



Principles for Responsible Banking



Sustainability in the context of PRBs



**Principle 1:
Alignment**



**Principle 2:
Impact & Target Setting**



**Principle 3:
Clients & Customers**



**Principle 4:
Stakeholders**



**Principle 5:
Governance & Culture**



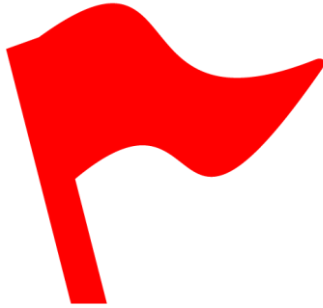
**Principle 6:
Transparency & Accountability**



Principle 1: Alignment

We will align our business strategy to be consistent with and contribute to individuals' needs and society's goals, as expressed in the Sustainable Development Goals, the Paris Climate Agreement and relevant national and regional frameworks.

Reporting and Self-Assessment Requirements	High-level summary of bank's response (limited assurance required for responses to highlighted items)	Reference(s) to bank's full response/ relevant information
<p>1.1 Describe (high-level) your bank's business model, including the main customer segments served, types of products and services provided, the main sectors and types of activities, and where relevant the technologies financed across the main geographies in which your bank has operations or provides products and services</p>	<p>Berlin Hyp specialises in providing large-volume real estate financing for professional investors and housing societies. We excel at developing individual finance solutions in the commercial real estate sector. Our services include financing for office, logistics, retail and residential real estate, both as stand-alone projects and in portfolio form. In addition to typical mortgage loans, we offer sureties (avals), framework lines, interest hedge products and financing products for construction projects (construction enterprises and developers) as well as valuations.</p> <p>Berlin Hyp finances real estate in the following countries:</p> <ul style="list-style-type: none"> • Germany • Belgium • France • Poland • Netherlands • Czech republic <p>Berlin Hyp's strategic goal of becoming the most modern real estate financier in Germany also involves the achievement of specific sustainability objectives: Sustainability is not only about reducing our own carbon footprint, but above all it is about promoting and simplifying the transition to a more sustainable economy with sustainable financing products for the real estate industry. Berlin Hyp's commitment to sustainability is governed by four dimensions of the Bank's ESG-vision: sustainability in business operations, a sustainable business portfolio, ESG risk management, transparency and ESG capabilities.</p> <p>Berlin Hyp published its new Sustainable Finance Framework on April 7 2022. With this framework, Berlin Hyp has created an overarching approach to classifying sustainable financing products on a holistic scale. Moreover, Berlin Hyp has established comprehensive exclusion criteria for ecologically non-sustainable real estate financing in its Sustainability Guideline, and these criteria are adjusted on a continuous basis.</p>	<p>GRI Report 2021 102-2 (p. 5)</p> <p>Annual Report 2022 – Non-Financial Statement (p. 74)</p> <p>Annual Report 2022 – Non-Financial Statement GRI 3-3 (p. 101)</p>
<p>1.2 Describe how your bank has aligned and/or is planning to align its strategy to be consistent with and contribute to society's goals, as expressed in the Sustainable Development Goals (SDGs), the Paris Climate Agreement, and relevant national and regional framework</p>	<p>Berlin Hyp understands sustainability to mean ESG factors. Sustainability has already been a central aspect of its actions for years and as such is firmly anchored in its corporate values and corporate strategy. Global frameworks, such as the Paris Climate Agreement, are reflected in the ESG target picture.</p> <p>Berlin Hyp is committed to the Paris Climate Paths for the Federal Republic of Germany and is actively working to promote the transformation to an economy marked by lower greenhouse gas emissions. Berlin Hyp issued a Sustainability-Linked Bond in 2021 in order to link its strategic sustainability goals and targets with its refinancing activities on the capital market. The Bank has thus committed itself to achieving climate neutrality by 2050 at the latest and – in line with the Climate Paths – aims to reduce CO2 emissions by 40 per cent between 2020 and 2030. This applies not only to the Bank's own business operations but also, and in particular, to its core business of real estate financing.</p> <p>In our efforts to conduct sustainable business, Berlin Hyp does not rely solely on compliance with applicable laws and external regulations. We are guided in our actions and behaviour by the United Nations Sustainable Development Goals (SDGs), whereby we are committed to SDG 11 (Sustainable Cities and Communities) and SDG 13 (Climate Action), in particular with a view to the goals of the Bank's sustainable business portfolio.</p>	<p>ESG-target picture (p. 2)</p> <p>Annual Report 2022 – Non-Financial Statement (p. 74)</p> <p>Annual Report 2022 – Non-Financial Statement (p. 82)</p>



Principle 2: Impact & target setting

We will continuously increase our positive impacts while reducing the negative impacts on, and managing the risks to, people and environment resulting from our activities, products and services. To this end, we will set and publish targets where we can have the most significant impacts.

