

Berlin Hyp AG

Thriffs and Mortgages Germany

ESG Risk Rating

5.8

Last Full Update May 13, 2024

-1.3

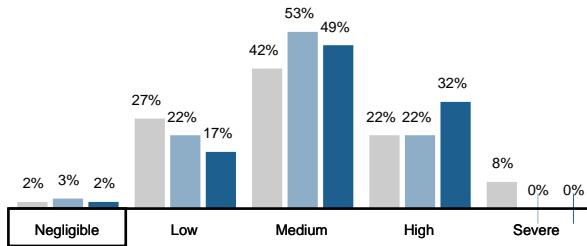
Momentum

Negligible Risk



ESG Risk Rating Score Change Log

ESG Risk Rating Distribution



ESG Risk Rating Ranking

UNIVERSE	RANK	PERCENTILE
	(1 st = lowest risk)	(1 st = Top Score)
Global Universe	20/16179	1st
Banks INDUSTRY	7/1049	2nd
Thriffs and Mortgages SUBINDUSTRY	1/104	1st

Peers Table

Peers (Market cap \$0.0 - \$0.0bn)

Peers (Market cap \$0.0 - \$0.0bn)	Exposure	Management	ESG Risk Rating
1. Berlin Hyp AG	33.0 Low	86.2 Strong	5.8 Negligible
2. Kutxabank SA	32.3 Low	74.1 Strong	9.5 Negligible
3. Swedbank Hypotek AB	38.0 Medium	77.3 Strong	10.4 Low
4. Nykredit Realkredit A/S	30.9 Low	67.8 Strong	10.9 Low
5. Yorkshire Building Society	33.0 Low	63.8 Strong	12.9 Low

Berlin Hyp AG

Thriffs and Mortgages Germany

ESG Risk Analysis

Exposure refers to the extent to which a company is exposed to different material ESG Issues. The exposure score takes into consideration subindustry and company-specific factors such as its business model.

ESG Risk Exposure

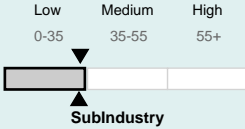
33.0

-1.4

Low

Momentum

Beta = 1.00



Berlin Hyp's biggest ESG exposure comes from product governance issues, given the bank's business concentration in mortgage lending. Inability to cater to high client expectations across all its offerings could result in customer loss and significant financial implications. To tap on new revenue streams, the bank is testing new offerings and increasing partnerships with innovative property technology (PropTech) companies. Increased data collection and sharing must be accompanied by sufficient safeguards to mitigate data privacy and security risks. Finally, Berlin Hyp has stated that new post-COVID working conditions and the age structure of its employees pose growing human capital risks. Therefore, knowledge transfer and diversification of its recruitment initiatives are highly important to ensure the future viability of Berlin Hyp's business.

The company's overall exposure is low and is similar to subindustry average. Human Capital, Data Privacy and Security and Product Governance are notable material ESG issues.

Management refers to how well a company is managing its relevant ESG issues. The management score assesses the robustness of a company's ESG programs, practices, and policies.

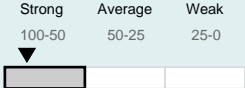
ESG Risk Management

86.2

+3.2

Strong

Momentum



Berlin Hyp is well-equipped in managing all of its material ESG issues. Notably, the bank has significantly strengthened its management of product governance issues through its guidelines for responsible behaviour towards customers, and the relevant system and programmes to support its responsible product offering. To mitigate data privacy and security risks, the bank has a strong policy and governance structure to protect customer data, as well as operational measures to monitor and respond to data breaches and cyberattacks. In terms of human capital management, aside from having a strong anti-discrimination policy and human capital development programmes, Berlin Hyp also conducts gender pay gap analysis and reports initiatives to identify and correct such gaps. However, it has room to improve its diversity initiatives, a theme that is gaining more attention in the financial industry.

The company's overall management of material ESG issues is strong.

Berlin Hyp AG

Thriffs and Mortgages Germany

Material ESG Issues

These are the Material ESG Issues driving the ESG Risk Rating.

Issue Name	ESG Risk Exposure	ESG Risk Management	ESG Risk Rating	Contribution to ESG Risk Rating
	Score Category	Score Category	Score Category	
Data Privacy and Security	5.0 Medium	90.0 Strong	1.4 Negligible	24.0%
Human Capital	5.0 Medium	79.4 Strong	1.2 Negligible	21.1%
Business Ethics	5.0 Medium	79.4 Strong	1.2 Negligible	21.1%
Corporate Governance	5.0 Medium	78.0 Strong	1.1 Negligible	18.9%
ESG Integration -Financials	5.0 Medium	82.5 Strong	0.9 Negligible	15.0%
Product Governance	8.0 High	100.0 Strong	0.0 Negligible	0.0%
Overall	33.0 Low	86.2 Strong	5.8 Negligible	100.0%

Events Overview

Identify events that may negatively impact stakeholders, the environment, or the company's operations.

Category (Events)

 **Severe (0)**

 **High (0)**

 **Significant (0)**

 **Moderate (0)**

 **Low (0)**

Berlin Hyp AG

Thriffs and Mortgages Germany

Events Overview

Identify events that may negatively impact stakeholders, the environment, or the company's operations.

Category (Events)

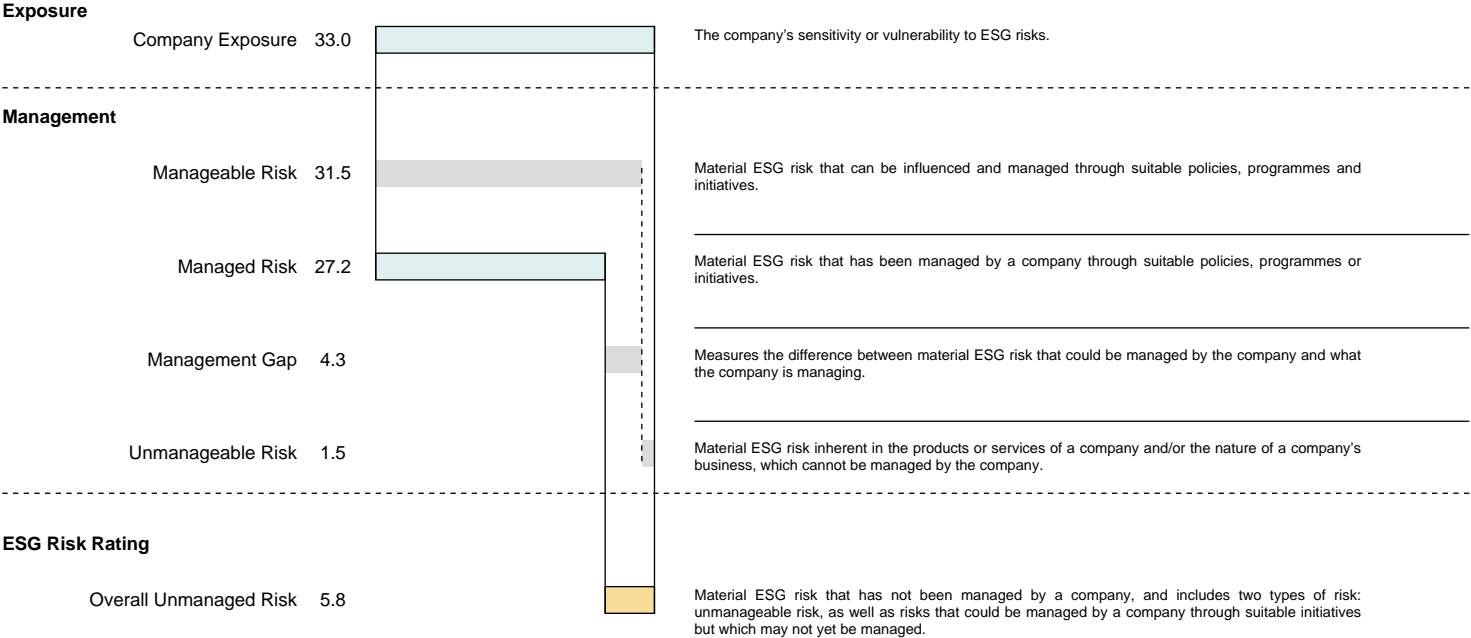
None (15)

- Access to Basic Services
- Accounting and Taxation
- Anti-Competitive Practices
- Bribery and Corruption
- Business Ethics
- Carbon Impact of Products
- Data Privacy and Security
- Environmental Impact of Products
- Labour Relations
- Lobbying and Public Policy
- Marketing Practices
- Quality and Safety
- Sanctions
- Social Impact of Products
- Society - Human Rights

Berlin Hyp AG

Thriffs and Mortgages Germany

Risk Decomposition



Momentum Details



Berlin Hyp AG

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ESG Risk Rating Score Change Log [View Glossary](#)

Insufficient data. We require at least two score changes within the past 12 months to display a meaningful chart.

Attribute Date	Value Before Change	Value After Change	Δ Change In Value	Change Trigger
2024/05/13	7.1	5.8 ↓	-1.3	<input type="checkbox"/> Full Update

Berlin Hyp AG

Thriffs and Mortgages Germany

Issue

Data Privacy and Security

Contribution 24.0 %

Data Privacy and Security focuses on data governance practices, including how companies collect, use, manage and protect data.

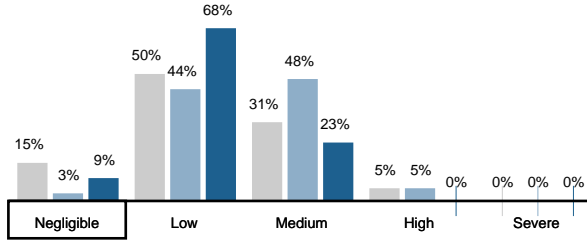
ESG Risk Rating

1.4

Negligible Risk



ESG Risk Rating Distribution



ESG Risk Rating Ranking

UNIVERSE	RANK	PERCENTILE
	(1 st = lowest risk)	(1 st = Top Score)
Global Universe	100/1959	6th
Banks INDUSTRY	4/325	2nd
Thriffs and Mortgages SUBINDUSTRY	1/22	1st

Peers Table

Peers (Market cap \$0.0 - \$0.0bn)	Exposure	Management	ESG Risk Rating
1. Berlin Hyp AG	5.0 Medium	90.0 Strong	1.4 Negligible
2. DZ HYP AG	5.3 Medium	70.0 Strong	2.3 Low
3. Kutxabank SA	5.0 Medium	60.0 Strong	2.6 Low
4. Nykredit Realkredit A/S	4.8 Medium	55.0 Strong	2.7 Low
5. Yorkshire Building Society	5.0 Medium	50.0 Strong	3.0 Low

Berlin Hyp AG

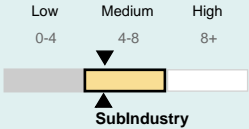
Thriffs and Mortgages Germany

ESG Risk Analysis

Exposure refers to the extent to which a company is exposed to different material ESG Issues. The exposure score takes into consideration subindustry and company-specific factors such as its business model.

