

A partnership built on trust

Berlin Hyp



**Updated Environmental Statement
Berlin Hyp AG
2020**

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1 Company Profile

For more than 150 years now, Berlin Hyp has been successfully conducting real estate financing operations and providing customised solutions for all common asset classes, either as individual properties or in portfolios. In addition to traditional mortgage loans, the Bank offers guarantees, rent deposit management, as well as building contractor and development financing.

Our customers include professional investors with strong credit ratings from the private and commercial real estate sector. As an S-Group partner, Berlin Hyp maintains a constructive dialogue with the savings banks and provides them with an extensive range of products and services, including ImmoSchuldschein, ImmoAval (since 2019: ImmoGarant), ImmoKonsortial and ImmoDigital products, as well as real estate valuation services, international transactions and much more.

Financing activities focus on office and commercial buildings (43 per cent) and residential real estate (25 per cent). The retail segment accounts for 16 per cent of the financing business, while hotels account for only three per cent of the entire portfolio. Portfolio financing activities also play a major role, whereby these activities are marked by extensive risk diversification.

Berlin Hyp is wholly owned by the Deutsche Sparkassen (German Savings Banks) and other companies in the Sparkassen-Finanzgruppe via an acquisition company (Erwerbsgesellschaft der S-Finanzgruppe). Since 1 January 2015, Berlin Hyp has been operating as an independent direct subsidiary (under corporate law) of Landesbank Berlin Holding AG (LBBH).



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Strategy and Values

“We want to become the most modern real estate financier in Germany and a value-creating member of the Sparkassen-Finanzgruppe.”

Sascha Klaus, Chair of the Board of Management, Berlin Hyp

In order to achieve this goal, we need to have certain values in place that motivate our employees, inspire our customers and not only take developments in society into account but also make it possible for us to shape such developments.

Within the framework of the change process that has been under way over the last few years (“berlinhyp21”), we have been addressing various topics and issues in an extensive ongoing analysis. Among other things, we have taken a critical look at both strategic and cultural aspects of our organisation. In this process, we have found out that the most important aspects for us involve our relationships with one another, new ways of working and new styles of management and leadership, and the effects digitisation and globalisation are having on our operations – to name just a few things. Sustainability and digitisation have thus become key components of our strategy.

As a result, Berlin Hyp is now a bank that is completely different from the one that began an extensive transformation process back in 2016 – a process that also included the launch of a systematic environmental management system.

next dimension is now focusing attention on what sets Berlin Hyp apart, and what therefore makes it unique, as well as the strengths our Bank should be utilising and the things that should be driving us in order to ensure we can remain successful in future as the most modern real estate financier in Germany. Here, values guide our actions, our decisions and our behaviour both within our organisation and in our relationships with customers, partners and other stakeholders.

As one of Berlin Hyp’s five core values, the principle of sustainability is now also being firmly established as part of the Bank’s mindset:

Sustainability is our future.

“We set long-term goals as we move ambitiously and carefully into the future. Because our world is constantly changing, we regularly question both our goals and our actions. We are helped here by the diversity at our company, and we want to become even more diverse in future. We assume responsibility for the people who work with and for us – today and tomorrow.”

Our responsibility for sustainable development is now also an integral part of our revised *Code of Conduct*. For us, sustainability means not only reducing our carbon footprint, as we also believe we have a responsibility to make a major contribution to the transformation that is currently under way – not only in terms of ecology but also with regard to the economy and society as a whole.

For this reason, we plan to support, facilitate and help finance the transition to a sustainable real estate industry. We are committed to the Paris Climate Agreement and thus also to the Climate Paths of the Federal Republic of Germany.

In order to meet our responsibilities in this regard and achieve climate neutrality by 2045, we are channelling our capital into sustainable investments, increasing the transparency of our loans portfolio and taking ESG risks more extensively into account in our business transactions and our own investment activities (sustainability in Portfolio A). These measures, along with measurable targets for assessing their effectiveness, have been incorporated into our far-reaching sustainability agenda (see “Product Ecology”).

Effects of the COVID-19 Pandemic on Berlin Hyp

The world at the beginning of 2020 was different from the world we live in now. Many of us had heard of the new type of virus that was going around, but most of us didn't really understand the impact it was about to have. That all changed in March with the first lockdown. After that, up to 95 per cent of our employees were working from home at any given time, and most continue to do so. Ultimately, all of them came together to ensure that the Bank's business continued to develop very well – even in the “Year of Corona”. The basis for commercial real estate financing therefore remains intact, and the Berlin Hyp portfolio shows no signs of any significant negative impact from the pandemic.

As things stand now especially, it is clear to us that our long-term risk strategy has been and remains the right strategy, and that our policy of battling climate change by means of effective environmental protection measures also represents the right approach. Researchers from the *United Nations Environment Programme* (UNEP) just recently pointed out the connection between climate change and the growing risk of zoonoses, which is when diseases like COVID-19 jump from animals to humans.¹



In our livestream on 16 June 2020, we asked ourselves the following question: “**Will everything remain different?**” “**What will the post-Corona world be like?**”. In a talk moderated by **Hajo Schumacher**, futurologist **Matthias Horx** discussed these questions with **Gero Bergmann** and **Prof. Tobias Just**, who is the Academic Director of the *International Real Estate Business School* (IREBS). Around 250 guests followed the discussion on their computers or mobile devices.

The COVID-19 crisis is changing our values and the way we live and work, not to mention the design of living spaces – and all of this will change the way real estate is used in future. “After COVID, the office will become more important as a location where people get together for creative collaboration, even as the working-from-home trend continues”, Bergmann explained. “The way offices are used will change, and urban designs will change along with that.”

Urbanisation or ruralisation? Bergmann's response is: “Both. That is, we need to utilise urban development approaches that reduce the strain on cities that are being stretched to their limits, and we need to provide more funding to develop rural areas and expand infrastructure. This is what I believe the future holds for us.” Tobias Just: “Densely populated urban spaces will nevertheless continue to become more attractive to people because it is only in such spaces that productive creativity can flourish through personal encounters and interaction.”

Conclusion drawn at the event:

There's no turning back. Everything will remain different – but we can look towards the future with optimism nevertheless!

¹ www.unep.org/resources/report/preventing-future-zoonotic-disease-outbreaks-protecting-environment-animals-and

Outstanding Performance

As was the case in previous years, the commitment of Berlin Hyp to sustainability in general was once again recognised by several renowned rating agencies in 2020. These agencies regularly evaluate the various measures and new approaches we implement in the area of sustainability. Over the last few years, Berlin Hyp has been able to attain a very good position in the overall rankings published by the rating agencies, and the Bank also receives top marks in its peer group. The results of the rankings also serve as a management instrument for identifying new opportunities and areas where improvements can be made.

Berlin Hyp either maintained or improved its rankings in 2020:

Berlin Hyp received a Sustainalytics ESG risk rating of 11.9 in October 2020, confirming it as “low risk”.

In December 2020, the ISS-ESG sustainability rating agency issued Berlin Hyp a B-rating, which was one of the highest ratings in the Financials/Mortgage & Public Sector Finance peer group. This rating means both prime status and inclusion in the category “good”. As a result, Berlin Hyp was once again confirmed as an “Industry Leader”.

Also in December 2020, the rating agency MSCI gave Berlin Hyp a sustainability rating of AAA.



Selected sustainability ratings

Industry Leader



In the top 3 of 129 in the Financials/Mortgage & Public Sector peer group (as at 1 December 2020)

ESG Corporate Rating

B–

“Prime”



ESG Risk Report: Number 2 among 389 diversified banks worldwide (as at 13 October 2020)

ESG Risk Report

11.9 out of 100

“Low”



Sustainability Rating (as at 21 December 2020)

ESG Rating

AAA

Berlin Hyp’s commitment to sustainability was also honoured once again at the *Real Estate Brand Award* in 2020: here, the Bank was **ranked first** in the category *Growth Sustainability* and **finished second** in the rankings of the Top Ten real estate financiers.

In addition, Berlin Hyp received the “**Lender of the Year Germany**” award at the beginning of 2020 for its performance in 2019. The English-language Real Estate Capital magazine, which presented the award, was particularly impressed by the Bank’s Green Bond programme, which is the most extensive programme of its kind in Europe.

The annual *GlobalCapital Sustainable and Responsible Capital Markets Forum* honoured Berlin Hyp by presenting it with three of its four Global Capital SRI Awards:

→ **Most Impressive Bank Green Bond Issuer**

→ **Most Impressive Green Covered Bond Issuer**

→ **Best Green Issuer for Impact Reporting**

Here, the Bank was able to beat out prestigious competitors such as LBBW, the European Investment Bank and KfW. The market therefore once again recognised the pioneering role the Bank plays in the green bond sector through its continuous further development of Green Bond activities.

2 Environmental Policy and Environmental Management System

This updated Environmental Statement issued by Berlin Hyp for its headquarters estate in Berlin (at Budapester Strasse, Corneliusstrasse and Tauentzienstrasse) for the year 2020 presents the progress that has been made with environmental management at the Bank. Each year, our reporting also more extensively takes into account the progress that has been made with

the “B-One” construction project for the new headquarters and describes the specific developments and milestones in this regard in detail in special sections of the Statement. The circumstances described in the 2019 Environmental Statement remain in effect in connection with this statement – specific changes are described.

Environmental Protection Milestones: Review and Outlook

Berlin Hyp seeks to utilise its financial services as way to help ensure economic stability and, wherever possible, contribute to effectively addressing pressing challenges such as climate change, demographic change and resource scarcity. Ambitious climate protection targets have been set by the EU and the individual member states for the building sector which, depending on the respective calculation, accounts for between 30 and 40 per cent of CO₂ emissions in Germany. Berlin Hyp is committed to the Paris Climate Targets and the Climate Paths for the Federal Republic of Germany: in 2020 the Bank accordingly adopted a far-reaching sustainability agenda in order to promote the transformation to a climate-neutral economy. By incentivising the transformation of existing buildings into lower-carbon buildings, Berlin Hyp will be taking a new approach towards reducing the negative impact of buildings on the climate and the environment.

Within the framework of its core business activities, Berlin Hyp offers interest-rate incentives that promote the development of environmentally friendly, energy-efficient commercial real estate, and since 2015 it has also been very successfully issuing Green Bonds for the refinancing of such properties. At the beginning, the Green Finance lending portfolio consisted of 17 green buildings and a total volume of €657 million; today the portfolio covers 238 buildings with a volume of just under €6 billion. A lot has been accomplished over the last five years.

For example, the Bank has developed new processes along its entire value chain and has specified the suitability criteria for green buildings more precisely by continuously incorporating new expertise. The criteria are also now stricter than before, and the methodology for impact reporting has been refined several times. In 2016, an incentive of ten basis points for green loans was introduced, and in 2017 a sustainability target was incorporated into the Bank's strategy for the first time. This target calls for the portfolio of green lending to account for **20 per cent of the total loan portfolio by 2020**. Thanks to the extensive effort made in many areas, this target was achieved one year earlier than planned. In 2019, the Bank transferred the name rights to Grüner Pfandbrief (Green Pfandbrief) to the Association of German Pfandbrief Banks (vdp) and also worked together with other banks issuing such bonds to develop minimum

industry-wide standards for Green Pfandbriefe. We are now the **third largest issuer of syndicated green bonds in Germany** after the state development banks KfW and NRW. Bank, and we remained the **most active issuer of green bonds in the European commercial bank segment** for the third consecutive year.

Last year, for the fourth time in a row following our successes in 2017, 2018 and 2019, we were able to launch at least two Green Bonds in benchmark format within one year. We also issued our first Green Bond in a foreign currency. At the end of 2020, the Green Bond portfolio consisted of 11 outstanding Green Bonds in benchmark format. We also managed to complete private placements in green bond format for the first time

As a result, the Bank offers clear added value in this area. We also serve as an intermediary that promotes the investment of sustainable capital in sustainable properties in line with the EU Action Plan². These approaches contribute to climate protection. For example, as at December 2020, the annual CO₂ reductions achieved through our green business activities amounted to 137,700 tonnes.