Reporting and Self-Assessment Requirements	High-level summary of bank's response (limited assurance required for responses to highlighted items)	Reference(s) to bank's full response/ relevant information
<p>2.1 Impact Analysis: Show that your bank has identified the areas in which it has its most significant (potential) positive and negative impact through an impact analysis that fulfills the following elements:</p> <p>a) <u>Scope</u>: The bank's core business areas, products/services across the main geographies that the bank operates in have been as described under 1.1. have been considered in the scope of the analysis.</p> <p>b) <u>Scale of Exposure</u>: In identifying its areas of most significant impact the bank has considered where its core business/its major activities lie in terms of industries, technologies and geographies</p> <p>c) <u>Context & Relevance</u>: Your bank has taken into account the most relevant challenges and priorities related to sustainable development in the countries/regions in which it operates</p> <p>d) <u>Scale and intensity/salience of impact</u>: In identifying its areas of most significant impact, the bank has considered the scale and intensity/salience of the (potential) social, economic and environmental impacts resulting from the bank's activities and provision of products and services. (your bank should have engaged with relevant stakeholders to help inform your analysis under elements c) and d))</p> <p>Show that building on this analysis, the bank has</p> <ul style="list-style-type: none"> - Identified and disclosed its areas of most significant (potential) positive and negative impact - Identified strategic business opportunities in relation to the increase of positive impacts / reduction of negative impacts <p>Please provide your bank's conclusion/statement if it has fulfilled the requirements regarding Impact Analysis.</p>	<p>Berlin Hyp conducts a stakeholder survey on sustainability issues every two years in order to gauge the opinions of its stakeholder groups. The Bank then performs a materiality analysis on the basis of the survey.</p> <p>The last stakeholder survey was carried out in 2021 in the form of an online survey for external stakeholders, including customers, NGOs, service providers, investors and the scientific community. The survey was supplemented by two internal workshops with employees and the Board of Management. On the one hand, these workshops examined the extent to which the business activities of Berlin Hyp have a significant impact on individual sustainability aspects, such as employee concerns or environmental concerns. On the other hand, they examined whether the sustainability aspects were relevant to the understanding of the business development, the results and Berlin Hyp's position.</p> <p>The materiality analysis from 2021 was reviewed and updated in an all-day expert workshop in 2022. One key result here was that all employee concerns in particular were given a higher weighting. Social concerns are also now receiving more attention. In addition, two new topic blocks were classified as being material: transparent performance presentation and digital processes and products. The performance of a comprehensive stakeholder survey is being considered for 2023. The results of the materiality analysis in accordance with the CSR Directive Implementation Act simultaneously from the basis for the GRI materiality analysis.</p> <p>The Green Loan portfolio which currently comprises the „Energy Efficiency Loan“ and the „Taxonomy Loan“, is now aligned with its own sustainability aspirations and regulatory standards. These products each contribute to the Sustainable Development Goals SDG 11 (Sustainable Cities and Communities) and SDG 13 (Climate Change Mitigation Measures). The Green Loan can also be designed as transformation loans in each case.</p>	<p>Annual Report 2022 – Non-Financial Statement GRI 3-1, 3-2 (p. 75)</p> <p>Press Release 07.04.2022</p>

2.2**Target setting:**

Show that the bank has set and published a minimum of two Specific, Measurable (can be qualitative or quantitative), Achievable, Relevant and Time-bound (SMART) targets, which address at least two of the identified "areas of most significant impact", resulting from the bank's activities and provision of products and services.

Show that these targets are linked to and drive alignment with and greater contribution to appropriate Sustainable Development Goals, the goals of the Paris Agreement, and other relevant international, national or regional frameworks. The bank should have identified a baseline (assessed against a particular year) and have set targets against this baseline.

