

A partnership built on trust

Berlin Hyp



GRI Report 2021



1. First company worldwide to have issued a Sustainability Linked Bond (SLB)



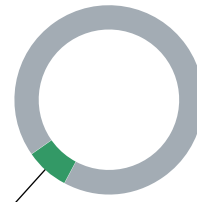
Positive contribution to 4 SDGs



27.0 %
of all financing of Berlin Hyp classified as green
(by the end of the financial year 2021)



28.8 %
proportion of women in management positions



7.6 %
reduction in the CO₂ intensity of the portfolio



1/3
Goal: 1/3 Green Building share in the portfolio by 2025

€4.5 billion
volume of Green Bonds (Pfandbriefe and Covered Bonds)

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Link to our website

You can print out the GRI report in A4 here.



The Global Reporting Initiative (GRI) was able to draw on the GRI Report 2021 of Berlin Hyp AG for implementation of the GRI Materiality Disclosures Service. The correct positioning of the “Materiality Disclosures” (102-40 – 102-49) in the report was confirmed by the GRI Services Team. The service was performed on the German version of the report. All the GRI Standards listed in the following GRI Report correspond to the standards (2016) of the Global Reporting Initiative supplemented by the new standards on Water and Effluents (303, 2018), Occupational Health and Safety (403, 2018), Tax (207, 2019) and Waste (306, 2020).

GRI Content Index

GRI 101 | Foundation 2016

GRI 102 | General Disclosures 2016



Organisational profile

GRI 102-1 | Name of the organisation

Berlin Hyp AG

GRI 102-2 | Activities, brands, products, and services

Berlin Hyp specialises in providing large-volume real estate financing for professional investors and housing societies. We excel at developing individual finance solutions in the commercial real estate sector. Our services include financing for office, logistics, retail and residential real estate, both as stand-alone projects and in portfolio form. In addition to typical mortgage loans, we offer sureties (avals), framework lines, interest hedge products and financing products for construction projects (construction enterprises and developers) as well as valuations.

In the second half year of 2021, our bank drove forward development by expanding our sustainability agenda and as part of that developed a powerful ESG (Environmental, Social, Governance) vision (→ [see section GRI 102-15 for further information](#)). This links up with the previous work carried out by the Bank and defines ambitious sustainability targets on topics like climate protection. We have defined the sustainable alignment of our business portfolio as the strongest lever for achieving these targets. Following on from this, Berlin Hyp published its new Sustainable Finance Framework on 7 April 2022. This created an overarching framework for providing a holistic classification of its sustainable financing products. Our Green Loan Portfolio currently comprises the Energy Efficiency Loan and the Taxonomy Loan. The Energy Efficiency Loan is secured by energy-efficient and environmentally friendly buildings, while the Taxonomy Loan provides financing for buildings or construction activities that meet the criteria of EU Taxonomy for environmentally sustainable business activities. For the time being, the Taxonomy Loan of Berlin Hyp is concentrating on the primary environmental goal of climate protection because this has been classified with the highest

relevance in relation to our own business activity. The list of criteria will be expanded to other environmental goals. Berlin Hyp is providing finance for refurbishment measures to save energy with a favourable interest rate through its Transformationskredit (transformation loans). This supports transformation of a building for both products (Transformation Loan and Energy Efficiency Loan). As an associate of the savings-bank (Sparkasse) sector and a centre of competence for its commercial real estate financing activities, Berlin Hyp provides the Sparkassen with customised value added, not only with our range of syndicated financing products and support with valuation and restructuring, but above all with products such as collateralised real-estate debentures (ImmoSchuldschein), ImmoAval and ImmoDigital portal solutions. Medium and long-term refinancing is obtained via the issue of covered and uncovered bank bonds, and in this context the mortgage bond (Hypothekendarlehen) is proving to be the most important refinancing instrument. Issuing Green Bonds for the refinancing of green financing instruments gives Berlin Hyp a further important sustainability link in its value chain. This building block for sustainability was expanded by a Sustainability Linked Bond (SLB) in 2021. This means that Berlin Hyp is the first bank worldwide to have linked its refinancing directly to its sustainability and climate targets.

For further information on Green Finance → [see Management approach GRI 103 Indirect Economic Impacts, page 28](#)

GRI 102-3 | Location of headquarters

Berlin, Germany



GRI 102-4 | Location of operations

In addition to its headquarters in Berlin, Berlin Hyp has five other operations in Düsseldorf, Frankfurt am Main, Hamburg, Munich and Stuttgart. Abroad, the Bank also has one office each in Amsterdam, Paris and Warsaw. We have financed properties in the following countries:

- Germany
- Belgium
- France
- Poland
- Netherlands
- Czech Republic

There were no material changes during the reporting year 2021.

GRI 102-5 | Ownership and legal form

Berlin Hyp is a wholly owned subsidiary of the German savings banks (Sparkassen) and other companies in the German Savings Bank Finance Group (Sparkassen-Finanzgruppe) through an acquiring company. It has been independent since 1 January 2015 and is a direct subsidiary of Landesbank Berlin Holding AG under company law (LBBH).

On 26 January 2022, Landesbank Berlin Holding AG as seller and sole shareholder of Berlin Hyp AG and Landesbank Baden-Württemberg (“LBBW”) as purchaser concluded a purchase contract for the sale of all shares of the seller in Berlin Hyp AG. After fulfilment of the conditions specified in the purchase contract, such as approval by the Annual General Meeting of Landesbank Berlin Holding AG, all the shares in Berlin Hyp AG will be transferred to LBBW. With the transfer of these shares, LBBW will become the sole shareholder of Berlin Hyp AG. Closing of the transaction is planned for summer of this year.

GRI 102-6 | Markets served

Berlin Hyp specialises in providing large-volume real estate financing in Europe and develops individual financing solutions for professional

investors and housing societies. As a partner of the German savings banks, it also gives these institutions a comprehensive range of products and services. Berlin Hyp refinances itself in the capital market. The Bank issues mortgage Pfandbriefe (Covered bonds) as well as senior unsecured and subordinated debt securities. The Bank is also playing a role in the market for sustainable capital investments with an increasingly large outstanding volume of Green Bonds. Since 2017, it has been the most active issuer of Green Bonds in the segment of commercial banks throughout Europe. → See GRI 102-2, page 5.

In April 2021, Berlin Hyp was also the world’s first bank to issue a Sustainability Linked Bond. This type of ESG bond is still young and the structure of the bond is based on the issuer achieving a strategic sustainability goal. In the case of Berlin Hyp, the final coupon of the bond increases if the Bank does not succeed in reducing the CO₂ intensity of its entire loan portfolio by 40% in comparison with the base year 2020 between 2020 and 2030.

Key market activities

in € m

	2021	2020	2019
Mortgage loans	25,624	23,864	21,774
Public-sector loans	417	418	522
Green Building financing	7,283	5,984	5,394
Green Bond issuances	6,028	5,178	4,000
Sustainability Linked Bond issuances	500	0	0

GRI 102-7 | Scale of the organisation

In 2021, Berlin Hyp AG generated an operating result after risk provisioning of € 234.4 million and had a balance sheet total of € 36.2 billion. Applicable equity capital amounted to € 1.8 billion on 31 December 2021. Please refer to the Annual Report for details regarding economic



development, the Group structure and the competitive position, → see Annual Report 2021 and GRI 102-4 and 102-6, page 6.

Key performance indicators

	2021	2020	2019
Operating result after risk provision-ing (in € m)	234.4	96.6	155.8
Balance sheet total (in € m)	36,210	33,423	27,021
Common equity tier 1 (CET1) (in € m)	1,562	1,387	1,324
CET1 ratio (in %)	14.3	13.4	13.3
Employees ¹	596	593	606

¹ without Board of Management

GRI 102-8 | Information on employees and other workers (UNGC: Principle 6)

Employees by region¹

	2021	2020	2019
Number of employees	596	593	606
of which in Berlin	536	553	562
of which in German branches	46	29	32
of which in Poland	4	4	4
of which in the Netherlands	6	4	4
of which in France	4	3	4

¹ without Board of Management

Employees by gender and employment type

	Women			Men		
	2021	2020	2019	2021	2020	2019
Number of employees	291	293	301	305	300	305
of which on fixed-term contracts ¹	16	17	15	25	21	19
Full-time	187	182	175	273	271	283
Part-time	104	111	126	32	29	22
Employees covered by collective wage agreements	121	131	136	79	75	76
Employees not covered by collective wage agreements	170	162	165	226	225	229

¹ incl. students on dual study programmes and trainees, interns and student workers



GRI 102-9 | Supply chain

In 2021, Berlin Hyp procured a total volume of approximately € 74.05 million gross (net in prior years). Purchase orders are essentially recorded on a decentralised basis and forwarded to suppliers through Central Purchasing. A newly signed appendix relating to sustainability was included for all suppliers with whom a new framework contract was concluded. The top 20 suppliers (procurement volume of € 50.70 million gross) have their registered office in Germany.

The key procurement volumes are as follows:

Key administrative expenditure in T €

	2021	2020	2019
IT expenses	42,905	18,927	15,142
Third-party services	11,739	16,454	18,963
Building and premises costs	8,354	7,261	5,182
Group charges	5,175	5,738	5,940
Business operating expenses	311	3,123	3,696
Personnel-related material costs	1,624	2,627	3,658
Advertising and marketing	1,401	1,566	2,221
Operating and business equipment	471	991	715
Total	71,980	56,687	55,517

GRI 102-10 | Significant changes to the organisation and its supply chain

There were no significant changes in the reporting year 2021.

Berlin Hyp has been planning and building a new corporate headquarters since 2020. All commissions are carried out through the standard commissioning and ordering processes. Owing to the deviating procurement contents from standard banking business, the key suppliers were expanded by architectural practices and construction companies.

GRI 102-11 | Precautionary principle or approach

Sustainability management has defined areas of action within the scope of a stakeholder dialogue process to describe key current and future challenges and to develop corresponding sustainable solutions. These areas of action are as follows:

- Profitable business model
- Responsible business policies
- Forward-looking customer relationships
- Binding trust
- Attractive employer

Berlin Hyp therefore has a robust foundation for avoiding risks to its business operations, or at least for managing them safely, while at the same time seizing opportunities for a forward-looking approach. Within the framework of the statutory legislation for Berlin Hyp, Compliance Management defines an individual Code of Conduct tailored to the relevant banks and other internal policies. Business activities, products or customer relationships are therefore rejected if they conflict with these requirements.

- Supervisory Board including its committees
- Board of Management
- Planning Committee supporting Board of Management meetings
- Early warning for credit/sales/risk support
- Market Evaluation Committee

Details on the responsibilities, skills and members are set out in the respective rules of procedure. Risk Controlling is the independent risk-monitoring unit that covers all types of risk. Each year, it suggests to the Board of Management which methods and models for identifying, measuring, aggregating and limiting risks should be used, taking into account the collected data. The division is also responsible for operational risk controlling. A country climate risk analysis is carried out every year, applying benchmarks such as the Notre Dame Global Adaptation Initiative (ND-GAIN), in order to identify and assess risks due



to climate change for the geographical markets of the projects financed by Berlin Hyp.

We cooperate together with a number of companies in the PropTech sector, e.g. CAALA GmbH and the software company right.based on science GmbH. The focus of the cooperation is on in-depth knowledge of the effect of climate models on our property financing and on deriving refurbishment potential to save energy for properties being financed.

To assess climate and environmental risks, Berlin Hyp temporarily added an ESG Risk Commission to its sustainability committees for the implementation of the ECB guidelines in 2020. During the course of 2021, this commission was transferred to the ESG central function Risk. It reports centrally to the Bank's ESG Board. The climate-related impacts on loan, market and operations risks thereby come under the responsibility of the Board Member responsible for risk. The identification, measurement, monitoring and control of these risks is delegated further to the specialist departments through the central function ESG Risk.

GRI 102-12 | External initiatives

Berlin Hyp endorses the following external charters, principles or initiatives relating to sustainability:

- Deutscher Nachhaltigkeitskodex (German Sustainability Code)
- Charta der Vielfalt (Charter of Diversity)
- Green Bond Principles of the International Capital Market Association
- The sustainability initiative of the Zentraler Immobilienausschuss (German Property Federation)
- EMF – ECBC: Initiative on Energy Efficient Mortgages, project Energy efficient Mortgages Action Plan (EeMAP)
- UN Global Compact

GRI 102-13 | Membership of associations

Berlin Hyp employees regularly contribute their experience and expertise to a range of institutions. In this way, Berlin Hyp also ensures that the company takes into account the industry's latest standards, includ-

ing sustainability standards. Among others, we are a member of the following industry and business associations:

- Appraisal Institute
- Arbeitgeberverband des privaten Bankgewerbes e.V. (Private Banking Industry's Employers' Association)
- Arbeitsgemeinschaft der Betriebsräte der Immobilien und Pfandbriefbanken (Working group of the works council of the real estate and Pfandbrief banks)
- BFW – Bundesverband Freier Immobilien und Wohnungsunternehmen e.V. (Association for Private Housing and Real Estate Companies)
- CBRE Financial Council
- Climate Bonds Initiative
- DGNB – Deutsche Gesellschaft für Nachhaltiges Bauen (German Sustainable Building Council)
- DSGV – Deutscher Sparkassen- und Giroverband e.V. (German Savings Bank Association)
- DV – Deutscher Verband für Wohnungswesen, Städtebau und Raumordnung e.V. (German Association for Housing, Urban and Spatial Development)
- DVFA – Deutsche Vereinigung für Finanzanalyse und Asset Management (German Association for Financial and Asset Management)
- ESG Circle of Real Estate (ECORE)
- GIF – Gesellschaft für Immobilienforschung e.V. (Society for Real Estate Research)
- HypZert – Real Estate Valuer for Mortgage Lending Valuation
- ICG Social Impact Investing Initiative
- Madaster Germany (online registry for materials and products)
- Pathway to Paris (partnership was ended in the first quarter of the financial year 2022)
- RICS – Royal Institution of Chartered Surveyors
- ULI – Urban Land Institute
- vdp – Verband deutscher Pfandbriefbanken e.V. (Association of German Pfandbrief Banks)



- VfU – Verein für Umweltmanagement und Nachhaltigkeit in Finanzinstituten e.V. (Association for Environmental Management and Sustainability in Financial Institutions)
- ZIA – Zentraler Immobilien Ausschuss e.V. (German Property Federation)

We also attend the sustainability conferences of various working groups and committees of the aforementioned industry and business associations. In particular, these include the following:

- ZIA Energy and Building Technology Committee
- ZIA Corporate Social Responsibility Working Group
- ZIA Sustainable Finance Working Group
- Working Group for Sustainability of the VfU Forum
- DSGVO Sustainability Working Group
- Working Group for the Basic Project Taxonomy & Reporting of the DSGVO
- Working Group for Sustainability in the ZIA Value and Supply Chain

Strategy

GRI 102-14 | Statement from senior decision-maker

In 2021, Berlin Hyp was once again operating in a challenging market environment. The ongoing pandemic and the resulting restrictions and burdens have exerted a significant impact on our work. As we continue to drive digitalisation forward, we were able to continue to offer our employees, customers and business partners outstanding convenience in this financial year and adapt our business operations to the circumstances.

Even though the pandemic was the primary focus in many areas, awareness for the issue of sustainability has steadily advanced within society. Living and doing business in an environmentally and socially sustainable way is the global challenge of our time. We can only find solutions by working together as a society. Following the adoption of the delegated regulation for EU Taxonomy 2020, sustainable, responsible action and management are also reflected in regulatory developments. This is the first time that an EU-wide uniform regulatory framework for climate friendly and environmentally compatible activities and investments has been created.