The EU and its member states are looking to play a leading role worldwide in the area of green finance. As a result, the financial and real estate sectors will be facing a whole range of new requirements in the not too distant future. These will include the EU taxonomy for sustainable financial transactions, the incorporation of climate risks into bank risk controlling systems, measures related to the EU's stated goal of achieving carbon neutrality in the building sector by 2045, and requirements in connection with German legislation that stipulates a reduction in CO₂ emissions caused by buildings of more than 40 per cent over the next ten years. The Bank plans to continue with its efforts in all of these areas.

Berlin Hyp is pursuing both a *product ecology and an operational ecology* approach as it seeks to increase awareness of the importance of environmental protection and take advantage of the opportunities that result from such heightened awareness. In line with this approach, the environmental management system at Berlin Hyp ensures that all principles of operational ecology at our locations are adhered to, continuously reassessed and further developed.

² ec.europa.eu/info/sites/info/files/business_economy_euro/banking_and_finance/documents/finance-events-190321-factsheet_de.pdf

Berlin Hyp seeks to limit the negative ecological impact of its business operations to an extent considered appropriate for a company in the financial sector, and to this end it formulated and published an environmental policy for the first time in 2014. This guideline applies to both operational and product ecology.

The environmental policy is reviewed by management on an annual basis and has been continuously updated

and expanded in line with new developments since our environmental management system was introduced.

All employees are informed of the policy via various publications on the intranet and through our annual training session on the environmental management system. Our employees thus share the Bank's firm commitment to the following principles:

Environmental Policy at Berlin Hyp

As one of the leading real estate financiers in Germany, Berlin Hyp has a special responsibility to society. Among other things, this means we have an obligation to employ effective environmental protection measures at our company, and along our value chain, in order to promote responsible economic development and help safeguard the livelihood of people today and future generations.

We believe we have an obligation to our customers, shareholders, employees, suppliers and society in general with regard to acting responsibly, and we seek to ensure sustainable development in line with the *United Nations Sustainable Development Goals*.

Within this framework, our environmental policy, which applies to all employees and managers throughout the company, focuses on the continuous improvement of our environmental performance. Our environmental policy takes into account

- **the three UN Global Compact principles on environmental protection**³,
- **the ten principles of the – Zentraler Immobilien Ausschuss e.V. (ZIA – German Property Federation) industry code regarding sustainability**⁴,
- **the four principles of sustainability formulated by the Deutscher Sparkassen-und Giroverband e.V.**⁵ and
- **the Commitment by German savings banks to climate-friendly and sustainable business practices**⁶.

Our environmental policy is implemented by means of an environmental management system and is based on the following framework:

- A commitment to reliable and efficient compliance with all statutory and other environmental protection regulations that apply to Berlin Hyp, as well as compliance with Berlin Hyp's own internal guidelines and other relevant

stipulations relating to the external environmental impact of our business activities.

- A commitment to taking active measures to avoid unnecessary environmental impacts. Wherever this is not possible, measures are taken to reduce such impacts, provided such measures are technically and economically feasible. This applies especially to energy and water consumption, emissions and waste, and the environmental impact of our financing portfolio.
- Continuous improvement with regard to our environmental management activities and environmental performance. To this end, we regularly collect measurement and consumption data, in particular in order to ensure the effective management of our environmental protection measures. In addition, we compile data on the environmental impact of our portfolio.
- Promotion of environmental protection measures through transparent cooperation with responsible authorities in relationships based on trust.
- Full consideration of environmental and sustainability aspects when making decisions regarding the procurement of equipment, consumer products and services.
- Active promotion and support of environmental awareness and responsibility among customers, employees and suppliers, as well as on the capital market.
- Maintenance of the internal and external transparency of our environmental policy and environmental protection measures through the publication of an annual Environmental Statement.
- Expansion of our risk management system with the aim of systematically identifying and minimising the potential impact Berlin Hyp's activities have on the environment, and the potential effect environmental conditions can have on Berlin Hyp (e.g. climate risks).

3 Principle 7: Businesses should support a precautionary approach to environmental challenges. Principle 8: Businesses should undertake initiatives to promote greater environmental responsibility. Principle 9: Businesses should encourage the development and diffusion of environmentally friendly technologies. <https://im-auftrag-der-gesellschaft.de/2016/haltung/nachhaltigkeitsstrategie>

4 www.zia-deutschland.de/fileadmin/Redaktion/Positionen/PDF/ZIA-Nachhaltigkeitsleitfaden.pdf

5 In particular, Principle 3 "3. We are committed to conducting our business in a resource efficient manner." <https://im-auftrag-der-gesellschaft.de/2016/haltung/nachhaltigkeitsstrategie>

6 www.sparkasse.de/aktuelles/selbstverpflichtung-nachhaltigkeit.html

The EMAS Environmental Management System at Berlin Hyp

Organisational structure

Berlin Hyp’s environmental management system was validated in accordance with EMAS for the first time in 2016. Because Berlin Hyp also operates outside of Germany, its environmental management system is also certified annually in accordance with the globally more well-known DIN EN ISO 14001 environmental management standard.

The management cycle that has been employed since initial validation

- is based on the long-term application of the PDCA cycle and
- consists of and ensures a continuous improvement process,
- safeguards the effective implementation of our environmental policy and environmental programme, as well as the continuous monitoring of compliance with all relevant laws, regulations and other binding obligations.

The environmental management system is firmly embedded throughout all the Bank’s structures. The following changes therefore had no negative effect on the performance of the management system.

- The major projects that have been launched are the drivers of our transformation and require further adjustment. This has led to the implementation of changes to the Bank’s organisational structure. More specifically, the Organisation division was dissolved and its various elements were incorporated into new structures.

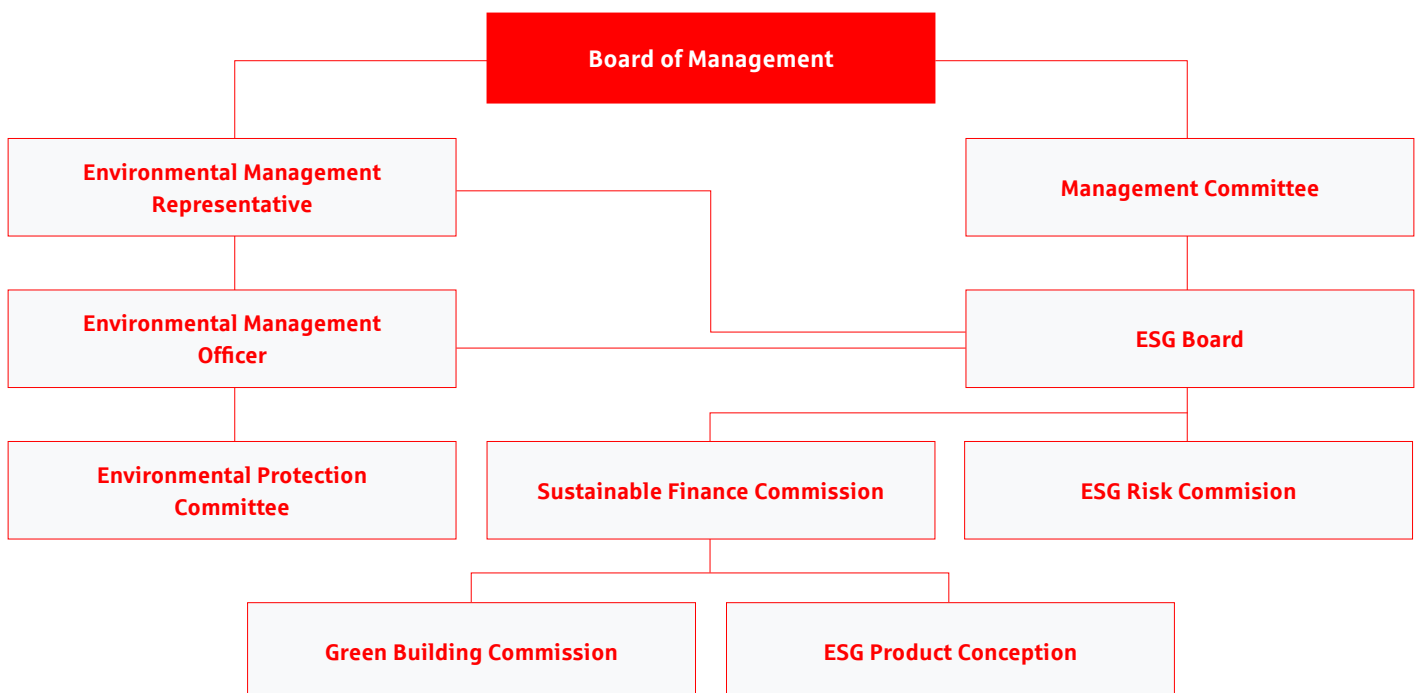
For example, Facility Management, which includes operational environmental management, was incorporated into the new B-One division, which is primarily responsible for all tasks associated with the new construction project of the same name. New departments were created at other divisions and authorised Bank representatives were brought together in a new unit.

- Personnel changes were made to the Supervisory Board in 2020: **Artur Grzesiek** resigned from the Supervisory Board at the end of May 2020. He was replaced by **Ulrich Voigt**, Chair of the Board of Management of Sparkasse KölnBonn.

- **Alexander Stuwe** has been a member of the Board of Management of Berlin Hyp AG since 1 July 2020. As Chief Representative, he has been strengthening this Board since 1 January 2020. He is responsible for the areas of Credit, Valuation, Risk Controlling, Risk Management, Governance, Internal Audit and Data Management.

The responsibilities and structures defined in the environmental management system have proved to be effective and integration into the sustainability management system has been achieved and maintained following the latter’s reorganisation. The objective here was to establish a focused ESG management approach for risk and performance controlling. The ESG Board, along with other formats, serves as a permanent interface between environmental management and sustainability management. All of the Bank’s sustainability activities are managed here via cross-divisional coordination.

Organisational structure of the environmental management system (EMS) at Berlin Hyp



Foundations

Berlin Hyp regularly 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 COVID-19 pandemic, which persisted throughout the financial year, a direct stakeholder survey was postponed until 2021.

The materiality analysis based on the survey conducted in 2018 was checked by the Berlin Hyp ESG Board to ensure it was still up to date and was also adapted in line with the B-One new construction project.

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, it examined whether the sustainability aspects were relevant in terms of being able to understand our business development, our business results and Berlin Hyp's position.

Here, the following areas of activity were identified as essential topics relating to sustainability:

- **Consideration of ecological criteria when issuing bonds**
- **Consideration of climate protection criteria when selecting financing projects**

→ **Consideration of resource conservation criteria and biodiversity protection when deciding on which financing projects to participate in**

→ **Reduction of environmental impacts at our locations**

Berlin Hyp makes use of its established formats for discussions with key stakeholder groups in society in order to identify and implement their sustainability requirements. Specifically, these are customers, employees, society, competitors and owners.

Communication with stakeholders is a part of daily business activities – for example, in the form of conversations with customers, employee surveys and our activities in business association committees. In 2020, in-depth discussions with stakeholder groups were also held in light of the COVID-19 situation.

The determination of the organisational context is made by the environmental management system on the basis of materiality analysis conducted by the sustainability management organisation, whereby the latest developments are taken into account in each case.

Enhanced Environmental Risk Management

The monitoring and assessment of opportunities and risks associated with the company's business operations is becoming more extensive at Berlin Hyp as well, with aspects at all divisions also taken into account. Berlin Hyp analyses opportunities and risks on the basis of information obtained from the risk management system and a materiality matrix that is updated every year.

Non-financial risks associated with the four sustainability aspects are identified, assessed, managed and monitored by the respective specialist departments and the risk management department.

Requirements and procedures have been defined for the responsible handling of ESG risks (Environment, Social, Governance) in the regular business. Furthermore, Berlin Hyp has excluded business activities relating to certain critical sectors. For example, it does not finance any real estate whose construction or operation is directly related to the production of genetically modified organisms or the production of tobacco or alcohol.

A climate risk analysis is carried out every year in order to identify and assess the climate change risks in the geographical markets in which the projects financed by Berlin Hyp are conducted.

In these analyses, Berlin Hyp examines and assesses the climate risks of its business operations on a country-by-country basis with the help of the Notre Dame Global Adaption - Index ND GAIN. The analyses also take into account regulatory risks, reputation and legal risks in connection with the financing of controversial projects and market risks relating to changes in customer behaviour – for example due to increasing borrowing costs in connection with climate change or increased customer awareness of the issue of climate change.

Physical risks such as the potential exposure of buildings due to heavy rain, storms, floods and heatwaves are also examined.

