

Kanton Basel-Stadt

Sub-Sovereign | Switzerland

Second Party Opinion – Social Bond Framework

30 September 2026

Assessment summary

Part 1: Alignment with Social Bond Principles	✓ ALIGNED
Part 2: Sustainability of eligibility criteria	Overall contribution to the UN Sustainable Development Goals POSITIVE The social bondⁱ will re(finance) the following eligible asset categories: Social categories: Affordable housing, Access to Essential Services Use of proceeds categories contribution to SDGs:ⁱⁱ 1  No poverty 4  Quality education 10  Reduced inequalities 11  Sustainable cities and communities The environmental and social risks associated with the use of proceeds categories are outlined in part 2B.
Part 3: Kanton Basel-Stadt's sustainability strategy	The Issuer has disclosed its material sustainability topics and sets internal performance targets for those topics. Progress on the sustainability strategy is publicly reported.

ⁱ Senior unsecured bond

ⁱⁱ Affordable Housing, Access to Essential Services

Assessment overview

ISS-Corporate has partnered with Kanton Basel-Stadt to provide an independent assessment of its Social Bonds, evaluating alignment with the Social Bond Principles (SBP), as administered by the International Capital Market Association (ICMA) (as of June 2025).

Verification parameters

Types of Instruments Contemplated	Social Bonds
Relevant standards	» Social Bond Principles (SBP), as administered by the International Capital Market Association (ICMA) (as of June 2025)
Scope of verification	» Kanton Basel-Stadt Social Bond Framework (dated 23.09.2026) » Kanton Basel-Stadt Selection Criteria (dated 23.09.2026)
Lifecycle	» Pre-issuance verification
Validity	Valid as long as the cited Framework remains unchanged

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Scope of work

Kanton Basel-Stadt ("the Issuer") engaged ISS-Corporate to support its Social Bonds by assessing three core elements to determine the instrument's sustainability quality, as well as providing an overview of the Issuer's sustainability strategy:

1. Kanton Basel-Stadt's Social Bond Framework (dated 23.09.2026), benchmarked against the International Capital Market Association's (ICMA) Social Bond Principles (SBP).
2. The Selection Criteria, including: whether the project categories contribute positively to the United Nations Sustainable Development Goals (U.N. SDGs); and how they perform against ISS-Corporate's proprietary, issuance-specific indicators for the management of environmental and social risk (see Annex).
3. An overview of Kanton Basel-Stadt's sustainability strategy, based on the material sustainability objectives and priorities defined by the Issuer.

Kanton Basel-Stadt overview

Kanton Basel-Stadt is one of the 26 cantons forming Switzerland and consists of the city of Basel itself and the two municipalities of Riehen and Bettingen.

Switzerland is located in Western Europe. The Issuer is a federal republic (formally a confederation), classified as a high-income country by the World Bank. Switzerland has an estimated population of approximately 8.96 million inhabitants as of 2024, with 74.2% of its population living in urban areas. According to the [Swiss Federal Office for the Environment \(FOEN\)](#), greenhouse gas emissions have generally decreased over time and total greenhouse gas emissions in 2024 were approximately 27.3% below 1990 levels.

Sustainability risks associated with sub-sovereign Issuers

ISS Sustainability's Country Rating identifies sustainability risks in the following key areas for Switzerland:¹ political system and governance, human rights and fundamental freedoms, social conditions, natural resources, climate change and energy, production and consumption.

This report focuses on the sustainability credentials of the issuance. Part III of this report assesses the Issuer's overall sustainability strategy.

Rationale for issuance

Through the Social Bond Framework, Kanton Basel-Stadt seeks to finance and/or refinance expenditures related to affordable housing, housing for elderly and disadvantaged populations, and educational and childcare facilities. The issuance of Social Bonds is intended to support the Issuer's broader social policy objectives and contribute to improving access to housing and essential services for residents of Basel-Stadt.

¹ Please note that this does not constitute an Issuer-specific assessment.

SPO Assessment

Part 1: Alignment with the Social Bond Principles

This section evaluates the alignment of the Kanton Basel-Stadt's Social Bond Framework (dated 23.09.2026) with the Social Bond Principles.

SPO section	Opinion
Use of Proceeds (UoP)  ALIGNED	The UoP description provided by Kanton Basel-Stadt's Social Bond Framework is aligned with the Social Bond Principles. <u>Core Requirements:</u> » The Issuer's social categories align with the project categories outlined in the Social Bond Principles. » The criteria are clearly and transparently defined. » The allocation period is disclosed, together with a commitment to report on the allocation of proceeds by project category. » The expected social benefits are described and, where feasible, quantified. <u>Best Practices:</u> ▪ The Issuer defines a look-back period of 4 years.
Process for project evaluation and selection  ALIGNED	The project evaluation and selection process outlined in Kanton Basel-Stadt's Social Bond Framework is aligned with the Social Bond Principles. <u>Core Requirements:</u> » The project selection process is clearly defined. » Sustainability risks associated with the project categories are identified and managed appropriately. » The selected projects demonstrate alignment with the Issuer's sustainability strategy. » For social projects, the Issuer identifies the specific target population(s) for each project and demonstrates the intended benefits for the relevant population(s).
Management of proceeds  ALIGNED	The management of proceeds described in Kanton Basel-Stadt's Social Bond Framework is aligned with the Social Bond Principles. <u>Core Requirements:</u> » The net proceeds collected will be equal to the amount allocated to eligible projects. » The net proceeds are credited to a sub-account or moved to a sub-portfolio or tracked appropriately and verified through a formal internal process. » The net proceeds are managed on a bond-by-bond basis.