Over a period of many years, sustainability has been a key aspect of our actions at Berlin Hyp and it is therefore already firmly embedded in our corporate values and our company strategy. We therefore believe that it is important to make a contribution to the fulfilment of the environmental goals of the EU Taxonomy in the context of the economic activity “Construction and real estate”. Our reportable share of taxonomy-eligible assets for the first environmental goal “Climate protection” and for the second environmental goal “Adaptation to climate change” is 13 % in the first reporting year while the share calculated under voluntary disclosures is 70 %.



In 2021, Berlin Hyp expanded its sustainability agenda for the ongoing development of the Bank and its portfolio. The bank also presented an ambitious ESG vision based on this in the public domain. The objective is for the in-house business operation of Berlin Hyp to be entirely climate neutral at the latest by 2025. As an interim goal on the journey to complete climate neutrality, the carbon footprint of the mortgage bank is projected to fall by 40 % by the year 2030, compared with the base year 2020. Over the course of this financial year, Berlin Hyp has already succeeded in making a substantial contribution to its defined sustainability goals and has reduced the CO₂ intensity of the portfolio by 7.6 %. This means that we have exceeded our forecast goal for the financial year 2021. Furthermore, 27 % of all finance provided by Berlin Hyp was already classified as green by the end of the financial year 2021. We want to increase this share to 33 % by 2025 at the latest.

We were also able to set new accents with our emissions. We became the world's first bank to successfully place a Sustainability Linked Bond in the market. This linked our sustainability and climate targets directly to our refinancing. Since Berlin Hyp has already issued the first Green Pfandbrief, it is therefore once again a pioneer at the forefront in the area of Green Finance.

Furthermore, Berlin Hyp published its new Sustainable Finance Framework on 7 April 2022 and this aligns its Green Loan Portfolio with the Bank's sustainability claim and regulatory standards. The framework allows us to link green lending directly with our sustainability strategy and cover material ESG topics within the industry. The Green Loan Portfolio includes two products for financing real estate: the "Energy Efficiency Loan" and the "Taxonomy Loan". In order to achieve the climate targets in the building sector, it is not sufficient to build new buildings to the most sustainable standards – existing buildings must be transformed sustainably. The two finance products can therefore each be structured as a Transformationskredit (transformation loan) for financing refurbishment measures to save energy in existing buildings. Our aim in future is to gradually increase the proportion of taxonomy-aligned loans within our Green Loan Portfolio.

We are aiming to continue expanding our position as a pioneer in sustainable loans and corresponding refinancing solutions. We have a holistic interpretation of sustainability, and alongside environmental elements we also include social components within its remit. For many years, rising rental prices have been causing a double burden for lower-income groups. Engaging with social aspects in real estate financing on the product side is therefore an important issue. At Berlin Hyp, we have been dealing with corresponding asset and liability products for some time and were able to expand our refinancing instruments to include the social bond in the 2022 financial year. We were able to achieve record demand from our investors with the issue of our first Social Pfandbrief (bond). We are proud that Berlin Hyp is consequently the first bank in Europe to be active in all three ESG dimensions while fulfilling the relevant ICMA standards.

The current year looks set to be no less challenging than the previous year. Market conditions have deteriorated for the real estate sector. This is not only due to the significant increase in geopolitical risks, but also due to the fact that sharply rising inflation rates mean higher construction costs coupled with significantly increasing capital market interest rates. The competitive environment remains intense but at least a temporary flattening of the pandemic gives cause for optimism. At Berlin Hyp, we are aggressively tackling these challenges, especially with respect to social and climate change.

It is our ongoing goal to be the innovation driver for ESG among banks for the real estate industry with an equivalent product range. We perceive the challenges of climate change as an opportunity to make a significant contribution to the decarbonisation of the sector together with the real estate industry. We are adapting to the constantly changing market conditions and continuously aligning our frameworks accordingly. We regard ESG holistically at Berlin Hyp and we actively support change in a joined-up approach with our employees.

We published our areas of action and results for the year under review in the non-financial statement 2021. You will find the report integrated as part of the management report in our Annual Report 2021. This GRI Report is intended to give you an even more detailed overview of Berlin Hyp's values, goals, economic and social action, and sustainability management. We are also dedicated to the ten principles of the UN Global Compact and the 17 Sustainable Development Goals (SDGs) out of conviction and with great commitment. Our signature on this document represents our commitment to actively promoting and helping to shape the vision of an inclusive and sustainable economy for the benefit of all people, communities and markets, today and in the future. This GRI Report is also intended as a Communication of Progress (COP) and represents our efforts to implement the ten principles.

I hope you will find the report informative and an interesting read. Stay healthy and safe!

Yours,
Sascha Klaus
Chair of Berlin Hyp's Board of Management



We were able to achieve record demand from our investors with the issue of our first Social Pfandbrief (bond). We are proud that Berlin Hyp is consequently the first bank in Europe to be active in all three ESG dimensions while fulfilling the relevant ICMA standards.”



GRI 102-15 | Key impacts, risks, and opportunities

To be economically successful in the long term, we also act in accordance with economic, environmental and social aspects. Our objective is to assume responsibility to owners, customers, employees, competitors and society that goes beyond the legal requirements. We support the important contribution made by the real estate industry to economic and social prosperity through our business activities. The infrastructure developed, realised and maintained creates fundamental and sound values for our economy and is the basis for commercial activity and the housing industry. By financing real estate, particularly Green Buildings, Berlin Hyp makes an important contribution to enhanced and productive infrastructure in Germany and its neighbouring European countries. In doing so, we also contribute to fulfilling the UN Sustainable Development Goal – SDG for short – 11 (“Sustainable Cities and Communities”) and UN SDG 13 (“Climate Action”).

We interpret green properties as those characterised by their particular energy efficiency – especially against the background of scarce resources, rising energy costs and regulatory requirements. We refer to our → **Green Bond Framework** for the current Green Building Suitability Criteria. Due to the long useful life of real estate, it is in the explicit interest of Berlin Hyp for its clients to build or acquire and operate properties whose long-term value is ensured through professional consideration of environmental, economic and social criteria. When it comes to real estate financing, Berlin Hyp integrates compliance of its customers with statutory regulations relating to construction, environment, planning and nature conservation into its decision-making processes.

Berlin Hyp has therefore expanded its sustainability agenda for the ongoing development of the Bank and its portfolio. On 11 October 2021, Berlin Hyp presented its ambitious ESG vision based on this agenda in the public domain. The individual elements of the vision are divided into four dimensions: sustainable business operations, sustainable business

portfolio, transparency and ESG capabilities, and ESG risk management (→ see chart on page 15).

We have anchored ESG risks in our Risk Management Framework and integrate them systematically in the risk strategy and risk management processes. We cover financial and non-financial risks within this framework. We measure and control ESG risks that are classified as material at portfolio level. Over the medium term, we plan to use screening of borrowers for ESG factors to quantify ESG risks at individual loan level and integrate them into our lending decisions. Our short-term focus is on climate risks and we will gradually expand this focus. We are developing quantitative scenario analyses and stress-test methods for ESG risks and we are systematically integrating these into risk control.

In the first half of 2022, we successfully participated in the thematic overview of climate and environmental risks initiated by the European banking supervisory authority. We have been able to achieve good progress here in integration and control of ESG risks in risk management. In its initial report, the assessment of the supervisory authority is that our methods and practices are appropriate in scope and implementation, and effective in application. The preliminary feedback is rated “adequate”. We are satisfied with the result achieved.

Data availability is currently a major challenge for all market players – we already use internal and external data sources for this purpose and constantly review them with the aim of gradually expanding our ESG risk data for risk management. Furthermore, following the adoption of its far-reaching sustainability agenda, Berlin Hyp has launched a new financing product for reducing ESG risks. Berlin Hyp intends to use the Transformationskredit (transformation loan) to support the transformation, for example by financing refurbishment measures to save energy. Moreover, Berlin Hyp has excluded business activities in relation to certain critical sectors. For example, we are not financing the construction or operation of facilities directly connected to production of weapons,



pesticides, tobacco, pornography, nuclear power, coal, oil and fossil fuel. In addition, financing of buildings associated with acts such as violation of labour law or human rights are excluded. Our industry exclusions are regularly updated for our business operations in order to meet new requirements.

Environmental protection is an important consideration for Berlin Hyp. As a real estate financier, we exert an indirect impact on the environmental and social factors of the properties we finance in the interests of sustainability. Our new ESG target therefore defines ambitious goals for sustainability in business operations and for a sustainable business portfolio. This target therefore aims for in-house operations of Berlin Hyp to be completely climate neutral at the latest by 2025. As an interim goal on the journey to complete climate neutrality, the carbon footprint of the loan portfolio is projected to fall by 40 %, compared with the base year 2020, by 2030. Berlin Hyp also intends to increase the share of Green Buildings in the overall portfolio to one third within the coming four years, expand its offering of finance for more energy-efficient properties and intensify corresponding advisory services for customers.

The overall success of our efforts is validated with external sustainability ratings which review the activities of Berlin Hyp critically on a continuous basis. We transparently disclose the results of progress in achieving our sustainability goals within reporting. Already in 2021, we were able to achieve a reduction in the CO₂ intensity of our portfolio by 7.6 %. This was verified by the Second-Party Opinion of Sustainalytics. It means that we have achieved 50 % of our milestone of achieving a 14 % reduction in the CO₂ intensity of the entire portfolio by 2025 and far exceeded our target for 2021. What's more, a total of 27 % of all finance of Berlin Hyp was classified as green at 31 December 2021 and this was verified by the Second Party Opinion ISS ESG.

In addition, we want to focus more on the “S” in ESG in future as part of the expansion of our sustainability agenda. In the area of Social, the topic of affordable living space is a growing challenge for our society. The funds for the corresponding “Projects” (assets) can be raised by bonds with special bond conditions. At Berlin Hyp, we want to help on this front with a social bond, address the ICMA Social Bond category “Affordable Housing” and contribute to fulfilment of UN SDG 1 (No Poverty), UN SDG 10 (Reduce Inequalities) and SDG 11 (Sustainable Cities and Communities). In future, we would therefore be able to make a contribution to four out of 17 SDGs.



ESG targets: Dimensions and ambitions





Ethics and integrity

GRI 102-16 | Values, principles, standards, and norms of behaviour (UNGC: Principle 10)

SDG 16

In its efforts to make its business operations sustainable, Berlin Hyp goes beyond simply complying with applicable laws and external regulations. The main guidelines for our actions are the United Nations (UN) Sustainable Development Goals (SDGs), with SDG 11 (Sustainable Cities and Communities) and SDG 13 (Climate Action) being of particular importance to us. It also makes voluntary commitments, for example to the UN Global Compact, and has introduced various internal policies that provide the employees of our company with clear guidance on how to conduct themselves. These include the following:

- → **Guideline on sustainable real estate financing**
- Guideline on Equality: Equal Opportunities Policy
- Environmental management system guideline
- Annex to the framework contract on sustainability for suppliers and service providers
- → **Guideline on stakeholder communication**
- → **Sustainability in Berlin Hyp's Securities Account A**
- → **Lobbying guideline**
- Guideline on handling tax requirements
- → **Code of Conduct**
- Guideline on social and environmental product responsibility
- Guideline on responsible conduct towards customers in financial difficulties
- → **Guideline on responsible conduct towards customers**
- → **Corporate citizenship guideline**

In addition, our Code of Conduct sets out values, principles and methods that characterise the business activity of Berlin Hyp as an important commercial real estate financier in Germany and selected core markets in Europe. It includes the commitment of all Berlin Hyp employees towards our customers, sales partners, service providers and other

market participants to act fairly, ethically and in accordance with the law. Together with our sustainability mission statement, the Code of Conduct serves to secure and increase the corporate value.

Governance

GRI 102-18 | Governance structure

Berlin Hyp is managed by a Board of Management with overall responsibility. In the reporting year 2021, it was comprised as follows:

- Sascha Klaus (Chair)
- Alexander Stuwe
- Maria Teresa Dreö-Tempsch (since May 2021)

On 1 September 2020, Sascha Klaus took over as Chair of the ESG Board. Representatives from the various divisions of the Bank meet regularly on the ESG Board to discuss all the company's ESG topics, manage and drive forward the ESG issue. Decision-making documents for the Board of Management and discussion papers for the Management Committee are drawn up there. In addition, the Supervisory Board monitors Berlin Hyp's climate strategy on an annual basis, while the Board of Management presents the company's overall strategy to the Supervisory Board and is responsible for its implementation. The Board of Management also has decision-making authority for key implementations. This ensures that the topic of ESG is securely anchored at the highest level within Berlin Hyp.

GRI 102-35 | Remuneration policies

Berlin Hyp is subject to the regulatory requirements of the Institutsvergütungsverordnung (Institute Remuneration Ordinance). The remuneration systems for the Board of Management, employees covered by collective wage agreements and employees not covered by such agreements differs between fixed and variable remuneration. The variable remuneration is intended to reward sustainable and risk-adjusted performance which extends beyond fulfilment of obligations incumbent



under a contract of employment. A prerequisite for granting variable remuneration is Berlin Hyp achieving a sustainable, overall positive result. Alongside the quantitative measurement of success, a qualitative evaluation of the overall success of the financial year under review is carried out. Since the financial year 2020, achievement of the sustainability goals “proportion of Green Building” and “achievement of components for DGNB certification for demolition and newbuild B-One” are included in the qualitative assessment. In 2021, the sustainability goal of a 24 % proportion of Green Building was exceeded with a share of 27 %. Berlin Hyp very successfully concluded pre-certifications for DGNB certification in 2021.

The remuneration policy is reviewed at regular intervals by the Supervisory Board, supported by the Remuneration Control Committee. The members of the Supervisory Board receive a fixed remuneration for their work; this amount is stipulated in the Articles of Association. No variable remuneration is paid. The remuneration of the highest-level controlling body is not linked to performance criteria with respect to social, economic or environmental topics.

The variable remuneration component for members of the Board of Management, employees not covered by collective wage agreements (including executive managers) and employees covered by collective wage agreements is determined on the basis of attainment of agreed targets (individual target agreement), taking into consideration both quantitative and qualitative remuneration parameters that are consistent with the strategies and support the attainment of the strategic targets. The underlying topics focus on economic, social and environmental considerations. The individual target agreements for variable remuneration of the Members of the Board of Management defined by the Supervisory Board each year also promote sustainable development of Berlin Hyp. For the financial year 2021, the Supervisory Board has continued to safeguard and progress the successes related to development into a sustainable company and employer, in particular as a green real estate financier and issuer of green bonds, as an ESG goal. The goals

defined here for the Green Building portfolio and CO₂ transparency and for maintaining or improving the ratings were complied with here in full and were even exceeded.

Since 2018, the Supervisory Board Guideline relating to remuneration of the Members of the Board of Management has included a claw-back clause for variable remuneration in accordance with the requirements of the Remuneration Ordinance for Institutions. This was also included in the remuneration systems for employees covered by collective wage agreements and for those not covered by collective wage agreements. Already at the beginning of 2019, an agreement was concluded for a Committee of Spokespersons and a Works Committee in order to provide uniform implementation for the requirements of the regulator throughout the company. For further details on the remuneration policy, e.g. principles for performance and retention periods, including the requirements for complete loss or partial reduction of variable remuneration, → see [Disclosure Report as at 31 December 2021, from page 89](#). In Version 1.0, no details are given on variable remuneration for the financial year 2021 because this had not been granted on the date of publication. For details of payments made to members of governance bodies, → see [Annual Report 2021, page 114](#).