In order to gain a deeper understanding of how climate change might impact real estate valuations, Berlin Hyp participated in a project with the Swiss start-up Carbon Delta (now known as MSCI Carbon Delta). Based on the results for three synthetically compiled real estate portfolios in the Retail, Residential and Office asset classes, initial risk indicators were identified at the property level.

The findings from the previous risk analysis had a significant influence on both the sustainability agenda adopted in 2020 and the development of the new Transformationskredit (transformation loan) product.

To assess climate and environmental risks, Berlin Hyp added an ESG Risk Commission to its sustainability committees for the implementation of the ECB guidelines in 2020. The working group is composed of representatives from risk controlling, valuation, portfolio management and loan, strategy and sustainability management and meets every two weeks.

In the reporting year, the measures “Development of a concept for a climate risk analysis of real estate portfolios” and “Review and, if necessary, draft a concept for the extended impact measurement of the entire financed real estate portfolio” were also consolidated in the working group.

Resource conservation criteria and biodiversity protection are important considerations for Berlin Hyp when selecting financing projects. In particular, it is observing the development of the technical assessment criteria of the EU-taxonomy for the protection of ecosystems and biodiversity.

The EU is expected to submit the relevant criteria by the end of 2021. Berlin Hyp will then evaluate the impact of the criteria on its business and how it can make a positive contribution to achieving the goals.

The environmental management system draws upon the analyses conducted by sustainability management and regularly assesses risks and opportunities in the context of Berlin Hyp in connection with significant environmental aspects (climate risk analysis, risk inventory), the stakeholder analysis and the schedule of legal provisions.

The relevant environmental regulations and other binding requirements relating to the environment that are listed in the schedule of legal provisions are reviewed on a quarterly basis, as are other provisions and requirements contained in the schedule of legal provisions that Berlin Hyp has agreed to comply with. The schedule of legal provisions has been expanded to include a new section for environmental legislation that must be complied with in connection with the B-One new construction project. The schedule is reviewed on a regular basis with regard to this aspect as well.

Initial Milestones in the “B-One” Construction Project



C.F. Møller Architects / Beauty & the Bit

After careful consideration of various issues (including an ageing building shell and technical end-of-life dates), the Board of Management adopted a resolution in 2018 on the discussion of a new location for the Bank in the future. This led to a decision approved by the Supervisory Board in 2019 to launch construction of a new headquarters building at our long-established location at Budapester Strasse. Key preparations were made in 2020 for this project, which is like no other project ever undertaken in the history of the Bank. Initial milestones were reached as well:

Architecture competition

Berlin Hyp launched an architecture competition in March 2020 with the aim of completing an architecturally sophisticated and sustainable building by the beginning of 2024. The concept submitted by the Danish architecture firm C.F. Møller Architects came out on top in the competition. The new headquarters will bring all employees in Berlin, who up to now have been separated into two different buildings, together into a single building.

Around 500 workstations will be established on around 14,800 square metres of above-ground gross floor space. Selected areas in the new headquarters will also be used for public events. The Bank is seeking to achieve certification for the new corporate headquarters according to the very high standard set by the German Sustainable Building Council (*Deutsche Gesellschaft für Nachhaltiges Bauen – DGNB*). This is part of Berlin Hyp’s long-term sustainability strategy. The new headquarters will enable the Bank to significantly reduce its energy consumption in comparison to the old building. It will also lower operating costs and CO₂ emissions. To give an example, this reduction will be made possible by installing photovoltaic systems on the façade and on part of the roof.

Consolidation in the building on Corneliusstrasse

In February 2020, conversion work began on the ground floor at Corneliusstrasse 7 in order to enable the building to accommodate an increase in the workforce from 230 to approximately 370 employees for the duration of the construction period. The building's four floors were completely renovated one after the other over a period of four weeks in each case. This required the implementation of a sophisticated logistics plan that had employees moving into their new offices successively in six-week blocks. The affected employees initially relocated temporarily to offices at Budapester Strasse 1. Everything proceeded on schedule despite the extensive additional complications caused by the COVID-19 pandemic. The building's infrastructure was also upgraded during this time. For example, the underground car park was completely refurbished and a second cooling unit was installed in order to accommodate the increased workforce numbers in the building.

All of this work led to the removal of around 56 tonnes of concrete, 17 tonnes of mixed construction waste, 33 tonnes of gypsum-based construction materials and small amounts of non-contaminated and contaminated insulating material, all of which was properly disposed of.

In July and August 2020, all employees moved into their new offices, where they will remain until they move into the new building in 2024. Ecological criteria were incorporated into the standardised design for all workstations and office areas. In addition, new spaces for collaboration and focused work were created and modern storage areas were set up, even as storage capacity was reduced – among other reasons due to the digitisation of more than 500 documents.

Until the new building is completed, employees are testing out the concepts of new work in the office building at Corneliusstrasse 7 as well as in the alternative rented office spaces in the building at Taentzienstrasse 13.

Alternative rented office spaces

Berlin Hyp has also rented approximately 2,000 square metres of office space within walking distance for the approximately 150 or so employees who could not be accommodated at Corneliusstrasse 7. Numerous options were examined before this space was rented. Given the tight real estate market in Berlin City West, and after the review of results of a postal code analysis, Taentzienstrasse 13, which is situated directly at Breitscheidplatz, was chosen as a good temporary location. Three floors of the building were renovated especially for Berlin Hyp and now feature new working environments as well. These floors were handed over to the Bank in August 2020, after which employees began moving in.

Preparations for deconstruction

Deconstruction of the old building at Budapester Strasse 1 has already begun. Throughout the course of the gutting and pollutant clean-up process, Berlin Hyp is taking care to recycle and dispose of all materials in an environmentally friendly manner. Berlin Hyp plans to have the entire deconstruction project certified in accordance with the new DGNB (German Sustainable Building Council) Deconstruction standard, and its participation in the DGNB certification process will contribute to the further development of this new certification system.

On 17 December 2020, the building at Budapester Strasse 1 was “switched to black” and handed over to the general contractor. However, before the building was gutted and demolished, it had to be emptied. Many pieces of furniture had already found a new home at charitable organisations such as daycare facilities, associations and schools. Berlin Hyp also commissioned an industrial auctioneer to conduct a public auction in order to sell other furnishings, building systems and technical equipment for sustainable and environmentally compatible further use. All employees were also given the opportunity to bid on the items. Details on the auction can be found in the “Waste” section on page 22.

Our Objective: Extensive Participation, Dynamic Momentum

In order for environmental management to be effective, its principles must be consistently applied to all processes at Berlin Hyp and also be accepted and complied with by the Bank's employees. Employees are in fact a driving force of continuous improvement in environmental performance and the establishment of environmental awareness throughout the organisation. By incorporating employees into various initiatives and programmes, and providing them with important information, Berlin Hyp has in fact succeeded in creating an atmosphere in which many employees bring up and/or address environmental issues on their own. Of the 69 suggestions submitted to idea management in 2020, eight fell under the category of *Environment/Idea*.

Approximately 40 more ideas were submitted in 2020 than in the previous year.

→ We began reorganising our idea management system in November 2020 in order to increase its attractiveness and enable more cross-divisional activity over a wider range of topics. In future, all employees will be encouraged to discuss their ideas in the various formats available for this (IT Community, Culture Board and Culture Talks), or else approach the relevant specialist departments. In this manner, employees will be able to contribute to the “next dimension” project for the future.

→ We also gave our employees the opportunity to make their own personal contribution to the energy transition. Among other things, we offered an employee bonus during the electricity-supply contracting process for the *Greenpeace Energy utility*.



→ Our measures in 2020 were implemented under the motto of “Biodiversity” and began with the **installation of three bee colonies** on the roof of the building at Corneliusstrasse 7. This location offers the bees ideal conditions due to its proximity to the nearby biotope in Tiergarten park. In addition, the presence of the bee colonies makes employees more aware of issues relating to species protection and allows them to experience species protection up close.



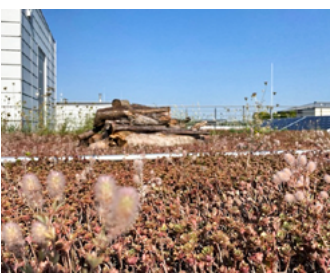
→ This conversion work was also included in the “Wildes Berlin” (Wild Berlin) documentary produced by the RBB broadcasting company, so all employees will have the opportunity to watch the film when it’s broadcast and also learn about other biodiversity projects in the German capital. Plans also called for employees to be able to attend an information event on the roof with Dr. Gunter Mann, President of the Bundesverband GebäudeGrün BuGG e.V. (German Association of Building Greening), who was closely involved with the roof conversion project. This event was postponed due to the COVID-19 pandemic and will be held in 2021 instead.



→ This is also why we reached an agreement with “our” beekeeper to ensure he always tells us when he’s going to come around to check on the bees. We then post this information on the intranet. Hobby beekeepers or colleagues who want to learn more about what a beekeeper does can accompany the beekeeper and help out – and many have already taken advantage of the opportunity to do so. During these “tours”, the beekeeper explains the theory and practice of bee protection in a way that everyone can understand.



→ One of the many intranet publications on the topic of environmental management was a report on the work performed to transform the roof at Corneliusstrasse 7 into a **biodiversity roof** with extensive greening. Eight weeks after the bees moved in, a partial substrate mounding and sedum-herb/woody plant vegetation with smaller areas of deadwood and gravel were added to the sedum (low-growing thick-leaf plants) that had practically dominated the roof in order to create more variety. The roof area now offers breeding habitats for many different types of ground-breeding birds.



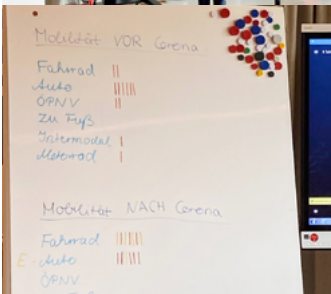


→ This year’s employee competition was held under the motto of “Riding Your Bike to Work”. The competition for “Berlin Hyp Cyclist of the Year 2020” was held in three distance categories. Around 40 colleagues participated.

→ The prizes awarded to the winners of the cycling competition were also related to the 2020 motto of Biodiversity. The winners participated in a species protection programme as apple tree patrons at an orchard in Werder and as gardeners on plots at a cottage garden in Ahrensfelde.



→ Employees once again addressed the topic of mobility in 2020. In June, a “B-One Mobility” workshop was held that focused on the question of “How do we get where we need to go from a standing position”? Among other things, the colleagues who participated in the workshop examined ideas for reducing travel to and from work and enabling employees to more easily switch from cars to other modes of transport.



Here as well it became clear just how much the COVID-19 pandemic has changed mobility behaviour, whereby employees were also able to identify new opportunities brought about by the pandemic.



→ Many employees submitted the names of potential recipients for donations of office furnishings, equipment and consumable materials. They thus contributed to the success of our donation campaign, in which we donated around 45 truckloads, or 1,350 cubic metres, of office goods to schools, daycare facilities, charitable institutions and funding agencies.



→ The fact that employees think a lot about the circular economy and re-utilising furnishings and equipment was demonstrated by the high level of employee participation in the auction of the entire remaining inventory of the building at Budapester Strasse 1.

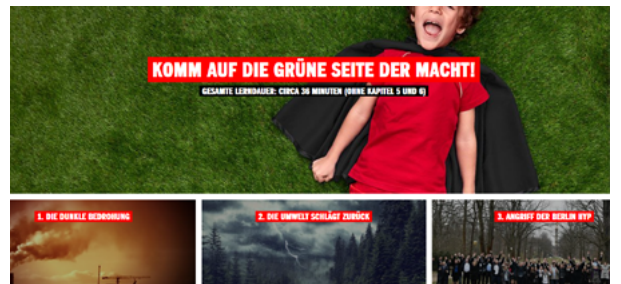


→ Within the framework of an interview with representatives from the new food-vending machine company *Foodji*, the sustainability aspects of *resources, supply chains and packaging* were discussed and summarised in an EMS one-pager and then posted for all employees to view on the intranet.



→ The year under the motto of *Biodiversity* ended with the production of a series of three video clips designed to raise employee awareness of the topic. Each five-minute video in the series highlighted issues such as ecosystem protection, the maintenance of biodiversity, actions that need to be taken in forests, oceans, cities and the countryside, and links between these issues and the planning process for our new building.