ESG Risk Exposure

5.0
Medium



Digitalization and technological advancements can contribute to Berlin Hyp’s operational success but also poses increased cybersecurity risks. By the end of 2022, Berlin Hyp has made available the entire range of its investment products online through “ImmoDigital”, which serves as a single-entry point for German savings banks to fulfil their investment needs. Further, the bank is increasing its presence in the digital real estate ecosystem through cooperation with and investment in PropTech companies. Vast online data sharing and processing expose the bank to data breaches and cyberattacks.

The company's exposure to Data Privacy and Security issues is medium and similar to the subindustry exposure.

Exposure Analysis

Subindustry Issue Exposure	5.0
Issue Beta	x 1.00
Company Issue Exposure	5.0

Beta Indicators

Beta Signal

Data Privacy and Security	0.00
Operating Performance	0.00
Solvency - Banking	0.00
Asset Performance - Banking	0.00
Financial Flexibility - Banking	0.00
Headquarters Location	-0.02
Sales Location	0.00
Qualitative Overlay	0.00
Subindustry Correction Factor	0.00
Exceptional Event Adjustment	0.00
Total Beta Signal	0.00
Baseline	+1.00
Overall Beta	1.00

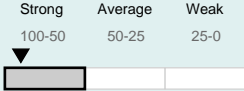
Berlin Hyp AG

Thriffs and Mortgages Germany

Management refers to how well a company is managing its relevant ESG issues. The management score assesses the robustness of a company's ESG programs, practices, and policies.

ESG Risk Management

90.0
Strong



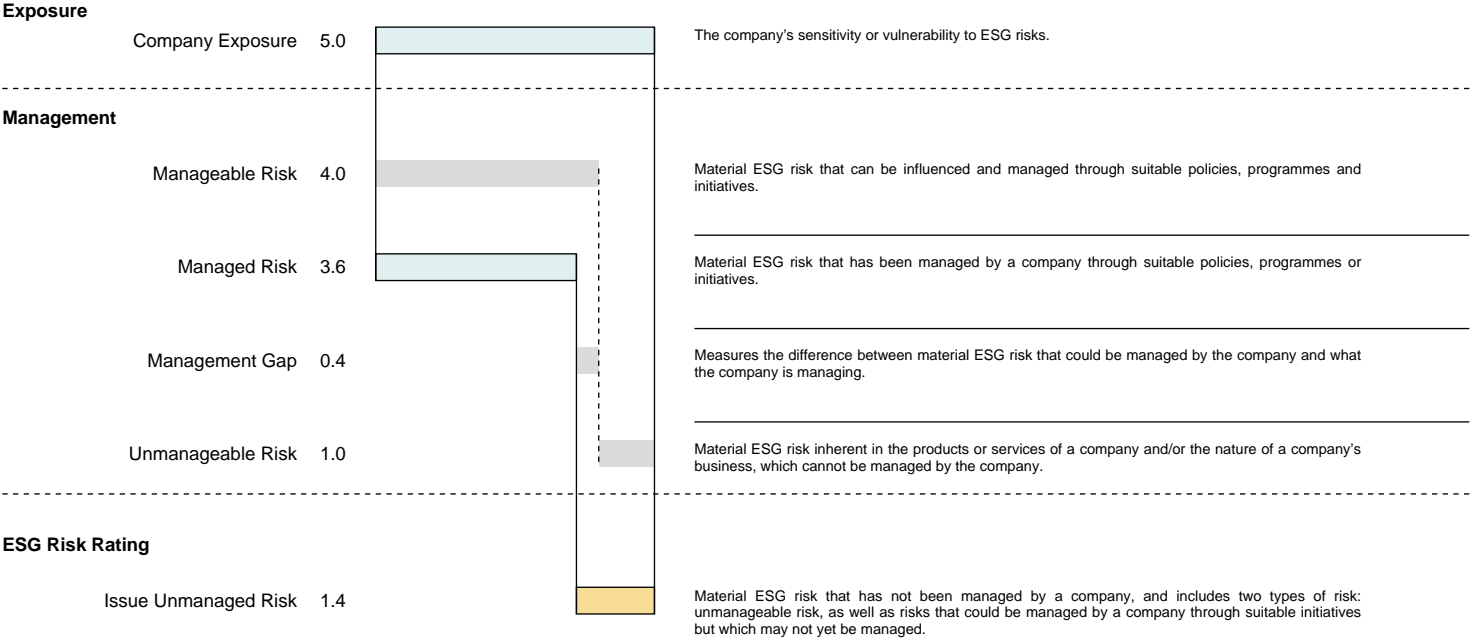
Data privacy and security issues remain the highest contributor to Berlin Hyp's unmanaged ESG risk, signalling room for improvement. Its data protection officer and information security officer oversee the implementation of the bank's data privacy and security policies and programmes respectively, and report to the board of management on an annual and ad-hoc basis. Berlin Hyp shows improvement in its data privacy policy with strong commitment to implement leading data protection standards and has now included clear terms involving the use, sharing, retention and transfer of user data to third parties. The bank has also improved its practices with regard to regular privacy risk assessments or audit. Finally, Berlin Hyp's information security system aligns with ISO 27001 standards, but the bank has yet to obtain the certification. In our view, the company's management of the issue is above average.

Management Indicators	Raw Score	Weight	Weighted Score
Data Privacy & Security Policy	100	20.0%	20.0
Data Privacy Programme	100	40.0%	40.0
Cybersecurity Programme	75	40.0%	30.0
Data Privacy and Security	Category 0	0%	0.0
Weighted Sum			90.0

Berlin Hyp AG

Thriffs and Mortgages Germany

Risk Decomposition



Berlin Hyp AG

Thriffs and Mortgages Germany

Issue

Contribution 21.1 %

Business Ethics

Business Ethics focuses on the management of ethical considerations applicable to most or all sectors, such as taxation and accounting, anti-competitive practices and intellectual property issues.

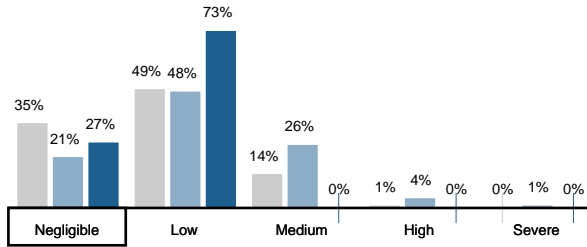
ESG Risk Rating

1.2

Negligible Risk



ESG Risk Rating Distribution



ESG Risk Rating Ranking

UNIVERSE	RANK	PERCENTILE
	(1 st = lowest risk)	(1 st = Top Score)
Global Universe	587/4370	14th
Banks INDUSTRY	30/355	9th
Thriffs and Mortgages SUBINDUSTRY	2/22	6th

Peers Table

Peers (Market cap \$0.0 - \$0.0bn)

	Exposure	Management	ESG Risk Rating
1. Kutzabank SA	5.0 Medium	81.3 Strong	1.1 Negligible
2. Berlin Hyp AG	5.0 Medium	79.4 Strong	1.2 Negligible
3. Yorkshire Building Society	5.0 Medium	62.5 Strong	2.0 Low
4. Nykredit Realkredit A/S	4.8 Medium	56.3 Strong	2.2 Low
5. DZ HYP AG	5.5 Medium	58.1 Strong	2.5 Low

Berlin Hyp AG

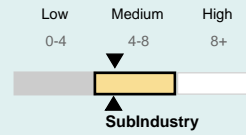
Thriffs and Mortgages Germany

ESG Risk Analysis

Exposure refers to the extent to which a company is exposed to different material ESG Issues. The exposure score takes into consideration subindustry and company-specific factors such as its business model.

ESG Risk Exposure

5.0
Medium



Thriffs and Mortgage companies are primarily exposed to Business Ethics risks through money laundering, although they must also maintain strong controls to deter conflicts of interest, insider dealing and other ethical misconduct. For example, Thriffs and Mortgage companies have been cited for accepting kickback from mortgage insurance providers. Generally, Thriffs and Mortgage banks are subject to the same regulatory scrutiny as other financial institutions, although the subindustry is primarily composed of smaller companies that have been implicated in fewer incidents. Nevertheless, for many years, the financial industry's culture focused on financial incentives and underemphasized business ethics, which has contributed to high involvement in ethical controversies. Given the recent financial crisis, where mortgages were a central focus, authorities have significantly increased mortgage-related regulations, with the US creating new regulatory bodies and the EU issuing new credit directives on mortgage writing. Regulatory scrutiny is high, with authorities increasing penalties against companies involved in misconduct, increasing the business impact of infractions. Linking ethics programmes to material incentives is an emerging trend that enables banks to discipline infractions by clawing back bonuses and/or decreasing executive compensation. The implementation of stronger control systems in the past five years has contributed to better performance overall.

The company's exposure to Business Ethics issues is medium and similar to the subindustry exposure.

Exposure Analysis

Subindustry Issue Exposure	5.0
Issue Beta	x 1.00
Company Issue Exposure	5.0

Beta Indicators

Beta Signal

Accounting and Taxation	0.00
Anti-Competitive Practices	0.00
Bribery and Corruption	0.00
Business Ethics	0.00
Lobbying and Public Policy	0.00
Sanctions	0.00
Operating Performance	0.00
Solvency - Banking	0.00
Asset Performance - Banking	0.00
Financial Flexibility - Banking	0.00
Qualitative Overlay	0.00
Subindustry Correction Factor	0.00
Exceptional Event Adjustment	0.00
Total Beta Signal	0.00
Baseline	+1.00
Overall Beta	1.00

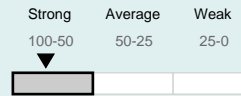
Berlin Hyp AG

Thriffs and Mortgages Germany

Management refers to how well a company is managing its relevant ESG issues. The management score assesses the robustness of a company's ESG programs, practices, and policies.