Show that the bank has analysed and acknowledged significant (potential) negative impacts of the set targets on other dimensions of the SDG/climate change/society's goals and that it has set out relevant actions to mitigate those as far as feasible to maximize the net positive impact of the set targets.

Berlin Hyp's portfolio is heading towards CO2 neutrality by 2050 at the latest. Berlin Hyp already **aims to reduce emissions by 40% by 2030** (compared to the base year 2020). In order to achieve this goal, Berlin Hyp is developing a science-based management of the business portfolio. Implementation is planned for the 2023 financial year and should additionally enable management in accordance with the 1.5 degree target of the Paris Climate Agreement. Furthermore, Berlin Hyp plans to expand the share of energy-efficient real estate in its portfolio. By 2025, at least one third of Berlin Hyp's loan portfolio is to be composed of green buildings. Another sustainability component in its value chain is sustainable refinancing through appropriate refinancing instruments. Berlin Hyp already launched the first „Green Pfandbrief“ on the market in 2015. In addition, Berlin Hyp was the first bank in the world to link its refinancing directly to its climate targets with the Sustainability-Linked Bond. **By the end of 2025, 40% of the capital market funding mix is to be covered by sustainable refinancing instruments.**

These goals can only be achieved if existing buildings also become more energy efficient. It stands by its existing customers as a strong partner and supports them in the transition to energy-efficient buildings by expanding its range of advice and products, e.g. with transformation loans.

ESG-target picture 2021

2.3**Plans for Target Implementation & Monitoring:**

Show that your bank has defined actions and milestones to meet the set targets.

Show that your bank has put in place the means to measure and monitor progress against the set targets. Definitions of key performance indicators, any changes in these definitions, and any rebasing of baselines should be transparent.

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

On the liabilities side, this can be seen in our ongoing commitment in the area of SG-based instruments. Indeed, between now and 2025, we plan to increase the share of a ESG-based products in our refinancing mix to 40 per cent. This involves both green products and issues that include the consideration of social goals. (i.e. the S in ESG)

GRI-Report 2021 (p.11)

Reporting and Self-Assessment Requirements	High-level summary of bank's response (limited assurance required for responses to highlighted items)	Reference(s) to bank's full response/ relevant information
<p>2.4</p> <p>Progress on Implementing Targets:</p> <p>Show that your bank has implemented the actions it had previously defined to meet the set target. Or explain why actions could not be implemented/ needed to be changed and how your bank is adapting its plan to meet its set target.</p> <p>Report on your bank's progress over the last 12 months (up to 18 months in your first reporting after becoming a signatory) towards achieving each of the set targets and the impact your progress resulted in. (where feasible and appropriate, banks should include quantitative disclosures)</p>	<p>In a cross-divisional decarbonisation project, Berlin Hyp first calculated the financed emissions in accordance with the PCAF standard. Based on these results, greenhouse gas reduction paths were subsequently modeled both for the overall portfolio and for portfolio sub-segments. The science-based guard rail was formed by the 1.5 degree paths of the Carbon Risk Real Estate Monitor (CREMM), which contain specific greenhouse gas target values for the real estate sector and are intended to ensure compliance with the Paris Climate Agreement.</p> <p>When creating the greenhouse gas reduction pathways, the effects of different decarbonization scenarios on the finances emission intensity, as well as on Berlin Hyp's financial and risk indicators, were examined. In addition, the feasibility of the greenhouse gas reduction paths was validated by means of an in-depth analysis of the existing loan portfolio and a future projection of relevant parameters (e.g. development of the electricity mix).</p> <p>In addition, an internal management concept was developed to implement Paris compatibility. The focus here is on ESG-adjusted pricing of loans, which takes into account factors such as physical and transitory risks, the alignment of the property with the CREMM pathways and its transformation potential. The operationalization of the steering concept will be implemented in a follow-up project.</p> <p>Berlin Hyp's long-term refinancing is carried out entirely via the capital market. This is done by issuing „Pfandbriefe“ and senior unsecured bonds. In 2021, the bank has set itself the goal, among others, that 40 percent of the capital market refinancing mix should consist of ESG bonds by 2025. ESG refinancing instruments include green bonds, social bonds and sustainability-linked bonds. As of Dec. 31, 2022, the total outstanding bond volume was EUR 27.4 billion. Of this, 33 percent could be allocated to ESG bonds.</p> <p>In summary, BHYP has made significant progress in achieving the objectives of the above activities and is meeting the milestone it set itself.</p>	

Please provide your bank's conclusion/statement if it has fulfilled the requirements regarding Impact Analysis.