GRI 102-38 | Annual total compensation ratio

In 2021, the median of the compensation for employees including members of the Board of Management without the highest remuneration at all locations was € 78,811.27 (2020: € 76,362.78, 2019: € 78,745.61). This figure includes part-time capacities and entries and exits during the year that were not converted to full-time equivalents or year-round values. In 2021, the maximum annual remuneration including fixed and variable components was 10.1 times above the median of remuneration for all employees (2020: 9.9 times, 2019: 9.1 times).



Stakeholder engagement

GRI 102-40 | List of stakeholder groups

We maintain regular dialogue with our key stakeholders: customers and employees, policymakers, administrative bodies, the public and media, environmental and social organisations, suppliers and unions, business partners and competitors, as well as capital market representatives.

GRI 102-41 | Collective bargaining agreements (UNGC: Principle 3) SDG 8

On 31 December 2021, 33.6 % of the employees were employed on the basis of a collective bargaining agreement (2020: 34.7 %, 2019*: 35 %). The higher proportion of employees working on non-tariff contracts on a sector comparison can be specifically justified by the fact that Berlin Hyp is a specialist bank in which expertise is primarily associated with higher levels of classification.

* The year-earlier value published in the GRI Report 2019 was corrected.

GRI 102-42 | Identifying and selecting stakeholders

Stakeholders who are directly or indirectly affected by Berlin Hyp's business activities and whose opinions and actions directly or indirectly impact Berlin Hyp's business activities are of particular relevance for Berlin Hyp. The Sustainability Management team reviews stakeholders' relevance assessments at least once a year.

GRI 102-43 | Approach to stakeholder engagement

We employ established discussion formats to engage with various social groups important to us in order to identify our stakeholders' sustainability perceptions and requirements early on and to respond appropriately and swiftly. Dialogue with stakeholder groups is itself an integral part of daily business processes.

In addition, Berlin Hyp uses the following formats:

- Customer satisfaction analyses
- Customer events
- Customer complaints management
- Dialogue events between the Board of Management and all employees
- Employee satisfaction analyses
- Employee Sustainability Day
- Staff meetings
- Dialogue with the Works Council within the scope of the statutory consultation and notification obligations
- Informal discussions and deliberations with management personnel
- Investor roadshows
- Work performed by bodies and associations
- Round-table discussions with representatives of the sector
- Regular exchange with the rating and sustainability agencies
- ESG Board

In autumn 2021, we also used a browser-based online survey to ask our stakeholders to provide an assessment of our key sustainability topics. The participants were drawn from the following stakeholder groups:

- Employees
- Investors/customers
- Capital market/analysts
- Owners
- Media
- Academia
- Environmental protection and social associations
- Other



GRI 102-44 | Key topics and concerns raised

All stakeholders of Berlin Hyp are particularly concerned about dedicated commitment to conduct in accordance with statutory regulations and regulatory principles. Our customers, owners, and employees and society expect the business model to be profitable and business operations to be responsibly managed. The material focuses defined by the Materiality Analysis have not shifted compared with 2018. As a reflection of the coronavirus pandemic, the topic of wellbeing with all its various manifestations has been foregrounded more strongly for our employees, associated with the important topic of individual development opportunities. The classic anti-corruption battle has now been expanded in conceptual terms within the scope of compliance or rule-compliant behaviour in business operations. The focus for our customers continues to be on customer relationship management, combined with the expectation of the Bank to comprehensively fulfil its social responsibility. The forward-looking approach is also reflected in the key issues for our customers of powerful innovation, and activities in the areas of Green Bonds and digitalisation.

Reporting practice

GRI 102-45 | Entities included in the consolidated financial statements

Berlin Hyp holds 100 % of the capital and voting rights in Berlin Hyp Immobilien GmbH. Pursuant to Section 296 (2) German Commercial Code (HGB), Berlin Hyp Immobilien GmbH is of subordinate importance for Berlin Hyp. The company has no other investments in companies that would require the preparation of consolidated financial statements.

As a result, Berlin Hyp is not required to prepare consolidated financial statements. For details, see the list of shareholdings pursuant to Section 285 Nos. 11 and 11a HGB in the notes to the respective annual financial statements.

GRI 102-46 | Defining report content and topic Boundaries

Berlin Hyp generally conducts a stakeholder survey every two years in order to gauge the opinions of our stakeholder groups. In view of the exceptional situation of the coronavirus pandemic, which persisted throughout the financial year, a direct stakeholder survey was postponed until 2021. The materiality analysis and stakeholder survey were then carried out as an online survey of external stakeholders and two internal workshops were held. On the one hand, it verified the extent to which the business activities of Berlin Hyp have a significant impact on the individual sustainability aspects. On the other hand, the survey examined whether the sustainability aspects were relevant to the understanding of business development, the results and Berlin Hyp's position.

Our stakeholder groups placed the focus on employee concerns – particularly in light of the coronavirus pandemic. The term wellbeing in particular was frequently mentioned. This relates to physical and mental health as well as to more complex factors such as satisfaction and opportunities to voice opinions. Furthermore, the prevention of corruption and anti-competitive behaviour, and compliance with burgeoning legal requirements arising through the products and services of Berlin Hyp is a key factor for success in our business development. In the area of



social issues, long-term customer relationship management geared towards fairness and transparency is important, as is the involvement of social criteria in investment management.

The second step related to subjecting the results to an evaluation in co-operation with the management. Firstly, we carried out a review in order to assess the extent to which the business activity of Berlin Hyp exerted a significant impact on individual aspects of sustainability. An investigation was also carried out into whether sustainability aspects were relevant for the understanding of the business development, the results and Berlin Hyp's position. In the third step, the topics determined as material were allocated to the individual topic-specific standards. The disclosures under GRI 102-47 list all the topic-specific standards that were identified as relevant for reporting.

GRI 102-47 | List of material topics

	Material topics	Topic-specific standards
Employee-related	Promoting an open and fair working environment	GRI 402: Labour/Management Relations GRI 403: Occupational Health and Safety GRI 404: Training and Education GRI 406: Non-discrimination
	Fair remuneration policy, adequacy of commissions and bonuses	GRI 401: Employment GRI 405: Diversity and Equal Opportunity GRI 407: Freedom of Association and Collective Bargaining
	Wellbeing and development opportunities	
Social issues	Customer Relationship Management (responsible lending)	
	Consideration of social criteria when selecting financing projects	
	Consideration of social criteria when issuing bonds	
	Provision of safe/stable financial products	GRI 201: Economic Performance GRI 203: Indirect Economic Impacts GRI 417: Marketing and Labelling



	Material topics	Topic-specific standards
Anti-corruption	Prevention of corruption and anti-competitive behaviour Tax honesty Compliance	GRI 205: Anti-corruption GRI 206: Anti-competitive Behaviour GRI 207: Tax
Data protection		
Environmental matters	Consideration of environmental criteria for financing Consideration of environmental criteria when issuing bonds Reduction of environmental impacts at our own locations	GRI 307: Environmental Compliance GRI 201: Economic Performance
Human rights	Human rights duty of care and consideration of social criteria when selecting financing projects	GRI 201: Economic Performance GRI 412: Human Rights Assessment GRI 419: Socioeconomic Compliance GRI 414: Supplier Social Assessment
Other	Responsible design of the digitalisation processes Social responsibility	GRI 418: Customer Privacy

In order to comply with the transparency requirements of relevant ratings, we are also reporting on the following topic-specific standards:

- GRI 301: Materials
- GRI 302: Energy
- GRI 303: Water and Effluents
- GRI 305: Emissions
- GRI 306: Waste
- GRI 413: Local Communities
- GRI 415: Public Policy

GRI 102-48 | Restatements of information

Any necessary restatements of information provided in the 2020 GRI Report are noted as footnotes in the running text or tables.

GRI 102-49 | Changes in reporting

The limits of the report are unchanged.

GRI 102-50 | Reporting period

1 January 2021 – 31 December 2021

GRI 102-51 | Date of most recent report

1 January 2020 – 31 December 2020

GRI 102-52 | Reporting cycle

The GRI report has been published annually since 2013.



GRI 102-53 | Contact point for questions regarding the report

Berlin Hyp AG
Sustainability Management
Dirk Bartsch
Corneliusstr. 7
10787 Berlin
Germany
Email: dirk.bartsch@berlinhyp.de

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

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

GRI 102-55 | GRI content index

This GRI Report has been prepared in the form of a table.

GRI 102-56 | External assurance

The consumption data, the method of collecting data, CO₂ emissions from the operational ecology as well as our environmental management are verified externally by GUT Zertifizierungsgesellschaft für Managementsysteme mbH, Berlin, Germany, as part of the external validation of environmental statements pursuant to EMAS. The economic key indicators, where these are audited as part of the annual financial statements, are verified by Berlin Hyp's auditor.



Material topic Economy



Economy

The overarching goal of Berlin Hyp is sustainable and long-term success for the company – in the interests of our customers, our employees and society. We strive to achieve this result by concentrating on our core activities, aligning our offerings for our customers continually to the marketplace and where possible expanding them. The following section of the GRI Report primarily presents you with in-depth information on Berlin Hyp's economic performance and business activities, income and expenses. We address the opportunities and risks of our business – also against the background of climate change – and we explain how we will be able to make best use of them for our business and take account of them in our company structures. Furthermore, the handling of investments and projects is outlined, along with different approaches, and other considerations are listed primarily with reference to sustainable investments. An explanation is given of how Berlin Hyp deals with these issues and which aspects are to be more firmly anchored within the corporate strategy in future.

Furthermore, an insight is given into application of our values, principles and methods in our corporate environment, and their requirements are elucidated.

GRI 201: Economic Performance 2016

GRI 103 | Management approach 2016 (including 103-1, 103-2, 103-3)

As a financial institution with some 150 years of experience in the real estate lending business, Berlin Hyp knows all about long-term and sustainable growth. We have resolved to strengthen our position as one of the leading commercial and real estate financiers with the most stable earnings in Germany. For us, this means participating in numerous major real estate transactions in Germany, alone or within the syndicate, and maintaining a stable customer base thanks to the quality, speed and reliability of our customer service and loan processing. We aim to strengthen our significance as a partner and have therefore set up a decentralised sales structure which has been aligned with the needs of the savings banks. Berlin Hyp's business policies are managed on the basis of an annual strategy and planning process in compliance with regulatory requirements and the risk strategy approved by the Board of Management. In particular, the financial statements, budgets, financial and risk reports prepared in accordance with German commercial law and regulatory requirements, as well as the liquidity and new business plans, are the Bank's central management tools. Potential deviations and their causes are analysed on the basis of budget/actual comparisons.

In addition to financial performance indicators, this is achieved using various non-financial performance indicators that also take into account sustainability aspects:

- Market: new customer recruitment, target portfolio and S-Group business
- Employees: employee structure, motivation, management and development
- Sustainability: green emissions, green financing, sustainability rating and compliance



Projects and granted loans are regularly checked as part of our risk management. For further information, → see [Annual Report 2021, from page 17](#).

Our conduct towards customers with payment difficulties is based on the 18 Principles of the European Banking Authority set out in its opinion paper: "Good Practices for the Treatment of Borrowers in Mortgage Payment Difficulties". This means that customers with potential payment difficulties are identified by an early-warning monitoring system and contacted by specially trained staff. They are then provided with selected information sources and allowed to submit their own payment concept.

GRI 201-1 | Direct economic value generated and distributed SDG 8, 9

Net cash from Berlin Hyp's operating activities is mainly derived from interest and commission income, which amounted to € 526.5 million in 2021. This amount was offset by interest and commission expenses of € 95.1 million. Berlin Hyp incurred operating costs, in the stricter sense, primarily from administrative expenditure of € 184.3 million, which includes staff expenditure of € 91.0 million. Other administrative expenditure amounted to € 84.4 million. This item also includes the expenditure of the annual contribution to the European Bank levy (€ 16.4 million), which serves to establish a Single Resolution Fund (SRF) within the EU's banking union.

The other operating result (€ -7.8 million) was mainly accounted for by interest components from compounding, in particular from pension provisions. The operating result before risk provisioning amounted to € 239.3 million. During the reporting year, a risk provision of € 17.4 million was formed, netted in respect of our lending business. The valuation result for the securities in the liquidity reserve showed a gain of € 12.5 million.

On balance, this resulted in a net gain for risk provisions of € 4.9 million. The operating result after risk provisions came to € 234.4 million. In spite of the formation of provision reserves to boost our regulatory capital amounting to € 187 million, through a further allocation to the fund for general banking risks in accordance with section 340g of the German Commercial Code (HGB), we were able to transfer a profit of € 50.4 million to our parent company (Landesbank Berlin Holding AG, Berlin), with whom we have a tax unity for sales tax and income tax purposes. Accordingly, for fiscal 2021, income-tax expenses of T€ 409 as well as other tax expenses of T€ 168 remained in the profit and loss account of the separate financial institution Berlin Hyp AG. No significant tax payments are incurred in the individual regions because we are part of Landesbank Berlin Holding and there is consequently a profit transfer agreement in place. In the year under review, Berlin Hyp donated some T€ 243 to various not-for-profit organisations in Berlin.

GRI 201-2 | Financial implications and other risks and opportunities due to climate change SDG 13

Berlin Hyp is currently integrating the ESG risk into the existing risk management system and its processes in order to be in a position to record all risks and opportunities and systematically manage them. The objective is to provide equal coverage for financial risks and non-financial risks. This integration is geared to the objective of making Berlin Hyp the most modern real estate financier in Germany with an explicit sustainability claim. As such, sustainability means not only reducing one's own carbon footprint, but above all promoting, simplifying and financing the transition to a more sustainable economy and in this manner making a key contribution to the transformation currently under way in relation to the environment, economy and society as a whole.

On the basis of this, Berlin Hyp published its ESG vision for sustainable alignment in May 2021 and defined an ESG implementation roadmap which envisages a range of different implementation measures during the coming months and years up to 2024 (for the complete list of meas-



ures, → see **Annual Report 2021, page 71**). The Sustainable Business Portfolio is to be expanded with measures to “Create an indicative ESG Score for lending” and to “Review and, if necessary, draft a concept for the extended impact measurement of the entire financed real estate portfolio”. Furthermore, a central function for ESG risks was established in ESG Risk Management, and additional measures for conceptualising a framework for risk controlling will be implemented in the future. This will include “Integration of ESG risks into existing risk types” and “Quantification and integration of ESG risks into rating models”.

Alongside the annual climate risk analysis, a start was made on the development of methods in order to assess the effect of transitory¹ and physical risks on the risks of Berlin Hyp. In the first instance, pilot models were developed to assess the effect of physical and transitory risks on the lending risk, which is the most significant risk for Berlin Hyp.

A Materiality Analysis was carried out to assess the impact of physical risks. Berlin Hyp concluded a contract with vdpResearch for carrying out the analysis. vdpResearch cooperated with Köln Assekuranz Agentur GmbH (K.A.R.L.) to carry out a natural hazard analysis for the entire portfolio (status 30 September 2021). The analysis includes the risk of damage from storms, tornadoes, floods, heavy rain, storm surges, earthquakes, hail, tsunamis and volcanoes. Initial observations have shown the following:

- The real estate portfolio is exposed to a low level of physical risk on an aggregated level.
- The expected average damage each year amounts to 0.1% of the aggregated market values of € 80 billion and is therefore equivalent to € 80.5 million.
- The maximum relative risk amounts to 0.27% in the Netherlands, primarily as a result of risks from storm (0.173%) and storm surge (0.050%).