ESG Risk Management

79.4
Strong



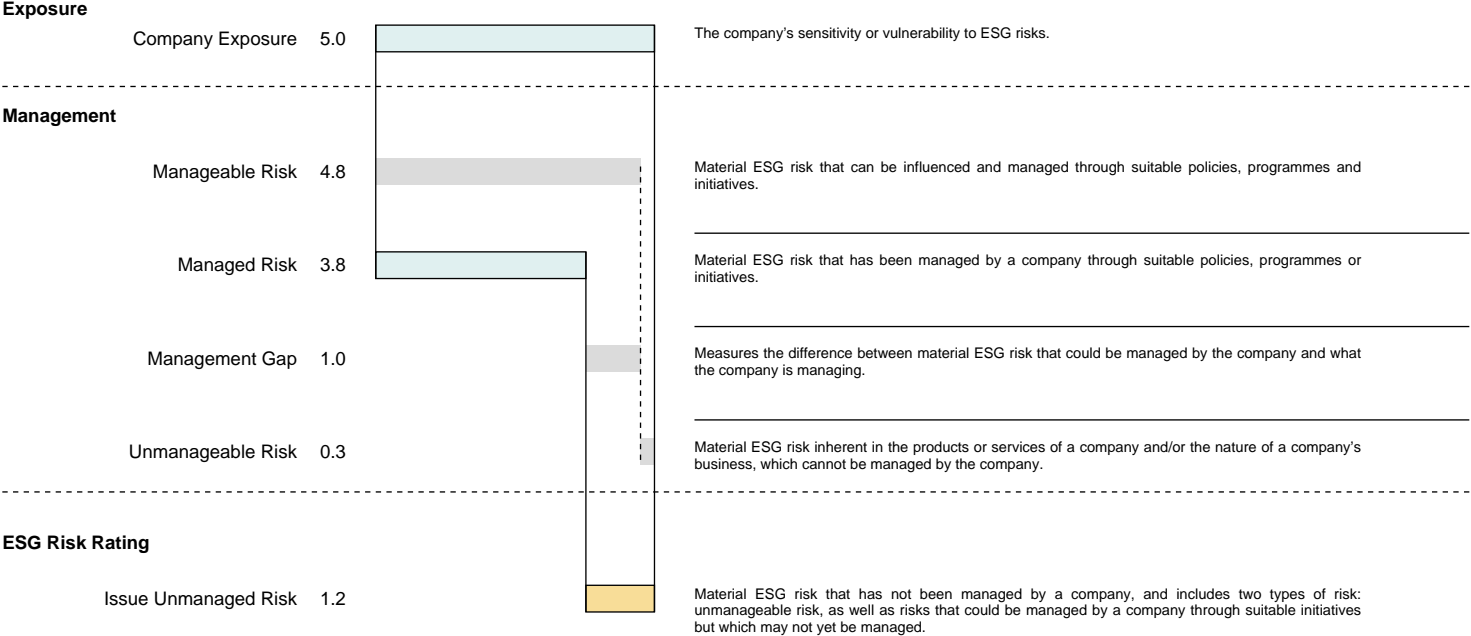
In our view, the company's management of the issue is above average.

Management Indicators	Raw Score	Weight	Weighted Score
Business Ethics Programme	100	22.5%	22.5
Compliance Programme	100	15.0%	15.0
Lobbying and Political Expenses	100	5.0%	5.0
Political Involvement Policy	100	5.0%	5.0
Bribery & Corruption Programmes	75	15.0%	11.3
Whistleblower Programmes	75	17.5%	13.1
Money Laundering Policy	50	10.0%	5.0
Bribery & Corruption Policy	25	10.0%	2.5
Accounting and Taxation	Category 0	0%	0.0
Anti-Competitive Practices	Category 0	0%	0.0
Bribery and Corruption	Category 0	0%	0.0
Business Ethics	Category 0	0%	0.0
Lobbying and Public Policy	Category 0	0%	0.0
Sanctions	Category 0	0%	0.0
Weighted Sum			79.4

Berlin Hyp AG

Thriffs and Mortgages Germany

Risk Decomposition



Berlin Hyp AG

Thrifts and Mortgages Germany

Issue

Contribution 21.1 %



Human Capital

Human Capital focuses on the management of risks related to scarcity of skilled labour as well as labour relations, such as non-discrimination, working hours and minimum wages.

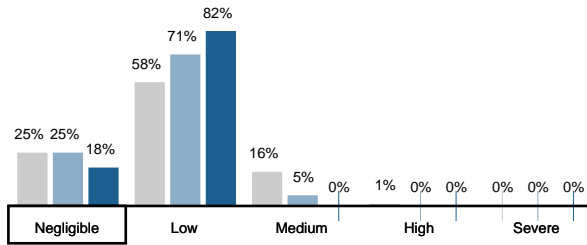
ESG Risk Rating

1.2

Negligible Risk



ESG Risk Rating Distribution



ESG Risk Rating Ranking

UNIVERSE	RANK	PERCENTILE
	(1 st = lowest risk)	(1 st = Top Score)
Global Universe	281/4445	7th
Banks INDUSTRY	16/355	5th
Thrifts and Mortgages SUBINDUSTRY	2/22	6th

Peers Table

Peers (Market cap \$0.0 - \$0.0bn)

	Exposure	Management	ESG Risk Rating
1. Nykredit Realkredit A/S	4.8 Medium	82.9 Strong	1.0 Negligible
2. Berlin Hyp AG	5.0 Medium	79.4 Strong	1.2 Negligible
3. Yorkshire Building Society	5.0 Medium	69.4 Strong	1.7 Negligible
4. DZ HYP AG	5.5 Medium	66.9 Strong	2.0 Low
5. Kutxabank SA	5.0 Medium	54.0 Strong	2.4 Low

Berlin Hyp AG

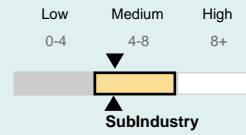
Thriffs and Mortgages Germany

ESG Risk Analysis

Exposure refers to the extent to which a company is exposed to different material ESG Issues. The exposure score takes into consideration subindustry and company-specific factors such as its business model.

ESG Risk Exposure

5.0
Medium



There is increasing attention to workforce diversity and closing the gender pay gap, particularly in Germany where the gender pay gap is reported at 18% (above the EU average of 13%), according to the country's Federal Statistical Office. In addition, the age structure of Berlin Hyp's employees, whereby 45% are aged over 49, poses a risk to the bank's human resource planning. As a company that relies on commercial mortgage loans for revenue, Berlin Hyp must maintain a skilled workforce that can navigate complex financial products and assist with the financial implications of payment plans.

The company's exposure to Human Capital issues is medium and similar to the subindustry exposure.

Exposure Analysis

Subindustry Issue Exposure	5.0
Issue Beta	x 1.00
Company Issue Exposure	5.0

Beta Indicators

Beta Signal

Labour Relations	0.00
Operating Performance	0.00
Solvency - Banking	0.00
Asset Performance - Banking	0.00
Financial Flexibility - Banking	0.00
Qualitative Overlay	0.00
Subindustry Correction Factor	0.00
Exceptional Event Adjustment	0.00
Total Beta Signal	0.00
Baseline	+1.00
Overall Beta	1.00

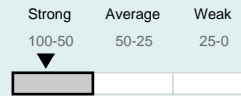
Berlin Hyp AG

Thriffs and Mortgages Germany

Management refers to how well a company is managing its relevant ESG issues. The management score assesses the robustness of a company's ESG programs, practices, and policies.


ESG Risk Management

79.4
Strong



Berlin Hyp is well prepared in managing its human capital risks. The bank discloses very strong human capital development programmes. Berlin Hyp measures leadership competence and individual development through 270-degree feedback and encourages continuous learning through "Learning World for Managers", a training and development framework on agile work methods, digital competence, ESG, leadership and regulatory issues among others, which are available to the entire workforce. Berlin Hyp also has strong gender pay equality programmes that include a gender pay gap audit and compensation review, as well as monitoring and measurement towards the bank's initiatives to close the gender pay gap. Nonetheless, Berlin Hyp has room for improvement with regard to diverse talent recruitment and more granular disclosure of the bank's gender pay gap.

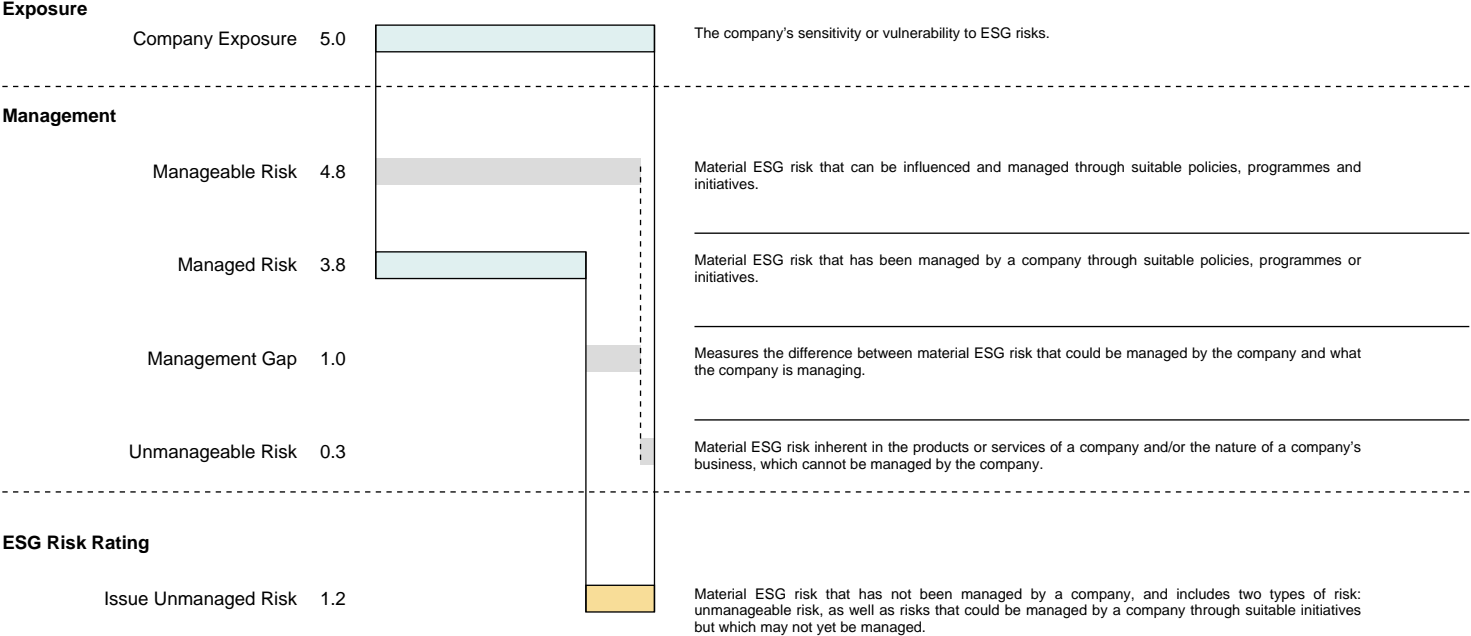
In our view, the company's management of the issue is above average.

