector, even if different bases and metrics are used for calculation in the respective canton.

The CO₂ calculation methodology used utilises models and estimates to estimate building emissions based on known variables such as building age, heating type and the number of floors. Unknown values are estimated using statistical methods. In 2022, the emission values of the mortgages were estimated for the first time using the described methodology. Due to the methodology and underlying data developed in the meantime, the base year was changed from 2022 to 2023 (see [Targets](#)).

Details of operational emissions (Scopes 1, 2, 3) can be found in the ["Environment" chapter of the Sustainability Report](#).

Reference pathways for single-family homes in accordance with CRREM, old and current



Targets and metrics

Calculation of greenhouse gas emissions

Information on greenhouse gases is collected in accordance with the requirements set out in the Greenhouse Gas Protocol and emissions are calculated together with specialist providers. BLKB has been a member of the Partnership for Carbon Accounting Financials (PCAF) since 2023. This gives the bank access to the current emission factors required to calculate the financed emissions of commercial loans (see table [“Greenhouse gas emissions for the corporate loan portfolio”](#)). The general calculation requirements of PCAF were adhered to for all portfolios. Only Scopes 1 and 2 are reported for financed emissions in 2024. The data quality for Scope 3 of financed emissions is currently still rated as unsatisfactory. Further improvements in data quality will be targeted in 2025 to ensure the publication of Scope 3 emission estimates from 2026 onwards.

As shown in the table [“Greenhouse gas emissions for the mortgage portfolio”](#), the total emissions in the mortgage portfolios have decreased over the past three years. The confirmed number of fossil heating systems in the reporting year was lower than in 2023 and stood at 56%. In just under 10% of the properties, the heating system in place has not been disclosed and is therefore not known, which does not allow for any clear conclusions to be made about the decline in the number of fossil-fuelled heating systems. Both the financed emissions and the footprint, i.e. the CO₂ emissions per franc of the loan, have been declining over the years. The emission intensity for investment and commercial properties remained practically the same in the reporting year versus 2023. Due to the area corrections (see notes to the table [“Greenhouse gas emissions for the mortgage portfolio”](#)), the emission intensity for both mortgage portfolios in 2023 was changed retroactively. In the coming years, the aim is to further improve the data quality of all input data.

Greenhouse gas emissions for the mortgage portfolio (Scope 3 C15) since 2022

Owner-occupied residential property	Real estate financing volume (CHF million)	Coverage (%)	Financed emissions in t CO ₂ (Scopes 1 and 2)	Emission intensity in kg CO ₂ /m ² (Scopes 1, 2)	Footprint t CO ₂ /million CHF financing volume (Scopes 1 and 2)	Weighted data quality score in accordance with PCAF
2024	16,195	100	84,224	27.5	5.2	4.07
2023	16,014	100	88,413	28.6	5.5	4.08
2022	17,957	100	172,111	37.4	9.6	4.15
Investment and commercial properties						
2024	6,298	100	42,222	22.0	6.7	4.23
2023	6,051	100	41,733	21.9	6.9	4.25
2022	3,376	100	45,912	38.2	13.6	4.33

Notes: In 2022, the calculation was based on BLKB's input data (address, year of construction, heating system, energy reference area, number of floors, renovation data). In the subsequent years, the Basel-Landschaft Register of Buildings and Dwellings (GWR) was defined as the priority source of information for the input data for the heating types because it is more up-to-date. Bank details were used for all other input data, where available. For observations with missing input data, the area-weighted average of all portfolio observations with the same use was used to calculate relative emissions. If the details about the area were not provided, the average of the area of all portfolio observations with the same use was used. According to Wüest Partner, this estimated energy reference area value was too high in 2023 and was corrected in 2024. For the area weighting, the corrected area values from 2024 (entire portfolio) were also applied for 2023. Monte Carlo simulations were carried out for missing heating types, whereby the emissions of the property were calculated 50 times, always with a randomly selected energy source. The heating source is taken randomly from the distribution of the energy sources in the canton in which the property is situated (data source: GWR). The average of the 50 calculations is then calculated and reported for this property. This method was applied to 1,122 properties in 2024.