SPO section	Opinion
	» The Issuer discloses the temporary investment instruments for unallocated proceeds.
Reporting  ALIGNED	The allocation and impact reporting described in Kanton Basel-Stadt's Social Bond Framework is aligned with the Social Bond Principles. <u>Core Requirements:</u> » The Issuer commits to disclosing the allocation of proceeds transparently and reporting at an appropriate frequency. » Where the outstanding instruments include bonds, the reporting will be publicly available on the Issuer's website. » Kanton Basel-Stadt has disclosed the type of information to be reported and has stated that allocation reporting is expected to be provided at the project category level. » The Issuer commits to reporting annually on the entirety of assets to be financed until the proceeds have been fully allocated. <u>Best Practices:</u> » The Issuer discloses the location and link of the report.

Part 2: Sustainability quality of the eligibility criteria

A. Contribution of the social bonds to the U.N. SDGs²

The Issuer can contribute to the achievement of the SDGs by providing specific services and products that help address global sustainability challenges, while also acting responsibly to minimize negative externalities in its operations along the entire value chain.

The assessment of the SDG relevance of UoP categories for (re)financing activities is based on ISS-Corporate's proprietary methodology³, which draws on established frameworks, including the EU Taxonomy, other regional taxonomies, the ICMA Green Bond Principles, and the ICMA Social Bond Principles.

Assessment results are presented on a three-point scale: 1) Obstruction, 2) No Net Impact, and 3) Contribution. Each UoP category under the social bond has been assessed for its contribution to, or obstruction of, the SDGs:

Social Categories

Use of Proceeds

Affordable Housing

Provision or maintenance of housing at affordable rents.

- » Rent at least 10% below the average asking rents (market rents⁴) of comparable apartments.

Target group: Individuals and households with limited access to affordable housing due to the general market rental situation.

Sustainable development goals

✓ CONTRIBUTION



Affordable Housing

Housing programme 1000+

The 1000+ housing programme envisages building more than 1000 new apartments by 2035 as part of the canton's own investment and renting them out at affordable rents.

- » Rent 15-20% below the average asking rents (market rents⁵) of comparable apartments.

✓ CONTRIBUTION



² The impact of the UoP categories on the U.N. SDGs is assessed using a proprietary methodology and may therefore differ from the Issuer's description in the Framework.

³ The methodology is principally aligned with the ISS STOXX SDG Solutions Assessment.

⁴ Market rents are determined using Wüest Dimensions / Immodata Cockpit (<https://www.wuestpartner.com/ch-de/> and <https://www.immodatacockpit.ch/>)

⁵ Ibid

Target group: Tenants who are dependent on affordable housing and are not sufficiently served by the existing supply of market-based rental apartments.

Affordable Housing

Rental model "Safe living in old age"

Tenants in properties held as financial assets of the Issuer can take advantage of the "Safe living in old age" rental model under the following cumulative conditions:

- » The main tenant is over 65 years of age.
- » The new apartment must have at least a 10% smaller rental area than the previous apartment.
- » When choosing a new apartment, an occupancy rule applies: maximum number of rooms = number of people + 1.
- » The proportionality of the change of residence must be given, for example, the difference between the rent of the previous apartment and the new apartment should be a maximum of 25%.
- » Subletting is excluded.

Target group: People aged 65 and over.

✓ CONTRIBUTION

11



Sustainable cities and communities

Affordable Housing

Basel cost rental model

In this case, the deductions from the market rent to the cost rent⁶ are shown transparently and are linked to the occupancy and income requirements. The occupancy regulations aim to use the land economically. The income requirements relieve households for which the rent would account for 25% or more of the net income.

- » Occupancy requirement: Number of rooms $\leq$ number of people + 1.
- » Income requirement: Net income $\leq$ market rent gross per year x 4.

Target group: Households whose net income represents a financial burden in relation to the market rent.

✓ CONTRIBUTION

1



No poverty

10



Reduced inequalities

11



Sustainable cities and communities

⁶ <https://baselbautzukunft.ch/glossar.html>

Affordable Housing

Affordable housing for particularly disadvantaged people: renovation and acquisition of existing properties

§16 of the Housing Promotion Act (WRFG, SG 861.500) of 5 June 2013 provides that the canton can provide low-cost housing with comparatively small floor space, simple and sustainable construction standards and low life cycle costs for the benefit of particularly disadvantaged people and rent it to them to cover costs:

- » When renting out low-cost apartments, the concept of cost rent⁷ is applied.

Target group: Particularly disadvantaged people according to the Housing Promotion Act (WRFG) § 16.

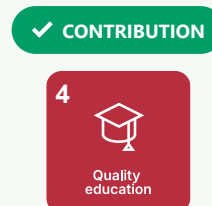


Access to Essential Services

Educational institutions and childcare

- » Creation and maintenance of educational institutions such as schools, colleges, training centers.