- Natural hazards with the highest Absolute Risk are storm at € 34 million, tornado at € 19 million and flood at € 10 million, totalling 78% of the risk.

Risk controlling is currently working on methods to extend the Materiality Analysis to additional types of risk (market, liquidity and operational risks).

The transitory climate risk was assessed with the assistance of a scenario analysis. Following observations apply to Berlin Hyp: main drivers for rating changes are the modernisation costs and increasing energy prices. The estimated modernisation costs over the coming 30 years amount to € 11.6 billion. These costs are not simply risks for Berlin Hyp, they also represent business opportunities.

The knowledge gained from previous risk analyses has been incorporated into the Sustainable Finance Framework published in 2022. We use this framework to align our Green Loan Portfolio with our own sustainability standards and the regulatory standards of the EU taxonomy. Our Green Portfolio currently includes the energy efficiency loan and the taxonomy loan. Furthermore, Green Loans can be structured as → **“Transformationskredite” (transformation loans)**. By incentivising the transformation of the existing portfolio of buildings into low-emission buildings, Berlin Hyp is charting a roadmap to reduce the negative impacts of buildings on the climate and the environment. We consistently monitor developments in new regulations such as the EU taxonomy and evaluate the effects the criteria have on our business and how we can make a positive contribution to achieving the goals.

¹ Transitorische Risiken: Risiken, die sich aus dem Übergang in eine CO₂-arme Wirtschaft ergeben können



Furthermore, Berlin Hyp also has to respond to the changing political landscape. Following publication of the EU Action Plan for “Financing Sustainable Growth”, the regulatory pressure on CO₂ intensive sectors has been increased in order to enable climate targets to be achieved. German and European policymakers are currently engaging in a multitude of further deliberations and discussions that will exert an impact on real estate companies and hence also on Berlin Hyp. The reduction of CO₂ emissions and CO₂ pricing are at the top of the agenda. As a measure derived from this dynamic, Berlin Hyp issued a new Green Pfandbrief in the reporting period and was the world’s first bank to issue a Sustainability Linked Bond, which directly links sustainability and climate targets to refinancing. Furthermore, the Bank strengthened its position in the Swiss capital market through the issuance of two green senior preferred bonds and the capital increase of another bond. Berlin Hyp intends to continue strengthening its role as the pacesetter for the green financing segment and has driven forward work on the Social Bond in the reporting year.

GRI 201-3 | Defined benefit plan obligations and other retirement plans

Pensions are an important component in the context of additional benefits provided by Berlin Hyp to its employees. Consequently, there are several different corporate pension schemes that have come into being as a result of the history of the company. These schemes are direct promises by Berlin Hyp that are entirely financed by the company. Options are granted depending on the pension scheme, retirement pension, early retirement pension, disability pension, widow’s pension and orphan’s pension. For detailed information on the liabilities and on explanations of the provisioning for pensions, → see **Annual Report 2021, page 91 and 100.**

GRI 201-4 | Financial assistance received from government

Berlin Hyp did not receive any financial support from government agencies.



GRI 203: Indirect Economic Impacts 2016

GRI 103 | Management approach 2016 (including 103-1, 103-2, 103-3)

For the Bank's own investments (Securities Account A) at Berlin Hyp, we use a special filter that allows us to give the same weight to social and environmental considerations as to the economic goals of financial investments. It has established ethical investment criteria based on the ten principles of the UN Global Compact, other internationally recognised sustainability standards and the Bank's compliance requirements. The risk filter used by RepRisk AG for the Bank's own investments (Securities Account A) at Berlin Hyp is based on these criteria. It is applied to the Bank's own investment business with the aim of giving equal consideration to the sustainable aspects of investing and the economic objectives of investing in securities. The analysis of Securities Account A and future investment decisions are based on the online database of RepRisk AG for the risk exposure of companies, projects, sectors and countries with regard to ESG issues. RepRisk AG assesses the risks in relation to the destruction of the environment, climate change, greenhouse gas emissions, biodiversity, human rights violations (child labour, forced labour) and corporate complicity, social discrimination, controversial products and services (alcohol, tobacco, pornography, armaments, nuclear power and coal-fired power), fraud and corruption that can negatively affect an organisation's reputation and financial profitability or lead to compliance issues. If the semi-annual review of Securities Account A by Sustainability Management reveals violations of the filter criteria, the Treasury consults with Sustainability Management on the actions to be taken. The Treasury and Sustainability Management have jointly discussed the anomalies that occurred in 2021. Berlin Hyp will revise the criteria and processes for in-house investments in the financial year 2022. For further information, → see [Annual Report 2021, page 79](#).

Green Finance is a key aspect of the corporate strategy at Berlin Hyp. Since 2015, Berlin Hyp has had an important sustainability building block in its value chain with the issuing of Green Bonds for refinancing green assets. They enable the Bank to offer investors value added extending beyond the creditworthiness of the Bank or its cover funds. Green Bonds are issued in the form of Green Pfandbriefe and green senior unsecured bonds. The financing of Green Buildings, among other things, represents an element of the Bank's sustainability activities, which relates directly to its core business of commercial real estate financing. In order to promote Green Finance, loans for Green Buildings are incentivised with up to ten basis points. In the annual reporting for 2021, we will provide information about a further increase in CO₂ savings within the Green Finance portfolio and a further reduction in the criteria for office buildings, → see www.berlinhyp.de.

The goal for the financial year of a 26 % share of green buildings in the total loan portfolio was exceeded with 27 %. Berlin Hyp is therefore approaching its goal of increasing the proportion of green buildings in its entire portfolio to one third by 2025.

GRI 203-1 | Infrastructure and investments and services supported SDG 5, 9, 11

Berlin Hyp makes an important contribution to achieving a sound, productive infrastructure in Germany and Europe through real estate financing. For example, we support social housing construction and the modernisation of existing social housing properties.

Berlin Hyp's ordinary business activities usually only relate to certain real estate projects in European, high-income OECD states. These countries generally have high to very high environmental, social and governance (ESG) requirements. Based on our own standards, we go beyond meeting these requirements.

In terms of the environment, we favour projects that focus on concepts such as "reduce, reuse, recycle" or "cradle to cradle". The financing of Green Buildings represents a part of the sustainability measures that is



directly related to the core business. Berlin Hyp is expanding its range of products that contribute to sustainable development through the establishment of the new loan product Transformationskredit (transformation loan). The transformation loan is a loan which can be used to finance transformation action such as refurbishment measures to save energy. In addition to its importance for the real estate industry, Berlin Hyp's business activities are also relevant for the finance industry, as we provide investors with the opportunity to invest their capital securely through various products. We also increasingly provide explicitly sustainable capital investments.

Further information on the impacts and targets of these investments can be found on our website: → www.berlinhyp.de.

Last year, we continued to share the experience we gained in Green Bonds with the Association of German Pfandbrief Banks (vdp) in the working groups Green Finance and ErneG (Recording sustainable energy building attributes). The Bank transferred the name rights in Grüner Pfandbrief and Green Pfandbrief to the association in 2019 and it has since been working together with other banks issuing Pfandbriefe (bonds) to draw up minimum standards for Green Pfandbriefe. Furthermore, Berlin Hyp continued to support the news portal Sustainabonds established in 2017. Since June 2018, Berlin Hyp has been a pilot bank for the Energy Efficient Mortgages Initiative of the European Covered Bond Council and the European Mortgage Federation has been using their EEM Label since 2021 and since then has published the Harmonised Disclosure Template (HDT) necessary for this.

GRI 203-2| Significant indirect economic impacts SDG 1, 3, 8

Our commitment to the community in which we live and work empowers us to make a positive contribution to Berlin Hyp's wider social community.

As part of our long-standing partnership with Kinderhaus Berlin-Mark Brandenburg e. V., we support the social wellbeing of children and

young people with € 31,200, and make a contribution to safeguarding the community. Our employees were also proactively involved in Kinderhaus and made donations – such as “Schultüten” (goodie cones for school beginners) to all children starting school, or basic items for a new apartment. Many of our employees and management personnel were also actively involved in various not-for-profit organisations.

Last year, Berlin Hyp supported company sports club Betriebssportgemeinschaft Berlin Hyp e.V. with a donation of € 30,000. In addition to its social commitment, Berlin Hyp, in its role as an employer and contractor, exerts a positive impact on economic and social development at its locations.

The schemes we finance include real estate projects which have a sustainable economic benefit for our environment and community neighbourhood alongside the benefit to our company. Examples of these initiatives include real estate projects, which also involve infrastructure upgrades and hence foster the community approach of our company, enhance the immediate environment and promote the creation of living space.

Furthermore, we also promote the financing of sustainable real estate, which exerts a positive impact on our environment and the climate. In these projects, we enter into dialogue with our customers as trusted partners and engage with their needs and aspirations on an individualised basis.

Our aim is to be a valuable business partner for the Sparkassen and make a positive value-added contribution to the success of the Sparkassen-Finanzgruppe over the long term. As an S-Group partner, we engage in constructive dialogue with the Sparkassen and provide the savings banks with a comprehensive range of products and services – for example collateralised real-estate debentures (ImmoSchuldschein), ImmoAval, real-estate valuations and much more besides.



GRI 205: Anti-corruption 2016

GRI 103 | Management approach 2016 (including 103-1, 103-2, 103-3)

Our Code of Conduct describes all values, principles and methods which characterise Berlin Hyp's business activities. It includes the voluntary commitment of all Berlin Hyp employees to customers, sales partners, service providers and other market participants to act in an ethical and lawful way. Together with our guiding principles on sustainability, it serves to secure and increase the company's value. In order to ensure ethical and lawful conduct, the Bank's compliance activities focus on preventing money laundering, the financing of terrorism, insider trading, fraud, corruption and other criminal acts relating to our business activity. For example, Berlin Hyp has implemented measures to prevent money transfer fraud, identify fraud attempts at an early stage and minimise losses. Compliance risks are continuously analysed and documented in risk analyses.

The topics of compliance and legality are key concerns of Governance. The head of the Governance division also assumes the function of the Compliance and Anti-Money Laundering Officer. The management is informed by the Compliance Department about the state of compliance management in the company at regular intervals. In addition, incident-related notification is given on an ad hoc basis in the event of serious breaches of compliance rules. The Compliance Department reports to the Supervisory Board at least once a year. Risk analysis forms the basis for evaluating and minimising potential risks from money laundering, terrorism and other criminal acts. It is carried out once a year and covers all locations. The analysis also includes fraud risks – including corruption – and assesses the relevant controlling activities of the units. The Bank regularly reviews the preventive measures derived from the risk analysis and supplements them as required. We also analyse identified or suspected cases across the entire sector in order to improve preventive measures and preclude future risks as effectively as possible. In addition, the correct implementation of internal company regulations is

checked on a regular and – if necessary – ad hoc basis by Internal Audit, which reports directly to the Board of Management.

Berlin Hyp does not tolerate any form of corruption or bribery. Berlin Hyp has binding guidelines in place with regard to the giving and receiving of gifts, perks and invitations to events so as to ensure that unequivocal decisions are made. As a further preventative measure, the ordering and purchasing process is centrally embedded in the Finance division. This organisational unit has been created as an office with responsibility for ensuring that all ordering is carried out in a uniform manner. All tender procedures are coordinated here. Furthermore, all tenders are supported by the Compliance Department.

GRI 205-1 | Operations assessed for risks related to corruption SDG 16

All business locations are subject to continuous monitoring by the Compliance Department and Internal Audit. For this purpose, all transactions are checked by machine. On-site checks were not carried out, because the risk assessment did not identify any significant corruption risks. No irregularities were found in 2021.

GRI 205-2 | Communication and training about anti-corruption policies and procedures SDG 16

At the end of 2021/beginning of 2022, all employees and the members of the Board of Management took part in web-based training sessions on compliance principles and prevention of fraud.



**GRI 205-3 | Confirmed incidents of corruption and actions taken
SDG 16**

No incidents of corruption were reported at Berlin Hyp in 2021.

GRI 206: Anti-competitive behaviour 2016

GRI 103 | Management approach 2016 (including 103-1, 103-2, 103-3)

In addition to our measures relating to corruption, bribery, donations and sponsoring, we also prohibit the preparation or arrangement of agreements to restrict competition. Berlin Hyp treats competitors fairly and with respect. As a rule, all employees are urged to avoid conflicts of interest and, where ethical doubts arise, contact a supervisor or a compliance and/or anti-money laundering employee. Berlin Hyp expressly does not tolerate employees committing criminal acts. We pursue any cases uncovered applying the “zero tolerance principle”. All criminal, employment and civil consequences will be pursued in the event that an employee has demonstrably committed a criminal offence. We have taken comprehensive measures to prevent, uncover and adequately respond to fraudulent activities, making use not only of internal options, but also of relevant external information. For this purpose, we have implemented an external whistleblowing system for employees, customers, subcontractors and suppliers, so that any suspected illegal or unethical conduct can be anonymously reported and pursued.

**GRI 206-1 | Legal actions for anti-competitive behaviour, anti-trust,
and monopoly practices
SDG 16**

There were no legal actions pending or being prepared during the reporting year 2021.

GRI 207: Tax 2019

GRI 103 | Management approach 2016 (including 103-1, 103-2, 103-3)

Berlin Hyp with registered office in Berlin makes a contribution to economic and social wellbeing particularly in the State of Berlin. As part of its business model, income from interest and commission business is generated and hence profits, salaries of employees and taxes are paid. The profit is transferred to the sole shareholder Landesbank Berlin Holding, also with registered office in Berlin.

**GRI 207-1 | Approach to tax
SDG 10, 17**

Berlin Hyp and sole shareholder Landesbank Berlin Holding have a profit and loss transfer agreement based on the structural arrangements. A detailed analysis of a tax strategy or approaches to taxation only makes limited sense owing to the structural arrangement, and details will not therefore be outlined here. For further information on our taxes, → [see Annual Report 2021, page 79](#).

**GRI 207-2 | Tax governance, control, and risk management
SDG 10, 17**

See GRI 207-1

**GRI 207-3 | Stakeholder engagement and management of concerns
related to tax
SDG 10, 17**

See GRI 207-1



Material topic **Environment**



Environment

Berlin Hyp has the objective of keeping negative environmental impacts arising from its business operations as low as possible in keeping with what is appropriate for a company in the finance sector. On the basis of this aim, we developed and published an environmental policy for the first time in 2014. This guideline applies to the operational and product ecosystem. The environmental policy is reviewed annually by the management and has undergone further development since the launch of our environmental management system and has been expanded by current topics.