Wüest Partner (WP) uses its own data quality model. In the interests of comparability, the model was translated into the Partnership for Carbon Accounting Financials (PCAF) data quality score (value 0 WP = value 5 PCAF; values 1–3 WP = value 4 PCAF). The classification into owner-occupied residential property or investment and commercial property was carried out in accordance with PCAF specifications. When it comes to investment properties, BLKB distinguishes between two- to-three-family houses and larger residential properties. The former have been classified as owner-occupied residential property. The reference dates for the calculations were 30 November in 2022, 31 October in 2023 and 30 June in 2024. The selection of the cut-off date of 30 June allows for consistency with BLKB's Half-Year Report 2024 and sufficient lead time for quality assurance in terms of data evaluation. As the changes during the year are not subject to any particular cyclicity, the different reference dates can be compared with each other. The marginal deviations between the financing volumes in BLKB's Half-Year Report 2024 and this Climate Report are due to appropriate exclusions in the Climate Report. Mortgage-backed corporate loans are included in both real estate financing volume as well as the financing volume for corporate loans.

Greenhouse gas emissions for the corporate loan portfolio (Scope 3 C15) since 2022

	Financing volume (CHF million)	Coverage (%)	Financed emissions in t CO ₂ (Scopes 1 and 2)	Footprint t CO ₂ /million CHF Financing volume (Scopes 1 and 2)	Weighted data quality score in accordance with PCAF
2024	3,255	98.5	87,114	27.2	4.58
2023	3,187	98.1	88,159	28.2	4.66
2022	3,283	100	91,991	28.0	4.72

Notes: Financed emissions (total and footprint) refer to the percentage of the volume of loans covered (financing volume in CHF million x coverage percentage). Corporate loan issues were calculated using country- and sub-category-specific emission factors from the PCAF database based on their NOGA categorisation. Some specific loans to public-sector institutions without a clear sector allocation, such as nurseries, were excluded from

the calculations. The marginal deviations between the financing volumes in BLKB's Half-Year Report 2024 and this Climate Report are due to appropriate exclusions in the Climate Report. Mortgage-backed corporate loans are included in both real estate financing volume as well as the financing volume for corporate loans.

BLKB uses PCAF emission factors for corporate loans. Following an in-depth analysis, BLKB has decided to calculate the emission values using the country-specific emission factors at the sub-sector level. Although PCAF does recommend the use of aggregated emission factors for advanced economies at a sector level, country-specific emission factors are more suitable for BLKB's strongly regionally focused portfolio.

As PCAF emission factors are based on figures recorded in 2019, the subsequent years need to be adjusted for inflation. The figures for the reporting year as well as for 2022 and 2023 were adjusted for inflation for the first time in 2024. The adjusted figures are therefore slightly lower than those reported in the Sustainability Report 2023.

Absolute emissions have fallen slightly since the first instance in which data was collected, and the footprint is also on a downward trend. However, the data quality for corporate loans still needs to be improved. As of the reporting date of 30 June 2024, total assets and transaction values were only available for around 35% of the commercial loan portfolio. BLKB strives to further improve data quality and the availability of data points for corporate loans.

To estimate the CO₂ emissions generated by its investments, BLKB's parent company obtains investment portfolio-related ESG data, primarily from MSCI ESG, including emissions data. It currently relies on the calculation aids provided by MSCI ESG for the calculations. The subsidiary radicant bank ag uses the calculation aids provided by ISS. The quality of the data and the coverage are gradually being improved through continuous further development.

Greenhouse gas emissions from the investment business (Scope 3 C15) since 2022

	Investment volume (CHF million)	Coverage (%)	Financed emissions in t CO ₂ (Scopes 1 and 2)	WACI t CO ₂ / CHF million revenue (Scopes 1 and 2)	Footprint t CO ₂ /million CHF financing volume (Scopes 1 and 2)	Weighted data quality score in accordance with PCAF
2024	7,664	97	336,581	96.1	45.2	2.12
2023	6,308	95.5	380,574	99.7	63.3	2.13
2022	5,693	94.3	334,458	123.7	62.3	2.12

Notes: The financed emissions (total, WACI and footprint) refer to the percentage of volume (investment volume in CHF million x coverage percentage). The data in the table above includes both the assets managed by the parent company (sustainable asset management) (i.e. the BLKB investment and retirement funds and asset management mandates, adjusted for double counting) and the assets managed by radicant bank ag. The emissions of companies are analysed on the basis of the emissions data they report or on the basis of sector-specific estimates of emissions data for both direct and, where available, indirect investments. Government bond data is not included for methodological reasons. For the parent company's data, the emission data is extrapolated to the assets covered, based on the data available for this purpose (86.3% in 2024).