Target group: Children, young people and families with a need for education and care services.



Access to Essential Services

Educational institutions and childcare

- » Creation and maintenance of childcare facilities such as daycare centres, daycare structures.

Target group: Children, young people and families with a need for education and care services. Access to the financed daycare centres and day families is guaranteed regardless of the parents' income: according to the Day Care Act (SG 815.100) and the Day Care Contribution Ordinance (TBV, SG 815.120), parental contributions are based on the income and financial circumstances of the family. In the case of low incomes, the canton contributes to the costs with income-related care contributions, which limits the parents' contribution to a maximum of 10% of the relevant income (up to CHF 60,000). This



⁷ Ibid

ensures that low-income and disadvantaged families also have access to the financed childcare services.

Access to Essential Services

Educational institutions and childcare

- » Creation and maintenance of childcare facilities such as daycare centers, day care structures (with clear educational and pedagogical responsibilities).

Target group: Children, young people and families with a need for education and care services. Access to the financed daycare centres and day families is guaranteed regardless of the parents' income: according to the Day Care Act (SG 815.100) and the Day Care Contribution Ordinance (TBV, SG 815.120), parental contributions are based on the income and financial circumstances of the family; in the case of low incomes, the canton contributes to the costs with income-related care contributions, which limits the parents' contribution to a maximum of 10% of the relevant income (up to CHF 60,000). This ensures that low-income and disadvantaged families also have access to the financed childcare services.



B. Management of environmental and social risks and impacts associated with the Selection Criteria

The table outlines how the Issuer addresses the environmental and social risks associated with the selection criteria. All of the assets will be located in Switzerland.

Sustainability governance

Integration of ESG topics into public risk management and policy frameworks

Kanton Basel-Stadt has established legal, institutional and operational arrangements to integrate environmental and social (E&S) considerations into public administration activities. Sustainability is embedded in the Constitution of the Canton of Basel-Stadt ([Verfassung des Kantons Basel-Stadt, KV](#)), which establishes sustainable development as a guiding principle of state action and includes provisions relating to social justice, protection of natural resources and access to affordable housing. E&S-related matters are further addressed through sector-specific legislation, including the Housing Promotion Act ([Wohnraumfördergesetz, WRFG, SG 861.500](#)), the Housing Protection Ordinance ([Wohnraumschutzverordnung, WRSchV, SG 861.540](#)), the Environmental Protection Act of Basel-Stadt ([Umweltschutzgesetz Basel-Stadt, USG BS](#)), the Energy Act of Basel-Stadt ([Energiegesetz Basel-Stadt, EnG BS](#)) and public procurement legislation. According to the Issuer, the revised Intercantonal Agreement on Public Procurement ([Interkantonale Vereinbarung über das öffentliche Beschaffungswesen, IVöB](#)) incorporates environmental and social considerations, including labour standards and equal treatment requirements, into public procurement procedures.

No dedicated enterprise-wide E&S risk management framework, internal control framework, audit framework or public risk assessment process specifically addressing environmental and social risks was identified.

Institutional responsibilities for environmental and social risks

Responsibility for E&S-related topics is distributed across several departments and specialised bodies. The Presidential Department (Präsidialdepartement, PD) coordinates the strategic direction of sustainability policy through the Office for Cantonal and Urban Development. The Department of Economic Affairs, Social Affairs and Environment (WSU), including the Office for Environment and Energy (Amt für Umwelt und Energie, AUE), oversees environmental and social matters, while the Department of Construction and Transport (Bau- und Verkehrsdepartement, BVD) implements sustainability requirements in public construction, infrastructure, and planning activities. In addition, the Housing Protection Commission ([Wohnschutzkommission, WSK](#)) is responsible for implementing housing protection legislation and reviewing certain housing-related decisions. For projects financed under the Framework, the Issuer disclosed that the Finance Administration of Basel-Stadt (Finanzverwaltung Basel-Stadt) and Real Estate Basel-Stadt ([Immobilien Basel-Stadt](#)) evaluate eligible social projects against the framework's selection criteria. Immobilien Basel-Stadt is also responsible for the strategic and operational management of the cantonal real estate portfolio.

Environmental and social considerations are integrated into planning and project decision-making processes. The Department of Construction and Transport (BVD) applies a mandatory [sustainability assessment tool](#) for major construction, urban planning, and green infrastructure projects. According to the Issuer, administrative staff also use the [Sustainability Guide \(360° Perspective\)](#) to assess the economic, environmental and social implications of projects and legislative initiatives during project development.

Stakeholder involvement

External stakeholder participation is supported through constitutional and statutory participation mechanisms, including the participation provisions established under [Sections 53 and 55 of the Constitution of the Canton of Basel-Stadt](#), district secretariats and neighborhood participation structures.

Oversight and governance structure

At the governance level, sustainability and climate-related matters are overseen across departments by the Cantonal Government (Regierungsrat). According to the Issuer, the Net Zero 2037 Climate Strategy and the associated [Climate Action Plan](#) were developed through a cross-departmental process involving representatives from business, civil society and academia. The Cantonal Climate Office coordinates implementation, and progress is reviewed every two years.