Management Indicators	Raw Score	Weight	Weighted Score
Discrimination Policy	100	15.0%	15.0
Freedom of Association Policy	100	5.0%	5.0
Human Capital Development	100	27.5%	27.5
Diversity Programmes	75	22.5%	16.9
Gender Pay Equality Programme	75	10.0%	7.5
Collective Bargaining Agreements	50	5.0%	2.5
Employee Turnover Rate	50	5.0%	2.5
Gender Pay Disclosure	50	5.0%	2.5
Employee Training	0	5.0%	0.0
 Labour Relations	Category 0	0%	0.0
Weighted Sum			79.4

Berlin Hyp AG

Thriffs and Mortgages Germany

Risk Decomposition



Berlin Hyp AG

Thrifts and Mortgages Germany

Issue

Contribution 18.9 %



Corporate Governance

Corporate Governance represents foundational structures for the management of ESG risks.

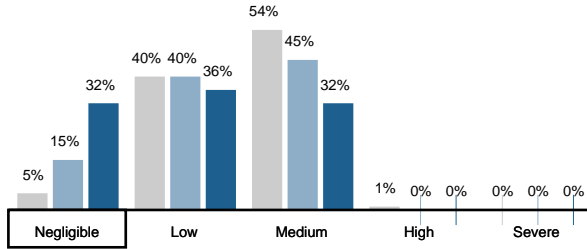
ESG Risk Rating

1.1

Negligible Risk



ESG Risk Rating Distribution



ESG Risk Rating Ranking

UNIVERSE	RANK	PERCENTILE
	(1 st = lowest risk)	(1 st = Top Score)
Global Universe	56/4688	2nd
Banks INDUSTRY	13/355	4th
Thrifts and Mortgages SUBINDUSTRY	2/22	6th

Peers Table

Peers (Market cap \$0.0 - \$0.0bn)

	Exposure	Management	ESG Risk Rating
1. Kutxabank SA	5.0 Medium	85.0 Strong	0.8 Negligible
2. Berlin Hyp AG	5.0 Medium	78.0 Strong	1.1 Negligible
3. Nykredit Realkredit A/S	5.0 Medium	78.0 Strong	1.1 Negligible
4. DZ HYP AG	5.0 Medium	70.0 Strong	1.5 Negligible
5. Yorkshire Building Society	5.0 Medium	67.0 Strong	1.7 Negligible

Berlin Hyp AG

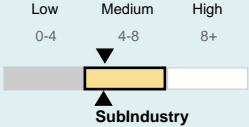
Thriffs and Mortgages Germany

ESG Risk Analysis

Exposure refers to the extent to which a company is exposed to different material ESG Issues. The exposure score takes into consideration subindustry and company-specific factors such as its business model.

ESG Risk Exposure

5.0
Medium

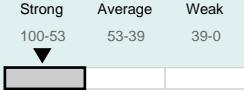


The company is not publicly traded, which positions stakeholder governance as the company's main governance area of focus. It may face decreased scrutiny of some governance practices compared to publicly traded companies. This translates into medium exposure to baseline Corporate Governance risk.

Management refers to how well a company is managing its relevant ESG issues. The management score assesses the robustness of a company's ESG programs, practices, and policies.

ESG Risk Management

78.0
Strong



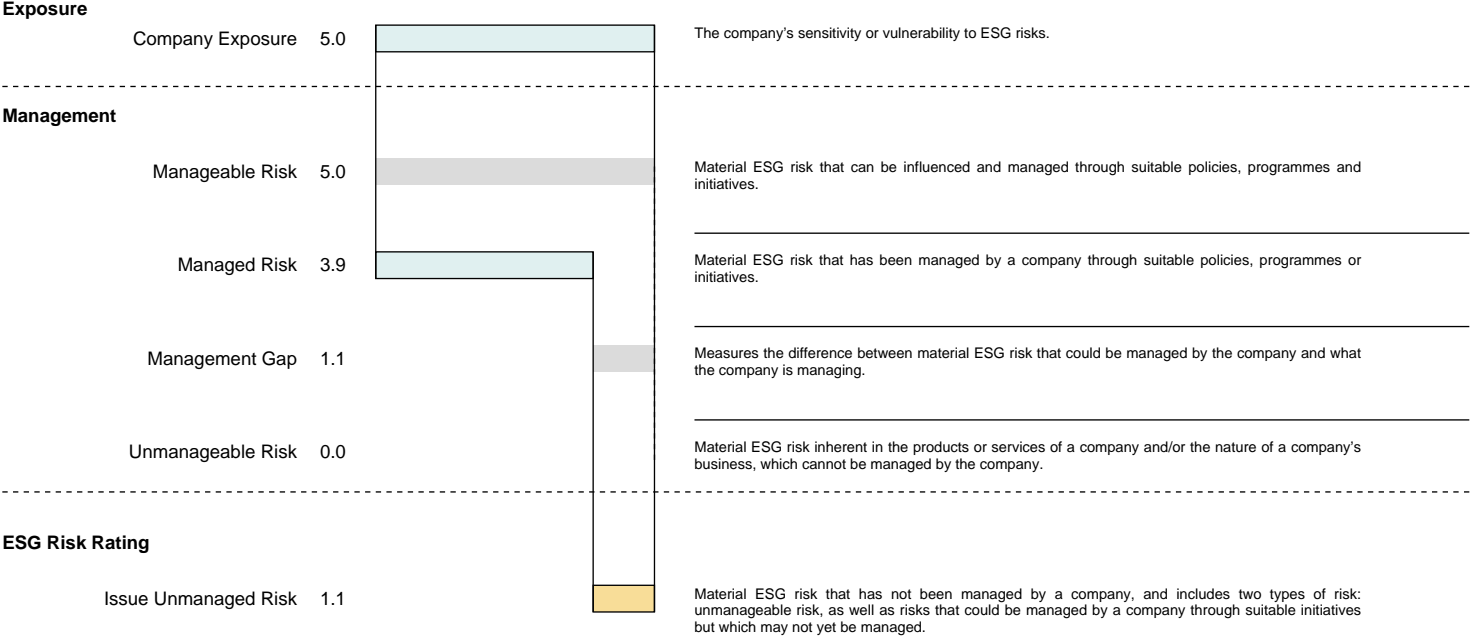
Overall, we rate the company's corporate governance management as strong.

Corporate Governance Pillars	Raw Score	Weight	Weighted Score
Stakeholder Governance	78	100.0%	78.0
Totals		100.0%	78.0

Berlin Hyp AG

Thriffs and Mortgages Germany

Risk Decomposition



Berlin Hyp AG

Thriffs and Mortgages Germany

Issue

Contribution 15.0 %



ESG Integration - Financials

ESG Integration - Financials includes all ESG integration activities by financial institutions that are either driven by financial downside risk considerations or by business opportunities.

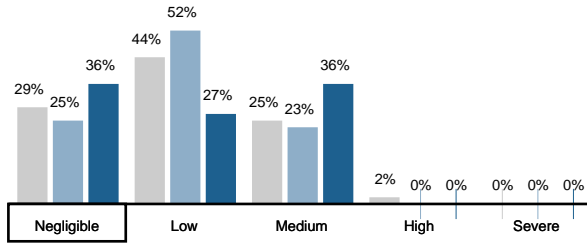
ESG Risk Rating

0.9

Negligible Risk



ESG Risk Rating Distribution



ESG Risk Rating Ranking

UNIVERSE	RANK	PERCENTILE
	(1 st = lowest risk)	(1 st = Top Score)
Global Universe	71/1015	8th
Banks INDUSTRY	25/355	8th
Thriffs and Mortgages SUBINDUSTRY	5/22	20th

Peers Table

Peers (Market cap \$0.0 - \$0.0bn)

	Exposure	Management	ESG Risk Rating
1. Nykredit Realkredit A/S	4.0 Medium	82.5 Strong	0.7 Negligible
2. Berlin Hyp AG	5.0 Medium	82.5 Strong	0.9 Negligible
3. Kutxabank SA	4.3 Medium	78.4 Strong	0.9 Negligible
4. DZ HYP AG	5.3 Medium	41.2 Average	3.1 Low
5. Yorkshire Building Society	5.0 Medium	17.5 Weak	4.1 Medium

Berlin Hyp AG

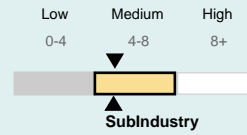
Thriffs and Mortgages Germany

ESG Risk Analysis

Exposure refers to the extent to which a company is exposed to different material ESG Issues. The exposure score takes into consideration subindustry and company-specific factors such as its business model.

ESG Risk Exposure

5.0
Medium



ESG Integration -Financials refers to financial institutions' wide variety of products and services for clients that integrate an environmental, social and governance (ESG) perspective as a distinguishing feature. Thrifts and Mortgage companies offer variations on "green mortgages" that allow customers to increase the size of their mortgage for energy efficiency improvements or borrow at lower rates for homes that are shown to be more energy efficient. Although there are currently limited regulations regarding environmentally friendly products, new regulations could favour early movers that develop new products that encourage reduced energy consumption. Increasing access to mortgage financing is another priority for Thrifts and Mortgage companies, especially within countries where governments actively promote access to mortgage loans, such as US and India. While many regulations for increasing access to home ownership focus on limiting discrimination, other elements include specific investment and lending thresholds that Thrifts and Mortgage companies must meet. Best practice in the industry involves management systems and programmes with targets and deadlines for improving a company's sustainable finance offering. Although companies may have some level of sustainable finance activity, many approach it as a niche area rather than a core part of their business. However, as customer demand for sustainable financial products increases, Thrifts and Mortgage companies should increasingly view this area as a valuable market for capturing new business opportunities.

