

Updated Environmental Statement

2021



Contents

1) Company Profile	3
Berlin Hyp Mission	
Outstanding Performance	
Selected Sustainability Ratings	
2) Environmental Policy and Environmental Management System	7
Environmental Protection and Our ESG Vision	
Environmental Policy at Berlin Hyp	
The EMAS Environmental Management System at Berlin Hyp	
ESG Climate Risk Management	
The Second Year of the New Construction Project	
One World. One Goal. One Team.	
3) Impact of Our Business Activities on the Environment	20
Identification of Significant Environmental Aspects of Product Ecology – Greatest Impact, Best Opportunities	
Operational Ecology: Direct Influence Potential at Our Locations	
How We Address the Effects of the New Construction Project	
Environmental Protection in Our Value Chain	
4) Berlin Hyp: Environmental Performance and Key Figures	29
Product Ecology – Facts and Figures	
– Standardisation of Assessment Criteria – Sustainability Assessments	
– Creating Added Value for Society	
– Maximum Transparency as Standard Procedure	
Operational Ecology – Facts and Figures	
– Paper	
– Waste	
– Water	
– Energy Consumption	
– Mobility	
– Footprint	
5) Environmental Targets and Environmental Programme	41
6) Contact	45
7) Declaration of Validity	45
8) Validation Confirmation	46
9) Disclaimer	47

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, 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 (36 per cent) and residential real estate (35 per cent).

The retail segment accounts for 15 per cent of the financing business, management properties and logistics together account for 12 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). Berlin Hyp was sold to Landesbank Baden-Württemberg (LBBW) on 26 January 2022. The transaction is subject to the approval of the antitrust authorities and has yet to be approved by the competent bodies of the German savings banks. As a subsidiary of LBBW, Berlin Hyp will continue to contribute its strengths and expertise in the Group and act as a strong independent brand in the market.

Mission:
Environment. Society.
Responsibility.



“BerlinHyp conducts its own business activities with sustainability in mind – and the Bank’s products and services are helping to promote the transformation of the financial and real estate industries into permanently sustainable and thus viable economic sectors.”

**Our firm belief:
In order to be modern you
need to be sustainable**

At Berlin Hyp, we have a very clear goal, which is to become the most modern real estate financier in Germany. We understand that we can only achieve this goal by acting in accordance with the principles of sustainability and aligning all of our business activities with such principles.

We have a broad view of sustainability: On the one hand, sustainability relates to a way of thinking and doing business that helps safeguard and protect our natural resources and the environment. However, sustainability goes beyond that, as it also means taking on social responsibility and ensuring good corporate governance. This broad view of sustainability has also established itself internationally under the abbreviation ESG, which stands for environmental, social, and governance. ESG forms the foundation for how we measure our sustainability performance, and when we talk about ESG, we are also talking about sustainability, and vice versa.

We are guided in our actions and behaviour here by the United Nations Sustainable Development Goals (SDG), whereby we are particularly committed to SDG 11 (Sustainable Cities and Communities) and SDG 13 (Climate Action).



**Our objective: To promote, facilitate
and finance the transformation**

We aim to reduce our carbon footprint and ensure that the work we do promotes, facilitates and helps finance the transition to a sustainable economy.

The key to success here, and also the biggest challenge, involves slowing the rate of global warming and preparing industry and society for the effects of climate change, which will be very difficult to avoid in future. The real estate sector has a special responsibility here, as building construction and operation account for more than one-third of global CO₂ emissions. It's also

true that the manner in which buildings, neighbourhoods and cities are designed plays a key role in determining whether these can remain viable in a changed climate. In addition, the real estate sector needs to step up in terms of reducing resource consumption and waste.

To put it in a more positive way, one can say That our methods for planning, building, investing and financing give us an important and effective instrument that can help ensure a world worth living in for future generations – and we are very much aware of our responsibilities in this regard.

Our approach: Four dimensions

Berlin Hyp's approach to sustainability encompasses four dimensions, each of which addresses all aspects of sustainability/ESG. You will find a detailed description of this approach in Section 2. Berlin Hyp has made sustainability one of its five core corporate values in order to 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:

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.