Conservation and biodiversity

Kanton Basel-Stadt confirms that the requirements and procedures described below are systematically applied to all projects financed under the Framework. The Issuer primarily relies on legislation, planning requirements and permitting procedures to integrate biodiversity considerations into development projects. Biodiversity protection is addressed through the Nature and Landscape Conservation Act of the Canton of Basel-Stadt ([Gesetz über den Natur- und Landschaftsschutz](#)), the Building and Planning Act ([Bau- und Planungsgesetz, BPG, SG 730.100](#)), the Tree Protection Act of the Canton of Basel-Stadt ([Baumschutzgesetz](#)) and the [Biodiversity Strategy of the Canton of Basel-Stadt 2023](#), including its Action Plan. Among other requirements, the Building and Planning Act requires the provision of green spaces between building and street lines, while the Tree Protection Act regulates the protection and removal of designated trees.

Environmental Impact Assessments (EIAs) form part of the permitting process for projects subject to EIA requirements. The Issuer disclosed that EIAs are governed through the Environmental Protection Act of the Canton of Basel-Stadt ([Umweltschutzgesetz Basel-Stadt, USG BS](#)), the Ordinance on Environmental Impact Assessments ([Verordnung über die Umweltverträglichkeitsprüfung, UVPV](#)) and section 87 of the Building and Planning Act ([BPG](#)).

The Issuer confirms that acquisition, new construction and renovation projects, as well as the acquisition of existing properties, are predominantly carried out on brownfield sites or as part of the redevelopment of existing built-up areas. The Issuer further confirmed that only one eligible project constitutes a greenfield development. For this project, biodiversity compensation measures were implemented on an adjacent plot also owned by Kanton Basel-Stadt through the creation of ecological compensation areas (Naturersatzflächen) with an investment of approximately CHF 0.25 million. All other projects financed under the Framework are located on brownfield sites.

However, the Issuer did not disclose biodiversity-specific screening procedures, biodiversity monitoring frameworks, biodiversity-related targets or project-level biodiversity requirements beyond the legislative, planning and permitting requirements identified above.

Community Dialogue

Kanton Basel-Stadt confirms that the stakeholder participation and consultation mechanisms described below are systematically applied to all projects financed under the Framework. The Issuer primarily relies on constitutional and statutory participation mechanisms. Section 55 of the Constitution of the Canton of Basel-Stadt ([Verfassung des Kantons Basel-Stadt, KV](#)) requires the state to involve neighbourhood residents in opinion-forming and decision-making processes where their interests are particularly affected, while Section 15 establishes sustainable development as a guiding principle of public action.

Informal participation is supported through the Act on the Participation of the Neighbourhood Population ([Partizipationsgesetz, ParG](#)) and associated implementation arrangements. Participation may be facilitated through institutionalised dialogue platforms such as the District Secretariats (Stadtteilsekretariate) and neighbourhood participation structures. Formal stakeholder engagement requirements are incorporated into the planning and permitting process. Sections 46 et seq. of the Building and Planning Ordinance ([Bau- und Planungsverordnung, BPV](#)) require public notification of projects with significant external impacts through the Cantonal Gazette, online publication and on-site notices. Affected parties may submit objections during a 30-day objection period and subsequently appeal decisions before the Building Appeals Commission (Baurekurskommission).

In addition, informal participation processes, the Neighbourhood Affairs Coordination Office (Kontaktstelle Quartierarbeit) and the District Secretariats provide channels for dialogue and mediation. The Issuer further confirms that tenants are informed at an early stage and may, in certain cases, provide input and suggestions during project development.

No publicly documented formal screening process for identifying project-related controversies was identified. The Issuer also did not disclose procurement guidelines relating to Community Advisory Panels or other formal stakeholder advisory structures.

Labour rights

Kanton Basel-Stadt confirms that the labour rights requirements and procurement controls described below are applied across projects financed under the Framework, although the specific measures implemented may vary depending on the nature and characteristics of the project. These projects are located in the Canton of Basel-Stadt, Switzerland, where labour rights are protected through national legislation and Switzerland has ratified the International Labour Organisation's (ILO) Core Conventions. Relevant legislation, including the Federal Labour Act ([Bundesgesetz über die Arbeit in Industrie, Gewerbe und Handel, Arbeitsgesetz, ArG, SR 822.11](#)), the Swiss Code of Obligations ([Obligationenrecht, OR, SR 220](#)), and the Posted Workers Act ([Bundesgesetz über die flankierenden Massnahmen bei entsandten Arbeitnehmerinnen und Arbeitnehmern, Entsendegesetz, EntsG, SR 823.20](#)), establishes requirements relating to working conditions, occupational health and safety, worker protection, and compliance with Swiss wage and labour standards.

Labour rights requirements are further reinforced through public procurement legislation. Under Article 12 of the Intercantonal Agreement on Public Procurement ([Interkantonale Vereinbarung über das öffentliche Beschaffungswesen, IVöB](#)), suppliers and contractors are required to comply with working conditions and occupational health and safety requirements. For services performed abroad, [Annex 3](#) of the IVöB requires compliance with the ILO Core Conventions, including conventions relating to freedom of association and collective bargaining, forced labour, child labour and discrimination in employment and occupation. In addition, Section 5 of the Cantonal Procurement Act ([Beschaffungsgesetz, SG 914.100](#)) requires suppliers and subcontractors to comply with applicable collective labour agreements or, where these do not exist, with locally and sectorally customary working conditions.