The company's exposure to ESG Integration -Financials issues is medium and similar to the subindustry exposure.

Exposure Analysis

Subindustry Issue Exposure	5.0
Issue Beta	x 1.00
Company Issue Exposure	5.0

Beta Indicators

Beta Signal

Environmental Impact of	0.00
Social Impact of Products	0.00
Carbon Impact of Products	0.00
Society - Human Rights	0.00
Operating Performance	0.00
Solvency - Banking	0.00
Asset Performance - Banking	0.00
Financial Flexibility - Banking	0.00
Headquarters Location	-0.02
Sales Location	0.00
Responsible Asset Portfolio	0.00
Qualitative Overlay	0.00
Subindustry Correction Factor	0.00
Exceptional Event Adjustment	0.00

Berlin Hyp AG

Thriffs and Mortgages Germany

ESG Risk Analysis

Exposure refers to the extent to which a company is exposed to different material ESG Issues. Our exposure score takes into consideration subindustry and company-specific factors such as its business model.

Beta Indicators	Beta Signal
Total Beta Signal	0.00
Baseline	+1.00
Overall Beta	1.00

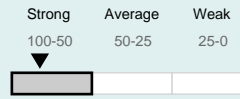
Berlin Hyp AG

Thriffs and Mortgages Germany

Management refers to how well a company is managing its relevant ESG issues. The management score assesses the robustness of a company's ESG programs, practices, and policies.

ESG Risk Management

82.5
Strong



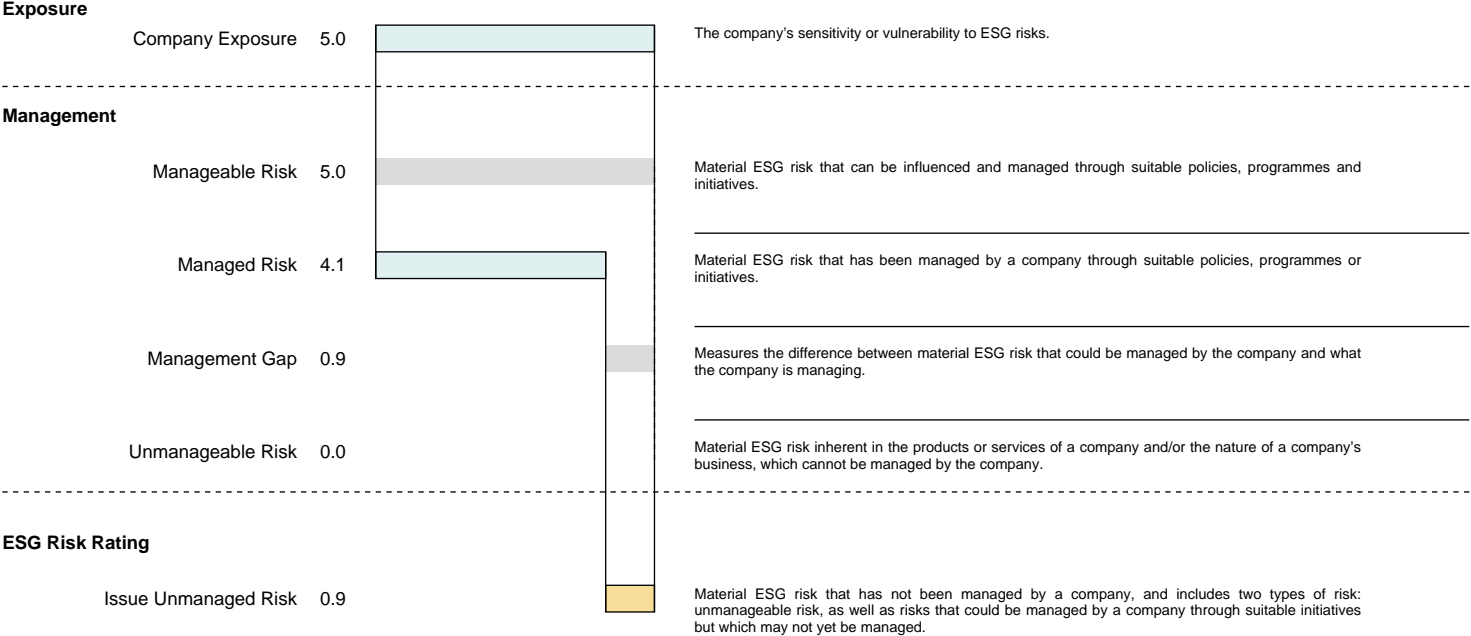
In our view, the company's management of the issue is above average.

Management Indicators	Raw Score	Weight	Weighted Score
Sustainable Financial Initiatives	100	65.0%	65.0
Financial Inclusion	50	35.0%	17.5
Carbon Impact of Products	Category 0	0%	0.0
Environmental Impact of Products	Category 0	0%	0.0
Social Impact of Products	Category 0	0%	0.0
Society - Human Rights	Category 0	0%	0.0
Weighted Sum			82.5

Berlin Hyp AG


Thriffs and Mortgages Germany

Risk Decomposition



Berlin Hyp AG

Thriffs and Mortgages Germany

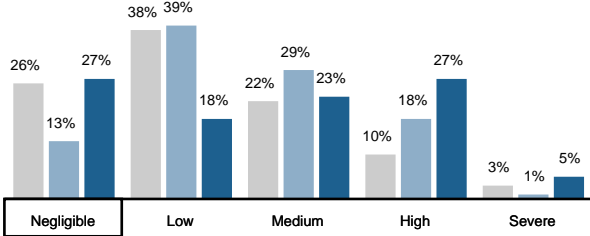
Issue  **Product Governance**

Contribution 0.0 % Product Governance focuses on how companies manage responsibilities to their clients. Emphasis is put on quality management systems, marketing practices, fair billing and post-sales responsibility.

ESG Risk Rating 0.0 **Negligible Risk**

NEGL	LOW	MED	HIGH	SEVERE
0-2	2-4	4-6	6-8	8+

ESG Risk Rating Distribution



ESG Risk Rating Ranking

UNIVERSE	RANK	PERCENTILE
	(1 st = lowest risk)	(1 st = Top Score)
■ Global Universe	1/3817	1 st
■ Banks INDUSTRY	1/325	1 st
■ Thriffs and Mortgages SUBINDUSTRY	1/22	1 st

Peers Table

Peers (Market cap \$0.0 - \$0.0bn)	Exposure	Management	ESG Risk Rating
1. Berlin Hyp AG	8.0 High	100.0 Strong	0.0 Negligible
2. Yorkshire Building Society	8.0 High	95.0 Strong	0.4 Negligible
3. Kutxabank SA	8.0 High	79.6 Strong	1.6 Negligible
4. DZ HYP AG	8.4 High	66.3 Strong	2.8 Low
5. Nykredit Realkredit A/S	7.6 Medium	57.5 Strong	3.2 Low

Berlin Hyp AG

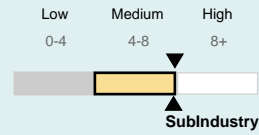
Thriffs and Mortgages Germany

ESG Risk Analysis

Exposure refers to the extent to which a company is exposed to different material ESG Issues. The exposure score takes into consideration subindustry and company-specific factors such as its business model.

ESG Risk Exposure

8.0
High



Berlin Hyp is highly exposed to product governance risks, owing to its focus on commercial lending and operational concentration within Germany, where there are higher social and regulatory demands. Lastly, new regulations and technical standards to prevent greenwashing will require Berlin Hyp to recalibrate its tools to measure and market the sustainability claims of its products and services.

The company's exposure to Product Governance issues is high and similar to the subindustry exposure.

Exposure Analysis

Subindustry Issue Exposure	8.0
Issue Beta	x 1.00
Company Issue Exposure	8.0

Beta Indicators

Beta Signal

Access to Basic Services	0.00
Marketing Practices	0.00
Quality and Safety	0.00
Operating Performance	0.00
Solvency - Banking	0.00
Asset Performance - Banking	0.00
Financial Flexibility - Banking	0.00
Headquarters Location	-0.02
Sales Location	0.00
Qualitative Overlay	0.00
Subindustry Correction Factor	0.00
Exceptional Event Adjustment	0.00
Total Beta Signal	0.00
Baseline	+1.00
Overall Beta	1.00

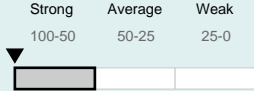
Berlin Hyp AG

Thriffs and Mortgages Germany

Management refers to how well a company is managing its relevant ESG issues. The management score assesses the robustness of a company's ESG programs, practices, and policies.

ESG Risk Management

100.0
Strong



Product governance is an area where Berlin Hyp experiences the highest decrease of unmanaged ESG risk, owing to the significant improvement of its responsible product offering. The bank has a policy commitment to disclose product risks and information, as well as managerial and board-level oversight towards product governance. Berlin Hyp's strong and detailed policy on responsible marketing is enshrined in its Guidelines on Responsible Behavior Towards Customers, which state that the bank provides its customers with responsible and forward-looking advice in line with their needs and that it communicates benefits and risks clearly. Finally, Berlin Hyp also disclosed its Sustainable Finance Framework with an aim to align its product offerings with the bank's own sustainability claims and regulatory standards on sustainability classifications. In our view, the company's management of the issue is above average.

Management Indicators	Raw Score	Weight	Weighted Score
Asset Quality	100	15.0%	15.0
Responsible Marketing Policy	100	35.0%	35.0
Responsible Product Offering	100	50.0%	50.0
Access to Basic Services	Category 0	0%	0.0
Marketing Practices	Category 0	0%	0.0
Quality and Safety	Category 0	0%	0.0
Weighted Sum			100.0

Berlin Hyp AG

Thriffs and Mortgages Germany

Risk Decomposition

Exposure			
Company Exposure	8.0		The company's sensitivity or vulnerability to ESG risks.
Management			
Manageable Risk	8.0		Material ESG risk that can be influenced and managed through suitable policies, programmes and initiatives.
Managed Risk	8.0		Material ESG risk that has been managed by a company through suitable policies, programmes or initiatives.
Management Gap	0.0		Measures the difference between material ESG risk that could be managed by the company and what the company is managing.
Unmanageable Risk	0.0		Material ESG risk inherent in the products or services of a company and/or the nature of a company's business, which cannot be managed by the company.
ESG Risk Rating			
Issue Unmanaged Risk	0.0		Material ESG risk that has not been managed by a company, and includes two types of risk: unmanageable risk, as well as risks that could be managed by a company through suitable initiatives but which may not yet be managed.