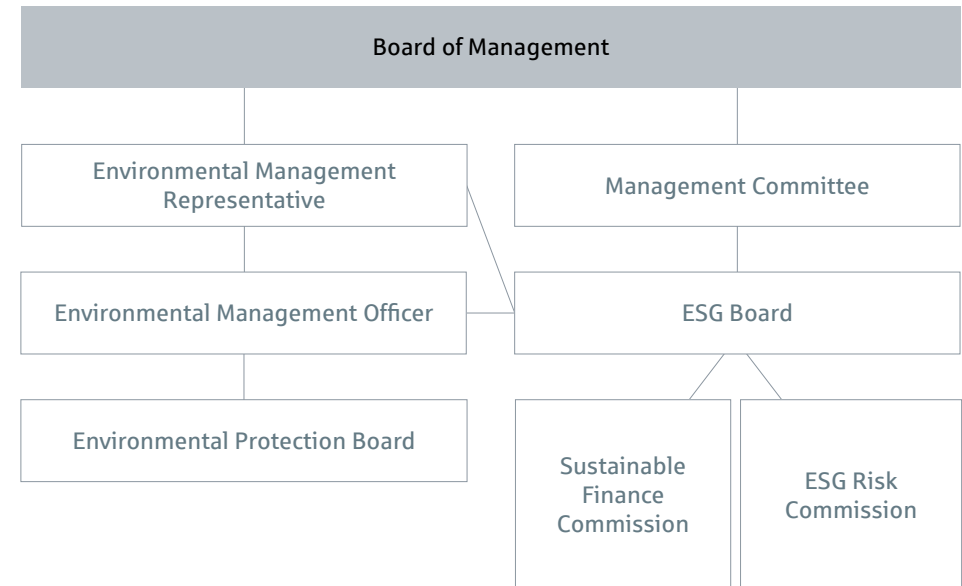
All employees receive information on this topic from various publications on the intranet and also, for example, through training sessions on the environmental management system. This enables them to contribute to the binding commitment to these principles.

All the environmental impacts of our business operations are determined by the context of the company. They are regularly reviewed and assessed. Driving forward the environmental programme with establishment of all the derived environmental objectives is a dynamic process with the aim of achieving the continuous improvement of our environmental performance. New measures are included on an annual basis.

Environmental management system

Berlin Hyp's Board of Management is responsible for developing and operating the environmental management system. All those with operational responsibility for environmental management report to the Board of Management.

Organisational structure for EMS at Berlin Hyp AG





Our environmental performance is managed on the basis of specific environmental key indicators (emissions). The environmental indicators presented in the report reflect Berlin Hyp's business activities, including the domestic and foreign locations. The environmental key indicators are determined on the basis of the calculation tool provided by the Association for Environmental Management and Sustainability in Financial Institutions (VfU).

Every two or three years, the associated calculation tool is revised by a VfU project group; this is done to incorporate international advancements in environmental indicator systems and greenhouse gas (GHG) footprinting standards. Detailed information on the current methodology and calculation of the VfU environmental key indicators is provided at: → www.vfu.de.

Environmental management can only be successful if all employees play their role. This is why we place great importance on involving all employees who are a driving force for continuous improvement of environmental performance and successful embedding with the organisation. For example, our Works Council is represented on the Environmental Protection Committee and is kept up-to-date there at all times.

Since November 2020, our ideas management has been reorganised. Since then, all employees have been encouraged to discuss their ideas for improvement of sustainability in various exchange formats (IT Community, Culture Board or ESG Board) or with the responsible specialist departments.

Our environmental policy defines the framework for measurable environmental objectives and appropriate measures. Berlin Hyp aims to reduce the following environmental impacts:

Berlin Hyp's environmental impacts

Area	Environmental impact	Examples
Material usage (paper usage)	Energy, water and resource consumption (wood)	Copy paper, printed materials
Energy consumption	Emissions, augmentation of the greenhouse effect, resource consumption	District heating, electricity
Waste generation	Ecotoxicity, use of disposal sites, Groundwater contamination	Paper, hazardous waste
Water consumption	Resource consumption, wastewater generation	Cooling, kitchens, sanitary facilities
Business trips	Emissions, augmentation of the greenhouse effect	Company cars, road traffic, rail and air traffic
Product ecology	Emissions, sealing	Real estate financing

In our environmental programme, which we update every year, we document our measures for the ongoing development of environmental performance each year. A detailed overview of objectives, measures and timetables is provided online, → see www.berlinhyp.de. An environmental management system pursuant to EMAS (Eco Management and Audit Scheme) was introduced in 2016 at our headquarters in Berlin, Germany, to identify and manage our environmental performance.

We have an obligation to our customers, owners, employees, suppliers and society to act responsibly and we aim to achieve sustainable development overall within the context of the UN Sustainable Development Goals (SDGs).

Berlin Hyp is building a new corporate headquarters at the Bank's long-standing location at Budapester Strasse 1 in Berlin Tiergarten. The new head-quarters will bring all employees in Berlin, who up to now have been separated into two different buildings, together into a single building. The new headquarters will enable the Bank to reduce its energy



consumption by over 50 % in comparison to the old building. In addition to this, operating costs will decrease significantly. The architecture of the new building will reduce CO₂ emissions with its special design of outdoor areas and open spaces. To give an example, this reduction will be made possible by the use of geothermal energy and installing photovoltaic systems on the entire façade. When demolishing the old building, we ensured that materials were disposed of and recycled in an environmentally friendly manner. The German Sustainable Building Council (DGNB) assessed the demolition of the building in June 2021 with a platinum pre-certificate. The Bank is also seeking to achieve certification for the new corporate headquarters according to the very high standard set by the DGNB. Berlin Hyp achieved an overall performance of 82.9 % in the platinum pre-certification in October 2021. The Bank will receive the final certificate after the construction process has been completed. The real estate Bank's project received very high performance ratings especially in the categories of Process Quality, Location Quality and Sociocultural, Functional and Environmental Quality.

For more detail, → see [environmental statement](#).

GRI 301: Materials 2016

GRI 103 | Management approach 2016 (including 103-1, 103-2, 103-3) (UNGC: Principles 7, 8)

Berlin Hyp has defined a series of objectives in order to reduce the consumption of raw materials and to improve material efficiency, including specifically the consumption of paper. Apart from continuous reduction of printouts, these include the use of recycled paper, and increasing digitalisation. For the year 2021, the effects of the COVID-19 pandemic play a key role in all analyses of our consumption. The number of printed pages and copies came down by more than 400,000 pages over the past year, achieving a reduction by almost one half. A partial conversion of the delivery of print subscriptions to digital formats now saves around 300 kg of paper each year. Important technical enablers for the use of

recycled paper were created in the core banking system in 2021 with the necessary reprogramming.

GRI 301-1 | Materials used by weight or volume (UNGC: Principles 7, 8) SDG 8, 12

The business of Berlin Hyp is not classified as manufacturing. We provide a detailed report on the material required in our environmental statement, → see [environmental statement](#).

Paper consumption in kg

	2021	2020	2019	Year-on-year change in %
Copy paper	2,444	2,350	4,042	+4
Printed materials and sundry	773	1,800	2,100	-57.1

Paper is the material most relevant to Berlin Hyp's business operations. The figures for paper consumption are based on the quantities of paper newly purchased and used. The overall proportion of FSC-certified paper is 95 %. 573 kg of recycled paper were procured for printed materials in the reporting year.

GRI 301-2 | Recycled input materials used (UNGC: Principle 7) SDG 12

We only use FSC-certified office and copy paper.



GRI 302: Energy 2016

GRI 103 | Management approach 2016 (including 103-1, 103-2, 103-3) (UNGC: Principles 7, 8, 9)

Optimisation of energy and resource management, and the use of renewable energy are the key concern of our operational environmental management in order to consistently reduce operationally related greenhouse gas emissions. Over recent years, building management has offered us some particularly good opportunities for minimising negative environmental burdens.

GRI 302-1 | Energy consumption within the organisation (UNGC: Principles 7, 8) SDG 7, 8, 12, 13

Energy consumption

	2021	2020	2019	Year-on-year change in %
Electricity consumption in MWh	1,686	2,267	2,490	-25.3
Diesel fuel for emergency generators in litres	196	856	760	-77.1
District heating or space heating, air conditioning and hot water in MWh	1,185	1,780	2,055	-33.4
Company car fuel consumption in litres	93,568	87,819	111,285	+6.5

Since 2017, all German locations have been using green electricity. Since 2020, we have also been recording the electricity consumed in employees' home offices.

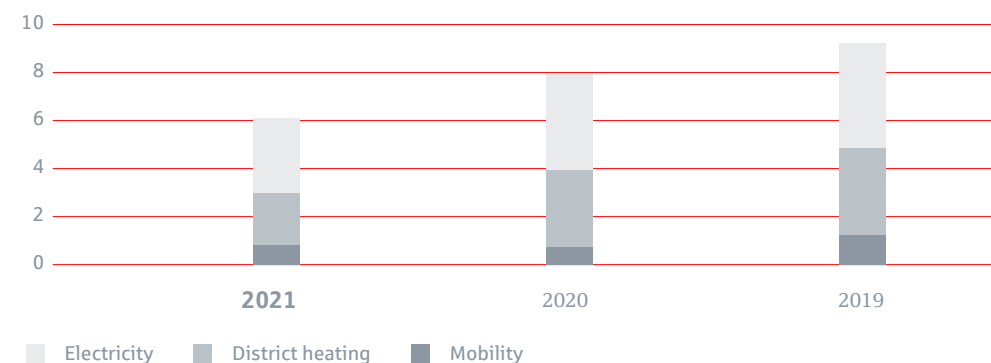
GRI 302-2 | Energy consumption outside of the organisation (UNGC: Principles 7, 8) SDG 7, 8, 12, 13

Energy is consumed outside of the organisation mainly for business trips. In this context, we record fleet consumption and also collect data on rail journeys and flights. CO₂ emissions are calculated using the VfU Tool and flights are offset through the use of offsetting certificates, → [see our environmental statement](#).

GRI 302-3 | Energy intensity (UNGC: Principles 7, 8, 9) SDG 8, 12, 13

5.33 MWh of energy per full-time employee were used in the form of electricity and heat at the Berlin site in the reporting year 2021.

Energy efficiency in MWh per employee



Berlin Hyp consumed a total of 484 MWh of energy for mobility in connection with the vehicle fleet of the Bank in the reporting year 2021. This figure does not include business trips by rail or air.



**GRI 302-4 | Reduction of energy consumption (UNGC: Principles 7, 8, 9)
SDG 7, 8, 12, 13**

Measures such as the exchange of equipment for premium highly efficient pumps were taken to reduce energy consumption. However, the demolition of the building in Budapester Strasse is making a significant contribution to reducing electricity and heat consumption.

GRI 303: Water and Effluents 2018

**GRI 103 | Management approach 2016 (including 103-1, 103-2, 103-3)
(UNGC: Principles 7, 8, 9)**

In the reporting year 2021, there are no comprehensive measures to report at Berlin Hyp for water reduction. However, the regulations of the EU taxonomy in relation to the flow rates of fittings will be taken into account when planning the newbuild Project B-One.

**GRI 303-1 | Interactions with water as a shared resource
(UNGC: Principles 7, 8)
SDG 6, 12**

As a service provider, Berlin Hyp withdraws water mainly for daily use – for kitchen and sanitation purposes. Our sites are not located in drought areas.

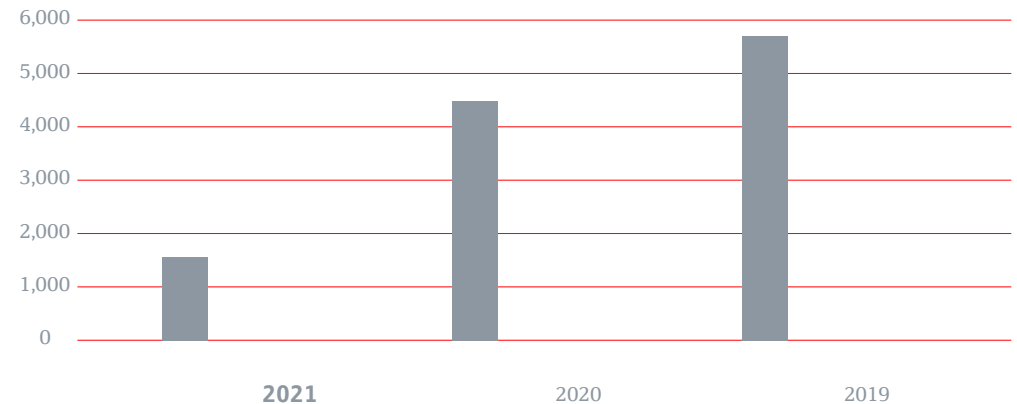
**GRI 303-2 | Management of water discharge-related impacts
SDG 6**

Berlin Hyp is not operating in the manufacturing sector and is therefore not subject to any special regulations that extend beyond the statutory legal provisions. Berlin Hyp complies with all necessary reporting regulations, for example a license for the emergency generators. We source our drinking water supply from the public water grid which is provided by the regional suppliers.

**GRI 303-3 | Water withdrawal
SDG 6**

Water consumption for 2020 is significantly below the year-earlier level. This partly reflects more economical use of water in general while also demonstrating the impacts of the pandemic. The water volumes recorded relate to drinking water from the public water grid.

**Volume of water withdrawn
in m³**





GRI 305: Emissions 2016

GRI 103 | Management approach 2016 (including 103-1, 103-2, 103-3) (UNGC: Principles 7, 8, 9)

As one of the leading real estate financiers in Germany, Berlin Hyp bears an important social responsibility. This responsibility motivates our commitment to achieve the following objectives by actively engaging in environmental protection within the company as well as along our entire value chain:

- to contribute to preserving the basis of life and economic capacity of today's generation and future generations as well as
- to reduce costs by making economical use of resources.

Climate change is regarded as one of the most important challenges of our time. The adoption of our far-reaching Sustainability Agenda represents our commitment to the goals of the Paris Climate Agreement and the climate roadmap of the Federal Government in Germany. The increase in our share of Green Buildings and the transformation of portfolio buildings is enabling us to target a 40 % reduction of the CO₂ emissions in our financing portfolio by 2030, as well as complete climate neutrality by 2050. We believe that the capital market can play an important role in the transition to a low-carbon economy. Our climate-protection strategy is therefore based on a series of guidelines that regulate the impact of our business activities on the climate. We report on options and achievements with regard to the decarbonisation of our projects in our → [Green Bond Annual Reporting](#).

You will find further information on how we handle company-related emissions in our → [environmental statement](#).

GRI 305-1, 2, 3 | Direct GHG emissions, energy indirect GHG emissions and other indirect GHG emissions (Scope 1, 2, 3) (UNGC: Principles 7, 8, 9) SDG 3, 12, 13, 14, 15

Greenhouse gas emissions (GHG) in accordance with Scope 1, 2 and 3 in t CO₂

	2021	2020	2019	Year-on-year change in %
Scope 1 – direct GHG	132	132	207	0
Scope 2 – indirect GHG (location based) ²	826	1,167	1,661	-29.22
Scope 2 – indirect GHG (market based) ¹	95	204	354	-53.43
Scope 3 – GHG of the supply chain	217	280	691	-23.57
GHG total (Scope 2 location based)	1,175	1,579	2,559	-25.59
GHG total (Scope 2 market-based)	444	616	1,252	-27.92

¹ You can find the explanation of location-based and market-based in our environmental statement.

Berlin Hyp offsets emissions caused by unavoidable air travel through the purchase of offsetting certificates. 21 tonnes (2020: 49.1 tonnes, 2019: 300 tonnes) of CO₂ equivalents were offset in the reporting year 2021.

GRI 305-4 | GHG emissions intensity (UNGC: Principles 7, 8, 9) SDG 13, 14, 15

0.74 tonnes (market-based) and 1.96 tonnes (location-based) of CO₂ per full-time employee were emitted in the reporting year 2021. This includes Scope 1, 2 and 3 emissions.