These requirements are implemented through public procurement procedures applicable to suppliers and contractors. All bidders are required to provide self-declarations and confirmations demonstrating compliance with these requirements. Since October 2024, participation in procurement procedures has also required the submission of a Logib equal pay analysis. The TRIAS Procurement Guide provides practical guidance for public procurement processes.

No additional labour rights policies, monitoring frameworks or labour-related performance targets were disclosed beyond the legislative and procurement requirements identified above.

Health and safety

Kanton Basel-Stadt confirms that all contractors involved in projects financed under the Framework are required to sign contractual commitments relating to the applicable occupational health and safety requirements. These projects are located in the Canton of Basel-Stadt, Switzerland, where occupational health and safety requirements are governed through national legislation. Relevant legislation includes the Federal Labour Act ([Bundesgesetz über die Arbeit in Industrie, Gewerbe und Handel, Arbeitsgesetz, ArG, SR 822.11](#)), Ordinances 3 and 4 to the Labour Act ([ArGV 3](#) and [ArGV 4](#)), and the Ordinance on the Prevention of Accidents and Occupational Diseases ([Verordnung über die Verhütung von Unfällen und Berufskrankheiten, VUV, SR 832.30](#)). Together, these regulations establish requirements relating to worker health protection, workplace safety, accident prevention, the management of occupational risks, and safety measures applicable to construction activities.

Construction-specific health and safety requirements are established through the Construction Work Ordinance ([Bauarbeitenverordnung, BauAV, SR 832.311.141](#)). Among other requirements, the ordinance requires the identification and assessment of hazards during project planning and contains provisions relating to hazardous substances and asbestos management. Compliance and enforcement are supported by the Swiss National Accident Insurance Fund ([Schweizerische Unfallversicherungsanstalt, SUVA](#)) and the Federal Coordination Commission for Occupational Safety ([Eidgenössische Koordinationskommission für Arbeitssicherheit, EKAS](#)), which oversee and coordinate occupational safety requirements in Switzerland. In addition, the Office for Economy and Labour ([Amt für Wirtschaft und Arbeit, AWA](#)) performs plan reviews and approvals for new construction and renovation projects as part of the permitting process.

User safety for products

Kanton Basel-Stadt confirms that the user safety requirements and procedures described below are systematically applied to all projects financed under the Framework. These projects are located in the Canton of Basel-Stadt, Switzerland, where the safety of building users, occupants and visitors is governed through federal and cantonal legislation, technical standards and building regulations.

At the federal level, the Federal Act on Construction Products ([Bundesgesetz über Bauprodukte, BauPG, SR 933.0](#)) regulates the lawful placing of construction products on the market and requires declarations of performance. Structural safety is supported through the [Swiss Society of Engineers and Architects \(SIA\)](#) standards series 260-267, including SIA 261 (Actions on Structures) and SIA 269 (Existing Structures), which establish engineering and structural safety requirements. In addition, construction projects exceeding CHF 1 million must demonstrate compliance with earthquake resistance requirements under the Building and Planning Act ([Bau- und Planungsgesetz, BPG, SG 730.100](#)) and applicable SIA standards.

Fire safety is governed through the Fire Safety Regulations of the Association of Cantonal Fire Insurance Companies ([Vereinigung Kantonalen Feuerversicherungen, VKF](#)) and the Cantonal Fire Protection Ordinance ([Verordnung über den Brandschutz, SG 735.200](#)). The Issuer confirms that the enforcement is primarily carried out by the Fire Prevention Authority of the Basel-Stadt Building Insurance Institution ([Gebäudeversicherung Basel-Stadt, GVBS](#)).

Accessibility requirements are addressed through the Federal Act on the Elimination of Discrimination against Persons with Disabilities ([Behindertengleichstellungsgesetz, BehiG, SR 151.3](#)), [SIA Standard 500](#) (Barrier-Free Buildings) and the Building and Planning Act (BPG). Additional user protection requirements relating to noise are established through the Federal Noise Abatement Ordinance ([Lärmschutz-Verordnung, LSV, SR 814.41](#)) and [SIA Standard 181](#) (Noise Protection in Building Construction). In addition, building owners may be held liable under Article 58 of the Swiss Code of Obligations ([Obligationenrecht, OR](#)) for damages resulting from defective construction or inadequate maintenance of buildings.

No dedicated user safety management systems, user safety monitoring procedures, user safety performance targets or project-level user safety requirements were disclosed beyond the legislative and technical requirements identified above.

Inclusion (Non-discrimination)

Kanton Basel-Stadt confirms that the non-discrimination, accessibility and inclusion requirements described below are systematically applied across projects financed under the Framework. These projects are located in the Canton of Basel-Stadt, Switzerland, where non-discrimination and equal treatment are protected through federal and cantonal legislation.

At the federal level, Article 8 of the Federal Constitution of the Swiss Confederation ([Bundesverfassung der Schweizerischen Eidgenossenschaft, BV](#)) guarantees equality before the law and prohibits discrimination based on characteristics including origin, race, sex, age, language, social status, lifestyle, religious, philosophical or political beliefs, and physical, mental or psychological disability. The Constitution further requires the promotion of substantive equality between women and men and the elimination of disadvantages affecting persons with disabilities.