Principle 3: Clients & Customers

We will work responsibly with our clients and our customers to encourage sustainable practices and enable economic activities that create shared prosperity for current and future generations.

Reporting and Self-Assessment Requirements

High-level summary of bank's response (limited assurance required for responses to highlighted items)

Reference(s) to bank's full response/ relevant information

3.1

Provide an overview of the policies and practices your bank has in place and/ or is planning to put in place to promote responsible relationships with its customers. This should include high-level information on any programmes and actions implemented (and/or planned), their scale and, where possible, the results thereof.

We want our business success to be sustainable, by which the Bank should be able to maintain this success over the long term. In addition to economic aspects, the Bank's business activities therefore also take into account ecological and social aspects. In doing so, Berlin Hyp assumes responsibility for shareholders, customers, employees and society in a manner that goes beyond what is required by law. This responsibility is also underscored by the Bank's stated commitment to the ten principles of the United Nations Global Compact as they relate to human rights, labour standards, environmental protection and anti-corruption measures. More specifically, this means:

- Protection of Human Rights, Diversity and Inclusion
- Acting in Accordance with Laws, Directives and Regulations
- Our Responsibility as an S-Group Partner of the Savings Banks
- Consideration of Environmental and Social Issues
- Protecting Employees
- Rejection of Controversial Business Transactions and Business Practices
- Compliance

Ethical aspects are taken into account when potential transactions in the finance and investment realm are evaluated, whereby the principle of ethical responsibility applies here. To this end, Berlin Hyp has developed ethical investment criteria, and does not make loans to customers and do not invest in enterprises who/which do not meet the defined criteria.

Ethical criteria for financing are derived from the Bank's compliance requirements and the ten principles of the Global Compact. Berlin Hyp's business activities take place exclusively in the High Income OECD Countries in Europe – in other words in countries that have high ESG (environmental social governance) standards and consistently monitor compliance with these standards. When financing projects in these countries, Berlin Hyp therefore takes into account the specific ESG requirements in the given country.

Code of Conduct der Berlin Hyp (2021)

3.2

Describe how your bank has worked with and/or is planning to work with its clients and customers to encourage sustainable practices and enable sustainable economic activities. This should include information on actions planned/ implemented, products and services developed, and, where possible, the impacts achieved.

Berlin Hyp published its new Sustainable Finance Framework on April 7 2022. With this framework, Berlin Hyp has created an overarching approach to classifying sustainable financing products on a holistic scale. Moreover, Berlin Hyp has established comprehensive exclusion criteria for ecologically non-sustainable real estate financing in its Sustainability Guideline, and these criteria are adjusted on a continuous basis.

The sustainable financing products in the Sustainable Finance Framework are classified on the basis of clearly defined eligibility criteria. The focus is on Green Loans, which are used to finance energy-efficient and environmentally friendly buildings. The design of the Green Loans is in line with Berlin Hyp's own sustainability requirements and government regulatory standards. The loans can be issued both in the form of an energy efficiency loan and of a taxonomy loan. Where the Green Loans are used to finance measures to improve the energy and carbon footprint of buildings, they may be designed as transformation loans. In this case, the transformation of a building is supported for both products (taxonomy loans and energy efficiency loans). As of the end of the reporting period, the ratio of green building financing increased to approximately 30 per cent. Of this, the financing of the new office building „neuplan KI 140 Munich“, amounting to €111 million, was the first taxonomy loan issued by Berlin Hyp

Annual Report 2022 – Non-Financial Statement
GRI 3-3
(p. 101)

Reporting and Self-Assessment Requirements

High-level summary of bank's response (limited assurance required for responses to highlighted items)

Reference(s) to bank's full response/ relevant information

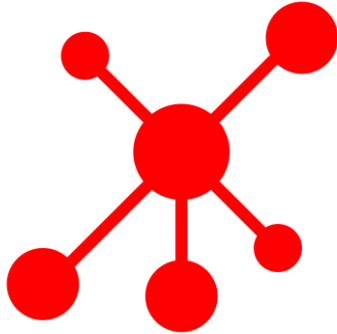
In 2022, Berlin Hyp began the review and concept development for the extended impact measurement of the financed real estate portfolio with regard to social criteria. The focus was initially on the residential asset class and the topic of „affordable housing“ in Germany and in the Netherlands. The results form the basis of Berlin Hyp’s Social Bond Framework published in March 2022, which implements the ICMA Social Bond Principles. Within this Framework, Social Bonds can be issued as an additional class of funding instruments in the Bank’s ESG refinancing mix. Berlin Hyp aims at issuing Social Bonds regularly. The Bank issued its first Social Bond in May 2022; the second one was issued directly after the end of the reporting date, the outstanding Social Bond volume amounted to €750 million. In March 2023, Berlin Hyp will publish allocation and impact reporting for its Social Bonds on its website for the first time.