Liquidity and liquidity-related investments are not taken into consideration. The reference date for the portfolio data is 31 December; the issue data may be older. The figures for 2022 and 2023 disclosed in the table differ slightly from the reports published in previous years. The reason for this is to improve the underlying data. The figures have been adjusted accordingly to ensure comparability over the years. Further information on MSCI and its underlying data: www.msci.com and ISS ESG, 2024 (for the parent company calculation), www.issgovernance.com/esg/climate-solutions (for the radicant bank ag calculation).

Identification of sectors with a special climate impact

As part of their climate responsibility, banks are required to declare their lending to CO₂-intensive sectors. There are different requirements with respect to how these sectors are to be identified. Due to its membership of the NZBA, BLKB uses its classification for the Climate Report 2024.

The table [“Presentation of greenhouse gas emissions from high-emission sectors in accordance with NZBA 2024”](#) shows the percentages of the on-balance sheet banking business in high-emission sectors, as defined by the NZBA. According to the NZBA, these are to be addressed as a priority in terms of the decarbonisation strategy. The NZBA sectors focus heavily on the sectors of the economy with a very high dependence on fossil fuels. BLKB has barely any loan commitments in these emission-intensive sectors. This is thanks to the industry landscape of Northwestern Switzer-

land, the long-standing lending practice and the institutionalised exclusion criteria.

The low credit ratio in agriculture is striking. BLKB has almost exclusively mortgage-backed loans with agricultural companies. These therefore appear to be subsumed in the emission calculations for investment and commercial properties (as mortgages) and not for corporate loans.

PCAF expects the publication of Scope 3 emissions for the high-emission sectors it defines. However, due to the very low data quality, BLKB has decided to wait and see if there is a better basis for the publication of corporate loans in 2025. From 2025 onwards, or no later than 2026, BLKB will publish all Scope 3 emissions of the financed emissions in accordance with the PCAF requirements.

Presentation of greenhouse gas emissions from high-emitting sectors in accordance with NZBA 2024

Sector	Analysed financing volume (CHF million)	Weight in portfolio (%)	Financed emissions in t CO ₂ (Scopes 1 and 2)	Share of financed emissions (%)	Footprint t CO ₂ /million CHF financing volume (Scopes 1 and 2)	Weighted data quality score in accordance with PCAF
Transportation	51.9	1.62	2,450	2.8	47.2	4.5
Power generation	4.8	0.15	26	0	5.4	4.2
Agriculture	0.3	0.01	489	0.6	1,550.5	4.9
Cement	1.5	0.05	255	0.3	174.2	4.1
Oil and gas	-	0	-	0		
Iron and steel	-	0	-	0		
Aluminium	-	0	-	0		
Coal	-	0	-	0		
Other (non-high emission sectors)	3,149.2	98.2	83,894	96.3	26.6	4.6
Total/average	Σ = 3,207.6	Σ = 100	Σ = 87,114	Σ = 100	Ø = 27.2	Ø = 4.6

Please note: The analysed financing volume corresponds to the percentage of volume of loans covered (financing volume in CHF million x coverage percentage) from the table [“Greenhouse gas emissions for the corporate loan portfolio”](#) for 2024.

Reading aid: If the unrounded values for 2024 are offset against the coverage (source data from the data for 2024 in the table [“Greenhouse gas emissions for the corporate loan portfolio”](#)), this results in CHF 3,207.6 million, which corresponds to the effectively analysable volume of the corporate loan portfolio.

Metrics

BLKB has chosen to use absolute emissions in tonnes of CO₂ (t CO₂) and emission intensity in kilograms of CO₂ per square metre (kg CO₂/m²) of energy reference area as metrics for mortgages (owner-occupied residential property as well as investment and commercial properties). The published footprint serves to improve comparability with other banks, but is not used internally as a metric.