At the cantonal level, Section 8 of the Constitution of the Canton of Basel-Stadt ([Verfassung des Kantons Basel-Stadt, KV](#)) establishes a prohibition of discrimination and includes provisions relating to access to public buildings and facilities. Additional accessibility and inclusion requirements are provided through the Federal Act on the Elimination of Discrimination against Persons with Disabilities ([Bundesgesetz über die Beseitigung von Benachteiligungen von Menschen mit Behinderungen, BehiG](#)), the Act on the Rights of Persons with Disabilities ([Gesetz über die Rechte von Menschen mit Behinderungen, BRG](#)) and Section 62 of the Building and Planning Act ([Bau- und Planungsgesetz, BPG](#)) in conjunction with [SIA Standard 500](#) (Barrier-Free Buildings), which establishes technical requirements for accessible buildings.

For larger and more complex construction projects, the Accessibility in Construction Unit (Fachstelle Hindernisfreies Bauen) of [Pro Infirmis](#), provides specialist advice during the building permit process. In addition, the Interdepartmental Advisory Group on Disability Rights ([Interdepartementale Begleitgruppe Behindertenrechte, IBBR](#)) coordinates disability-rights-related issues across the cantonal administration.

No additional inclusion, accessibility or non-discrimination policies, monitoring frameworks, implementation measures or performance targets were disclosed beyond the legislative and institutional arrangements identified above.

Quality management

Kanton Basel-Stadt has established organisational responsibilities to support quality management in the planning, development and operation of its real estate portfolio. Real Estate Basel-Stadt ([Immobilien Basel-Stadt](#)), which forms part of the Finance Department, is responsible for the strategic and operational

management of the cantonal real estate portfolio throughout its lifecycle, including development, construction, operation and repositioning.

For public construction projects, the Main Division for Building Construction (Hauptabteilung Hochbau) within the Department of Construction and Transport ([Bau- und Verkehrsdepartement, BVD](#)) acts as the owner's representative and is responsible for overseeing project quality, costs and timelines, as well as conducting final acceptance procedures upon completion of construction works.

The Issuer confirms that dedicated teams are responsible for different phases of the asset lifecycle, providing oversight throughout project development and implementation. Quality assurance is further supported through the application of Swiss technical standards, including relevant Swiss Society of Engineers and Architects (Schweizerischer Ingenieur- und Architektenverein, SIA) [standards](#) (e.g. [SIA 118](#)), the use of Hochbau templates and guidelines for procurement, computer-aided design (CAD) planning and building services engineering, and recommendations issued by the Coordination Conference of Federal and Public Construction and Property Bodies ([KBOB](#)).

These arrangements indicate defined institutional responsibilities and established quality assurance practices for construction and asset management activities. However, no dedicated quality management system, certification (e.g. ISO 9001), quality-related targets, quality performance indicators or formal quality audit procedures were disclosed.

Ethics

The Issuer has established a whistleblowing mechanism through which employees of Kanton Basel-Stadt report misconduct at the Cantonal Ombuds Office. Under Section 19a of the Personnel Act ([Personalgesetz](#)) and the Whistleblowing Ordinance ([Verordnung betreffend Meldung von Missständen](#)), reports can be submitted anonymously and are reviewed by the Ombuds Office. The Whistleblowing Ordinance establishes procedures for the review of reported misconduct, provides protection for employees reporting in good faith and prohibits reprisals against whistleblowers. Reports are received and reviewed by the Ombuds Office within 10 working days.

In addition, Kanton Basel-Stadt has established governance and integrity arrangements relating to corruption prevention, financial oversight and ethical conduct of public employees. The Cantonal Financial Audit Office ([Finanzkontrolle](#)) acts as an independent supervisory body and reviews, among other matters, internal control systems. The Personnel Act ([Personalgesetz, SG 162.100](#)) requires public employees to fulfil duties of loyalty, diligence and confidentiality and contains provisions relating to conflicts of interest and the acceptance of gifts and benefits. The Issuer further disclosed that the Cantonal Government has initiated a corruption awareness strategy aimed at identifying risk areas and strengthening existing anti-corruption measures.

However, no dedicated code of ethics, anti-corruption policy, ethics training programme or compliance monitoring framework were disclosed beyond the governance, oversight and integrity arrangements identified above.

Circular economy/Waste management

Kanton Basel-Stadt confirms that the waste management, recycling and circular economy measures described below are systematically applied across projects financed under the Framework. These projects are located in

the Canton of Basel-Stadt, Switzerland, where waste management, recycling and circular economy considerations are governed through federal and cantonal legislation.

Kanton Basel-Stadt primarily relies on the Environmental Protection Act of Basel-Stadt ([Umweltschutzgesetz Basel-Stadt, USG BS, SG 780.100](#)), the Cantonal Waste Ordinance ([Abfallverordnung, SG 786.100](#)), the federal Ordinance on the Avoidance and Disposal of Waste ([Verordnung über die Vermeidung und die Entsorgung von Abfällen, VVEA, SR 814.600](#)) and the federal Ordinance on the Movement of Waste ([Verordnung über den Verkehr mit Abfällen, VeVA, SR 814.610](#)). These regulations address waste prevention, environmentally sound treatment and disposal of waste, recycling and recovery of materials, management of construction and demolition waste, and the handling and traceability of waste streams, including hazardous waste. The VVEA promotes waste prevention and material recovery and contains requirements relating to construction and demolition waste, while the VeVA regulates the movement, documentation and disposal of waste, including hazardous waste.