Outstanding Performance

Berlin Hyp's clear commitment to sustainability is honoured every year by several prestigious rating agencies. 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 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 2021:

- In the ESG rating by Sustainalytics in October 2021, Berlin Hyp achieved a score of 7.1, thus confirming that its risks are only “negligible”. This score was also higher than the score Berlin Hyp achieved in the most recent prior rating.
- In April 2022, the ISS-ESG sustainability rating agency issued Berlin Hyp a “B-”, 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”.
- In March 2021, MSCI issued Berlin Hyp a sustainability rating of AAA, which is the highest possible rating and also a better rating than any other competitor received. This same AAA rating was also issued again in March 2022.

Berlin Hyp’s sustainability approach and achievements are not only exemplary; they also set new standards that competitors would do well to follow.

It’s therefore not surprising that Berlin Hyp has also received a wide range of prestigious awards:

In April 2021, Berlin Hyp received a Top Deal Award for issuing the world’s first Sustainability-Linked Bond (see Section 4, page 31).

In June 2021, Global Capital named Berlin Hyp the “Most Impressive Financial Institution Green/SRI Bond Issuer” and followed this up in September by presenting its “Best ESG Issuer” award to the Bank.

Berlin Hyp’s issuing of the world’s first Sustainability-Linked Bond was also honoured in November 2021, when “Bankmagazin” and the analysts Morgen & Morgen presented the Bank with the Sustainable Award in Finance in the E (Environment) and S (Social) categories. This marked the second time that the Sustainable Award in Finance was presented by a jury in three categories (Environmental, Social and Governance). The awards also confirm that the products offered by the winning companies make a major contribution to sustainability in terms of at least one of the United Nations’ 17 Sustainable Development Goals (SDG).





Selected Sustainability Ratings 2021 / 22

Industry Leader



Number 4 out of 129 in the Financials / Mortgage & Public Sector Finance peer group (April 2022)

S/G Rating	C+	"Prime"
Environmental Rating	B	"Prime"
Overall Rating	B-	"Prime"



ESG Report: Number 1 of 101 savings banks and mortgage banks worldwide (October 2021)

ESG Risk Report	7.1 out of 100	Negligible
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Sustainability Rating (March 2022)

AAA

Berlin Hyp not only impressed the sustainability rating agencies in 2021; it also significantly exceeded its expected results despite the additional burdens created by the sales process, the ongoing low-interest phase and the fierce competition among commercial real estate financiers. Significant negative effects of the COVID-19 pandemic have not yet been recorded. Berlin Hyp reports contracted new lending of € 6.1 billion for 2021, which is slightly higher than the result from the previous year (€ 5.7 billion).

This very good result was in large part due to our dedicated employees, who have been working remotely up to 95 per cent of the time for nearly two years now.

2) Environmental Policy and Environmental Management System

This updated Environmental Statement issued by BerlinHyp for its headquarters estate in Berlin (at Budapester Strasse [construction site for the new building], Corneliusstrasse and Tauentzienstrasse [temporary leased alternative office space]) for the year 2021 presents the progress that has been made with environmental management the Bank.

Each year, our reporting also more extensively takes into account the progress that has been made with the 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 2020 Environmental Statement remain in effect in connection with this statement – specific changes are described.

Environmental Protection and Our ESG¹ Vision

Establishing the conditions needed for environmental and social sustainability in all areas of life is the global challenge of our time, and it is one that we can only overcome together as a society. In order to prevent irreversible damage due to climate change, the parties to the Paris Agreement made a decision to try and limit global warming to a maximum of 1.5°C. If this ambitious target is to be met, we need to begin implementing a wide range of measures today.

the situation, the EU has committed itself to reducing CO₂ emissions by 55 per cent by 2030 as compared to the base year of 1990. In addition, the Federal Republic of Germany has adopted a climate action plan that is designed to enable Germany to achieve climate neutrality. The original target year of 2050 for achieving climate neutrality has since been brought forward to 2045, thereby underscoring the importance of the climate protection efforts that will need to be made here.

The real estate sector has a very important role to play here given the fact that buildings are responsible for 30 to 40 per cent of total CO₂ emissions in Germany. Public discussion on the topic of sustainability does not just focus on

climate neutrality, however, as other factors such as protection of species and social sustainability.