GRI 305-5 | Reduction of GHG emissions (UNGC: Principles 7, 8) SDG 13, 14, 15

Total greenhouse gas emissions have come down since our first environmental statement in 2015, primarily owing to the use of renewable energy and particularly during 2021 as a result of the travel restrictions due to the COVID-19 pandemic. The declining development in 2021 is primarily due to the elimination of the building in Budapester Strasse. Furthermore, the district heating supplier reported that the emission factor of the Central District Heating Grid in Berlin changed from 77.7 to 42.3 g CO₂/kWh. This means there were lower calculated emissions in the heating sector.

As a result of compensations, the footprint for 2021 was once again reduced by a total of approximately 22 tonnes of GHG (application of climate-compensated toner: 910 kg, participation in offsetting of emissions through postal transport (PIN AG): 450 kg, compensation for air travel: 21 tonnes).

Berlin Hyp makes an important contribution to reducing the indirect environmental impact of its business activities by steadily increasing the issuance of Green Bonds. The results and methodology for estimating saved CO₂ emissions on the basis of the financed Green Buildings are presented in the CO₂ report (as at 31 December 2021), → [available at www.berlinhyp.de](http://www.berlinhyp.de). Mathematically and depending on the benchmark selected, between 7.86 tonnes and 20.23 tonnes of CO₂ per year are saved for each million-euro nominal value of our Green Bonds. The CO₂ savings for invested million euros have come down compared with the previous year. This is mainly due to the reduction in the now lower conversion factors for electricity and district heating. Furthermore, the average energy consumption values have fallen both in the portfolio and in the benchmarks. The CO₂ emissions of the portfolio therefore fell to a total of 108,500 tonnes of CO₂ from 116,916 tonnes of CO₂ in the previous year.

GRI 306: Waste 2020

GRI 103 | Management approach 2016 (including 103-1, 103-2, 103-3)

As a commercial business, Berlin Hyp AG is subject to the Commercial Waste Ordinance. However, such low volumes of certain wastes are generated at Berlin Hyp that these can therefore be recorded and disposed of with the mixed residential waste. All waste is regularly disposed of by accredited specialist disposal companies. The companies engaged by Berlin Hyp must provide verification to Berlin Hyp that they have accredited status as a specialist disposal company.

You can find detailed information in our environmental statement and our → [environmental programme](#).

GRI 306-1 | Waste generation and significant waste-related impacts SDG 3, 6, 11, 12

Berlin Hyp is not a production company and such low volumes of wastes are generated that these can therefore be recorded and disposed of with the mixed residential waste. As set out in GRI 103 Management approach, all waste is disposed of by accredited specialist disposal companies. These companies engaged by Berlin Hyp must provide verification to Berlin Hyp that they have accredited status as a specialist disposal company.

GRI 306-2 | Management of significant waste-related impacts SDG 3, 6, 8, 11, 12

Waste avoidance and reuse is our top priority. The agenda was set very effectively in 2020 with a wealth of environmentally friendly, resource-saving campaigns in preparation for the newbuild project such as donations, auctions, clearances and repurposing of equipment to avoid large amounts of waste. In 2021, the potential for similar action was consequently lower because our construction activities started at the beginning of the year. No disposal of bulky goods was therefore required in 2021.



Overall, the total amount of waste generation was reduced by half. This was achieved not only by means of the potential for waste generation that was already exhausted in 2020. A key factor was also the complete elimination of the operations of the entire building at Budapester Strasse 1. The total amount of hazardous waste consisting of the fractions EDP scrap, and other hazardous waste (chemicals/a battery and fluorescent tubes) is at the level of the previous year.

Berlin Hyp makes proactive use of opportunities to avoid and reduce waste also in the case of disused IT components. Ongoing donation of operational IT equipment to AfB gemeinnützige GmbH is reflected in the reduction in EDP scrap and increases effective subsequent use and supply to material cycles. The reuse rate of the devices released in 2021 is 36 %. In concrete terms, this saved 754 kg of CO₂ equivalents. AfB is certified by TÜV Süd with ISO 9001 and ISO 14001 and the nationally accredited specialist disposal company of bvse Bundesverband Sekundärrohstoffe und Entsorgung e.V.

Since printers were switched over in 2017, Berlin Hyp has been using climate-neutral toner cartridges. In this context, we record the number of toner cartridges used and this enables us to offset emissions based on the certificate issued by the supplier for 2021 at 910 kilograms of CO₂ equivalents. In contrast to conventional toners, where the entire cartridge has to be changed, the toner is simply refilled in the products we use. This enables us to reduce waste by approximately 75 % in comparison with conventional systems.

GRI 306-3 | Waste generated
SDG 3, 6, 11, 12, 15

Waste
 in t

	2021	2020	2019
Non-hazardous waste	66.89	135.98	118.73
of which waste for recycling	29.14	60.29	44.92
of which waste for disposal (incl. thermal recycling)	36.23	75.38	73.81
of which lightweight packaging ¹	1.53	0.31	-
Hazardous waste	1.30	1.39	1.53
of which IT scrap ¹	0.60	1.09	0.86
Other (bulky items)	0	11.49	12.33
Total waste	68.19	148.86	132.59

¹ Lightweight packaging has been recorded since 2020.



GRI 307: Environmental Compliance 2016

GRI 103 | Management approach 2016 (including 103-1, 103-2, 103-3)

Compliance with environmental laws and regulations is axiomatic for Berlin Hyp. This has been ensured since our environmental management system was established in 2016. As a commercial real estate financier, we are not part of the manufacturing sector, and we do not therefore have the same challenges as other companies. However, we ensure that we act in accordance with guidelines and statutory regulations within the framework of our own area of business.

GRI 307-1 | Non-compliance with environmental laws and regulations SDG 16

No fines were imposed on Berlin Hyp during the reporting year 2021. Furthermore, no monetary sanctions were imposed on the Bank for non-compliance with laws and regulations.



Material topic

Society



Society

The most important capital in a company are employees. As a commercial real estate financier, this is particularly the case for Berlin Hyp. Our dealings with each other are carried out in a spirit of appreciation, respect and openness. We regard the diversity of different people at Berlin Hyp as an opportunity and we are committed to this. Berlin Hyp offers a workplace environment that provides scope for creative initiative and supports the development of potential. Alongside attractive assignments and a job secure for the future, this includes working conditions designed to ensure health, safety and wellbeing. Furthermore, we want to continue promoting performance and level of qualification among our employees, while remaining an attractive employer for all our staff taking into account their individual phase of life.

A healthy business also needs a healthy environment. Acknowledging this basic fact highlights the importance of activities related to corporate citizenship. For example, we work together with Kinderhaus Berlin-Mark Brandenburg e.V., support volunteering, for example through a social day, and promote sport within the company and activities in the area of visual arts.

GRI 401: Employment 2016

GRI 103 | Management approach 2016 (including 103-1, 103-2, 103-3)

The objective is to offer employees a long-term, attractive workplace with a certain degree of autonomy and development potential. In terms of staffing, the aim is to attract, within a reasonable timeframe, people with the right mindset for actively shaping values and corporate culture, in addition to their qualifications. The HR department is responsible for systematic human resource planning. In order to keep the planning up to date and realistic, megatrends (e.g. digitalisation/ automation, ageing society, knowledge culture, individualisation), developments in new and established business areas and regulatory requirements are taken into

account. Berlin Hyp uses internal and external resources to meet HR requirements. Open positions are initially advertised internally in order to allow qualified employees the opportunity for personal development. They are then advertised externally but not at the same time.

The recruitment of young skilled workers is guaranteed through the appointment of trainees, students in dual study programmes, student workers and the offer of internships. Trainee management develops continuously in accordance with the needs of the target groups and Berlin Hyp. In addition to the trainee programme, Berlin Hyp also hires new graduates.

Digitalisation and automation are changing working conditions in a very tangible way. New working environments and mobile technical equipment help to relieve the burden on the workforce in their day-to-day work and give them greater flexibility. This has been a success factor for Berlin Hyp, particularly during the COVID-19 pandemic. Where contact reductions were necessary and physical distancing rules apply, employees are able to switch forms of communication and cooperation at any time to digital or hybrid forms. The workforce is in a position to work remotely from a home office in order to reduce the risk of infection.

In order to protect the workforce, the following measures were implemented or continued at all locations during the reporting year in accordance with the national and regional legal regulations and ordinances (e.g. Infection Protection Act, Coronavirus Occupational Health Regulation):

- Hygiene concept in the Bank/FAQ on implementation of the relevant rules
- Including attendance rules
- Including information links to key publications, such as the German public health institute RKI
- Free face masks and instructions for use
- Testing and vaccination offers



HR reporting is prepared on a semi-annual basis and provides a detailed overview of key figures on the concerns of the workforce. Required measures are being introduced in order to monitor these key figures.

GRI 401-1 | New employee hires and employee turnover
(UNGC: Principle 6)
SDG 5, 8, 10

Employee turnover during the course of the reporting year, based on an average of 565.2 employees, stood at 6.0 % (2020: 7.8 %, 2019: 4.3 %). This affects 32 % (11) female and 68 % (23) male employees. The year-on-year level of the turnover rate is primarily determined by retirement agreements. These are offered by Berlin Hyp to manage the planned headcount strength and the demographic structure on the basis of a company agreement with employees. The average period of employment is more than 16.3 years. There are no significant differences between regions.

Proportion of the age groups in the total turnover rate
in %

	2021	2020	2019
Age group			
up to 30	9	4	0
30–49	18	29	40
Over 49	73	67	60

New hires by gender

	Women			Men		
	2021	2020	2019	2021	2020	2019
Employees	10	7	12	17	16	12
Trainees	0	0	2	3	2	2
Students in dual study programmes	0	2	0	0	0	1
Student workers	4	7	7	14	9	6
Interns	3	3	1	4	3	4

New hires by age group¹

	2021			2020			2019		
	up to 30	30–49	over 49	up to 30	30–49	over 49	up to 30	30–49	over 49
Employees	4	21	2	3	14	6	2	20	2
Trainees	3	0	0	2	0	0	3	1	0
Students in dual study programmes	0	0	0	2	0	0	1	0	0
Student workers	17	1	0	15	1	0	13	0	0
Interns	6	1	0	6	0	0	4	1	0

¹ Age on entry

GRI 401-2 | Benefits provided to full-time employees that are not provided to temporary or part-time employees
SDG 3, 5, 8

The following company benefits are offered to all full-time and part-time employees:

- Company pension through contributions by the company
- Subsidy for lunches from Berlin Hyp
- Optional accident insurance



- Employee assistance programme (EAP) with consultation and mediation services for employees and their families
- Emergency care in external child day-care centres
- Parent-child office
- Pool of bicycles for breaks
- Provision for next of kin in the event of death

The regulations relating to retirement pension only apply to permanent employees.

**GRI 401-3 | Parental leave (UNGC: Principle 6)
 SDG 5, 8**

These figures relate to Germany and therefore include more than 98 % of the Bank's employees. The relevant local national legislation applies to the employees based outside Germany.

Entitlement, return to work and staff remaining with the Bank after parental leave

	Women			Men		
	2021	2020	2019	2021	2020	2019
Entitlement ¹	11	15	19	12	13	15
Taken ²	7	15	16	6	12	11
Returned after parental leave ³	3	10	7	5	10	8
Return rate in %	100	100	100	83,33	100	100
remained with the Bank ⁴	3	9	6	5	10	8
Remain rate in %	100	86	86	100	100	100

¹ Total of new entitlements (birth of a child) and existing entitlements (employees already on parental leave).

² Employees who have taken parental leave for at least one month (non-working phase of employment).

³ Employees who were in a working phase of employment after parental leave in the year under review.

⁴ Employees who are in uninterminated (on the employer side) employment twelve months after the end of parental leave in the reporting year.

GRI 402: Labour/Management Relations 2016

GRI 103 | Management approach 2016 (including 103-1, 103-2, 103-3)

The management culture at Berlin Hyp is characterised by appreciation, target orientation, long-term security and extensive freedom of decision-making and creative scope for all staff. Members of the management have a special responsibility in supporting the entrepreneurial role model. Furthermore, managers contribute to supporting staff in the development through their individual career stages and different phases of life. This aspiration underpins the human resources strategy, which in turn supports Berlin Hyp's overall corporate strategy.

**GRI 402-1 | Minimum notice periods regarding operational changes (UNGC: Principle 3)
 SDG 8**

All minimum notice periods as established by German employment law and the German Co-determination Act (MitbestG) apply in the event of significant operational changes, which are also part of the agreements between the management, the Economic Committee and the Works Council. As a rule, we observe all labour regulations in the countries in which we do business.

GRI 403: Occupational Health and Safety 2018

GRI 103 | Management approach 2016 (including 103-1, 103-2, 103-3)

Occupational health and safety management at Berlin Hyp is either organised in accordance with legal requirements or regulated as a "Betriebsvereinbarung" (works agreement between staff and management representatives). At the request of the Board of Management, the responsible departments do not negotiate employee health and safety protection issues directly with the unions but – in accordance



with legal requirements – with the Works Council or the Committee of Spokespersons for Executive Employees. In addition, overarching issues of workplace safety and health protection can become the subject of collective bargaining between the associations that conclude collective agreements.

The central Health and Safety Committee at our headquarters in Berlin, Germany, is responsible for occupational health and safety throughout Germany. The Act on the Implementation of Measures of Occupational Safety and Health to Encourage Improvements in the Safety and Health Protection of Workers at Work (ASiG) stipulates the duties and composition of the committee. A safety officer is appointed in accordance with the statutory provisions of ArbSichG.

The relevant local national legislation applies to the employees working abroad. Inspections of foreign locations and consultation discussions are conducted on a regular basis. The Procedure for Company Integration (PCI) in accordance with Article 167 Section 2 Social Security Code (SGB) IX is regulated in a company agreement. The PCI Support Team is the central management office for these issues within the company. It is made up of representatives for human resources, the Works Council and employees with severe disabilities. Inclusion of external specialist expertise in concrete implementation of the PCI procedure enables us to support employees in overcoming disabilities, prevention of further incapacity for work and staying in employment on a long-term basis.

GRI 403-1 | Occupational health and safety management system **SDG 8**

All employees of Berlin Hyp are presented in the Workplace Safety Committee. Representatives of the health management, the Works Council, representatives for employees with severe disabilities, as well as the occupational health and safety officer, the Bank's Fire Protection Officer, the company doctor and the workplace safety officer meet on a quarterly basis to discuss matters relating to occupational health. Topics include accidents at work, immunisation, risk assessment, evacuation drills, and

the relevance and implementation of any new regulations, as well as the results and findings of regular inspections.

GRI 403-2 | Hazard identification, risk assessment, and incident investigation **SDG 8**

There are no positions at Berlin Hyp that result in an increased incidence or risk of diseases and therefore no typical occupational diseases. The Bank's Fire Protection Officer primarily carries out inspections together with the safety officers. Both forms of officer are fully trained and accredited.

Furthermore, the Bank's building services coordinate and monitor the regulatory requirements within the scope of the statutory regulations. Test protocols etc. are verified for example through a regular audit in accordance with EMAS. To help our employees avoid common problems that can result from sedentary work, we attach great value to workplace ergonomics and offer regular medical checkups. If problems have already developed, the workplace is ergonomically adapted to the individual concerned.

Employees can consult the occupational health and safety officer, the company doctor or the Works Council at any time, if a potential work-related hazard or any hazardous situation arises. The situation is then assessed, a risk analysis is prepared and if necessary, the Health and Safety Committee or the Works Council is informed. In this case, Health and Safety operates with a direct reporting line to the Board of Management and has its own budget for initiating measures such as ad hoc action to tackle the situation.