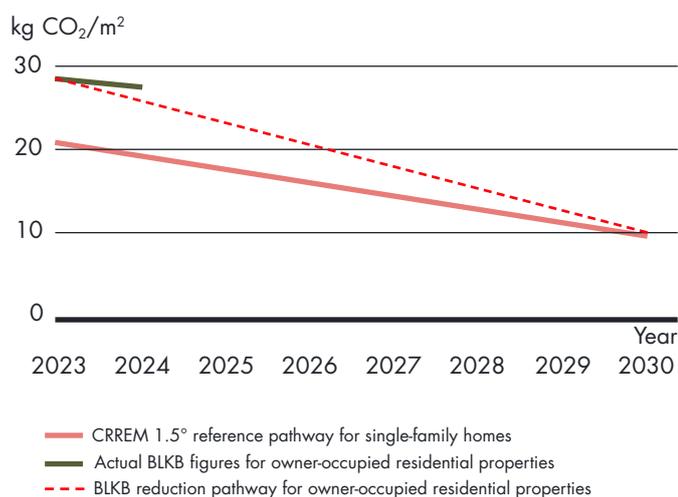
The absolute metric serves as an overall control towards achieving net zero. The relative metric – which is based on emission intensity – is used for management at individual property levels and allows the mortgage portfolio to grow. Both the absolute metric of tonnes of CO₂ equivalents (t CO₂e) and the relative metrics of tonnes of CO₂ equivalents per CHF million loan (footprint) (t CO₂e/CHF million loan) and tonnes of CO₂ equivalents per CHF million revenue (t CO₂e/CHF million revenue) are used to measure the emissions of corporate loans. At the moment, only the footprint is published. Once revenue and balance sheet figures are available for more companies, the additional metric should also be used.

For its investments, too, BLKB uses the metric of absolute emissions in t CO₂e and the weighted average carbon intensity (WACI), which is widespread in the industry and uses to t CO₂e/CHF million revenue. Own investments recorded in the balance sheet by the NZBA with interim targets are not material due to the low volume at BLKB. Accordingly, they have not been prioritised so far, but are being developed in step with the asset management metrics.

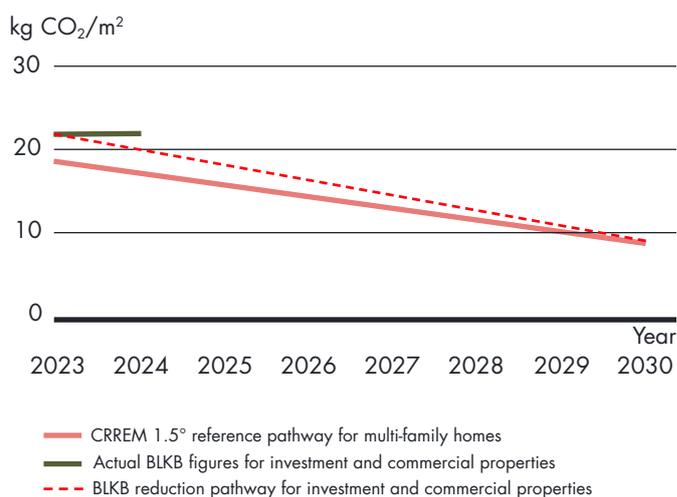
Operational emissions (Scopes 1, 2 and 3) are measured in absolute tonnes of CO₂e and in the relative metric of tonnes of CO₂e per full-time equivalent (t CO₂e/FTE).

Reduction pathways for owner-occupied residential property as well as for investment and commercial properties

Reduction pathway for owner-occupied residential property



Reduction pathway for investment and commercial properties



Targets

The intermediate targets for mortgages are derived from the requirements of the Carbon Risk Real Estate Monitor (CRREM) reference pathways and the calculated CO₂ portfolio data.

The base year of 2023 was defined for the recalculations of the reduction pathways, as the results for 2022 showed excessive deviations from subsequent years (see also [“Greenhouse gas emissions for the mortgage portfolio”](#)). These differences arose from changes to the calculation methodology by the provider, as well as from the use of heating source information from the Cantonal Register of Buildings and Dwellings instead of the bank’s own building database. The building register is almost complete and will be updated promptly. It therefore offers the best data quality with regard to the heating sources of buildings.

The bank plans to reduce owner-occupied residential property by 65% and investment and commercial properties by 59% by 2030. For owner-occupied residential property, BLKB follows the CRREM reduction pathway for single-family homes. For investment and commercial properties, it follows the CRREM-reduction pathway for multi-family homes. The pathways were chosen in favour of the object type that accounts for the largest share of the respective categories.

The targets for banking operations are shown in the table [“BLKB’s transition plan with key targets and interim targets”](#) on the next page. For its banking operations, the bank is aiming for a net-zero target for Scopes 1 and 2 by 2035. Given the long-standing focus on energy efficiency and sustainability in buildings, this is a realistic target. For 2030, a reduction of 58% compared to the base year 2023 has been planned in Scopes 1 and 2.

In terms of Scope 3 emissions (employee mobility, purchases of services, etc.), the bank is dependent on decarbonisation efforts across society as a whole and is therefore geared towards the net-zero targets of the Canton of Basel-Landschaft and Switzerland. For 2030, a reduction of 26% compared to the base year 2023 has been planned.