The internal auditor team once again performed audits and conducted other processes relating to environmental management in 2020. Here, internal auditors serve as company-wide multipliers and thus play a very important role at the Bank. In order to prepare for the internal audit, four internal training events were held for the auditors. We were also able to obtain a new internal auditor, who immediately took advantage of the opportunity to take part in the refresher course for internal auditors.



The training session on the environmental management system, which is mandatory for all employees, kicked off 2020 with a completely new visual, technical and content format. Bank employees also participated in the development process for the new “Come to the green side of the force” training session.

3 Impact of Our Business Activities on the Environment

Identification of Significant Environmental Aspects

All of the environmental impacts resulting from our business operations are identified with consideration for the company context and regularly reviewed and evaluated on the basis of clear and comprehensive criteria. Our assessments of environmental aspects take into account the relevance and potential of our scope of influence, as well as our local and global impact on the environment, the extent and content of relevant legislation, and costs.

Key environmental aspects for Berlin Hyp at the moment are energy consumption (electricity and heat), emissions from business travel and paper consumption and, above all, the indirect impact of our financing activities.

The project-specific environmental aspects associated with B-One are of a different nature: Because they relate directly to the construction measures, they are only temporary and their nature and scope are different from the environmental aspects of regular operations that have been considered to date. They are therefore only identified and considered in the context of the company's business operations in terms of the extent to which they are not addressed within the framework of the binding targets and performance specifications agreed on with the contractors (including the DGNB standards). The same applies to the project-specific consideration of risks and opportunities, and the expectations and requirements of stakeholders. The controlling matrix and additional regulations in the environmental management guidelines are used to document environmental management issues, which are then discussed in the construction meetings that are held on a regular basis.

Product Ecology – Greatest Impact, Best Opportunities

Buildings are one of the major influencing factors on the road to the climate neutrality we seek to establish. The German government's climate protection concept for the EU's New Green Deal therefore defines extensive requirements for buildings. Plans call for a more than 40 per cent reduction in the CO₂ emissions caused directly by buildings over the next ten years.

As the issuer of the first Green Pfandbrief, and the most active issuer of green bonds from the group of European commercial banks, Berlin Hyp is doing its part to achieve the required transformation. In the process, the Bank is assuming both climate and corporate responsibility.

Back in 2017, Berlin Hyp set itself the strategic goal of taking on a leading role in the area of green finance. To this end, the Bank announced plans to increase its portfolio of green financing to 20 per cent of the total loan portfolio by 2020. This target was achieved one year earlier than planned.

Berlin Hyp adopted a far-reaching sustainability agenda in 2020 in order to support the achievement of the targets of the Paris Agreement and the Climate Paths of the Federal Republic of Germany:

- 1) **Commitment to the Paris Agreement and the Climate Paths of the Federal Republic of Germany**
- 2) **Increasing the share of green finance in the Bank's loans portfolio to one-third by 2025**
- 3) **Portfolio transparency by 2023 – systematic determination of energy values, CO₂ by 2023 and climate risks by 2025**
- 4) **Introduction of a further sustainability product: the Transformationskredit (transformation loan)**

Berlin Hyp is closely following the latest developments with regard to the *European Action Plan for Financing Sustainable Growth*, in particular the definition of a taxonomy and a green bond standard, and is working within the sustainability committees to identify the requirements this will lead to in terms of the Bank's business operations.

Operational Ecology: Direct Influence Potential at Our Locations

In order to fully exploit our potential to influence the environmental impact generated directly at our locations, we collect data on our consumption of heat, electricity and water, as such consumption impacts greenhouse gas emissions and resource utilisation.

We also monitor the number of kilometres travelled for business purposes in company cars, trains and planes, since our activities in this regard also have an influence on the generation of greenhouse gas emissions that are harmful to the climate and intensify the greenhouse effect.

The production of waste also has an impact on the environment, which is why we collect data on the amount of waste we produce, as well as on paper consumption. Other factors such as local phenomena, the risk of environmental accidents and the impact of such accidents on biodiversity are monitored qualitatively and taken into account where necessary.

We also disclose data on land use in terms of its impact on biodiversity at our locations. In addition, we provide information on various types of land sealing and the manner in which land is used.

Data and information on all environmental impacts at our locations are continuously updated and expanded whenever new reliable figures become available. We implemented a data collection system for the new rented office space in the building at Tauentzienstrasse 13 after we moved in. The data, which are collected by the local building management company, are included in this year's reporting.

Certain data had not been provided to us at the time this Environmental Statement was produced. This was due to the fact that certain utility bills had not yet been sent to us. Such data are taken into account in this Environmental Statement in the form of estimates.

We also used plausible projections to report on waste figures that were not yet available to us at the time this Environmental Statement was produced.

Environmental Protection and Supply Chains

Berlin Hyp considers not only economic aspects but also sociological, ethical and ecological aspects when procuring goods and services.

Our digital procurement platform has repeatedly led to the development of new approaches for supporting and promoting sustainable business activity. For example, our integrated news portal focused for several weeks in 2020 on our Internal Guideline on Sustainable Procurement. The selection of suppliers is a decentralised process at Berlin Hyp, as each specialist department chooses its own suppliers. For this reason, the team at Purchasing is increasingly focusing on communication and the provision of sustainability-related information to the specialist departments.

Sustainability agreements and the Code of Conduct, which requires suppliers to act with awareness of potential consequences for the environment, are now an integral part of our general agreements with suppliers and service providers. As at 31 December 2020, nearly all of our new contracts with IT suppliers and service providers contained a Sustainability contractual appendix.

Requiring sustainability statements as part of a contract, or switching suppliers in the event of non-compliance with this requirement, is not always an option due to the monopoly positions held by some companies. Last year, Berlin Hyp was nevertheless very adamant in addressing disputes with service providers initially unwilling to sign the sustainability appendix for various reasons.

This sent a strong message to suppliers and the real estate industry.

Berlin Hyp procures most of its goods and services from companies in Europe. Our nine largest suppliers at the moment (revenue in excess of €1 million) are service companies located in Germany with which we have long-standing relationships.

The employees of Berlin Hyp's Purchasing Department can review contractors and suppliers through random audits or questionnaires. The latter also include questions relating to environmental protection. The questionnaire is also now being set up in the Bank's purchasing tool, which means data will soon be available for analysis. Up until now, the Purchasing Department, the environmental management system and the sustainability management organisation have been responsible for analysing the responses provided by suppliers. The rankings/results thus obtained are sent to the specialist departments in the form of recommendations on issues that are to be addressed in meetings with service providers.

In 2020 as well, Berlin Hyp consistently continued on its course of focusing more strongly on sustainability aspects with regard to procurement and the supply chain.

→ Most of the furniture procured for the restructuring of the new working environments originated from sustainable sources. All of the approximately 600 new height-adjustable desks we've procured are certified in accordance with the PEFC7 standard, and all acoustic felt panels are certified OEKO-TEX 100 products free of harmful substances.

- Like the cafeteria, which has a central water cooler, all kitchenettes in the buildings at Corneliusstrasse 7 and Tauentzienstrasse 13 have now been equipped with water coolers. These devices, which are connected to the buildings' pipe systems, are equipped with filters and enable staff to draw cold still water or sparkling water. This set-up reduces the strain on the environment, as water no longer has to be transported and delivered to the buildings.
 - Although we were allowed to disclose and designate the electricity we obtained up until the end of January 2020 as *green electricity* on the basis of a certificate of origin⁸, we realised we could do better: Since February 2020, Berlin Hyp has been obtaining green electricity from a supplier that has been verified as having absolutely no financial interest in nuclear, brown coal or new hard coal power plants and whose central objective is to help Germany achieve the energy transition rather than generate the highest possible profit. This supplier has also received certification in accordance with the highest standard – *ok power plus* – in recognition of the fact that it boasts the highest share of wind power in its electricity mix. In this manner, Berlin Hyp is also now systematically contributing to the transition to renewable energy sources in Germany.
 - In 2020, the Bank decided for the first time to use a coolant with a GWP value⁹ of less than 5 in a new cooling unit. The idea here is to gain experience with less environmentally harmful coolants, whereby the knowledge gained here will be applied in the B-One new construction project as well.
 - The environmental compatibility of a new and innovative concept for supplying employees with meals was analysed in advance in an interview that focused on key aspects such as supply chains, resources and waste. Our utilisation of resources is being extensively shaped by the use of artificial intelligence, which marks a very advanced approach in our industry. The issue of food packaging is also being addressed in a sensitive and dedicated manner. One of the food packaging criteria we use to select suppliers involves *innovative hybrid packaging* that lowers the amount of plastic used by 70 to 90 per cent as compared to conventional food packaging, and which can easily be separated into its recyclable cardboard and plastic components.
 - Among the 113 office floor lamps procured in 2020 is a product that is the first office floor lamp in the world to receive the internationally recognised *Cradle to Cradle® Certified* designation¹⁰. All the materials used in a product must be disclosed in order to obtain certification. The materials are then assessed with regard to toxicity and recyclability, and in some cases the product may even have to be optimised in order to receive certification. Other certification criteria include energy balance, water consumption and water quality, and compliance with social sustainability principles.
 - Our chair procurement activities focused on well-known manufacturers who offer recyclable products and have been awarded sustainability certificates. Other types of new seating, such as stools and benches, are FSC or PEFC-certified or have received the French “NF-Office Excellence Certifié”¹¹ sustainability certificate, which utilises strict criteria.
- The introduction of an automated supplier management tool remains on hold due to the fact that the Berlin Hyp cloud strategy is being analysed in detail at the moment.

⁸ www.umweltbundesamt.de/themen/klima-energie/erneuerbare-energien/herkunftsnachweisregister-hknr

⁹ The “Global Warming Potential” (GWP) value of a coolant shows its greenhouse gas warming potential as compared to CO₂ (also referred to as the CO₂ equivalent).

¹⁰ www.c2ccertified.org

¹¹ fr.m.wikipedia.org/wiki/NF_Office_Excellence_Certifié

4 Berlin Hyp: Environmental Performance and Key Figures

Building-specific and technical data for our headquarters are presented in the following overview:

Berlin headquarters			
Building	Budapester Strasse 1	Corneliusstrasse 7	Taentzienstrasse 13
Total area	2,720 m ²	2,040 m ²	–*
of which built upon	2,526 m ²	2,025 m ²	–*
Office space (pursuant to GIF)	9,860 m ²	4,038 m ²	2,100 m ²
Number of floors	9; 6, car park (B), basement	5, car park (B), basement	1. floor, 2nd floor (parts), 3rd floor, basement (parts)
Technical equipment			
Heating	District heating, standard		
Water supply	Tap water		
Electrical power supply	Green electricity from wind power and hydro-power; solar electricity from our own solar modules		
Emergency power supply	For security systems and emergency lighting		
Air conditioning	Cooling and ventilation systems		
Company cars (as at 1 January 2021)	60, three of which are outside of Germany		
* temporarily rented space			

Key indicators for Berlin Hyp in accordance with EMAS requirements (Basis: Number of employees)

	2016	2017	2018	2019	2020
Energy efficiency					
Electricity (in kWh/employee Berlin)	5.32	4.92	5.11	4.41	4.08
District heat (in kWh/employee Berlin)	4.48	4.08	3.89	3.64	3.20
Mobility: Vehicle fleet (in kWh/employee total)	1.84	1.25	1.19	1.22	0.73
Percentage of renewable energy					
Electricity	100	100	100	99	99
District heat	6.30	5.60	5.60	5.60	9.80
Material efficiency: paper (in kg/employee Berlin)	36.50	18.13	18.22	10.87	7.46
Relative water consumption (in m ³ /employee Berlin)	13.13	12.19	12.12	10.19	8.15
Relative waste: accumulation of mixed municipal solid waste (in kg/employee Berlin)	131.94	134.17	135.82	130.64	135.58
Relative waste: accumulation of hazardous waste (in kg/employee Berlin)	4.05	4.46	0.48	1.19	2.50
Sealed area (in %)	96	96	96	96	96
(in m ²)	4,566	4,566	4,566	4,566	4,566
Near-to-nature area (in m ²)	1,363	1,363	1,363	1,363	1,363
Greenhouse gas emissions of CO ₂ equivalents (in t/employee total)					
market based	2.44	2.04	1.99	2.06	1.03
location based	5.10	3.98	4.53	4.20	2.65

In addition to the reference value “employees” (2020: 596; 556 in Berlin), we have also been using the key figures of “per million euros of mortgage loan portfolio” and “per million euros of green financing” since 2018 in order to ensure that our core business activities are more extensively taken into account in our environmental performance analyses.