GRI 403-3 | Occupational health services **SDG 8**

The occupational medical service is delivered by an external company doctor. The company doctor is available to deal with any problems or difficulties that may exert indirect or direct impacts at the workplace (for example ergonomic problems, issues related to working at a screen).



Consultation appointments and contact data for the doctor are published on the intranet. The company doctor carries out the medical checkup for employees, → see GRI 403-6, page 47. Furthermore, the coronavirus injections offered were carried out by the occupational health service and a general practice engaged for the purpose. The annual flu immunisation is also carried out by the occupational health service.

GRI 403-4 | Worker participation, consultation, and communication on occupational health and safety
SDG 8, 16

Berlin Hyp has no management system for the area of health and safety. Employees are provided with information on the intranet, through notices displayed in the Bank and the processes in the organisation manual.

Information on fighting the pandemic is regularly updated for employees, primarily on the intranet. All general information, letters from the Board of Management and increasingly also video messages are provided in this forum. FAQs are also available and are regularly updated (e.g. correct application of MNS, hygiene concept, test options). If there are any changes in framework conditions, telephone conferences are also offered for managers. As part of the communication cascade, the managers then have an obligation to ensure that the information is passed on in their departments and teams. Posters in the office buildings of the Bank highlight the hygiene regulations to be observed and they are regularly updated. The occupational safety department and the company doctor are available in a consulting role to answer any questions. For further information → see **Management approach 103 Occupational Health and Safety, page 45**.

GRI 403-5 | Worker training on occupational health and safety
SDG 8

As far as possible, employees who are first-aiders or volunteer fire marshals are provided with training within the company by outside trainers. Due to the pandemic, first-aid training sessions were delivered

externally in the reporting year. In 2019, safety officers were also trained and accredited within the company.

Every year, all employees receive instruction on occupational safety. Employees who enter rooms where for example extinguishing gases are used, receive separate training. Furthermore, a building evacuation drill is held every two years. In 2021, various interactive workshops were held with the aim of raising the awareness of employees for their own resilience and sharpening the health-conscious handling of digitalisation.

GRI 403-6 | Promotion of worker health
SDG 3

Our health promotion scheme includes offers on reducing stress-related health risks at work and enhancing independence by strengthening collective and individual health awareness. The following offerings are published on the intranet and are available to all employees:

- Employee Assistance Programme (EAP) with external consultation free of charge: This offer relates to all work and private issues, and is complemented by an information and mediation service related to family issues. The family members of the affected employee can also make use of the offer free of charge.
- Massage service: At the Berlin site, a physiotherapy practice offers its services at our business premises four days a week. The treatment is delivered outside working hours and employees are responsible for the costs.
- Flu immunisation: At the Berlin site, a collaborating general practice gives flu injections every year. The costs are borne by Berlin Hyp.
- Medical checkup and consultation for employees: Every two years, our employees are entitled to a medical checkup with the company doctor free of charge. This involves assessment of individual risk factors, precautionary preventive action is discussed, and recommendations on further investigations by the family doctor or a specialist consultant are reviewed.



Various interactive workshops were held in the reporting period which were aimed at raising employees' awareness of their own resilience and health-conscious handling of digitalisation. The company sports club Berlin Hyp e.V. also makes an important contribution to employee health. The club receives financial support from Berlin Hyp AG. For more than 25 years, sporting events and activities have been carried out to promote enhanced fitness and team spirit. The club currently has more than 300 members.

GRI 403-7 | Prevention and mitigation of occupational health and safety impacts directly linked by business relationships
SDG 8

Berlin Hyp only has office workplaces. This means that there are essentially no positions within the company that result in an increased incidence or risk of diseases and therefore no typical occupational diseases. To help our employees avoid common problems that can result from sedentary work, we attach great value to workplace ergonomics and offer regular medical checkups. If problems have already developed, the workplace is ergonomically adapted to the individual concerned.

Regular inspections identify any potential hazards at an early stage. A site inspection and training are also conducted at the branches and representative offices. In the reporting year, the existing works agreement on mental risk assessment was supplemented by the issue of physical health assessments.

Since the beginning of the pandemic, all employees whose activities are not tied to the location of the Bank have been given the opportunity to take advantage of the offer of mobile working. On average, more than 85 % of the workforce are engaged in mobile working. The ordinances in accordance with the Federal Ministry of Labour and Social Affairs (BMAS) and the Infection Protection Ordinance of the Berlin Senate were appropriately implemented.

GRI 404: Training and Education 2016

GRI 103 | Management approach 2016 (including 103-1, 103-2, 103-3)

Digitalisation and automation have led to changes in the skill requirements of employees at Berlin Hyp, which are upgraded through a variety of in-house measures and external continuing education opportunities. To ensure the long-term professional development of the workforce, there has been an increased emphasis on context-related and ad hoc learning directly linked to specific work and change processes. Learning behaviour has shifted towards a higher proportion of virtual learning formats, "learning nuggets" within shorter time frames and the autonomous use of various platforms and formats. For example, an innovative film was produced to explain the Sustainable Procurement Policy to employees and to guide and support them in making responsible purchasing decisions.

In the learning context, employees are responsible for pursuing the autonomous development of their skills and actively sharing their knowledge; managers are responsible for actively supporting this process, presenting development perspectives and providing continuous feedback on behaviour and performance; the HR department is responsible for creating modern, need-based, value-adding learning formats and framework conditions for the professional development of the workforce. The objectives of all professional development activities, for which the workforce has been allocated an average of 3.5 days per year, are:

- to maintain the performance level of managers and employees and boost their individual motivation
- to enhance employees' adaptability to structural changes in the organisation and the corporate culture and thereby also
- to make the deployment of personnel more flexible
- to increase the Bank's ability to innovate
- to achieve greater independence from external labour markets
- to retain employees through higher job satisfaction



**GRI 404-1 | Average hours of training per year per employee (UNGC: Principle 6)
 SDG 3, 8, 10**

On average, employees spend 19.86 hours (2020: 16.73, 2019: 26.39) and managers 35.41 hours (2020: 23.36, 2019: 37.35) receiving training and further career development. The disclosures relate exclusively to formalised education events completed (e.g. seminars, specialist conferences, coaching). Context and incident-related learning in direct connection with concrete work and change processes (e.g. workplace-based workshops and communication of information) is not recorded.

Training and education by gender

	Women			Men		
	2021	2020	2019	2021	2020	2019
Average number of hours per head	22.56	18.19	24.37	20.56	17.45	26.79

Training and education by age group¹

	2021			2020		
	up to 30	30–49	over 49	up to 30	30–49	over 49
Average number of hours per head	15.4	22.95	21.32	8.93	20.08	14.69

¹ from 2020 additional disclosure category

**GRI 404-2 | Programmes for upgrading employee skills and transition assistance programmes (UNGC: Principle 6)
 SDG 8**

During the reporting year, the number of training places developed in accordance with the needs of the target groups and Berlin Hyp. The training places were filled by new talented recruits. The focus here is on sustainable management of trainee recruitment. On the one hand, this involves ensuring that appointments match the quantitative and qualitative needs of the Bank. On the other hand, it entails making sure the appointments are in line with the career aspirations and high-flying potential of the talented young recruits. As a result, twelve trainees and four students on dual-study programmes were on a training programme during the reporting year. Berlin Hyp offers its workforce company-sponsored qualifications. As part of top-tier qualification for young professionals, which is directed in particular towards promoting early-career employees, these individuals can apply for a mentoring programme or a place to study for a degree, e.g. in real-estate economics. In 2021, one degree place was taken up by a female applicant. It was not possible to make a successful appointment for the mentoring



programme. Moreover, top-tier qualification also includes promotion of part-time degree courses taken outside work for all other employees and suitable measures for the specific qualification needs of the second level.

The “Learning World for Managers” follows a systematic approach with a focus on organisational learning. The programme was developed on the basis of the Bank’s strategic leadership requirements, the individual needs of managers from the 270° feedback and insights from learning theory. It is designed to provide support during the current processes of change in order to further develop a modern and sustainable management culture in line with the strategy. This learning world was further developed and expanded in 2021 to become the Berlin Hyp Learning World for all employees. It is the framework for the training and development opportunities continually developed and offered by the Bank in terms of agility, digital competence, ESG, expertise, leadership and organisation, legal and regulatory training, health, networking, onboarding, language learning and cooperation. In order to promote healthy and sustainable work in the Bank, a peer coaching circle was offered across the company. The work in this circle focused on finding out about and applying individual mindfulness techniques in a structured manner over a period of eight weeks.

As a central element of talent management, the expert career is an alternative and equivalent development option for a management career. The Hyp experts are characterised by the special quality of their knowledge, which they use to create value through responsibility for relevant topics at the Bank. This impact always extends beyond their own organisational unit. In order to support these people in their expertise and effectiveness, they are assisted individually and in accordance with needs by various measures including measures for qualification. One expert was nominated during the course of the reporting year.

A works agreement permits early retirement and termination agreements to be offered so as to support strategic resource planning. Employees who end their employment by signing up to a termination agreement are entitled to avail themselves of a new placement consultation financed by Berlin Hyp. The aim of this is to open up new career perspectives for the employee as quickly as possible.

GRI 404-3 | Percentage of employees receiving regular performance and career development reviews (UNGC: Principle 6)
SDG 5, 8, 10

All employees receive feedback on attainment of their performance and conduct targets for the previous year in the course of the annual appraisal process. Furthermore, all managers of the company received systematic feedback on their management conduct through 270° feedback in 2021. The feedback was followed by a structured follow-up process in which the managers derived areas of action from the feedback and implemented appropriate measures in the context of development within teams and in cross-departmental cooperation. In addition, employees or managers can voluntarily initiate a perspective discussion to talk about development prospects in the future.

The training stages in the dual-study degree programme and in the trainee programme are both supported by feedback from the relevant specialist departments and the central training managers.



GRI 405: Diversity and Equal Opportunity 2016

GRI 103 | Management approach 2016 (including 103-1, 103-2, 103-3)

Berlin Hyp firmly believes that diversity creates advantages out of opposites. In the interests of the Bank's long-term success, it considers the similarities and differences of its employees to be enriching and values each and every one of them as people. This position was integrated into the Berlin Hyp competence model through competencies such as "Appreciative Leadership" and reinforced through the signing of the Diversity Charta.

Berlin Hyp's → **Code of Conduct** provides employees and business partners with a clear guide for their daily actions in this regard. In addition, Berlin Hyp issued an Equal Opportunities Policy in 2021 that applies equally to all employees in terms of its principles and the duty to promote diversity. The aim of the Equal Opportunities Policy is to foster an open corporate culture free of prejudice that allows employees to develop their potential in the interests of the Bank's long-term success and contribute their individual talents.

Berlin Hyp is striving to integrate the equal consideration of women and men for management positions to an even greater extent into the corporate culture (for the target figures → see **GRI 405-1, page 51**).

Berlin Hyp supports this by the following measures:

- Binding regulation on the inclusion of female applicants in the recruitment process by recruitment experts in order to identify and promote female talent
- The appointment of at least one woman to a wide variety of selection and observer committees
- Explicit inclusion of the subject of equal opportunities by the HR department when advising managers on HR matters (such as staffing)
- The application management tool, which can systematically record and evaluate the adequate involvement of female applications in every recruitment process of Berlin Hyp

Berlin Hyp actively encourages a healthy work-life balance, and therefore equal opportunities through flexible working time, workplace models and other measures, such as trust-based working hours, mobile working and external advisory services for employees, including work-life service.

GRI 405-1 | Diversity of governance bodies and employees (UNGC: Principle 6) SDG 5, 8

The Board of Management currently has three members, of which one member is female. By resolution of the Supervisory Board on 26 November 2021, a quota of women on the Board of Management of 33.33 % was approved until the next review on 30 June 2022.

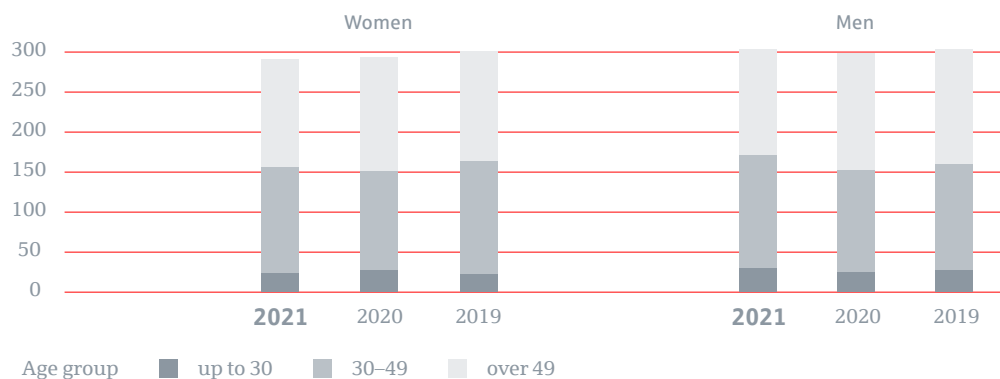
The Supervisory Board of Berlin Hyp comprises ten representatives from the shareholders and five representatives from the employees. Berlin Hyp has defined a goal of having at least two women represented on the Supervisory Board and this objective is currently met.

The Berlin Hyp Board of Management adjusted the targets for female executives for the first and second management levels below the Board of Management. The target of 33 % should be reached at both



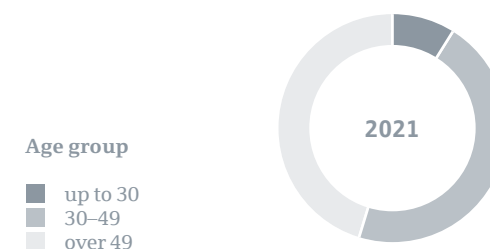
management levels by 30 June 2025. As at 31 December 2021, 29.4 % of executives were female at the first level below the Board of Management and 28.6 % at the second level below the Board of Management. Overall, the proportion of women in management positions across all management levels at Berlin Hyp is 28.8 %. In the reporting year, the proportion of women in the entire workforce as at 31 December 2021 was 48.8 % (2020: 49.2 %, 2019: 49.7 %). In 2021, a total of 5.6 % of all employees had a severe disability (2020: 5.9 %, 2019: 6.3 %).

Age structure



Age structure

Total share of employees in %



	2021	2020	2019
up to 30	8.9	8.8	8.1
30-49	46.0	47.6	45.2
over 49	45.1	43.6	46.7

GRI 405-2 | Ratio of basic salary and remuneration of women to men SDG 5, 8

Equal treatment of men and women in terms of pay is also a firmly established principle for us. As a member company of the Employers' Association of Private Banking bound by a works agreement, Berlin Hyp applies the collective bargaining agreements of the private banking sector and public banks.

Berlin Hyp has also introduced a performance-related and incentivised remuneration system commensurate with the market for all employees not covered by collective bargaining agreements. As a result, objective, weighted assessment criteria are also applied to the determination of the remuneration of employees not covered by collective bargaining agreements of the private banking sector and public banks. Both these remuneration regulations ensure a fair and transparent remuneration system free of discrimination.



GRI 406: Non-discrimination 2016

GRI 103 | Management approach 2016 (including 103-1, 103-2, 103-3)

At Berlin Hyp, non-discrimination means that customers, employees, suppliers and other business partners are not advantaged or disadvantaged with regard to their:

- Ethnicity/ ethnic origin
- Skin colour
- Gender
- Language
- Religion
- Political views
- Other views
- National origin
- Social origin
- Wealth
- Birth
- Sexual orientation
- Any other status

At Berlin Hyp, human rights, diversity and inclusion are upheld on the basis of relevant German laws.