Appendix



Management Details



Corporate Governance

Stakeholder Governance

78 Leader

Raw Score



In reviewing the company's practices regarding ESG stakeholder governance, points of attention for Berlin Hyp AG are: ESG Governance, Discrimination Policy and GHG Reduction Programme.

- ESG Governance: The company has set up an ESG Committee, on which one executive is a member
- Discrimination Policy: The company has a strong policy
- GHG Reduction Programme: The company has a very strong programme

Indicators	Score
Discrimination Policy	100
Tax Disclosure	0
Green Procurement Policy	100
Bribery & Corruption Policy	25
Environmental Policy	100
Whistleblower Programmes	75
Verification of ESG Reporting	50
ESG Performance Targets	100
Lobbying and Political Expenses	100
ESG Governance	100
Scope of Social Supplier Standards	50
GHG Reduction Programme	100
ESG Reporting Standards	100
Global Compact Signatory	100
Political Involvement Policy	100

Appendix

Exposure Details

Data Privacy and Security

EA.E.27 - Data Privacy and Security

0.00
Beta Signal

No evidence of relevant controversies

EA.F.1 - Operating Performance

0.00
Beta Signal

The company's net income margin is unknown.

Average Net Income Margin (Trailing 3 Years): N/A
Subindustry Median (Trailing 3 Years): 31.73%
Source: Morningstar, January 2023. All Rights Reserved.,
Pitchbook, January 2023. All Rights Reserved.

EA.F.5 - Solvency - Banking

0.00
Beta Signal

The company's Tier 1 capital ratio is unknown.

Average Tier 1 Capital Ratio (Trailing 3 Years): N/A
Subindustry Median (Trailing 3 Years): 14.53%
Source: Morningstar, January 2023. All Rights Reserved.,
Pitchbook, January 2023. All Rights Reserved.

EA.F.6 - Asset Performance - Banking

0.00
Beta Signal

The company's non-performing asset ratio is unknown.

Average Non-Performing Assets (Trailing 3 Years): N/A
Subindustry Median (Trailing 3 Years): 0.56%
Source: Morningstar, December 2021. All Rights Reserved.,
FactSet, December 2021. All Rights Reserved.

EA.F.7 - Financial Flexibility - Banking

0.00
Beta Signal

The company's loan-to-deposit ratio is unknown.

Average Loan to Deposit Ratio (Trailing 3 Years): N/A
Subindustry Median (Trailing 3 Years): 1.01
Source: Morningstar, January 2023. All Rights Reserved.,
Pitchbook, January 2023. All Rights Reserved.

EA.G.1 - Headquarters Location

- 0.02
Beta Signal

The location of the company's headquarters indicates slightly lower exposure to this issue.

Germany: Slightly lower exposure
Source: Sustainalytics Country Risk Rating, November 2023.

Appendix



Exposure Details

EA.G.3 - Sales Location

0.00
Beta Signal

The location of the company's sales is unknown.

EA.S.1 - Qualitative Overlay

0.00
Beta Signal

Answer category for neutral beta signal adjustment

EA.S.2 - Subindustry Correction Factor

0.00
Beta Signal

EA.S.3 - Exceptional Event Adjustment

0.00
Beta Signal

Appendix



Management Details

S.3.1.3 - Data Privacy & Security Policy

100	20.00%	20.0
Raw Score	Weight	Weighted Score

The company has a very strong policy

Criteria

- Clear terms involving the collection, use, sharing and retention of user data including data transferred to third parties
- Commitment to collect and process user data that is limited to the stated purpose
- Commitment to implement leading data protection standards
- Commitment to notify data subjects in a timely manner in case of policy changes or data breach
- Commitment to obtain user data through lawful and transparent means, with explicit consent of the data subject where required
- Commitment to require third parties with whom the data is shared to comply with the company's policy
- The company has a formal policy but it applies to less than 50% of the operations
- There is a statement addressing the issue but it does not qualify as a policy as per Sustainalytics guidelines

Citations

Berlin Hyp Code of Conduct, released June 2023
 Berlin Hyp Data Protection Policy, released February 2023
 Non-public documentation shared with Sustainalytics on 21 Sep 2023

S.3.1.3.1 - Data Privacy Programme

100	40.00%	40.0
Raw Score	Weight	Weighted Score

The company has a very strong programme

Criteria

- Clear and accessible mechanisms for data subjects to raise concerns about data privacy
- Data subjects can access their accounts to erase, rectify, complete or amend personal information
- Governance structures in place for privacy management
- Regular employee training on data privacy management
- Regular privacy risk assessments or audits on the company's technologies and practices affecting user data

Citations

Berlin Hyp Data Protection Policy, released February 2023
 Berlin Hyp Management Report 2022 (FY2022) (Part 2)
 Berlin Hyp Management Report 2022 (FY2022) (Part1)
 Non-public documentation shared with Sustainalytics on 21 Sep 2023

S.3.1.3.3 - Cybersecurity Programme

75	40.00%	30.0
Raw Score	Weight	Weighted Score

The company has a strong programme

Criteria

- Governance structures in place for cybersecurity management
- Management system certified to ISO 27001 standards
- Operational measures to monitor and respond to data breaches and cyberattacks
- Regular employee training on cybersecurity issues
- Regular external security audits or vulnerability assessments of the company's systems, products and practices affecting user data
- Regular internal security audits or vulnerability assessments or penetration testing of the company's systems, products and practices affecting user data

Citations

Berlin Hyp Management Report 2022 (FY2022) (Part 2)
 Berlin Hyp Management Report 2022 (FY2022) (Part1)
 Non-public documentation shared with Sustainalytics on 09 Nov 2022
 Prior to research start, the company sent documents on 10 January 2023 (Round 3)
 The company provided feedback on 29 April 2024

Appendix

Exposure Details

Human Capital

EA.E.22 - Labour Relations

0.00
Beta Signal

No evidence of relevant controversies

EA.F.1 - Operating Performance

0.00
Beta Signal

The company's net income margin is unknown.

Average Net Income Margin (Trailing 3 Years): N/A
Subindustry Median (Trailing 3 Years): 31.73%
Source: Morningstar, January 2023. All Rights Reserved.,
Pitchbook, January 2023. All Rights Reserved.

EA.F.5 - Solvency - Banking

0.00
Beta Signal

The company's Tier 1 capital ratio is unknown.

Average Tier 1 Capital Ratio (Trailing 3 Years): N/A
Subindustry Median (Trailing 3 Years): 14.53%
Source: Morningstar, January 2023. All Rights Reserved.,
Pitchbook, January 2023. All Rights Reserved.

EA.F.6 - Asset Performance - Banking

0.00
Beta Signal

The company's non-performing asset ratio is unknown.

Average Non-Performing Assets (Trailing 3 Years): N/A
Subindustry Median (Trailing 3 Years): 0.56%
Source: Morningstar, December 2021. All Rights Reserved.,
FactSet, December 2021. All Rights Reserved.

EA.F.7 - Financial Flexibility - Banking

0.00
Beta Signal

The company's loan-to-deposit ratio is unknown.

Average Loan to Deposit Ratio (Trailing 3 Years): N/A
Subindustry Median (Trailing 3 Years): 1.01
Source: Morningstar, January 2023. All Rights Reserved.,
Pitchbook, January 2023. All Rights Reserved.

EA.S.1 - Qualitative Overlay

0.00
Beta Signal

Answer category for neutral beta signal adjustment

Appendix



Exposure Details

EA.S.2 - Subindustry Correction Factor

0.00
Beta Signal

EA.S.3 - Exceptional Event Adjustment

0.00
Beta Signal

Appendix



Management Details

S.1.1 - Freedom of Association Policy

100	5.00%	5.0
Raw Score	Weight	Weighted Score

The company has a strong policy on freedom of association

In its Code of Conduct, Berlin Hyp reiterates its almost exclusive operation within Germany, and therefore ensures its employees' right to freedom of association.

Citations

Berlin Hyp Code of Conduct, released June 2023

S.1.2 - Discrimination Policy

100	15.00%	15.0
Raw Score	Weight	Weighted Score

The company has a strong policy

Criteria

- Commitment to ensure equal opportunity
- List of the types of discrimination the company is committed to eliminate
- Reference to the ILO conventions

Citations

Berlin Hyp Code of Conduct, released June 2023

Berlin Hyp Equal Opportunities Policy, released January 2023

S.1.3 - Diversity Programmes

75	22.50%	16.9
Raw Score	Weight	Weighted Score

The company has a strong programme

Criteria

- Diversity monitoring or audits
- Employee affinity groups, diversity councils, or networking groups
- Initiatives supporting a diverse workforce
- Initiatives to recruit from diverse talent
- Managerial or board level responsibility for diversity initiatives
- Mentorship programmes
- The company has a programme that applies to less than 50% of operations
- Training and guidance regarding diversity

Citations

Berlin Hyp Guidelines on Human Rights, Diversity and Inclusion, released March 2015

Berlin Hyp Management Report 2022 (FY2022) (Part 2)

Non-public documentation shared with Sustainalytics on 26 Mar 2024

The company provided feedback on 03 February 2023

S.1.3.1 - Gender Pay Equality Programme

75	10.00%	7.5
Raw Score	Weight	Weighted Score

The company has a strong programme

Criteria

- Commitment to gender pay equality
- Global gender pay gap audit or compensation review
- Initiatives to close the gender pay gap
- Monitoring and measurement
- Quantitative targets and deadlines

Citations

Berlin Hyp Management Report 2022 (FY2022) (Part 2)

The company provided feedback on 25 September 2020

S.1.3.2 - Gender Pay Disclosure

50	5.00%	2.5
Raw Score	Weight	Weighted Score

The company has adequate disclosure

Criteria

- Disclosure of ratio of basic salary and remuneration of women to men for specific employment categories (level or function)
- Disclosure of the company's global mean (average) raw gender pay gap
- Disclosure of the company's global median raw gender pay gap