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2021, Berlin Hyp published its Sustainability-Linked Bond Framework and its methodology for calculating the carbon footprint. This makes it possible for the first time to determine and transparently present the CO2 emissions of the entire loan book. This is achieved via a comprehensive database, often one of the core problems in defining binding sustainability targets in the real estate investment sector.

Press Release, April 14, 2021
Sustainability-Linked Bond Framework
February 2021

Please provide your bank's conclusion/statement if it has fulfilled the requirements regarding Impact Analysis.



Principle 4: Stakeholders

We will proactively and responsibly consult, engage and partner with relevant stakeholders to achieve society's goals.

Reporting and Self-Assessment Requirements	High-level summary of bank's response (limited assurance required for responses to highlighted items)	Reference(s) to bank's full response/ relevant information
<p>4.1</p> <p>Describe which stakeholders (or groups/types of stakeholders) your bank has consulted, engaged, collaborated or partnered with for the purpose of implementing these Principles and improving your bank's impacts.</p> <p>This should include a high-level overview of how your bank has identified relevant stakeholders and what issues were addressed/ results achieved</p>	<p>For Berlin Hyp, particularly those stakeholders are relevant who are directly or indirectly affected by Berlin Hyp's business activities, and whose opinions and acts directly or indirectly influence Berlin Hyp's business activities. Specifically, these are customers, employees, society, competitors, investors and owners. Stakeholder relevance assessments are conducted by the sustainability management organisation when needed.</p> <p>In order to be able to identify the stakeholders' expectations and requirements at an early stage and react adequately in the context of sustainability, Berlin Hyp uses established formats for discussions with key stakeholder groups in society. 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. Considering the fact that the COVID-19 pandemic is bottoming out, the exchange formats increasingly took the form of in-person or hybrid events in the second half of 2022.</p> <p>In addition, Berlin Hyp uses the following formats:</p> <ul style="list-style-type: none"> • Customer satisfaction analyses • Customer events • Complaints management for customers • Dialogue events of the Board of Management with all employees • Employee survey on the risk assessment for mental stress • Sustainability Day for employees • Workforce meetings • Exchange with the Works Council within the framework of the statutory obligation to consult and inform • Fireside chats and talks with managers • Investor roadshows • Committee and association activities • Round table talks with industry representatives • Regular exchange with rating and sustainability agencies • ESG Board • Stakeholder survey 	<p>Annual Report 2022 – Non-Financial Statement GRI 2-28, 2-29 (pp. 82/ 83)</p>

Please provide your bank's conclusion/statement if it has fulfilled the requirements regarding Impact Analysis.



Principle 5: Governance & Culture

We will implement our commitment to these Principles through effective governance and a culture of responsible banking.

Reporting and Self-Assessment Requirements

High-level summary of bank's response (limited assurance required for responses to highlighted items)

Reference(s) to bank's full response/ relevant information

5.1

Describe the relevant governance structures, policies and procedures your bank has in place/is planning to put in place to manage significant positive and negative (potential) impacts and support effective implementation of the Principles.

In order to ensure effective and proper implementation of the ESG implementation roadmap referred to in 1.2, and to enable the Bank to address issues that may arise in future in the context of ESG, the Bank's existing ESG governance system was reviewed and revised in 2021 and maintains its validity.

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The core elements of the most recent ESG governance system of Berlin Hyp are

- the decentralised assignment of basic responsibilities for integrating and processing ESG issues into the various divisions and departments, and
- the establishment of two overarching but separate cross-divisional and cross-departmental functions, which will promote the ESG vision and operate as higher-level coordinating bodies for the defined ESG implementation roadmap and new cross-divisional ESG issues, ensuring that all ESG-related measures at Berlin Hyp are made transparent and that they are linked and aligned with one another whenever this might be necessary.