Beyond legislative requirements, the Issuer disclosed that the Guideline on Material Technology in Civil Engineering ([Richtlinie Materialtechnologie im Tiefbau](#)) requires the use of recycled materials and forms a binding component of public works contracts. The Issuer confirms that similar principles are applied to building construction through the reuse of building components recovered from demolition and renovation projects. Additional guidance is provided through the Guideline on Construction Materials and Excavated Material ([Leitfaden Baustoffe und Aushubmaterial](#)).

However, the Issuer did not disclose quantitative waste reduction targets, recycling targets, circular economy indicators or waste monitoring frameworks.

Water management

All projects financed under the Framework are located in the Canton of Basel-Stadt, Switzerland, where water management is governed through federal and cantonal legislation as well as cantonal planning instruments.

Kanton Basel-Stadt primarily relies on the Act on Groundwater Protection Zones ([Gesetz über Grundwasserschutzzonen, SG 783.400](#)) and the Ordinance on Groundwater Protection Zones and Groundwater Protection Areas ([Verordnung über Grundwasserschutzzonen und Gewässerschutzbereiche, Grundwasserverordnung, SG 783.410](#)), which establish groundwater protection zones, land-use restrictions and protective measures to safeguard drinking water resources. Water abstraction is subject to permit and concession requirements administered by the Office for Environment and Energy ([Amt für Umwelt und Energie, AUE](#)).

The Cantonal Structure Plan, [Policy Sheet VE1.1](#) Drinking Water and Service Water (Trink- und Brauchwasser) establishes strategic requirements relating to drinking water supply, groundwater protection and the sustainable use of water resources. The policy sheet includes water-efficient technologies and solutions in the industrial sector and requires the protection of groundwater resources through designated protection zones and recharge areas. Construction projects, excavations and earthworks within these protected areas are subject to permitting requirements. Operational implementation of drinking water supply measures is primarily carried out by the Industrial Works of Basel ([Industrielle Werke Basel, IWB](#)).

Inclusion (Access to Essential Services)

Kanton Basel-Stadt confirms that the access, affordability and support measures are systematically applied to the relevant educational and childcare facilities financed under the Framework. Social inclusion and non-discrimination are supported through Section 8 of the Constitution of the Canton of Basel-Stadt ([Verfassung des Kantons Basel-Stadt, KV](#)), the Federal Act on the Elimination of Discrimination against Persons with Disabilities ([Bundesgesetz über die Beseitigung von Benachteiligungen von Menschen mit Behinderungen, BehiG](#)) and the Act on the Rights of Persons with Disabilities ([Gesetz über die Rechte von Menschen mit Behinderungen, BRG](#)).

For childcare facilities financed under the Framework, the Issuer confirms that access and affordability are supported through the Childcare Act ([Tagesbetreuungsgesetz, TBG](#)) and its implementing [ordinance](#). Kanton Basel-Stadt has established a constitutional right to childcare under [Section 11\(2\) of the Constitution of the Canton of Basel-Stadt](#), and childcare providers are subject to licensing and supervision requirements. The Issuer further confirmed that childcare facilities benefit from a highly subsidised system, including income-dependent childcare contributions, capped parental fees and additional support measures for families with multiple children.

Access to educational institutions is governed through the School Act ([Schulgesetz, SG 410.100](#)), which regulates compulsory education and school admission requirements. Compulsory schooling lasts 11 years, including two years of kindergarten. In addition, Kanton Basel-Stadt applies mandatory early German-language support requirements for children with insufficient German-language skills prior to entering kindergarten.

For post-compulsory education and training facilities, the Act on Educational Grants ([Gesetz betreffend Ausbildungsbeiträge](#)) provides public funding through scholarships and student loans. Scholarships are generally awarded as non-repayable grants, while student loans are subject to repayment conditions. Eligibility extends beyond Swiss citizens resident in the canton and may also cover certain foreign nationals and Swiss citizens residing abroad under specified conditions.

Part 3: Kanton Basel-Stadt's sustainability strategy

Material sustainability objectives and priorities defined by the Issuer

Topic	Issuer approach
Material sustainability topics	The Issuer focuses on the following sustainability topics: » Population Kanton Basel-Stadt's sustainability approach considers the needs and well-being of the population and aims to contribute to quality of life for current and future generations. » State Action Kanton Basel-Stadt considers sustainable development as guiding principle for public action across policy areas and incorporates sustainability considerations into governmental activities. » Basic Needs and Well-being The Issuer addresses the maintenance and development of the social foundations of quality of life and considers basic needs and well-being as part of its sustainability approach. » Natural Resources Kanton Basel-Stadt seeks to conserve natural resources and promote sustainable development in line with its constitutional mandate. » Social Cohesion Kanton Basel-Stadt seeks to strengthen social cohesion and contribute to equitable living conditions. » Economic Development The Issuer supports economic development and the material foundations that support quality of life as one component of its broader sustainability approach. These six sustainability areas are intended to contribute to the Issuer's overarching sustainability objectives of preserving resources and quality of life (Werterhalt), maintaining society's ability to act and adapt (Handlungsfähigkeit), and promoting intra- and intergenerational equity (Gerechtigkeit).
Definition of material sustainability topics	The Issuer's sustainability topics are derived from Section 15 of the Constitution of the Canton of Basel-Stadt. The Canton's sustainability approach is further informed by the UN Agenda 2030 and Sustainable Development Goals (SDGs), and Switzerland's Sustainable Development Strategy 2030.