More detailed information on Berlin Hyp’s environmental performance can be found starting on page 22.

The total amount of emissions produced by Berlin Hyp and the total number of employees (employees at headquarters + employees at Berlin Hyp branches) are used as a denominator for the key figure of “Greenhouse gas

emissions of CO₂ equivalents”, as this figure is influenced throughout the entire company (company travel included in all scopes occurs at all locations).

Key indicators for Berlin Hyp in accordance with EMAS requirements (Basis million euro mortgage loans, as at 31/12/2020)

	2016	2017	2018	2019	2020
Energy efficiency (in kWh/m)					
Electricity	159.00	132.73	140.32	114.34	95.01
District heat	133.85	110.09	106.81	94.40	74.58
Mobility (fleet)	59.75	36.90	35.55	34.26	18.31
Percentage of renewable energy					
Electricity	100	100	100	99	98
District heat	6.30	5.60	5.60	5.60	9.80
Material efficiency: paper (in kg/m)	1.09	0.49	0.50	0.28	0.17
Relative water consumption (in m ³ /m)	0.39	0.33	0.33	0.26	0.19
Relative waste: accumulation of mixed municipal solid waste (in kg/m)	3.95	3.62	3.73	3.39	3.16
Relative waste: accumulation of hazardous waste (in kg/m)	0.12	0.11	0.01	0.03	0.06
Sealed area (in %)	96	96	96	96	96
(in m ²)	4,566	4,566	4,566	4,566	4,566
Near-to-nature area (in m ²)	1,363	1,363	1,363	1,363	1,363
Greenhouse gas emissions of CO ₂ equivalents (in t/m)					
market based	0.079	0.060	0.059	0.057	0.026
location based	0.166	0.117	0.135	0.118	0.066

Key indicators for Berlin Hyp in accordance with EMAS requirements (Basis: One million euros of green building financing, as at 31/12/2020)

	2016	2017	2018	2019	2020
Energy efficiency (in kWh/m)					
Electricity	1,411.31	1,033.48	863.29	522.46	381.24
District heat	1,188.05	857.22	657.14	431.35	299.29
Mobility (fleet)	530.36	287.32	218.74	156.56	73.48
Percentage of renewable energy					
Electricity	100	100	100	99	98.47
District heat	6.30	5.60	5.60	5.60	9.80
Material efficiency: paper (in kg/m)	9.69	3.81	3.08	1.29	0.70
Relative water consumption (in m ³ /m)	3.49	2.56	2.05	1.21	0.76
Relative waste: accumulation of mixed municipal solid waste (in kg/m)	35.02	28.20	22.93	15.49	12.68
Relative waste: accumulation of hazardous waste (in kg/m)	1.05	0.85	0.08	0.14	0.23
Sealed area (in %)	96	96	96	96	96
(in m ²)	4,566	4,566	4,566	4,566	4,566
Near-to-nature area (in m ²)	1,363	1,363	1,363	1,363	1,363
Greenhouse gas emissions of CO ₂ equivalents (in t/m)					
market based	0.70	0.47	0.37	0.26	0.10
location based	1.47	0.91	0.83	0.54	0.27

Product Ecology – Facts and Figures

After having released eight Green Bonds in the benchmark format since 2015, the ninth and tenth Green Bonds, each in the form of Green Pfandbriefe worth €500 million, were successfully issued at the end of June and the end of August 2020. In addition, the Bank expanded its Green Bond spectrum and made its foreign currency debut on the Swiss capital market in August, where it placed an eight-year green senior preferred bond worth CHF 125 million. Berlin Hyp also issued its first green private placement.

The value of the outstanding Green Bonds, consisting of covered bonds, senior preferred bonds and senior non-preferred bonds, amounted to €5.984 billion at the end of 2020.

In the reporting period for Green Bonds (from March to December 2020), we were able to increase the volume of our Green Finance portfolio by €505 million. Although this amount is significantly less than the record for new green business set in the previous period, we are still proud of it given the challenging market conditions. It should also be

noted that the current reporting period only comprises ten months. We made the one-off decision to shorten the reporting period in preparation for our plan to align our environmental reporting with the reporting period for our Annual Report in 2021 (1 January to 31 December).

Berlin Hyp uses the proceeds from the issues to refinance loans for green buildings. As at 29 February 2020, the green building financing portfolio amounted to 180 properties and more than 250 loans. As a result of the contracted green new lending in the amount of €722 million that was subsequently achieved up until the end of 2020, this portfolio increased even further, to a total of 238 green buildings, of which 153 are located in Germany, 43 in the Netherlands, 18 in Poland and 18 in France. There are also three green buildings in the Czech Republic, two in Luxembourg and one in Belgium.

Management is informed on a quarterly basis about the development of the loan portfolio and the share of green financing, allowing it to take management measures. The target figure of 22 per cent was reached as at 31 December 2020.

Creating Added Value for Society

As the most active issuer of Green Bonds, Berlin Hyp also seeks to create added value for society and act responsibly by making an effective contribution to the further development of the *green finance* segment. The Bank therefore extensively participated in discussions and networks via numerous forums and formats in 2020.

In August, for example, the Bank joined the *Sustainable Bond Network operated by the New York technology exchange NASDAQ* in recognition of the fact that many stock exchanges have now established themselves as central trading platforms for green bond and impact reporting data. This development offers extensive benefits for investors, who previously had to collect such information from a variety of sources in different formats.

The *Berlin Housing Market Report* published by CBRE Germany and Berlin Hyp in May 2020 addressed various key issues in Berlin, such as the housing shortage, demand pressure, the implementation of the Berlin rent cap (and its effects) and traffic, transport and infrastructure development. More than 160 customers, business partners, other interested parties and media representatives participated in the digital event marking the release of the report.

Representatives from the Bank participated virtually in the Germany Investment and European Debt Finance & Investment Briefing events in April and May 2020, which were “held” in Frankfurt am Main and London, respectively. Together with other online participants, they discussed developments in the European real estate market. The panels at such events are very valuable and helpful, as they bring together both established investors and new companies that are studying the market and planning their initial investments.

The European Outlook series in July focused on the local market from the point of view of French real estate experts and the French markets from the point of view of international investors, with information provided on the most important real estate investment trends throughout Europe as well. Berlin Hyp participated in this series of events, and also took part in the panel discussions organised by the Real Estate Forum in August 2020.

The multimedia *imfokus communication project* launched by the *immobilien Manager-Verlag* publishing company highlighted selected real estate industry topics in September. Sascha Klaus, for example, took part in a discussion with other participants on the topic of “Sustainability and sustainable activities – today and in future”. In the August issue of the *immobilien Manager-Verlag* magazine, the Bank was featured in a cover story on the topic of “Sticking with established routines is not a formula for future success – sustainability at Berlin Hyp”.

During the *Sustainability Day organised by DZ Bank*, representatives from Berlin Hyp took part in panel discussions on the topic of diversification in the corporate sustainable bond market and talked about the path from targeted to transitional concepts.

Berlin Hyp also participated in the *Commerzbank Capital Market Conference* in November, with employees from the Bank taking part in a panel discussion on “Sustainable bonds – views and insights”.

In addition, Berlin organised its own Round Table event in November on the subject of “Sustainable real estate – the challenge lies in the existing portfolio”. This event was designed mainly for media representatives.



Foundation: Our Green Bond Programme

In its annual reverification in April 2020, ISS ESG positively assessed and once again confirmed the sustainability of the Green Bond Programme underlying the Berlin Hyp bond issues.

We did not make any changes to the content of our Green Bond Framework in 2020 because in the next update to our Framework we want, as far as possible, to integrate the EU taxonomy requirements for buildings into our eligibility criteria. The finalisation of the EU taxonomy was originally scheduled for the end of 2020.

However, after it became apparent that the publication and adoption of the final criteria would likely be delayed until after the first quarter of 2021, Berlin Hyp also postponed a corresponding adjustment to its eligibility criteria for the time being. The eligibility criteria from the version from April 2020 therefore remain in force. An adjustment will be made as soon as the EU taxonomy requirements for building development and renovation, and building purchases, have been defined. The Green Bond Framework in the version from April 2020 therefore remains valid and can be viewed at <https://www.berlinhyp.de/en/investors/green-bonds>.

Ethical Investment Criteria for our Own Investments

Berlin Hyp also meets the social requirements for its own investments.

It has established ethical investment criteria based on the ten principles of the Global Compact, other internationally recognised sustainability standards and the Bank's compliance requirements. The risk filter from RepRisk AG that Berlin Hyp has been using for its own investments (Portfolio A) since 2020 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 Portfolio 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 risks related to the destruction of the environment, human rights violations, child labour, forced labour, 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 Portfolio A conducted by the sustainability management organisation on the basis of the *ROBECOSAM Sustainability Yearbook* and the RepRisk AG risk filter reveals any violations, Treasury will consult with the sustainability management organisation on the measures to be taken, and then initiate their implementation.

Maximum Transparency as Standard Procedure

Berlin Hyp has committed itself to reporting on the use of the proceeds of its issues in accordance with the formal requirements of the Green Bond Principles and within the framework of its annual reporting activities. The Bank also has the ecological added value of its bonds reviewed and confirmed within the framework of a second party opinion. Reporting on the portfolio is supplemented by reporting on new lending, as well as impact reports on the CO₂ reductions achieved through green building financing activities.

This approach makes it possible to quantify the ecological added value of the Green Bond Programme and present the data on this added value in a differentiated manner.

The CO₂ savings per million euros invested were lower compared to the previous year with regard to the Energy Saving Ordinance (EnEV) reference values. This is mainly due to the switch to a more up-to-date source¹² of the now lower conversion factors for electricity and higher outstanding bond volumes.

The total CO₂ emissions resulting from the portfolio declined to 116,016 t CO₂ (previous year: 134,301 t CO₂).

Annual savings of 444 GWh were achieved as compared to the EnEV reference values.

Thermal energy accounted for 213 GWh of these savings. The average thermal energy requirement of all buildings is 61 kWh/m²a, which is 46 per cent below the average weighted EnEV reference value of 112 kWh/m²a. With regard to electricity consumption, annual savings of 231 GWh were achieved.

The average electricity requirement amounts to 35 kWh/m²a, which is 61 per cent below the average weighted EnEV reference value of 89 kWh/m²a. The CO₂ reduction resulting from the decrease in energy consumption amounts to 137,700 t per year.

¹² AIB European Residual Mixes 2019, www.aib-net.org/facts/european-residual-mix

The financed green buildings achieve thermal energy consumption savings of 547 GWh when viewed in relation to the European average. The average thermal energy requirement of all buildings is 61 kWh/m²a, which is 68 per cent below the European average of 188 kWh/m²a. All of this translates into absolute annual CO₂ savings of 122,000 t.

Our reporting format enables investors to obtain information on the status of the Green Bond Programme once a year:

<https://www.berlinhyp.de/en/investors/green-bonds>.

Depending on the assignment to specific categories and the method of analysis, the annual emission reductions per million euros of financing are as follows:



t CO ₂ reduction / €m / year	Fully assigned to the category of "Berlin Hyp financing activity"	Partially assigned to the category of "Initial participation of Berlin Hyp in the financing activity"
Comparison with current EnEV reference values (heat and electricity)	26.60 (2019: 39.89)	14.52 (2019: 22.58)
Comparison with the European average (heat only)	23.56 (2019: 24.77)	12.92 (2019: 13.93)

In order to be able to achieve the climate targets set, there also needs to be clear transparency about the actual CO₂ emissions of the entire financing portfolio. Up until now, the energy efficiency of buildings financed in the banking industry has usually been estimated.

However, Berlin Hyp has set itself the goal of achieving complete transparency in this regard. Such transparency will not only include the calculation of the CO₂ emissions of the entire portfolio; it will also establish the foundation for a corresponding expansion of non-financial reporting at the Bank. Along with the calculation of CO₂ emissions, the determination of climate risks will also play a key role in such reporting. Berlin Hyp is thus offering a clear response to the EU Action Plan and implementing measures that will help make Germany one of the leading locations for sustainable finance in future.