In addition to economic aspects, Berlin Hyp's activities also take into account ecological and social factors. Guidelines with corresponding provisions are in place to ensure that these factors are taken into account. They are operationalised by measures firmly established in business processes. Monitoring to ensure the ongoing application of the measures is primarily the responsibility of the managers.

The following documents and guidelines document values, principles, standards and codes of conduct that are essential for Berlin Hyp's sustainable business activity:

- Sustainability Guideline
- Gender Equality Guideline: Equal Opportunities Policy
- Environmental Management System Guideline
- Annex to the Framework Agreement on the Sustainability of Suppliers and Service Providers
- Guideline for Communication with Stakeholders
- Lobbying Guideline
- Guideline for Responsible Behaviour towards Customers in Financial Difficulties
- Guideline for Responsible Behaviour towards Customers
- Corporate Citizenship Guideline
- Guideline on Sustainable Procurement

Please provide your bank's conclusion/statement if it has fulfilled the requirements regarding Impact Analysis.

Reporting and Self-Assessment Requirements	High-level summary of bank's response (limited assurance required for responses to highlighted items)	Reference(s) to bank's full response/ relevant information
<p>5.2</p> <p>Describe the initiatives and measures your bank has implemented or is planning to implement to foster a culture of responsible banking among its employees. This should include a high-level overview of capacity building, inclusion in remuneration structures and performance management and leadership communication, amongst others. .</p>	<p>The aim of human resources development is to support the employees of Berlin Hyp in their personal and professional development. This also includes training, continuing and further education and career planning, Training sessions are planned, organised and executed in a structured process where the banking divisions are involved. A special focus is on the constant changes in the underlying internal and external conditions.</p> <p>Megatrends such as digitalisation, automation and hybrid work environments, but also increasing regulatory and professional requirements, have led to changes in employee skill requirements at Berlin Hyp. The required skills are promoted at all times by a variety of needs-based in-house measures and external continuing education opportunities. Examples of such activities are the „back-to-office“ workshops that began in the first half of the year and continued in the reporting period, as well as the training courses that were offered in the reporting period in order to improve the digital skills of Berlin Hyp’s staff, whereby these courses were based on the results of a survey conducted throughout the Bank.</p> <p>All employees learned about this through various publications on the intranet as well as during the annual training on the environmental management system and thus bear the binding commitment to various principles.</p> <p>Digitalisation in the context of sustainability means, as a first step, that an adequate data basis must be created. This is the only way to establish a basis for targeted measures, e.g. the reduction of greenhouse emissions or the improvement of living and work conditions for as many people as possible. For example, data on the energy consumption of buildings are collected in order to be able to finance housing and offices with the smallest possible carbon footprint.</p> <p>At Berlin Hyp, sustainability has been firmly established throughout its divisions for years. This is ensured by the interaction of the Board of Management, ESG Corporate Functions and Management Committee as well as the ESG Board, consisting of permanent representatives of the divisions, an the Chair of the Board of Management.</p>	<p>Annual Report 2022- Non-Financial Statement GRI 3-3 (p. 89)</p> <p>Annual Report 2022 (p.9)</p> <p>Annual Report 2022- Non-Financial Statement (p. 105)</p> <p>Annual Report 2022- Non-Financial Statement (p. 80)</p>

Please provide your bank's conclusion/statement if it has fulfilled the requirements regarding Impact Analysis.

5.3

Governance Structure for Implementation of the Principles:

Show that your bank has a governance structure in place for the implementation of the PRB, including:

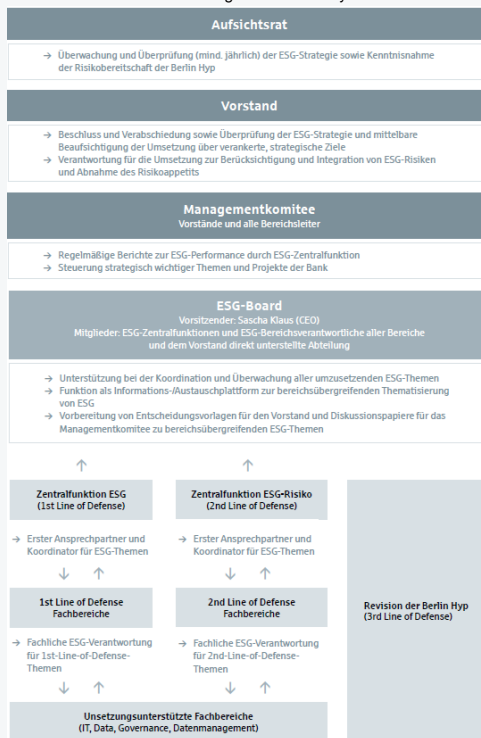
- a) target-setting and actions to achieve targets set
- b) remedial action in the event of targets or milestone not being achieved or unexpected negative impacts being detected