Topic	Issuer approach
Sustainability targets and timeline	To achieve its sustainability commitments, the Issuer has set the following targets and timeline: » Achieve climate neutrality (Net Zero) by 2037⁸ » Increase the share of renewable energy to 85% by 2037 » Reduce refrigerant-related emissions by 85% by 2037⁹ » Achieve Net Zero for cantonal administration activities by 2030 » Increase energy efficiency in companies by 15% by 2037 » Deliver more than 1,000 affordable apartments by 2035 through the 1000+ Housing Programme¹⁰ » Reach a population of 220,000 inhabitants by 2035¹¹ » Achieve an upper secondary education completion rate of 95%
Financial budget to achieve the sustainability targets (CapEx, OpEx, Product Mix)	According to the Issuer, known funding commitments include CHF 67 million for innovation funding programmes during 2024-2031. Funding for the Housing Programme 1000+ is determined at the project level. No consolidated budget for the sustainability area has been provided.
Association/ Collective commitments	The Issuer is a member of: » Cercle Indicateurs since 2015
Issuer ranking against international indexes	» Human development index ranking: 2, in 2023 » Corruption perception index ranking: 6, in 2025 » Global Peace Index ranking: 3, in 2026
2030 Agenda for Sustainable Development	The Issuer has a framework in place to implement the 2030 Agenda for Sustainable Development. At the sovereign level, Switzerland implements and monitors the UN 2030 Agenda through its Sustainable Development Strategy

⁸ Leitfaden Nachhaltigkeit in Basel-Stadt, Kanton Basel-Stadt, 2024, p.2, 22 available [here](#)

⁹ Klimaschutzstrategie Basel-Stadt, Kanton Basel-Stadt, 2025, available [here](#)

¹⁰ Social Bond Framework, Kanton Basel-Stadt, 2026, p.5

¹¹ Nachhaltige Entwicklung im Kanton Basel-Stadt, Kanton Basel-Stadt, 2024, p.20, 22, 26 available [here](#)

Topic	Issuer approach
	2030 and the SDGital2030 platform. At the sub-sovereign level, Kanton Basel-Stadt states that the UN Agenda 2030 and the 17 Sustainable Development Goals (SDGs) provide the global framework for sustainable development. The Kanton Basel-Stadt incorporates the Agenda 2030 and SDGs through its sustainability approach, legislative planning process and Voluntary Local Review (VLR). Progress is monitored and publicly reported through sustainability indicators and the publication Nachhaltige Entwicklung im Kanton Basel-Stadt 2024.
Sustainability reporting	The Issuer reports on its sustainability performance and initiatives every four years. The report is available on the Issuer's website. There is no information available on whether the Issuer follows relevant sustainability reporting guidelines.
Previously issued sustainable/sustainability-linked issuances or transactions and publication of sustainable financing framework	The Issuer has issued green bonds since 2018, with issuances completed under its Green Bond Framework in 2018, 2019, 2022 and 2024. The total issued amount under these green bond issuances is CHF 758 million. The Kanton Basel-Stadt updated its Green Bond Framework in 2024. The Green Bond Frameworks published in 2018, 2019, 2022 and 2024 were externally reviewed by ISS-Corporate. In addition, Kanton Basel-Stadt published a Social Bond Framework in 2022 under which social bonds with a total issued amount of CHF 110 million have been issued. The framework was externally reviewed by ISS-Corporate. In 2026, the Kanton of Basel-Stadt established a Social Bond Framework to finance and refinance eligible social projects.

Annex: Quality management processes

Issuer's responsibility

Kanton Basel-Stadt was responsible for providing information and documentation relating to:

- » the Framework;
- » Selection Criteria; and
- » documentation evidencing the management of sustainability risks at the framework level.

ISS-Corporate's verification process

Since 2014, ISS STOXX, of which ISS-Corporate forms part, has built a reputation as a thought leader in the green and social bond market and was among the verifiers approved by the Climate Bonds Initiative (CBI).

This independent SPO of the Social Bonds to be issued by Kanton Basel-Stadt has been conducted using a proprietary methodology and in alignment with the ICMA Social Bond Principles.

The engagement with Kanton Basel-Stadt took place from August to September 2026.

ISS-Corporate's business practices

ISS-Corporate conducted this verification in strict compliance with the ISS STOXX Code of Ethics, which sets out detailed requirements relating to integrity, transparency, professional competence and due care, professional behaviour and objectivity for ISS STOXX and its team members. The Code is designed to ensure that the verification is conducted independently and without any conflicts of interest with other parts of the ISS STOXX.

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