Our goal is to achieve complete portfolio transparency with regard to energy figures by 31 December 2023. This will be done in four stages: 25 per cent transparency by the end of 2020, 40 per cent by the end of 2021, 70 per cent by the end of 2022 and 100 per cent by the end of 2023. Here, area in m² will be used as the underlying control parameter. In the event that energy performance certificates are not available for certain buildings, we will deDeadline why this is the case. Simulation values (based on year of construction or year of modernisation) will then be used for the buildings in question.



Operational Ecology – Facts and Figures

Paper

Paper consumption in kg	2018	2019	2020
Copy paper	7,479	5,018	3,050
Printed materials	2,520	172	783
Other (stationery, envelopes, etc.)	115	952	317

The trend from previous years continues. Absolute copy paper consumption remains on the decline, and as has been the case in previous years, we continue to use paper certified with the EU Ecolabel. The effects of digitisation continue to make themselves clearly noticeable in the form of lower paper requirements and print output.

However, the COVID-19 pandemic also had a major impact on all of our consumption analyses here: For example, the number of pages printed declined by more than 50 per cent last year. Obviously this development also reduced our toner consumption. Our printer monitoring system shows that we performed approximately 20 per cent fewer toner cartridge refills in 2020.

In previous years, it was mostly individual measures that led to reductions in our paper consumption. Now, however, we have entered a phase in which a standardised approach for all processes is increasingly being used to ensure better resource conservation. Digitisation continues unabated and is reducing our paper requirement accordingly:

→ In September 2020, Berlin Hyp launched the ImmoDigital platform for our partners – the savings banks throughout Germany. Starting in 2021, the ImmoAval product will be offered exclusively via this platform. All relevant process steps relating to possible investments (e.g. making documents available, subscription processes) are conducted digitally.

→ Paperless operations have increasingly become the norm, whereby this development has also been accelerated by the COVID-19 pandemic. Interactive whiteboards and iPads are increasingly being used as well. Mobile work, for example from home, has led to a situation in which paper is no longer used for processes and archiving: All exchanges of information etc. were switched over from the very first day of extensive mobile work to our platform that had been established beforehand, and this platform can also be used to digitally log and archive all associated content.

We were also able to increase the share of printed materials accounted for by certified products by 70 per cent in the case of the few remaining printed materials that are still necessary, whereby the volume of such materials also increased due to, among other things, cooperation on various studies. Our goal remains to use recycled paper exclusively for all copy paper and paper used for letters. At the same time, we have not yet used up all of our supplies of printed letterheads. During the reporting year, other products, such as letter envelopes, business cards, other types of envelopes and moving boxes, were procured and used in volumes significantly lower than in the previous year.

Waste

Waste generation in kg	2018	2019	2020
Mixed municipal solid waste	75,380	73,810	75,380
Waste paper/cardboard	15,200	13,760	21,316
Waste paper/secure document bin	16,530	31,160	38,975
Bulky waste	10,050	12,330	11,490
Fluorescent tubes	0	0	270
Waste oils	68	70	30
Coolants for disposal	0	0	0
Other hazardous waste	n.a.	604	0
Discarded computer equipment	1,460	860	1,090
Light packaging	n.a.	n.a.	306
Total waste	118,688	132,594	148,856

The clearing of storage areas was also systematically continued in 2020, mainly in light of the decision made to launch the B-One new construction project for the Budapest Strasse location. For the second year in a row, we are making a major effort to find suitable recipients for donations, reduce waste generated in the bulky waste category, conserve valuable resources and ensure that old furniture in working order is put to use again.

By means of an elaborate donation campaign, for which our employees also contributed several ideas, we were able to give away more than 1,400 individual pieces of office equipment to a total of 51 charitable organisations and in this manner achieve a tremendous reduction in the waste produced at Berlin Hyp. Along with standing desks, normal desks, trolleys and lounge furniture, we also donated heavy-duty components such as file cabinets, sideboards, roller containers and even the contents of entire meeting rooms, all of which would otherwise have been disposed of as an estimated 1,300 cubic metres of bulky waste. At approximately 60 tonnes, the weight of the file cabinets, roller containers, sideboards and highboards alone would have been five times higher than the total weight of the bulky waste we disposed of in the previous year.

A further significant decrease in waste was achieved through the five auctions that were held for employees and external parties. A total of 1,508 of the 2,524 objects up for auction were sold. In this manner, an additional 900 cubic metres of furniture, as well as ten complete kitchens and 69 paintings, were put to further use instead of being thrown away. Several plants also found a new home.

Certain technical building system components were also offered in the auction that was held in order to prepare for the process of emptying out the old building. A total of 177 pieces of equipment, including air conditioners and our photovoltaic system, contributed to resource conservation and waste prevention in 2020. Building system components (e.g. the central fire alarm system, fault signalling system, and burglar alarm system) were completely disassembled and reinstalled in the building at Corneliusstrasse 7 for further use. The same was done with the air curtain system and IT components – e.g. switches and access points.

The donations and auctions helped prevent the accumulation and disposal of a very large amount of waste. Some furniture could no longer be used, however, which is why we were forced to dispose of around 16 tonnes of Class A2 and A3 scrap wood, as well as scrap metal, for the first time in 2020, whereby all of this waste was properly disposed of. The changes to the space arrangements that resulted from our preparations for the new construction project enabled us to commission a local disposal company to pick up our light packaging at no cost to us. New waste separation systems are now making it easier for employees to sort and properly dispose of their trash, and we are now disclosing figures on these new waste fractions for the first time. Even more digitised files, and files with expired retention periods, were disposed of in 2020 as compared to the previous year. As a result, the volume of secured-document waste paper also increased during the same period.

Many employees took advantage of the opportunity the relocations offered them to get rid of things they no longer needed. This is reflected by, among other things, the increase recorded for our volume of municipal waste, as well as by higher volumes for the waste paper/cardboard waste fraction.

Hazardous waste in 2020 consisted of discarded computer equipment, waste oil and fluorescent tubes, with volume here more or a less at the previous year's level. Waste oil is mainly caused by small repairs and the annual maintenance of the emergency power generators, which includes a complete oil change.

With regard to old IT components, Berlin Hyp also takes active measures to avoid waste and ensure that such waste that cannot be avoided is reduced by reutilising equipment in some form and reintroducing it to materials cycles wherever this is possible. Our repeated donations of functional computer equipment to the AfB refurbishing company have led to a reduction in our volume of discarded computer equipment. AfB is an award-winning German company: On 4 December 2020, an awards jury honoured the charitable IT refurbishing company "for its exemplary achievement in combining environmental protection with social responsibility and the development and maintenance of long-term partnerships" by presenting it with the 2021 German Sustainability Award in the Society + Fairness transformation field. More than 80 per cent of the 571 IT devices that were donated to AfB gemeinnützige GmbH in 2020 were remarketed. The figure for monitors was 94 per cent. Actual total savings as a result amounted to 322,936 kWh of energy, 620,343 litres of water and 81,406 kg of CO₂ equivalents.

The latter figure corresponds to approximately 13 per cent of current CO₂ emissions by Berlin Hyp. AfB has received ISO 9001 and ISO 14001 certification from the TÜV Süd inspection agency and is also a government-recognised specialised waste disposal member company of Germany's Federal Association for Secondary Raw Materials and Waste Disposal (bvse).

Our measures for disposing of printers also focus on the return and reuse of equipment. A total of 110 printers were taken back by the leasing company; each building floor now has only two multifunctional devices – and in very few cases special models for high-quality printing. This environmental target has thus been reached as well.

Berlin Hyp has been procuring climate-neutral toner cartridges since we replaced our printers in 2017. In this connection, we collect data on the number of cartridges used and can thus calculate our compensated emissions based on the certificate issued by the supplier: In 2020, this figure amounted to 932 kilogrammes of CO₂ equivalents. Unlike conventional toner set-ups, in which the entire cartridge needs to be replaced, we only refill the toner in the products we use. This reduces waste by roughly 75 per cent as compared to conventional systems.

Berlin Hyp has taken a new forward-looking approach with its IT equipment in the rented office space in the building at Tauentzienstrasse 13. The new strategy involves leasing

rather than purchasing IT hardware such as switches and access points. Here, leasing eliminates the possibility that the IT hardware the Bank is using at Tauentzienstrasse might end up having to be moved to the new building, which could in turn lead to an excessive amount of equipment overall and therefore the need to dispose of some of it.

New water coolers have been installed in the buildings at Corneliusstrasse 7 and Tauentzienstrasse 13. The water coolers can be used to refill employees' own bottles, which prevents the accumulation of waste both inside and outside the office.

Water

Water consumption in m ³	2018	2019	2020
Drinking water	6,724	5,755	4,529

Water consumption in 2020 was significantly lower than in the previous year, with this development also due to the impact of the COVID-19 pandemic. Up to 95 per cent of our employees were working outside our offices at certain times during the year, which served to minimise water consumption in kitchens, lavatories and showers. Technical facilities and construction projects continued to run throughout the year, however, and these were responsible for most of our overall water consumption in 2020.

The water quantities in the table above relate to drinking water from the public network. Waste water is fed into the local sewage system.

Environmentally relevant provisions are increasingly being incorporated into the leases for our offices. In Frankfurt am Main, for example, the parties to the lease for our office in Nextower have agreed to conduct annual discussions on resource utilisation (e.g. water consumption) and on the potential for improvement in this area.

Energy Consumption

Energy Consumption in MWh	2018	2019	2020
Electricity consumption	2,838	2,490	2,267
District heat for space heating, ventilation and air-conditioning technology and hot water	2,160	2,055	1,780
Diesel fuel for emergency power generators	8	8	9

We report on electricity consumption resulting from procured power for our offices and operations, our own power generation equipment, and the activities of our employees and external consumers (e.g. mobile work, data centre).

During the reporting period, we once again consumed almost all of the electricity generated with our two solar collectors ourselves. Berlin Hyp procures electricity from renewable sources for all of its locations in Germany.

The decrease in electricity consumption in 2020 can be attributed to various factors:

→ Due to the COVID-19 pandemic, most of our employees worked from home in 2020. The figure for the Bank's total emissions now takes into account for the first time the electricity consumption that was shifted as result of these remote working arrangements. The indicator system of the Association for Environmental Management and Sustainability in Financial Institutions (VfU), which we use each year, was updated accordingly in terms of the supplier data and uses a very generously measured underlying value of 75 Wh for the electricity consumption of the equipment used by employees who worked from home (notebooks, monitors, printers and lighting equipment).

This resulted in a calculation of additional electricity consumption of 35,738 kWh (which corresponds to approx. 15 tonnes of greenhouse gas emissions).

- We achieved our goal of upgrading small boilers in all lavatories, which will reduce the energy consumption of our hot water supply systems.
- We improved the efficiency of our control technology by making small adjustments and utilising BACnet routers for our building control systems. This has also simplified the fault analysis process.
- We upgraded the drive systems in two lifts in the Corneliusstrasse building by installing ReGen drive technology. This measure, which was also part of our environmental programme, is helping to reduce electricity consumption, as electricity is now generated every time the lifts decelerate.

The reductions in energy consumption described here were offset to a certain extent by energy consumption increases. For example, we had to install another cooling unit in the building at Corneliusstrasse in order to compensate for the additional heat that will be generated as a result of the higher workstation density that will be required during the new construction project.

The renovation and conversion work at Corneliusstrasse that is described on page 11 also likely led to higher electricity consumption.

The hardware for the management and DMZ servers was replaced in 2020. The higher energy efficiency displayed by these devices is being offset by the additional consumption of 14 new servers that were procured for the Digital Workstation project.

We have also been reporting on the electricity consumption of our data centre since 2019. The electricity supplied to the data-centre service provider is generated exclusively from renewable sources. Compliance with this renewable-energy requirement is monitored at regular intervals by the independent TÜV SÜD inspection agency. The data centre consumed 36,715 kWh of electricity in 2020. This figure includes the electricity that has been consumed by the third data centre since its commissioning in December 2020. Our heating energy requirements are currently met by Berlin's district heat system.

The share of renewable energy in the integrated heat supply network currently amounts to 0.2 per cent (biogas); to this can be added 7.7 per cent heat generation from waste heat and 1.9 per cent from waste incineration.

Our goal of switching over to more climate-friendly sources of heat will not be achieved until next year.