Sustainability has been a central aspect of our business approach for many years now and is therefore a firm component of our corporate strategy and system of corporate values. Our strategic goal of becoming the most modern commercial real estate financier in Germany also involves the achievement of certain sustainability objectives. We intentionally utilise a broad definition of sustainability here: For us, sustainability means not only reducing our own carbon footprint, as we also believe we need to promote, simplify and finance the transition to a sustainable economy and in this manner contribute 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. Our ESG Vision, which is based on our far-reaching sustainability agenda from 2020, was adopted in May 2021.

Our commitment to sustainability encompasses the following four dimensions:



1 We now also use ESG (environmental, social, governance) as a synonym for sustainability.

Sustainable business portfolio

We believe that focusing on sustainability in our business portfolio is the key to achieving our sustainability targets. A large number of our customers are already adopting measures to make their business activities more sustainable. We plan ahead and have set ourselves the goal of helping our customers transform buildings into more energy-efficient and sustainable properties. We have therefore defined the following strategic ESG targets:

- We are moving in a direction that will make our portfolio climate neutral by 2050 at the latest. We plan to reduce our carbon footprint by 40 per cent by 2030 as compared to the base year of 2020. In order to achieve this goal, we plan to increase the share of energy-efficient real estate properties in our portfolio. Certified green buildings are to account for at least one-third of our loans portfolio by 2025.
- These targets can only be met if existing buildings are also made more energy efficient. We act as a reliable partner for our existing customers here and are helping them achieve the transition to energy-efficient buildings by expanding our range of consulting services and products to include the Transformationskredit (transformation loan), for example.
- We are one of the first banks in the world to begin moving towards complete transparency with regard to the carbon footprint of our financed real estate portfolio. We are doing this by systematically recording energy consumption figures, calculating CO₂ emissions and identifying climate risks.
- Sustainable refinancing instruments are another sustainability building block in our value chain. As early as 2015, for example, we issued the first "Green Pfandbrief" on the market and we were also the first bank in the world to directly link our refinancing activities to our climate targets by placing a Sustainability-Linked Bond on the market. In line with this approach, we plan to have sustainable refinancing instruments account for 40 per cent of our capital market funding mix by the end of 2025.
- We don't just focus on environmental aspects, however, as we utilise a holistic approach when making loan decisions and also take additional ESG aspects into account.

ESG risk management

The increasing importance of sustainability presents both opportunities and risks with regard to our business operations. For this reason, we are integrating ESG risks into our risk management systems and processes:

- We are incorporating ESG risks into our risk management framework and systematically integrating them into our risk strategy and risk management processes, thereby ensuring that we can effectively address both financial and non-financial risks.
- We are measuring and managing material ESG risks at the portfolio level. Over the medium term, we plan to quantify ESG risks on the basis of ESG-based screenings of individual borrowers as well, and then incorporate this data into our processes for making loan decisions. Our short-term focus here is on climate risks, and we will gradually expand the range of risks to be addressed in this manner.
- We are developing quantitative scenario analyses and stress test methods with regard to ESG risks and systematically integrating these into our risk management systems. Data availability currently represents a major challenge for all market participants. We are already using internal and external data sources and continuously assessing these with the aim of gradually expanding the volume of ESG risk data we can make available for risk management.

Transparency and ESG capabilities

We also seek to promote sustainability in society in general, which is why we focus on the following:

- At a minimum, our ESG reporting meets the current market standard for this issue area. To this end, we examine new developments on the market at regular intervals and then incorporate them as needed.
- Through our actions, we are helping to achieve the Sustainable Development Goals and increasing the level of knowledge through our involvement in relevant networks. We are particularly committed to SDG 11 (sustainable cities and municipalities) and SDG 13 (measures for climate protection). Together with the Urban Land Institute (ULI), we are working on initiatives such as the sustainable development of cities.

- Sustainability is firmly established throughout our entire organisation. We are defining and formalising responsibilities within our organisational structure and process organisation and establishing our ESG targets as key components of our business strategy. This ensures that the decisions we make are always in conformance with our sustainability strategy.
- We validate the holistic success of our sustainability efforts through external sustainability ratings that continuously assess critical aspects of Berlin Hyp's sustainability performance. Within the framework of our reporting activities, we also clearly disclose the progress we make in terms of achieving our sustainability targets.