For corporate loans, the years 2022 to 2024 were used to improve data quality. The analysis of the input data on corporate loans as at 31 December 2024 will show whether a reduction pathway is appropriate and feasible with the data available at present. The analysis will be carried out in the first half of 2025. The situation is being clarified to determine whether a net-zero pathway should be defined for the investments.

BLKB's transition plan with the main targets and interim targets for Scopes 1, 2 and 3 (including Scope 3 C15)

Area	Targets	Interim targets	Base year	Figures for 2024	Figures for 2023	Figures for 2022	Coverage (%)
Direct and indirect operational emissions (Scopes 1 and 2) Parent company	Net zero by 2035	2030: 58% reduction in absolute emissions in t CO ₂ e	2023	172	284	325	100
Indirect operational emissions (Scope 3) Parent company	Net zero by 2050	2030: 26% reduction in absolute emissions in t CO ₂ e	2023	298	263	271	n/a
Mortgages (owner-occupied residential properties, Scope 3 C15)	Net zero by 2050	2030: 65% reduction in emission intensity kg CO ₂ /m ²	2023	27.5	28.6	37.4	100
Mortgages (Investment and commercial properties, Scope 3 C15)	Net zero by 2050	2030: 59% reduction in emission intensity kg CO ₂ /m ²	2023	22.0	21.9	38.2	100

Notes: Scope 1 refers to the bank's direct emissions, e.g. from its own fleet of vehicles or the heating of bank buildings. Scope 2 includes indirect emissions from purchased energy such as electricity or district heating for branches. Scope 3 includes all other indirect emissions along the bank's value chain, including upstream and downstream activities. The main category for financial institutes is Category 15 in Scope 3. This

relates to emissions from bank investments and financing solutions. It thus includes greenhouse gas emissions caused by the projects and companies financed by the bank. The identification of the targets for the mortgages is based on the sectoral decarbonisation approach with the corresponding CRREM reference pathways. The targets for operations were calculated using the Absolute Contraction Approach.

Transition plan

The [initial transition plan](#) of 30 April 2024 provides an initial overview of how the bank plans to shape its pathway towards achieving net zero. The two tables below outline the financing measures (mortgages and corporate loans). The

operational measures are described in the "[Environment](#)" chapter of the Sustainability Report.

Measures in the investment business

BLKB has been systematically integrating ESG criteria into the investment process since 2014 (see the [website](#)). The aim

Measurement parameters and measures for mortgages

Measurement parameters	Metrics	Operationalised targets for 2024	Measures
Emission intensity for owner-occupied residential properties and investment and commercial properties (Scopes 1 and 2)	kg CO ₂ /m ²	An additional 1,000 residential owners per year who are made aware of climate compatibility	<ul style="list-style-type: none"> Support for the "Baselbieter Energiepaket" cantonal development programme and active presence at events. Promotion and raising awareness of the home2050.ch platform, which is operated together with the partners EBL and Primeo Energie. Integration of data on the energy efficiency of financed buildings into the core banking system. Development of advisory services on energy efficiency for private and commercial homeowners. Planned renewal of the energy mortgage with improved incentives for energy-efficient renovation.

Measurement parameters and measures for corporate loans (no reduction target)

Measurement parameters	Metrics	Operationalised targets for 2024	Measures
Emission intensity of loans (Scopes 1 and 2)	t CO ₂ e/ CHF million revenue (where available)	<ul style="list-style-type: none"> No investment in companies that extract coal, oil or natural gas or operate coal-fired power plants Discussions with companies regarding the availability of actual emissions data 	<ul style="list-style-type: none"> Some management of climate risks in the portfolio by means of the existing exclusion criteria and defined risk categories. Benefits of SME events with the Baselland Chamber of Commerce and the "Baselbieter Energiepaket" cantonal development programme to raise awareness. New collaboration with the "Go for Impact" association to establish a website with CO₂/ESG tools and evaluation criteria to provide SMEs with guidance.

is to identify companies that work in a more environmentally and socially responsible manner and that have established good corporate governance factors and are thus more competitive. The topic of climate risks/protection is an important factor in many industries. At the same time, exclusion criteria are also applied (see [Responsible products and services](#)) in order to specifically reduce very high risks from an ESG perspective; climate risks play an important role in this. All BLKB investment products take such ESG criteria into consideration in different ways. This is explained transparently on ESG factsheets (including Swiss Climate Scores), among other things. Within the scope of the expanded regulatory requirements, BLKB's Sustainable Asset Management is analysing further options for managing climate risks. The audit is scheduled to be completed by the end of 2025. As part of the pilot programme of the Science Based Targets initiative (SBTi), radicant bank ag has developed a concept for investment products with the aim of achieving net zero by 2040.