The building at Corneliusstrasse was equipped with an air curtain system in order to prevent heat losses.

The system was taken from the building at Budapest Strasse, where it was no longer needed. Maintenance was also performed on all windows in order to prevent heat losses and ensure the wooden windows remain durable and last longer.

This also meant that the wide-ranging conversion measures implemented at Corneliusstrasse 7 had to be prioritised accordingly. For example, the planned insulation work had to be postponed until 2021 as a result. The Bank's reduced heat requirement in 2020 can be attributed to the low number of employees who worked in offices throughout the course of the pandemic.

Diesel consumption for the test runs for all emergency power generators is subject to annual fluctuations that depend on the number of major emergency tests, transformer maintenance operations and mandatory test runs performed in a given year. The latter accounted for our consumption in 2020.

Mobility

Category	Unit	2018	2019	2020
Business travel (total)	km	2,621,224	2,877,658	1,075,129
Business travel (specific)	km/employee	4,340	4,725	1,804
Business travel (specific)	km/m mortgage loans	130	132	45
Business travel (specific)	km/m green mortgage loans	797	604	181
Train (share)	in %	12.97	15.83	8.94
Company car (share)	in %	40.81	40.53	73.55
Air travel (share)	in %	46.22	43.64	17.51
of which less than 500 km	in %	33.00	31.00	36.50
of which more than 500 km	in %	67.00	69.00	63.50

Berlin Hyp's company car fleet consisted of 60 vehicles at the end of 2020, three of which are pool vehicles that can be used by all employees.

- All of our mobility data were heavily influenced by the pandemic and the extensive reduction in travel that it led to. As was generally the case in many business sectors, most of our employees who travelled did so in their own cars in order to minimise the risk of infection; only around 25 per cent used trains or flew.
- Employees entitled to a company car are authorised to use an interim vehicle for an average period of approximately six months until their new car arrives. Improved data collection in 2020 enabled us to obtain a more precise figure for the number of kilometres driven with such vehicles – approximately 40,000 kilometres for the year as a whole, which is around 50 per cent lower than the figure recorded in 2019.

→ Persons authorised to use company cars also use such vehicles for private travel. In order to remove such private travel from the total emissions calculation, we have been employing the estimate of 60 per cent business travel since 2017; this percentage is generally applied in the banking industry.

→ Based on this approach, we can conclude that total business travel by car in 2020 amounted to roughly 790,000 kilometres, which is one-third lower than the figure recorded in the previous year. A total of 80 per cent of these business-travel kilometres were accounted for by vehicles equipped with environmentally friendly hybrid or all-electric drive systems. As a result, fuel consumption for such travel decreased by approximately 23,500 litres, or 20 per cent.

All in all, some 53 fleet vehicles have now been replaced with more environmentally friendly models (2019: 40). Because the electricity needed to recharge vehicles can be obtained

flexibly throughout Germany, it is not possible to make any reliable statements regarding the origin of the electricity used to charge our vehicles. We therefore assume a charging electricity mix that corresponds to the average electricity mix in Germany.

The emissions resulting from our use of such electricity of unknown quality declined – from 38 tonnes of CO₂ in 2019 to approximately 28 tonnes in 2020, whereby COVID-19 played a major role in this development as well.

- We also provide users of company cars with charging stations at their homes wherever this is possible, thereby enabling them to use our hybrid models more effectively. Approximately 7,000 km were driven in an all-electric driving mode in 2020; data on internal and external fleet-charging operations indicate another 110,000 km of electric driving. This figure is based on the measurement results for charging operations, manufacturer data on the electricity consumption of each model and our qualified estimates of average fleet consumption in kWh/100 km.
- Our mail service provider, PIN AG, is certified in accordance with the DIN ISO 14001 standard. The transport of our business mail is climate neutral. The approximate 17,300 letters, parcels, etc. we sent in 2020 resulted in emissions of 0.36 tonnes of greenhouse gases. Due to emissions offsetting resulting from our use of PIN AG mail services, we forgo the precise disclosure of the number of kilometres associated with these postal transports.
- We also further expanded our fleet of scooters and bicycles in order to promote carbon-neutral travel between our buildings at Corneliusstrasse and Taentzienstrasse. This fleet now consists of three electric scooters, two electric bikes and one cargo bike for heavy transports. The cargo bike is also used to transport our internal mail.
- Within the framework of the bahn.business programme, Berlin Hyp participates in CO₂-free rail travel. All employees who travel as business customers in ICE and IC/EC long-distance trains travel with 100 per cent green electricity, as reported by Deutsche Bahn. A total of 15 colleagues have a company railcard (Bahncard) that entitles them to reduced fares. The significant reduction in journeys taken from 1,066 in 2019 to 241 in 2020 is also due to the COVID-19 pandemic.

- Air travel was down as well in 2020 due to the pandemic. A very large number of meetings and events were successfully converted to an online format without limiting the Bank's ongoing business operations in any way. In total, only 322 flights were taken, which was nearly 1,800 fewer than in the previous year.
- We approached our travel service provider with ideas on improving the presentation of environmentally friendly travel options. After we discussed the issue with them, they agreed to implement measures such as the use of green labels in hotel listings and the configuration of a system that points out rail travel alternatives for certain air travel routes. Implementation here is currently made more difficult by the fact that our service provider is also being heavily impacted by the COVID-19 pandemic and has had to significantly limit its business operations as a result.
- A total of 41 employees are currently using a company ticket for local public transport travel to and from work. This figure has also declined as a result of the pandemic, as mobile and remote work have significantly reduced employee commuting as well. Employees can also borrow our company bicycles and scooters any time for business or private purposes. An annual maintenance contract concluded for company bikes enables fast service and guarantees that all bicycles work perfectly at all times.

We are also promoting personal electric mobility by offering employees free charging for their private electric vehicles at Berlin charging stations.

Despite the changes the COVID-19 pandemic has brought about in terms of reduced travel, we remain committed to minimising expenditure on travel for viewing and inspection purposes, which will create added value for the real estate sector. One of our main areas of focus in this regard in 2020 involved the development of IT systems for the OnSite ImmoAgent digital inspection service. More than 1,000 viewings and inspections have been conducted/arranged via the platform since it was launched.

Footprint: Greenhouse Gas Emissions at Berlin Hyp

Our total greenhouse gas emissions are calculated on the basis of the three categories (Scope 1–3) used in the Greenhouse Gas Protocol (GHG):

- **Scope 1:** All direct greenhouse gas emissions – at Berlin Hyp due mainly to the use of company cars and the consumption of coolant;
- **Scope 2:** Indirect greenhouse gas emissions – caused by the use of heat energy and the consumption of electricity;

Since 2015, the GHG Protocol has required a dual structure of “market-based accounting” and “location-based accounting”

with regard to Scope 2. Our environmental reporting discloses the figures resulting from both approaches and thus enables a comparison between the provider and product-specific figure (“market”) and the “location” figure that is based on activity data (e.g. energy use) and the average emission factors for a certain geographical region.

- **Scope 3:** All other indirect greenhouse gas emissions, taking into account the emissions generated within the supply chain (energy consumption, water consumption, business travel by train and plane, paper consumption, waste).

The indicator system of the *Association for Environmental Management and Sustainability in Financial Institutions (VfU)* was used for the presentation of key figures and the calculation of greenhouse gas emissions caused by Berlin Hyp.

The greenhouse gas emissions are shown as CO₂ equivalents, as all greenhouse gases for which the *Intergovernmental Panel on Climate Change (IPCC)* has defined a *Global Warming Potential* are taken into account. We therefore report the entirety of emissions here, without separately disclosing NF₃, which has now been added to the EMAS amendment. The 18th Climate Summit in Doha established a second commitment period (2013–2020) and added nitrogen trifluoride to the existing six greenhouse gas emissions that need to be reported on.

In the version of the VfU table used for our calculations (Version 14/12/2020 – Version 1.4. of the 2018 update), the provider made minor adjustments to greenhouse gas conversion factors for the electricity mix structure in Germany and also incorporated the calculation of the electricity consumed by employees who worked from home.

Scopes location based

CO ₂ in t	2018	2019	2020
Scope 1 – direct greenhouse gas emissions	208	207	132
Scope 2 – indirect greenhouse gas emissions	1,869	1,661	1,167
Scope 3 – supply chain greenhouse gas emissions	657	691	280
Footprint: location-based total	2,734	2,559	1,579

Scopes market based

CO ₂ in t	2018	2019	2020
Scope 1 – direct greenhouse gas emissions	208	207	132
Scope 2 – indirect greenhouse gas emissions	338	354	204
Scope 3 – supply chain greenhouse gas emissions	657	691	280
Footprint: market-based total	1,203	1,252	616

We are pleased that total greenhouse gas emissions have declined since our first Environmental Statement was published in 2015, whereby this development is mainly attributable to our use of renewable energy and was also significantly influenced by the restrictions imposed as a result of the pandemic.

According to our district heat supplier, the emission factor for the integrated district heating grid in Berlin declined from 129.3 to 77.4 g CO₂/kWh, which according to the calculations means that emissions are now lower in the heating segment. Compensation led to a further decrease of our footprint in 2020 – by roughly 50 tonnes of greenhouse gas emissions (use of climate-compensated toner cartridges: 932 kg; participation in the offsetting of emissions relating to postal transport (PIN AG): 360 kg; compensation of air travel: 49.1 t).

The consumption data recorded in Berlin for the categories of paper, water, waste, heat, and coolant losses are automatically extrapolated for the entire Bank for determining the footprint in the VfU tool.

Electricity consumption at all German locations has been recorded since 2018; an extrapolation is only still included for locations abroad. As a result of this much more accurate calculation, we can now see the positive effect that procurement of green electricity for all German locations has had on emissions caused by electricity consumption.

Travel data are collected throughout the Bank and are also fully incorporated into the calculation, which means the footprint result clearly reflects Berlin Hyp's total emissions.

5 Environmental Targets and Environmental Programme

The further development of the environmental programme is a dynamic process that aims at continuously improving our environmental performance in order to avoid negative environmental impacts. During the reporting period,

36 new measures were added to our environmental programme. We document both completed measures and newly adopted measures within the framework of our target-achievement assessment process.

Important environmental aspect for Berlin Hyp (key area as defined by EMAS)	Environmental target	Individual target	Target type	Measure	Deadline	Status
Waste	Reduction of waste and associated emissions and negative environmental impacts	Reduction of electronic waste: 571 fewer devices	Operational	Donation of IT components for refurbishing (AfB refurbishing company)	31/12/2020	Completed
		Reuse of three technical components from the building Budapester Strasse 1	Operational	Disassembly and removal of the air curtain system, the water treatment system for heating and the electronic locking cylinder in B1 – with subsequent reassembly/installation in C7	30/06/2021	Launched
		Keep as much of the Bank's equipment as possible in materials cycles	Operational	Implementation of a public industrial auction of Berlin Hyp's furnishings and equipment – with participation by the Bank's employees	31/12/2020	Completed
		Reduction of bulky waste by approx. 2,000 m ³	Operational	Donation of furniture, other furnishings and office materials (cabinets, desks / tables, sideboards, shelves etc. / file folders) to schools and welfare organisations	31/12/2020	Completed
Material efficiency (raw material consumption)	Reduction of raw material consumption and / or improvement of material efficiency	Continuous reduction of paper consumption and printing requirements	Strategic	Preliminary study on "Electronic customer communication" (including examination of the use of "electronic mailboxes" with digital signatures)	Extended: 30/06/2021	Launched
		Approx. 50% decrease in CO ₂ emissions caused by paper in the supply chain	Operational	Examination of the use of recycled paper for business transactions	Extended: 31/12/2021	Launched
		Continuous reduction of paper consumption and printing requirements	Operational	Review of all print media subscriptions at the Bank: Cancellation or switchover to digital versions	Extended: 31/12/2021	Launched
Material utilisation / consumption / Resources	Conservation of water resources; maintenance of biodiversity	Switch to environmentally friendly cleaning products	Operational	Discussion of environmental protection proposals with the cleaning service provider (currently under way) and incorporation into the B-One planning process	31/12/2021	Launched
	Reduction of paper consumption	Digital design for the product range	Operational	Completely digital presentation of the Immo product range for German savings banks via the ImmoDigital platform (first stage with ImmoAval completed in October 2020; additional products will be added gradually)	30/09/2022	Launched
Biodiversity	Contribute to biodiversity and promote biodiversity in cities	Protection and maintenance of bird habitats	Operational	Installation of 14 artificial nests	31/03/2021	Completed
		Raise employee awareness of biodiversity issues and establish a link between "green" and "social" topics	Operational	"Green Social Day" events	31/12/2021	Launched
		Improvement of the air quality and the quality of life in the city	Operational	Continuation of the City Tree Campaign: donation of 25 city trees	30/04/2021	Completed
		Increase employee awareness	Operational	Creation, production and release of a three-part series of video clips (City and Countryside, Water, Forests) on the topic of biodiversity	31/03/2021	Completed