With these measures, we ensure that we can make an important contribution to the development of a future-oriented and sustainable real estate sector.

Sustainability in business operations

We plan to continuously reduce the adverse environmental effects of our business operations and thus reduce our carbon footprint as much as possible. We seek to achieve the following goals with regard to business operations:

- We are continuously working on reducing our own CO₂ emissions, with the aim of achieving climate neutrality in our business operations by 2025 at the latest. To this end, we define implementation targets each year to help us further reduce our emissions. We compensate for any excess CO₂ emissions that may remain by implementing appropriate measures. We already obtain all of our electricity from renewable energy sources, and our new office building in Berlin will make it possible for us to achieve a significant and permanent reduction of our CO₂ emissions as we move ahead towards climate-neutral operations in future. We are making a further important contribution to CO₂ reductions by optimising employee mobility – for example by supporting mobile working arrangements and reducing air travel.
- In addition, we have committed ourselves to lowering our resource consumption and managing all resources responsibly. Within the framework of our environmental programme, we have been working continuously since 2016 on, among other things, lowering our water consumption and waste production.

- As an employer that focuses on sustainability, we support our employees to the greatest extent possible through family-friendly work arrangements and policies, for example, and by offering employees a range of training and continuing education opportunities and health management programmes. We are also firmly committed to diversity and equal opportunity. For example, we have set ourselves the goal of having women account for at least one-third of all managers by 2025.
- We also choose our suppliers on the basis of sustainability criteria and use sustainability agreements to ensure that all suppliers commit to complying with our standards.

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 established an environmental management system and then formulated and published an environmental policy for the first time in 2014. This guideline applies to both operational and product ecology. The environmental policy, which is reviewed by management on an annual basis and has been continuously updated and expanded in line with new developments, is also a core component of our Sustainability Mission Statement.

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. 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, whereby this also means working to limit global warming to less than 2°C in line with the Paris Agreement targets.

The goal of achieving climate neutrality by 2050 is also part of our ESG Vision, whereby we ourselves will begin compensating for any remaining unavoidable emissions in our business operations by 2025 at the latest.

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 protection²,
- the ten principles of the Zentraler Immobilien Ausschuss e.V. (ZIA – German Property Federation) industry code regarding sustainability³,
- the four principles of sustainability formulated by the Deutscher Sparkassen- und Giroverband e.V.⁴,
- the “Commitment by German savings banks to climate-friendly and sustainable business practices”⁵,
- six of the EU’s environmental targets defined in Regulation 2020/852 (EU Taxonomy Regulation)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.

→ Consideration of ESG aspects in our financing and refinancing activities in accordance with the respective frameworks (Sustainable Finance Framework, Green Bond Framework and Sustainability-Linked Bond Framework).

→ Active promotion of the ecological transformation through the provision of support to stakeholders seeking to make the transition to a climate-neutral building stock.

→ Continuous improvement with regard to our environmental management activities and environmental performance. To this end, we assess the environmental impact of our portfolio and regularly collect measurement and consumption data, in particular in order to ensure the effective management of our environmental protection measures.

→ 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 assessing the potential impact of our sustainability risks (e.g. climate risks).

If you have any questions or suggestions regarding our internal environmental protection measures or environmental protection in our value chain, please feel free to contact our Environmental Management Representative, Oliver Mehrholz (oliver.mehrholz@berlinhyp.de).



Sascha Klaus
Chair of the Board of Management

2 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://www.unglobalcompact.org/what-is-gc/mission/principles>

3 <https://zia-deutschland.de/project/zia-nachhaltigkeitsleitfaden>

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

5 www.sparkasse.de/aktuelles/selbstverpflichtungsnachhaltigkeit.html

6 https://www.deutscher-nachhaltigkeitskodex.de/de-DE/Documents/PDFs/Sustainability-Code/Taxonomie_Factsheet_DNK_August21.aspx

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. The Bank's 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:

Our Annual General Meeting was held on 23 June 2021. The elections for the Supervisory Board, which take place every five years, were also held during this meeting. The term of office of the previous members of the Supervisory Board – both employee and shareholder representatives – ended in 2021. Our Supervisory Board has 15 members. In accordance with the regulations of the German One-Third Participation Act, the Supervisory Board is made up of ten shareholder representatives and five employee representatives. The shareholder representatives are elected by the Annual General Meeting, at which LBBH is represented as the sole shareholder of Berlin Hyp AG. The election of the employee representatives took place in May. The following personnel changes were made to the Supervisory Board as a result:

[Our Annual Report 2021](#)

Gero Bergmann stepped down from the Berlin Hyp Board of Management, with effect from 31 December 2020. The Supervisory Board appointed Maria Teresa Dreo-Tempsch to the Berlin Hyp Board of Management, effective 1 May 2021, thus bringing the Board of Management back up to full membership.

Dreo-Tempsch is responsible for Real Estate Financing Sales, Portfolio Management and Treasury.

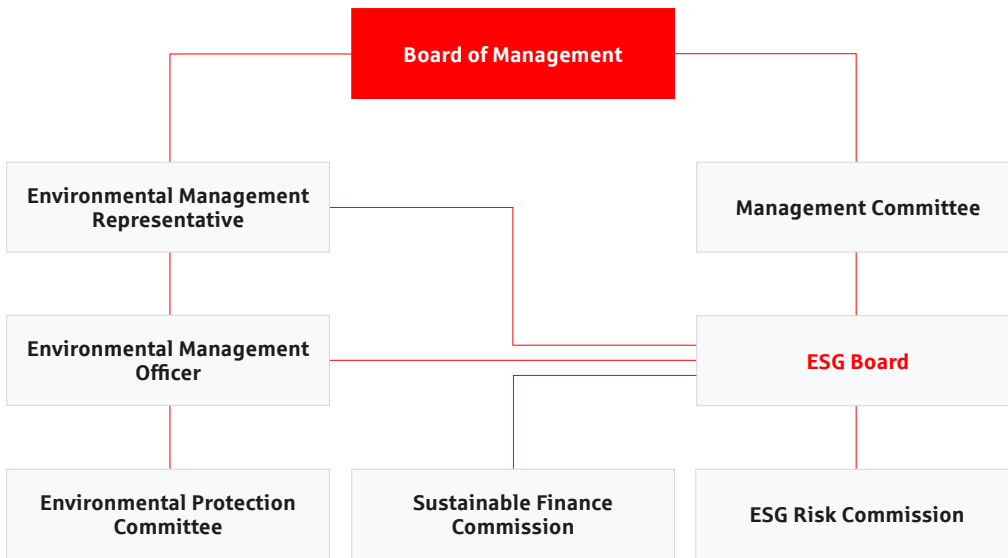
Internal changes to the organisational structure were made to the Information Technology and Finance divisions. The separation of the Sales division into Domestic Sales and Foreign Sales divisions is designed to ensure more targeted utilisation of existing resources. In addition, in order to ensure further successful cooperation with the S-Finanzgruppe institutes, the Domestic Sales units were also merged with the Portfolio Management departments in 2021.

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, and the Chair of the Board of Management in the chair. The core elements of the future ESG system at Berlin Hyp will involve the decentralised assignment of basic responsibilities for integrating ESG issues and criteria into the various divisions and departments, and the establishment of two overarching but separate cross-divisional and cross-departmental functions, which will act as corporate functions and promote the ESG Agenda and operate as higher-level coordinating bodies for the defined ESG implementation plan and new cross-divisional ESG issues.

This will ensure that all ESG-related measures at the Bank are made transparent, and that they are linked and aligned with one another whenever this might be necessary.

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 with the tried-and-tested structures and the ESG Board interface.

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. Internal and external stakeholders participate in workshops and surveys in which they assess preselected issues on the basis of the following two dimensions (double materiality):

1. By taking the issues into account, has Berlin Hyp had a special impact on the sustainable development of society (“inside-out” perspective)?
2. To what extent are the issues especially relevant to Berlin Hyp’s business (“outside-in” perspective)?

The materiality analysis based on the survey conducted in 2021 was verified by the ESG Board at Berlin Hyp.

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

- Consideration of ecological criteria when issuing bonds,
- consideration of ecological criteria when selecting financing projects,
- environmental management at our locations.