In order to ensure effective and proper implementation of the ESG implementation roadmap referred to in 1.2 and enable the Bank to address issues that may arise in future in the context of ESG, the Bank's existing ESG governance system was reviewed and revised.

The core elements of the most recent ESG governance system at Berlin Hyp are:

- the decentralised assignment of basic responsibilities for integrating ESG issues and criteria into the various divisions and departments
- the establishment of two overarching but separate cross-divisional and cross-departmental functions, which will promote the ESG vision and operate as higher-level coordinating bodies for the defined ESG implementation roadmap and new cross-divisional ESG issues, ensuring that all ESG-related measures at Berlin Hyp are made transparent, and that they are linked and aligned with one another whenever this might be necessary

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Principle 6: Transparency & Accountability

We will periodically review our individual and collective implementation of these Principles and be transparent about and accountable for our positive and negative impacts and our contribution to society's goals.

Reporting and Self-Assessment Requirements

High-level summary of bank's response (limited assurance required for responses to highlighted items)

Reference(s) to bank's full response/ relevant information

6.1

Progress on Implementing the Principles for Responsible Banking:

Show that your bank has progressed on implementing the six Principles over the last 12 months (up to 18 months in your first reporting after becoming a signatory) in addition to the setting and implementation of targets in minimum two areas (see 2.1-2.4).

Show that your bank has considered existing and emerging international/regional good practices relevant for the implementation of the six Principles for Responsible Banking. Based on this, it has defined priorities and ambitions to align with good practice.

Show that your bank has implemented/is working on implementing changes in existing practices to reflect and be in line with existing and emerging international/regional good practices and has made progress on its implementation of these Principles.

We will provide detailed reports on the six individual PRB principles as Berlin Hyp's sustainability project progresses. The project started its work on 1.10.2022 and we expect to be able to give initial progress in the next progress report in 2023 for the 2022 reporting year.

Berlin Hyp has already implemented the following measures:

- In January of this year, Berlin Hyp successfully completed its first bond issue under a new Green Bond Framework. With the framework, it is one of the first banks to adapt its green financing activities to the requirements of the EU taxonomy for buildings and construction projects. The framework provides for two green loan products to be used side by side for a transition period until the end of 2025. One focuses on energy efficiency as before, while the new product fully implements the requirements of the EU Taxonomy for Buildings and Construction Activities for the environmental goal of climate protection. The share of this new green loan product in the bank's total green new business is expected to gradually increase between 2022 and 2025, reaching 1000% from 2026. The Green Bond Framework has been externally verified by the sustainability rating agency ISS ESG with a Second Party Opinion (SPO). <https://www.berlinhyp.de/de/investoren/green-bonds?file=files/media/corporate/investoren/green-bonds/green-bonds/externe-beurteilung/20230309-berlin-hyp-green-bond-re-verification.pdfde>
- In accordance with the requirements of the EU Non-Financial Reporting Directive (NFRD), Berlin Hyp publishes an annual non-financial statement
- This year, for the first time, Berlin Hyp merged the non-financial statement with the GRI index and included the first components of the Task Force on Climate-Related Financial Disclosures (TCFD).
- The United Nations Sustainable Development Goals (SDGs) are a guiding principle for Berlin Hyp. In particular, SDG 1 (No Poverty), SDG 10 (Reduce Inequalities) SDG 11 (Sustainable Cities and Communities) and SDG 13 (Climate Action) are of great importance in the GRI.
- Another achievement was joining the United Nations Environment Programme Finance Initiative (UNEP FI) and signing the Principles of Responsible Banking (PRB) in October 2022.
- The new Sustainable Finance Framework was published.
- Berlin Hyp published allocation and impact reporting its social bonds on its website for the first time in March 2023.

Please provide your bank's conclusion/statement if it has fulfilled the requirements regarding Impact Analysis.