Important environmental aspect for Berlin Hyp (key area as defined by EMAS)

Environmental target	Individual target	Target type	Measure	Deadline	Status
Reduction of emissions caused by business travel	Continuation of the provisions relating to company cars	Strategic	Development of the "Fleet Concept 2021" and further development of the Car Policy	Extended: 31/12/2021	Launched
	Increase employee awareness of how important it is to make effective use of alternative drive systems in vehicles as a means of lowering emissions	Operational	Training for employees who drive company cars	Extended: 31/12/2021	Not yet launched
	Ensure a reliable supply of electricity for company cars (Berlin: with green electricity)	Strategic	In connection with the goal of "replacement of every vehicle": Installation of 52 charging stations in the underground car parks at our buildings and at each company car user's home (to the extent possible)	31/12/2020	Completed
	Establishment of continuity and effectiveness with regard to the use of hybrid vehicles by ensuring a supply of electricity for charging at the Berlin location	Operational	Research and analysis of additional alternative charging options	30/06/2022	Launched
	Improve and influence the structure and use of the fleet in a targeted manner in order to reduce emissions from business travel	Operational	Determination of average fleet consumption (in g CO ₂ /km) and examination of ways to incorporate and utilise this figure in the fleet management approach and the Car Policy	31/12/2022	Not yet launched
	Reformulation of the target: New regulation on the general replacement of the approx. 70 vehicles (as at: 31/08/2018) and the transition to electric mobility; resulting in savings per vehicle of approx. 1 t CO ₂ (depending on driving behaviour)	Strategic	Replacement of every vehicle upon expiration of its leasing agreement with a vehicle equipped with a hybrid (plug-in) or electric drive system, leading to the establishment of a "green fleet" at Berlin Hyp	Extended: 30/06/2021	Launched
	Increase employee awareness of the impact of their travel behaviour and habits	Strategic	Exploration of ways to use the Travel Portal to make employees more aware of the impact of their travel behaviour and habits (e.g. display of CO ₂ emission values when options are presented in the Business Travel Portal/inclusion of hotels with environmental programmes/ environmental management systems in the Bank's database)	Extended: 31/12/2021	Launched
Reduction of emissions caused by commuter travel	Identification of possibilities for changing the way we address the issue of employee mobility	Strategic	Examination of options for the development of a mobility concept for Berlin Hyp	Extended: 31/12/2021	Launched
	Creation of a concept for reorganising the office-space management system	Strategic	Exploration of options for setting up desk-sharing workstations for mobile work in certain areas (temporary location solution and, until 2024, the "B-One" Project)	31/12/2020	Completed
	Development of environmentally friendly mobility solutions for commutes, especially between buildings	Operational	Expansion of the electric scooter/ bicycle fleet to three scooters, two electric bikes and one cargo bike	31/12/2020	Completed
Reduction of the emissions and environmental impacts associated with events	Design and implementation of building blocks of measures for ensuring the sustainable organisation of events	Strategic and Operational	Where possible and useful: development of concepts for virtual event locations, switching possible formats over to a virtual event studio, use of digital event invitations exclusively, booking preference given to hotels in the immediate area (individual analysis in line with the given event concept)	31/12/2021	Launched

Emissions

Important environmental aspect for Berlin Hyp (key area as defined by EMAS)

Important environmental aspect for Berlin Hyp (key area as defined by EMAS)	Environmental target	Individual target	Target type	Measure	Deadline	Status
Emissions	Reduction of emissions caused by IT equipment	Further decrease in the energy consumption of printers by reducing the number of printers and/or switching to other technologies	Operational	Further reduction of the number of workstation printers (total of 120)	31/12/2020	Completed
		More extensive use of sustainable advertising materials	Strategic	Initiation of procurement of sustainable advertising materials (EXPO REAL 2019)	31/10/2020	Completed
	Reduction of environmental impacts in the supply chain that are caused by procurement activities	Promotion of regional and organic food products	Operational	Examination of the possible implementation of an "Organic and/or Regional Day" in cafeterias – new goal: Implementation of a trial period for sustainable lunch and snack options for employees	31/12/2020	Completed
		Involvement in defining guidelines for sustainability in the supply and value chain as a pioneering document for the financial sector	Operational	Participation in the ZIA (German Property Federation) working group to prepare a financial-sector guideline for sustainability in the supply and value chain	31/12/2020	Completed
		Increased consideration of sustainable aspects in selected areas	Strategic	Introduction of ecological product evaluations as part of the supplier management system (=Phase 2 e-Procurement)	Extended: 31/12/2021	Launched
		Supplier management: Make suppliers and service providers more aware of the importance of sustainability	Strategic	Examination of the possible introduction of the Integrity Next supplier management tool	Postponed	
		Increase employee awareness of the importance of sustainability in procurement activities	Operational	Provision of information materials on raising awareness and implementing process optimisations (preference given to certified products) in the onventis ordering tool	31/12/2021	Launched
			Operational	Test "packages" with sustainable samples sent to staff who place large order volumes	31/12/2021	Not yet launched
		Better collection of data on sustainability in the Berlin Hyp supply chain	Strategic	Integration into the Vasgardian app of the questionnaire on the sustainability of small and large companies	31/12/2021	Launched
		Systematic supplier management	Strategic	Efforts to obtain certification of procurement activities from BME (Association for Supply Chain Management, Procurement and Logistics)	31/12/2022	Not yet launched
		Optimisation of the supply chain for the provision of food and beverages for employees	Operational	Changes to the approach for providing drinking water to employees	31/12/2020	Completed
			Operational	Introduction of an innovative catering service that takes into account the supply chain, packaging and resource conservation	31/12/2021	Launched
		Equip offices with furniture (desks) from sustainable sources; use sustainable floor coverings; provide employees with environmentally friendly accessory bags	Operational	Selection of suppliers FSC-certified desk and table tops, selection of carpeting that includes an Environmental Product Declaration (EPD), selection of regional suppliers for felt accessory bags	31/12/2020	Completed
		Consideration of sustainability aspects in office conversion work and office relocations in future	Operational	Selection of equipment/ construction materials with EPDs; selection of locations on the basis of sustainability criteria	From 01/01/2021	Not yet launched

Important environmental aspect for Berlin Hyp (key area as defined by EMAS)	Environmental target	Individual target	Target type	Measure	Deadline	Status
Emissions	Reduction of CO ₂ emissions caused by buildings	Promotion of green buildings	Strategic	Obtain sustainability certification for the new office building	31/12/2024	Launched
		Support for the achievement of EU climate targets; participation in international efforts to define an “energy-efficient mortgage”	Strategic	Participation of Berlin Hyp on an international scale in the Energy Efficient Mortgages Action Plan (EeMAP) and in the Energy Efficiency Data Protocol and Portal (EeDAPP) initiative (currently in the pilot phase)	Extended: 30/06/2021	Launched
			Strategic	Development of a climate strategy and operational ecology approach	31/12/2021	Launched
			Strategic	Increase of the green building share in the portfolio to 1/3 by 2025	31/12/2025	Launched
			Strategic	Development of a new product for promoting the transformation of lending processes	31/12/2021	Launched
			Strategic	Achievement of full transparency with regard to emissions from the entire portfolio by 2023	31/12/2023	Launched
			Strategic	Development of a Sustainability-Linked bonds framework	31/03/2021	Completed
			Operational	Participation in study on the assessment of the marketability of taxonomy (German Sustainable Building Council [Deutsche Gesellschaft für Nachhaltiges Bauen - DGNB], etc.)	31/03/2021	Completed
			Strategic	Further development of and process optimisation for the Green Bond concept with consideration of the requirements associated with the EU taxonomy	31/12/2022	Launched
	Reduction of CO ₂ emissions caused by the core business	Promotion of green building financing and Green Bond refinancing	Strategic	Elimination of a focus that was limited to certain property data when defining suitability criteria for green buildings	31/12/2020	Completed
			Strategic	Incorporation of green financing aspects into targets for sales employees	31/03/2021	Completed
			Strategic	Participation in the RenOnBill project (goal of increasing investment in deep energy modernisation measures for residential buildings by promoting the development and implementation of on-bill programmes that are based on cooperation between energy suppliers and financial institutions)	31/12/2022	Launched
			Biodiversity	Contribute to biodiversity and promote biodiversity in cities	Operational	Planting of flowers, grass and herbs; placement of insect containers and tree trunks
Operational	Contract with HektarNektar starting in 2020: Beekeeper “rental” and support from employees	31/12/2021			Launched	

Important environmental aspect for Berlin Hyp (key area as defined by EMAS)	Environmental target	Individual target	Target type	Measure	Deadline	Status
Increasing awareness and promoting social education measures	Contribute to the promotion of sustainability and environmental protection in society	Internal: increase employee awareness of the importance of environmental protection; external: promotion of a sustainable society and participation in the public discourse	Operational	Participation in 12 social media special topic days relating to ESG, including environmental aspects – in some cases combined with activities involving several banks	31/12/2021	Launched
	Employee participation in climate protection measures and programmes to promote resource conservation and reduce emissions	Increase employee awareness of the importance of energy-conscious behaviour	Operational	New format for the training programme on the environmental management system – for all employees	Extended: 30/09/2020	Completed
Energy efficiency (energy consumption)	Reduction of energy consumption and the associated emissions	Reduction of the energy consumption of the lift installation in building C7 by approx. 75% (according to information provided by the manufacturer)	Operational	Replacement of the drive system in two lifts in the Corneliusstrasse building and installation of ReGen Drive technology	31/12/2020	Completed
		Reduction in approx. 300 t of CO ₂ emissions	Operational	Review of the district heat supply contract – due to the transition to district heat from renewable energy sources	From 01.01.2019	Launched
		Reduction of the energy consumption of the hot water supply system in building C7	Operational	Upgrade of small boilers in all lavatories	31/12/2020	Completed
		Implementation of facility optimisation measures in order to reduce energy losses	Operational	Insulation measures	Extended: 31/12/2021	Not yet launched
		Test alternative coolants for possible use in B-One and collect data on the results	Operational	First-ever use of a coolant with a low level (4) of GWP	31/03/2021	Completed
		Reduction of thermal energy consumption	Operational	Extensive maintenance on all 478 windows	31/03/2021	Completed

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Declaration of Validity

The next Environmental Statement will be submitted for validation in May 2022. The appointed environmental verification company will be:

GUT Zertifizierungsgesellschaft
für Managementsysteme mbH
Eichenstrasse 3 b
12435 Berlin
Germany

8 Validation Confirmation

Berlin Hyp AG

EMAS Declaration of Validity

Declaration of Validity

The undersigned Environmental Verifiers hereby confirm to have verified that the locations, as specified in this Environmental Statement of Berlin Hyp AG (with the register number provided) fulfil all requirements of Regulation (EC) No. 1221/2009 of the European Parliament and of the Council of 25 November 2009, as amended on 28 August 2017 and 19 December 2018, on the voluntary participation by organisations in a Community eco-management and audit scheme (EMAS).

The signature on this statement confirms that:

- the verification and validation were executed in full compliance with the requirements of Regulation (EC) No. 1221/2009, as amended by Regulation (EU) 2017/1505 and (EU) 2018/2026 of the Commission,
- the result of the verification and validation confirms that there is no proof of any non-compliance with applicable environmental regulations and
- the data and information contained in the Environmental Statement provide a reliable, credible and true portrayal of all activities within the organisation.

This statement is not equal to an EMAS registration. An EMAS registration can only be issued by a competent body in accordance with Regulation (EC) No. 1221/2009. This statement may not be used as an independent basis for providing information to the general public.

Berlin, 18 May 2021



GUT Zertifizierungsgesellschaft für Managementsysteme mbH

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