The materiality analysis confirmed the double materiality of the first two points mentioned. The topic of environmental management at our locations had already been categorised as “relevant” in the past in relation to the new construction project, and the associated resource consumption has led to an even higher categorisation as an additional material issue.

Berlin Hyp makes use of its many 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 view of the ongoing coronavirus pandemic, most of the dialogues in 2021 were conducted through digital means.

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. Since 2020, for example, all assessments have also taken into account the construction activities for the new building on Budapester Strasse.

ESG Climate Risk Management

Within the risk inventory, Berlin Hyp reviewed sustainability risks or ESG risks as overarching risks and classified them as fundamentally relevant risks for the Bank. The Bank is continuously developing its risk management organisation in accordance with regulatory standards and recommendations.

Activities at the moment focus on qualitative and quantitative methods for measuring and controlling ESG risks in accordance with the principles from the ECB guide on climate-related and environmental risks.

Here, non-financial risks 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 in the regular business. Heat maps are used, for example, in order to graphically depict and highlight climate risks in relevant sectors (in order to assess risks relating to the climate and other ESG factors). ESG factors are also incorporated into the Bank's risk management strategy and analyses of the Bank's risk appetite, which means they are also taken into account when loan decisions are made.

In addition, consideration of climate risks is now included in the assessment of a borrowers' financial situation. We assess new financing requests with regard to their ESG performance. ESG information about the client and the asset is fed into our own analysis tool, which then produces an ESG score by means of evaluation and weighting. This method makes it possible to measure and compare the ESG performance of a financing request. This ESG score is taken into account in our credit decision process.

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.

The findings from the previous risk analysis had a significant influence on the ESG Vision adopted in 2021 and the development of the new Transformationskredit (transformation loan), which is to be introduced in the first half of 2022.

Resource conservation criteria and biodiversity protection are important considerations for Berlin Hyp when selecting financing projects. When making real estate financing decisions, Berlin Hyp also determines whether the customer in question has sufficient knowledge of, and experience with, legal requirements relating to planning, construction, environmental protection and nature conservation. Regarding real estate valuation, Berlin Hyp takes into account certificates issued by generally recognised certification systems such as LEED, BREEAM, HQE and DGNB that assess the sustainability of real estate properties, provided these can have a positive effect on the long-term yield and value of the property or transaction in question. The same applies to special measures implemented to improve the sustainability performance of a property – e.g. the use of green leases.

As a matter of principle, Berlin Hyp does not finance real estate projects in areas deserving of particular protection. Berlin Hyp defines such areas as those that are listed by name in the following registers:

- The List of Wetlands of International Importance (the Ramsar List)
- The UNESCO World Heritage List within the context of the UNESCO Convention Concerning the Protection of the World Cultural and Natural Heritage
- The UNESCO Biosphere Reserves List within the context of the UNESCO programme "Man and the Biosphere (MAB)"

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 in 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 new construction project. The schedule is reviewed on a regular basis with regard to this aspect as well.

The climate risk analysis 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 has been supplemented by a materiality analysis that will also now be conducted on an annual basis. Initial results here are as follows:

- At the aggregated level, the property portfolio is exposed to a low physical risk.
- The anticipated average annual damage is 0.1 per cent of the aggregated market value of €80 billion – i.e. €80.5 million.
- The highest relative risk (0.27 per cent) is in the Netherlands, whereby the biggest risks here relate to storms (0.173 per cent) and storm surges and flooding (0.050 per cent).
- Natural hazards that pose the highest risks in absolute terms are storms (€34 million), tornadoes (€19 million) and floods (€10 million), whereby these together account for 78 per cent of the risk.

The transitory climate risk was assessed with the help of a scenario analysis. The following observations apply to Berlin Hyp, for example: The main drivers of rating changes are modernisation costs and rising energy prices. The estimated modernisation costs for the next 30 years will thus also create business opportunities.

Growth and opportunities

The increasing attention being paid to climate change also offers tremendous opportunities in addition to the risks involved.