Outlook

On 30 April 2024, BLKB published its [initial transition plan](#), which outlines the pathway towards achieving the net-zero target by 2050. This plan will be continuously developed, adapted and refined in the coming months and years. The aim is to define a detailed, sustainable reduction strategy by the end of the current strategy period in 2027. BLKB will continue to align its products, services and decision-making processes with the net-zero target and in so doing will react flexibly to new developments and findings.

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Abbreviations, initiatives and standards

List of abbreviations

Abbreviation/term	Explanation
CO ₂	Carbon dioxide
CRREM	Carbon Real Estate Monitor
ESG	Environment, Social, Governance
GEAK	Gebäudeenergieausweis der Kantone (Cantonal building energy label)
GFANZ	Glasgow Financial Alliance for Net Zero
GHG Protocol	Greenhouse Gas Protocol
GRI	Global Reporting Initiative
KPIs	Key performance indicators
NGFS	Network on Greening the Financial System
NOGA	Nomenclatur Générale des Activités économique (General Swiss Classification of Economic Activities)
NZBA	Net-Zero Banking Alliance
PCAF	Partnership for Carbon Accounting Financials
RCP	Representative Concentration Pathway
SBTI	Science Based Targets Initiative
SDGs	Sustainable Development Goals
TCFD	Task Force on Climate-related Financial Disclosures
t CO ₂ e	CO ₂ equivalents in tonnes
GHG	Greenhouse gases

Climate-related initiatives and standards

Initiative/standard	Importance for BLKB
Baselbieter Energiepaket	Cantonal development programme for energy efficiency and renewable energy in the building sector.
Carbon Risk Real Estate Monitor (CRREM)	CRREM is an organisation that defines Europe-wide net-zero reduction pathways for the building sector according to the building type.
Climate Action 100+	Climate Action 100+ (CA100+) is an investor-led initiative designed to ensure that the world's largest corporate emitters of greenhouse gases take the necessary action to combat climate change.
Greenhouse Gas Protocol	The GHG Protocol is a private transnational series of standards for the balancing of greenhouse gas emissions (carbon accounting) and the associated reporting format for companies and increasingly for the public sector.
Energy Agency of the Swiss Private Sector (EnAW)	EnAW advises companies from all industries and sectors of the economy on how to continuously improve their energy and resource efficiency by focusing on renewable energies. By implementing specific measures, they are supporting companies hoping to reduce CO ₂ emissions, lower costs and increase energy and resource efficiency.
Climate Charter of the Intergovernmental Conference of Northwestern Switzerland	With the Climate Charter, the cantons of Northwestern Switzerland – Basel-Landschaft, Basel-Stadt, Aargau and Solothurn – agree to work together and in compliance with the federal government to find solutions and exploit synergies in the following areas of cooperation: Energy efficiency and the development of renewable energies, mobility, indirect emissions, spatial planning, promotion of innovation, monitoring and communication.
Climate strategy of the Canton of Basel-Landschaft	With the Canton of Basel-Landschaft as the main stakeholder, the exchange and mutual coordination of climate protection efforts are a matter of course for BLKB.
Network on Greening the Financial System	The network of central banks and financial market supervisory authorities with the aim of exchanging views and best practices and further developing risk management in the financial sector vis-a-vis environmental risks and the effects of global warming.
Net-Zero Banking Alliance (NZBA)	The NZBA is a banking alliance committed to aligning its on-balance sheet lending, investment and capital market activities to achieve net zero greenhouse gas emissions by 2050.
MSCI	MSCI Inc. is a US financial services provider based in New York City from which BLKB obtains CO ₂ data for investment banking, among other things. It uses various sources to estimate the emissions of assets.
Partnership for Carbon Accounting Financials (PCAF)	PCAF is the global GHG accounting and reporting standard for financed emissions and is suitable for calculating financed emissions as part of Scope 3 emissions.
Task Force on Climate related Financial Disclosures (TCFD)	TCFD was an international working group in the field of finance that existed from 2015 to 2023. It provided information on what companies were doing to mitigate the risks of climate change and how they make this transparent in climate-related financial information. It dissolved in 2023. The International Financial Reporting Standard (IFRS) Foundation has since assumed responsibility for monitoring the progress of companies' climate-related disclosures.