Citations

S.1.4 - Collective Bargaining Agreements

50	5.00%	2.5
Raw Score	Weight	Weighted Score

25-50% of the company's employees are covered by collective bargaining agreements

Citations

Berlin Hyp GRI Content Index and TCFD Index, released April 2023

Appendix



Management Details

Non-public documentation shared with Sustainalytics on 29 Apr 2024

S.1.5 - Employee Turnover Rate

50	5.00%	2.5
Raw Score	Weight	Weighted Score

The company's employee turnover rate is average

Citations

Berlin Hyp Management Report 2022 (FY2022) (Part 2)

S.1.5.2 - Human Capital Development

100	27.50%	27.5
Raw Score	Weight	Weighted Score

The company has a very strong programme

Criteria

- Formal mechanisms to promote an open feedback culture
- Initiatives for talent development
- Initiatives for talent recruitment
- Initiatives for talent retention
- Quantitative targets related to human capital development
- Regular formal performance reviews for all permanent employees aligned with career development
- Reporting on human capital development metrics
- Reporting on human capital risk assessment

Citations

Berlin Hyp Corporate Website, Students, Graduates, Pupils, www.berlinhyp.de; accessed 22 March 2024

Berlin Hyp Management Report 2022 (FY2022) (Part 2)

Berlin Hyp Management Report 2022 (FY2022) (Part1)

S.1.6.1 - Employee Training

0	5.00%	0.0
Raw Score	Weight	Weighted Score

Employees receive less than 5 days of training annually

Citations

Berlin Hyp Management Report 2022 (FY2022) (Part 2)

Appendix

Exposure Details



Business Ethics

EA.E.2 - Accounting and Taxation

0.00
Beta Signal

No evidence of relevant controversies

EA.E.4 - Anti-Competitive Practices

0.00
Beta Signal

No evidence of relevant controversies

EA.E.6 - Bribery and Corruption

0.00
Beta Signal

No evidence of relevant controversies

EA.E.7 - Business Ethics

0.00
Beta Signal

No evidence of relevant controversies

EA.E.23 - Lobbying and Public Policy

0.00
Beta Signal

No evidence of relevant controversies

EA.E.30 - Sanctions

0.00
Beta Signal

No evidence of relevant controversies

EA.F.1 - Operating Performance

0.00
Beta Signal

The company's net income margin is unknown.

Average Net Income Margin (Trailing 3 Years): N/A
Subindustry Median (Trailing 3 Years): 31.73%
Source: Morningstar, January 2023. All Rights Reserved.,
Pitchbook, January 2023. All Rights Reserved.

EA.F.5 - Solvency - Banking

0.00
Beta Signal

The company's Tier 1 capital ratio is unknown.

Average Tier 1 Capital Ratio (Trailing 3 Years): N/A
Subindustry Median (Trailing 3 Years): 14.53%
Source: Morningstar, January 2023. All Rights Reserved.,
Pitchbook, January 2023. All Rights Reserved.

Appendix

 **Exposure Details**

EA.F.6 - Asset Performance - Banking

0.00
Beta Signal

The company's non-performing asset ratio is unknown.

Average Non-Performing Assets (Trailing 3 Years): N/A
Subindustry Median (Trailing 3 Years): 0.56%
Source: Morningstar, December 2021. All Rights Reserved.,
FactSet, December 2021. All Rights Reserved.

EA.F.7 - Financial Flexibility - Banking

0.00
Beta Signal

The company's loan-to-deposit ratio is unknown.

Average Loan to Deposit Ratio (Trailing 3 Years): N/A
Subindustry Median (Trailing 3 Years): 1.01
Source: Morningstar, January 2023. All Rights Reserved.,
Pitchbook, January 2023. All Rights Reserved.

EA.S.1 - Qualitative Overlay

0.00
Beta Signal

Answer category for neutral beta signal adjustment

EA.S.2 - Subindustry Correction Factor

0.00
Beta Signal

EA.S.3 - Exceptional Event Adjustment

0.00
Beta Signal

Appendix



Management Details

G.1.1 - Bribery & Corruption Policy

25	10.00%	2.5
Raw Score	Weight	Weighted Score

The company has a weak policy or a general statement addressing the issue

Criteria

- Definition and prohibition of facilitation payments
- Definition of bribery or corruption
- Definition of conflicts of interest and commitment to minimize these
- Guidelines of what is considered acceptable behaviour
- Prohibition of bribery
- There is no evidence of a formal policy but the company has a general statement addressing the issue

Citations

Berlin Hyp Code of Conduct, released June 2023
 Non-public documentation shared with Sustainalytics on 11 Sep 2023
 On Monday, April 8, 2024, Sustainalytics sent Berlin Hyp AG the Sustainalytics ESG Feedback Report

G.1.1.1 - Bribery & Corruption Programmes

75	15.00%	11.3
Raw Score	Weight	Weighted Score

The company has a strong programme

Criteria

- Annual signoff of the policy on bribery and corruption by employees
- Internal monitoring system to detect corruption
- Managerial responsibility for bribery and corruption
- Mechanisms for employees to consult on ethical issues
- Operating guidelines addressing record keeping, approval procedures and appropriate behaviour
- Regular bribery and corruption risk assessments
- Regular training on bribery and corruption

Citations

Berlin Hyp Management Report 2022 (FY2022) (Part 2)
 Berlin Hyp Management Report 2022 (FY2022) (Part1)

G.1.2 - Whistleblower Programmes

75	17.50%	13.1
Raw Score	Weight	Weighted Score

The company has a strong programme

Criteria

- An independent, reporting hotline available 24/7
- Available in local languages
- Available to suppliers, customers and other third parties
- Disclosure on the number of reports received, the types of misconduct and measures taken
- Non-retaliation policy
- Possibility for anonymous reporting and reports are treated confidentially
- Proactively communicated to employees
- Structures in place to process whistleblower reports

Citations

Berlin Hyp Corporate Website, Whistleblower System, www.berlinhyp.de; accessed 22 March 2024
 Berlin Hyp Management Report 2022 (FY2022) (Part 2)
 Non-public documentation shared with Sustainalytics on 06 May 2024
 The company provided feedback on 06 May 2024
 The company provided feedback on 25 September 2020

G.1.2.1 - Business Ethics Programme

100	22.50%	22.5
Raw Score	Weight	Weighted Score

The company has a very strong programme

Criteria

- Annual training of employees on the Code of Conduct
- Board responsibility for business ethics issues
- Commitment to address major business ethics risks
- Ethical risk assessments
- Incident investigation and corrective actions
- Managerial responsibility for business ethics
- Measures to deter non-compliance and reduce exposure to unethical opportunities
- Operating guidelines

Citations

Berlin Hyp Code of Conduct, released June 2023
 Berlin Hyp Management Report 2022 (FY2022) (Part 2)
 Berlin Hyp Management Report 2022 (FY2022) (Part1)
 Non-public documentation shared with Sustainalytics on 11 Sep 2023
 The company provided feedback on 03 February 2023

Appendix



Management Details

G.1.4.1 - Money Laundering Policy

50	10.00%	5.0
Raw Score	Weight	Weighted Score

The company has a policy on money laundering

Citations

Non-public documentation shared with Sustainalytics on 27 Aug 2021
 The company provided feedback on 25 September 2020

G.1.4.2 - Compliance Programme

100	15.00%	15.0
Raw Score	Weight	Weighted Score

The company has a very strong programme

Criteria

- Customer due diligence related to illegal activities before starting a relationship
- Enhanced customer due diligence for clients operating in high risk countries
- Incident investigation and corrective actions
- Managerial responsibility for compliance
- Monitoring existing business relationships
- Operating guidelines for reporting suspicious transactions
- Reporting of irregularities
- Training for employees on anti-money laundering and terrorist financing
- Training on avoiding tax evasion facilitation
- Training on international sanctions compliance

Citations

Berlin Hyp Code of Conduct, released June 2023
 Berlin Hyp Management Report 2022 (FY2022) (Part 2)
 Berlin Hyp Management Report 2022 (FY2022) (Part1)
 Non-public documentation shared with Sustainalytics on 27 Aug 2021
 The company provided feedback on 25 September 2020

G.3.1 - Political Involvement Policy

100	5.00%	5.0
Raw Score	Weight	Weighted Score

The company has a strong policy

Criteria

- Approved by senior management
- Commits the company to disclose political donations and/or lobbying expenditures
- Partially prohibits political involvement
- Prohibits political involvement of any kind on the company's behalf

Citations

Berlin Hyp Lobbying Guideline, released May 2021

G.3.2 - Lobbying and Political Expenses

100	5.00%	5.0
Raw Score	Weight	Weighted Score

The company states that it does not make political contributions or political spending

Citations

Berlin Hyp Lobbying Guideline, released May 2021
 LobbyFacts, www.lobbyfacts.eu; accessed 22 March 2024
 The Electoral Commission, www.electoralcommission.org ; accessed 22 March 2024

Appendix

Exposure Details

ESG Integration - Financials

EA.E.17 - Environmental Impact of Products

0.00
Beta Signal

No evidence of relevant controversies

EA.E.32 - Social Impact of Products

0.00
Beta Signal

No evidence of relevant controversies

EA.E.46 - Carbon Impact of Products

0.00
Beta Signal

No evidence of relevant controversies

EA.E.48 - Society - Human Rights

0.00
Beta Signal

No evidence of relevant controversies

EA.F.1 - Operating Performance

0.00
Beta Signal

The company's net income margin is unknown.

Average Net Income Margin (Trailing 3 Years): N/A
Subindustry Median (Trailing 3 Years): 31.73%
Source: Morningstar, January 2023. All Rights Reserved.,
Pitchbook, January 2023. All Rights Reserved.

EA.F.5 - Solvency - Banking

0.00
Beta Signal

The company's Tier 1 capital ratio is unknown.

Average Tier 1 Capital Ratio (Trailing 3 Years): N/A
Subindustry Median (Trailing 3 Years): 14.53%
Source: Morningstar, January 2023. All Rights Reserved.,
Pitchbook, January 2023. All Rights Reserved.

EA.F.6 - Asset Performance - Banking

0.00
Beta Signal

The company's non-performing asset ratio is unknown.