GRI 406-1 | Incidents of discrimination and corrective actions taken (UNGC: Principle 6)

SDG 5, 8

No incidents were reported in 2021.

GRI 407: Freedom of Association and Collective Bargaining 2016

GRI 103 | Management approach 2016 (including 103-1, 103-2, 103-3) (UNGC: Principle 3)

As Berlin Hyp's employees work almost exclusively in Germany, they are subject not only to European labour regulations but also to German labour legislation and the regulations on co-determination. They also have the right of free association. Berlin Hyp is a member of the sectoral Employers' Association, which is party to collectively bargained agreements. Employees benefit directly from the protection afforded by the negotiated contractual provisions.

Berlin Hyp has regulated certain key aspects of employee rights that go beyond what is required by law through a number of agreements with the Works Council and the Committee of Spokespersons for Executive Employees. These include the organisation of operations, the corporate pension plan and mobile working. The two employee representative bodies are therefore entitled to supervise the implementation of the agreed measures.

GRI 407-1 | Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk

SDG 8

Cooperation between the employer and employees is characterised by a partnership based on trust. The same is also required of our suppliers and our contractors. There were no reports of any violations of or risks to the freedom of association during the reporting year.



GRI 412: Human Rights Assessment 2016

GRI 103 | Management approach 2016 (including 103-1, 103-2, 103-3) (UNGC: Principles 1, 2)

Berlin Hyp is committed to protecting human rights in all aspects of its business operations. We acceded to the UN Global Compact in 2015 to set an example, both inside and outside the Bank. Berlin Hyp is putting the following two UN Global Compact human rights principles into practice in a targeted manner:

- Companies should support and respect the protection of international human rights.
- Companies should ensure that they are not complicit in human rights abuses.

The Berlin Hyp Code of Conduct provides our employees and business partners with clear guidance on how to observe these principles in their day-to-day work.

We also expect our contractors and suppliers to act in line with the principles of the UN Global Compact and human rights irrespective of their size, sector or work performed, particularly with regard to the following:

- Preventing child labour
- Free choice of employment
- Freedom of association
- Non-discrimination

Berlin Hyp's employees in the Purchasing Department can check contractors and suppliers on the basis of random samples or ad hoc questionnaires. Such checks may be performed unannounced and at any time in accordance with prevailing legislation. These employees look into the existence of fundamental mental sustainability structures, compliance

with the principles as well as the correctness of the information submitted in questionnaires.

In addition, the RepRisk tool is used to monitor the ten service providers and suppliers of Berlin Hyp with the highest turnover on a six-monthly basis for compliance with ESG criteria. In the first half year of 2022, the evaluation revealed no violations or irregularities.

Any significant violations of the principles and requirements, both those committed within the Bank itself or along the upstream supply chain, must be immediately and voluntarily reported. Employees of suppliers may use Berlin Hyp's whistleblower system to directly inform the Compliance Officer or the Bank's external Whistleblower Hotline of any violations. In the event of violations, Berlin Hyp reserves the right to agree to mutual plans of action or ultimately terminate contracts. We may also monitor the progress of the plan of action without informing the other party. Any violations against the Code of Conduct must be remedied as part of an action plan. Continued infractions of the criteria can lead to termination of the contractual relationship.

GRI 412-1 | Operations that have been subject to human rights reviews or impact assessments

There were no suspected cases of human rights violations in the reporting year. On-site checks are not necessary due to the small number of employees and their close cooperation with colleagues in the sales offices.

GRI 412-2 | Employee training on human rights policies or procedures

The subject of ESG is a prescribed learning category for all employees as an annual training course at Berlin Hyp. In 2021, this training was supported by an ESG Week with a total of 22 presentations, inputs, report formats and workshops on the topic of sustainability and ESG. The subject of human rights due diligence and its relevance, as well as its links to the core business of the Bank were explored in depth.



In addition, Berlin Hyp believes it is a company free of discrimination and pursues the goal of creating a working environment that is free of prejudices, stereotypes and discrimination. We therefore took the occasion of our 10th German Diversity Day on 31 May 2022 as an opportunity to address the topic of diversity in an internal workshop.

GRI 412-3 | Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening

All contracts are drafted and processed in accordance with guidelines. Our compliance system ensures that they are adhered to. Third parties are also able to report any irregularities through the whistleblower system. Berlin Hyp's guideline on human rights, diversity and inclusion can be viewed online. In addition, we have defined requirements and approaches for dealing responsibly with environmental and social risks, and risks arising from poor corporate supervision of our ordinary business operations. Berlin Hyp has precluded business activities in relation to certain critical sectors.

GRI 413: Local Communities 2016

GRI 103 | Management approach 2016 (including 103-1, 103-2, 103-3) (UNGC: Principles 1, 2)

Our corporate citizenship brings us into contact with a lot of people outside our company and enhances our profile in the public domain. This commitment may also be linked up with emotionally engaging events or human destinies. At the same time, the resources available from Berlin Hyp are limited and need to be deployed carefully and focused on results.

The corporate citizenship function at Berlin Hyp is part of the Sustainability Management section, which also serves as a central contact partner. The corporate citizenship process is set down in the Corporate

Citizenship Directive. Berlin Hyp plans, directs, assesses and communicates its community commitment based on the system developed by the London Benchmark Group. This means that all key commitment expenditure ("input") is recorded. The direct use of this expenditure is defined ("output"), and finally an estimate is drawn up of how, in the longer term, this commitment will affect recipients, donors and society ("impact").

All donations at the Berlin location of Berlin Hyp are decided by the Board of Management and, from a certain amount, are reported to the Supervisory Board.

Berlin Hyp has focused its corporate citizenship on the topics of support for vulnerable children and young people, and on the promotion of popular sports. Our aim is for this social input to make a contribution to ensuring that vulnerable children and young people can grow up within a framework that gives them the necessary material and social security to fully develop their potential as human beings. As a sustainable employer, we make sure that we give our employees the best possible support with various offers such as family-friendly working arrangements, the promotion of training and further education, and health management. Furthermore, we want to use our health management in order to encourage our employees to take responsibility for contributing to the development of their own health and get a better sense of their own body by making a commitment to physical exercise and enhancing their awareness of health issues.

GRI 413-1 | Operations with local community engagement, impact assessments, and development programmes

Berlin Hyp makes multifaceted contributions to the community. Our products and services, but also our wages and salaries, taxes and deductions, and our procurement guidelines contribute to the development of society. Our aim is to further strengthen our social engagement (corporate citizenship) in order to consolidate the establishment of Berlin Hyp within society. Non-profit engagement is therefore a fundamental element of our business activity which also helps Berlin Hyp to be more



visible and tangible on the ground for customers, neighbours and potential new employees as a responsible corporate citizen within society.

GRI 413-2 | Operations with significant actual and potential negative impacts on local communities

SDG 1, 2

Our business activities are restricted to Europe. However, in the event that we started to operate outside Europe, we would then be guided by internationally recognised environmental and social impact standards. Negative impacts on local communities, for example caused by production activities, do not arise in the case of our operations as a commercial real estate financier. We therefore have no programmes for assessing impacts of this nature.

GRI 414: Supplier Social Assessment 2016

GRI 103 | Management approach 2016 (including 103-1, 103-2, 103-3)

During the reporting year 2019, a sustainability questionnaire was developed for suppliers. Since then, this has been sent together with the onboarding documentation of a new supplier. The biggest service providers of Berlin Hyp include management consultants, construction and IT service providers. Since we are not a manufacturing facility, the opportunities for Berlin Hyp to influence its suppliers are regarded as very limited.

For further information, → see management approach 103 Human Rights Assessment 2016, page 54.

GRI 414-1 | New suppliers that were screened using social criteria
SDG 5, 8, 16

→ See management approach 103 Supplier Social Assessment 2016, page 56.

GRI 414-2 | Negative social impacts in the supply chain and actions taken

SDG 5, 8, 16

Berlin Hyp procures all of its goods and services from European countries. Approximately 90 % come from Germany. The sustainability performance of our suppliers is ensured through confirmation of our comprehensive sustainability requirements. Our contractors and suppliers complete questionnaires on needs and incident-related issues to determine whether they have, in fact, implemented our sustainability requirements; the correctness of the information submitted is verified by means of random-sample checks. No violations were found in a random sample. At three supplier annual appraisal meetings during the course of 2020, we asked various questions about the content of Appendix E, our sustainability agreement for contractors and suppliers. We also surveyed a lot of ideas coming out of environmental management. There are plans to conduct further supplier annual appraisal meetings and the intention is for sustainability topics to be a fixed item on the agenda.



GRI 415: Public Policy 2016

GRI 103 | Management approach 2016 (including 103-1, 103-2, 103-3) (UNGC: Principle 10)

As a matter of principle, Berlin Hyp does not exert any political influence. We do not employ any third parties for the purpose of cultivating political contacts or influencing public opinion. In the reporting year, no submissions were made with respect to legislative processes, and no entries were made in a lobby list. Berlin Hyp's Corporate Citizenship Guideline prohibits contributions to political parties or politicians. Berlin Hyp contributes to public debate on developments relevant to the sector through its memberships in various associations and institutions relating to the sector, which must in turn act in accordance with their articles of association and must be monitored by their supervisory bodies, → see also section General Disclosures, GRI 102-13, page 9.

GRI 415-1 | Political contributions SDG 16

Contributions to politicians, political parties or affiliated organisations are prohibited at Berlin Hyp. Fees for memberships of associations or sponsorship of initiatives are not currently included in the total but are commensurate with the company's size.

GRI 417: Marketing and Labelling 2016

GRI 103 | Management approach 2016 (including 103-1, 103-2, 103-3)

Berlin Hyp only supplies ethical products and services. We provide our customers with responsible and forward-looking advice in line with their needs. Benefits and risks are communicated clearly. Our products and services must always meet the following requirements:

- They contribute to sustainable development as defined by the United Nations' Sustainable Development Goals.
- They serve the individual without detriment to the common good. Their development always takes the principles of the UN Global Compact into account.
- They are always transparent and easy to understand.
- Our written information regarding products and services and our marketing material must include all significant details on the offer presented to the customer for the purpose of evaluating the offer; this information must be described in a transparent manner.
- We do not offer or provide products or any consultation on products that do not meet these requirements.
- We make arrangements for customers with special requirements. We therefore offer products and services that are tailored to the needs of specific customer groups with a particular social relevance, for example not-for-profit housing construction companies or customers who enquire about financing in connection with Green Buildings.

Furthermore, some of our products, such as our Green Bond programme, and also reporting such as impact reporting, are regularly reviewed by external third parties within the scope of a second-party opinion. In order to communicate fairly and transparently, Berlin Hyp takes into account the fundamental principles of the "ICC Advertising and Marketing Communications Code" (ICC Marketing Code) of the International Chamber of Commerce. The Code contains specific recommendations for all marketing-relevant areas, including issues such as sales promotions, sponsorship, direct marketing, advertising and marketing using digital and interactive media.



GRI 417-1 | Requirements for product and service information and labelling
SDG 12

Recommendations by the ICC Marketing Code are enshrined in three fundamental principles:

- Marketing communication should always be legal, decent, honest and truthful.
- Marketing communication should always be prepared with an appropriate sense for social and professional responsibility and should be in line with the fair competition principles that are generally accepted in the business world.
- Marketing communication should never damage the public's trust in marketing.

Communication and Marketing is responsible for applying these principles, with employees informing the appointed marketing service provider, for example, that there is an obligation to provide responsible marketing. Berlin Hyp has also established its own complaints management system in the Governance division, which aims to steadily increase our customer satisfaction levels.

An analysis of all the complaints received during a specific period is regularly carried out. The results of these analyses are made available to the Board of Management and the Legal Department. All complaints regarding securities services are also reported to the Compliance Department, as these must be reported to the German Federal Financial Supervisory Authority (BaFin) pursuant to Section 34 d (1) German Securities Trading Act (WpHG).

GRI 417-2 | Incidents of non-compliance concerning product and service information and labelling
SDG 16

There were no incidents reported in 2021.

GRI 417-3 | Incidents of non-compliance concerning marketing communications
SDG 16

There were no incidents reported in 2021.

GRI 418: Customer Privacy 2016

GRI 103 | Management approach 2016 (including 103-1, 103-2, 103-3)

Berlin Hyp collects, processes and uses a large amount of personal data relating to customers and business partners. These data are used for the Bank's general business operations and enable the Bank to provide customers with advice and support tailored to their needs. Personal data must be handled carefully, in compliance with the law and in line with clear rules so that the Bank does not lose the trust that customers place in it. This means that we always ensure that it is clear who receives what information – both within the Bank itself and in our dealings with customers and business partners. Customer data may only be passed on to third parties if customers have previously given their consent or there is a legal admissibility or obligation to do so. The internal processes are specified and described in a standard operating procedure, the aim of which is to implement the General Data Protection Regulation (GDPR) and other data protection regulations at Berlin Hyp.

The Bank's data protection is overseen by the Data Protection Officer. This officer acts on behalf of the Board of Management and is not bound by instructions in the performance of their duties. The Data Protection Officer works towards compliance in data protection matters and oversees data protection measures. The officer is also the contact person in relation to data-protection issues for the supervisory authority, the customers, the management, the employees, the service providers and the members of the Works Council.

The Data Protection Officer prepares an annual report to inform the management of the status of data protection in the company as well as ad hoc when necessary. The awareness of our employees with regard to



data protection is of paramount importance, particularly in the context of the rapid development of modern information and communication technology. Despite every conceivable technical measure, humans remain a critical data protection factor. For this reason, every employee is issued with our guideline on data protection. Staff then have to undergo training in data protection through a self-learning course. This course must be repeated at regular intervals (at least every two years). In addition, pursuant to the Federal Data Protection Act (BDSG), all employees are sworn – usually when they are appointed – to uphold confidentiality, statutory requirements and to protect data secrecy, which continues after the end of employment. Every employee must ensure that data entrusted to them are never divulged to unauthorised third parties. Moreover, the data may not be falsified or destroyed. Any employee who suspects that data protection regulations are not being observed should inform the Data Protection Officer at once.

GRI 418-1 | Substantiated complaints concerning breaches of customer privacy and losses of customer data
SDG 16

No substantiated complaints in connection with the protection of customer data were received in 2021.

GRI 419: Socioeconomic Compliance 2016

GRI 103 | Management approach 2016 (including 103-1, 103-2, 103-3)
(UNGC: Principle 10)

As a commercial real estate financier, we have a special responsibility for guaranteeing fit and proper business practices. On the basis of these practices, our Compliance Department acts as a central interface for all the other departments of the Bank. The Compliance Department regularly reports directly to the Chair of the Board of Management.

GRI 419-1 | Non-compliance with laws and regulations in the social and economic area
SDG 16

There were no fines imposed on Berlin Hyp in 2021. Nor were non-monetary sanctions imposed on the Bank for non-compliance with laws and regulations.



About the GRI Report 2021

Since 2016, we have produced an annual report in conformity with the systematic structure of the Global Reporting Initiative (GRI). This is an international standard for sustainability reporting. Our intention is to provide our stakeholders with a transparent report on key management initiatives, measures and performance indicators. We worked together with the various stakeholder groups to determine the key standards for specific disclosures. The GRI Report also serves as Berlin Hyp's Communication of Progress (COP) for the purposes of the United Nations' Global Compact (UNGC). As usual, the report is being published in German and English. You can find more information on how we take responsibility on our website → [see www.berlinhyp.de](http://www.berlinhyp.de).

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