Average Non-Performing Assets (Trailing 3 Years): N/A
Subindustry Median (Trailing 3 Years): 0.56%
Source: Morningstar, December 2021. All Rights Reserved.,
FactSet, December 2021. All Rights Reserved.

EA.F.7 - Financial Flexibility - Banking

0.00
Beta Signal

The company's loan-to-deposit ratio is unknown.

Average Loan to Deposit Ratio (Trailing 3 Years): N/A
Subindustry Median (Trailing 3 Years): 1.01
Source: Morningstar, January 2023. All Rights Reserved.,
Pitchbook, January 2023. All Rights Reserved.

Appendix

 **Exposure Details**

EA.G.1 - Headquarters Location

- 0.02
Beta Signal

The location of the company's headquarters indicates slightly lower exposure to this issue.

Germany: Slightly lower exposure
Source: Sustainalytics Country Risk Rating, November 2023.

EA.G.3 - Sales Location

0.00
Beta Signal

The location of the company's sales is unknown.

EA.P.5 - Responsible Asset Portfolio

0.00
Beta Signal

Some assets under management can be categorized as "responsible investment" but their relative share is not disclosed

EA.S.1 - Qualitative Overlay

0.00
Beta Signal

Answer category for neutral beta signal adjustment

EA.S.2 - Subindustry Correction Factor

0.00
Beta Signal

EA.S.3 - Exceptional Event Adjustment

0.00
Beta Signal

Appendix



Management Details

E.3.1.15 - Sustainable Financial Initiatives

100	65.00%	65.0
Raw Score	Weight	Weighted Score

The company has a strong programme

Citations

Berlin Hyp AG Sustainable Finance Framework, released April 2022
 Berlin Hyp Updated Environmental Statement 2022 (FY2022)

S.4.2.3 - Financial Inclusion

50	35.00%	17.5
Raw Score	Weight	Weighted Score

The company has an adequate programme

Citations

Berlin Hyp Management Report 2022 (FY2022) (Part 2)

Appendix

Exposure Details



Product Governance

EA.E.1 - Access to Basic Services

0.00
Beta Signal

No evidence of relevant controversies

EA.E.24 - Marketing Practices

0.00
Beta Signal

No evidence of relevant controversies

EA.E.28 - Quality and Safety

0.00
Beta Signal

No evidence of relevant controversies

EA.F.1 - Operating Performance

0.00
Beta Signal

The company's net income margin is unknown.

Average Net Income Margin (Trailing 3 Years): N/A
Subindustry Median (Trailing 3 Years): 31.73%
Source: Morningstar, January 2023. All Rights Reserved.,
Pitchbook, January 2023. All Rights Reserved.

EA.F.5 - Solvency - Banking

0.00
Beta Signal

The company's Tier 1 capital ratio is unknown.

Average Tier 1 Capital Ratio (Trailing 3 Years): N/A
Subindustry Median (Trailing 3 Years): 14.53%
Source: Morningstar, January 2023. All Rights Reserved.,
Pitchbook, January 2023. All Rights Reserved.

EA.F.6 - Asset Performance - Banking

0.00
Beta Signal

The company's non-performing asset ratio is unknown.

Average Non-Performing Assets (Trailing 3 Years): N/A
Subindustry Median (Trailing 3 Years): 0.56%
Source: Morningstar, December 2021. All Rights Reserved.,
FactSet, December 2021. All Rights Reserved.

EA.F.7 - Financial Flexibility - Banking

0.00
Beta Signal

The company's loan-to-deposit ratio is unknown.

Average Loan to Deposit Ratio (Trailing 3 Years): N/A
Subindustry Median (Trailing 3 Years): 1.01
Source: Morningstar, January 2023. All Rights Reserved.,
Pitchbook, January 2023. All Rights Reserved.

EA.G.1 - Headquarters Location

- 0.02
Beta Signal

The location of the company's headquarters indicates slightly lower exposure to this issue.

Germany: Slightly lower exposure
Source: Sustainalytics Country Risk Rating, November 2023.

Appendix



Exposure Details

EA.G.3 - Sales Location

0.00
Beta Signal

The location of the company's sales is unknown.

EA.S.1 - Qualitative Overlay

0.00
Beta Signal

Answer category for neutral beta signal adjustment

EA.S.2 - Subindustry Correction Factor

0.00
Beta Signal

EA.S.3 - Exceptional Event Adjustment

0.00
Beta Signal

Appendix



Management Details

S.3.1.1 - Responsible Marketing Policy

100	35.00%	35.0
Raw Score	Weight	Weighted Score

The company has a strong and detailed policy statement

Citations

Berlin Hyp Guidelines for responsible behaviour towards customers, released May 2021

S.4.4.8 - Asset Quality

100	15.00%	15.0
Raw Score	Weight	Weighted Score

The company's non-performing asset level is low

Based on Berlin Hyp's FY2022 Annual Report, the share of non-performing loans in the total portfolio was 0.4 per cent, and thus remains at a low level.

Citations

Berlin Hyp Management Report 2022 (FY2022) (Part 2)

G.1.3.8 - Responsible Product Offering

100	50.00%	50.0
Raw Score	Weight	Weighted Score

The company has a very strong programme

Criteria

- Continuous monitoring of social impact and risks of current products and/or services
- Impact and risk assessment incorporated into product development
- Managerial responsibility for responsible product offering
- Mechanisms to receive and investigate complaints and implement corrective action
- Objectives to improve customer satisfaction
- Policy commitment on responsible products and services
- Provision to share risk information
- Regular training on responsible product offering and marketing
- Reporting on product and/or service quality

Citations

Berlin Hyp Compliant Handling Policy, released November 2020
 Berlin Hyp Guidelines for responsible behaviour towards customers, released May 2021
 Berlin Hyp Management Report 2022 (FY2022) (Part 2)
 Non-public documentation shared with Sustainalytics on 06 May 2024
 The company provided feedback on 06 May 2024

Berlin Hyp AG

Thriffs and Mortgages Germany

GLOSSARY OF TERMS

Attribute Date

Publication Date when there is any change to the ESG Risk Score, ESG Risk Category, Sub-Industry or Framework.

Beta (Beta, β)

A factor that assesses the degree to which a company's exposure deviates from its **subindustry's** exposure on a **material ESG issue**. It is used to derive a company-specific issue exposure score for a material ESG issue. It ranges from 0 to 10, with 0 indicating no exposure, 1 indicating the subindustry average, and 10 indicating exposure that is ten times the subindustry average.

Change in Value

Delta between current and previous ESG Risk Scores.

Change Trigger






Explains what triggered a company's score to change (e.g., methodology, event, annual update, partial update).

Corporate Governance Pillar

A pillar provides a signal about a company's management of a specific Corporate Governance issue.

ESG Risk Category

Companies' **ESG Risk Rating scores** are assigned to five ESG risk categories in the **ESG Risk Rating**:

	Negligible risk: enterprise value is considered to have a negligible risk of material financial impacts driven by ESG factors
	Low risk: enterprise value is considered to have a low risk of material financial impacts driven by ESG factors
	Medium risk: enterprise value is considered to have a medium risk of material financial impacts driven by ESG factors
	High risk: enterprise value is considered to have a high risk of material financial impacts driven by ESG factors
	Severe risk: enterprise value is considered to have a severe risk of material financial impacts driven by ESG factors

Note that because ESG risks materialize at an unknown time in the future and depend on a variety of unpredictable conditions, no predictions on financial or share price impacts, or on the time horizon of such impacts, are intended or implied by these risk categories.

ESG Risk Rating Score (Unmanaged Risk Score)

The company's final score in the **ESG Risk Rating**; it applies the concept of **risk decomposition** to derive the level of **unmanaged risk** for a company.

Event Category

Sustainalytics categorizes events that have resulted in negative ESG impacts into five event categories: Category 1 (low impact); Category 2 (moderate impact); Category 3 (significant impact); Category 4 (high impact); and Category 5 (severe impact).

Event Indicator

An indicator that provides a signal about a potential failure of management through involvement in controversies.

Event Update

An internal process where an update of an event assessment for a company is performed; the event update is typically done when news about the involvement of a company in a controversy is reaching a certain threshold that requires either an initial event assessment or an update of an existing event assessment.

Excess Exposure

The difference between the company's **exposure** and its **subindustry** exposure.

Exposure

A company or **subindustry's** sensitivity or vulnerability to ESG risks.

Full Update

An internal process where a full assessment of a company is performed; the full update is typically done on an annual basis for ESG Risk Ratings.

Idiosyncratic Issue

An issue that was not deemed material at the **subindustry** level during the **consultation process** but becomes a **material ESG issue** for a company based on the occurrence of a Category 4 or 5 event.

Manageable Risk

Material ESG risk that can be influenced and managed through suitable policies, programmes and initiatives.

Managed Risk

Material ESG Risk that has been managed by a company through suitable policies, programmes and initiatives.

Management

A company's handling of ESG risks.

Management Gap

Refers to the difference between what a company has managed and what a company could possibly manage. It indicates how far the company's performance is from best practice.

Management Indicator

An indicator that provides a signal about a company's management of an ESG issue through policies, programmes or quantitative performance.

Material ESG Issue

A core building block of the **ESG Risk Rating**. An ESG issue is considered to be material within the rating if it is likely to have a significant effect on the enterprise value of a typical company within a given **subindustry**.

Methodology Update

An internal process where the methodological architecture of a product is changed leading to changes in the rating/assessment of a company; methodological updates typically occur once within 3-5 years and are rolled out for all companies at once.

Partial Update

An internal process where data points that feed a rating/assessment of a company are updated outside of the full update process and limited in scope; the partial update is typically restricted to a limited number of data points and occurring periodically.

Berlin Hyp AG

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GLOSSARY OF TERMS

Subindustry

Subindustries are defined as part of Sustainalytics' own classification system.

Unmanageable Risk

Material ESG Risk inherent from the intrinsic nature of the products or services of a company and/or the nature of a company's business, which cannot be managed by the company if the company continues to offer the same type of products or services and remains in the same line of business.

Unmanaged Risk

Material ESG risk that has not been managed by a company, and includes two types of risk: **unmanageable risk**, as well as risks that could be managed by a company through suitable initiatives, but which may not yet be managed (**management gap**).

Value after Change

Current ESG Risk Score, ESG Risk Category, Sub-Industry or Framework.

Value before Change

Previous ESG Risk Score, ESG Risk Category, Sub-Industry or Framework.

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