Before the COVID-19 pandemic in particular, the real estate market moved in only one direction – straight up. At the same time, there is no doubt that constant growth is always accompanied by environmental problems and social tension (and the costs associated with these), which is why many investors are now looking for sensible alternatives to traditional real estate investments. Experts in the real estate sector itself have been trying to determine which types of properties will be more in demand than others, and they have discovered that the trend is clearly moving in the direction of future-oriented and sustainable capital allocation in the market for green financing and green real estate.

Indeed, green buildings are not only good for the environment; they also help conserve resources throughout their entire life cycle. The emission-reduction potential of the more sustainable building materials, the high value of green buildings, and the increasing demand for green real estate are all leading to strong growth on the market at the moment.

Lower operating costs and higher employee productivity (due to a healthier interior environment and more modern spatial designs) are also driving demand for green buildings. The tenant satisfaction that results from this higher quality reduces vacancy risks and attracts tenants with strong credit ratings, which in turn enhances the reputation of such properties on the market. Some green buildings also have special design features that enable efficient use of resources such as water and energy. Those who design and construct green buildings are also looking to reduce their dependence on non-renewable energy sources, which is more important than ever these days.

All of these aspects play a role in the forecasts that predict strong growth in the green building market up until 2023 (approx. ten per cent per year). This already offers a huge opportunity, one which will be expanded to a tremendous extent by the refurbishments to the existing building stock that will have to be made in order to achieve the German government's climate targets.

In 2021, Berlin Hyp examined the costs associated with the modernisation measures that will be needed to improve the energy efficiency of the buildings in the property portfolio. This situation harbours major business potential in terms of transformation loans, for example. A working group is currently designing this product and has already launched initial pilot projects.

The second year of our new construction project

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.

The construction of a new corporate headquarters for Berlin Hyp marks a major step towards achieving more sustainable banking operations. The building, which was designed by the Danish architecture firm C.F. Møller Architects and is scheduled to be completed by the of 2024, is sustainable in several different ways:

Energy efficient: The new headquarters will enable the Bank to reduce its energy consumption by approximately 50 per cent as compared to the old building. The use of geothermal energy sources and the special design of outdoor areas and open spaces with extensive roof greening measures will reduce CO₂ emissions, while photovoltaic systems installed on the peripheral façade will improve the building's energy performance even further.

Environmentally friendly: When demolishing the old building, Berlin Hyp took care to recycle and dispose of all materials in an environmentally friendly manner. For example, the majority of small office furniture, materials and equipment from the building that were no longer needed were donated or auctioned off and were therefore put to further use. Berlin Hyp has received pre-certification in platinum for its entire building deconstruction project from the German Sustainable Building Council (DGNB).

Modern: Berlin Hyp employees can look forward to a modern working environment that promotes creativity and collaboration in the new building and on its various green terraces.

Open: Berlin Hyp will open up the new building to the public and will make selected spaces available for art exhibitions and other events.

Participatory: Thanks to a broad approach which encourages participation, the Bank's employees can get actively involved in the formation of the new building.



Construction progress and the associated environmental aspects are presented in a clear and transparent manner on the [Berlin Hyp Homepage](#).

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 ([see the 2020 Environmental Statement](#)):

- Architecture competition
- Consolidation in the building on Corneliusstrasse
- Alternative office spaces rented in the building at Tauentzienstrasse
- Preparations for the deconstruction process

Important milestones in 2021:

- DGNB certification for the deconstruction process (pre-certification in platinum)
- Removal of pollutants
- Constructive demolition
- DGNB certification for the new building (pre-certification in platinum)

More detailed information on the milestones from 2021 can be found in Section 3, starting on page 23.

One World. One Goal. One Team.



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 and also include environmental aspects in their goal agreements.

It was therefore clear to us that we should offer a broad range of participation opportunities and involve our employees from the very beginning, and as extensively as possible, in the new construction project and the sustainability planning that preceded its launch.

Internal participation was made possible here by among other things:

- the opportunity for all employees to participate in the selection of desks, lamps, privacy screens and blinds, and the design of workplace bags/pouches,
- discussions in the various divisions, departments, etc. to choose their locations in the new building, as well as discussions about the needs and requirements of individual teams,
- the selection of "feedback officers" from every division, department, etc. to ensure that all organisational units would be heard from,
- the deployment of multipliers to address issues and questions relating to the new building, office locations and planning,
- the establishment of a working group for interaction between the Works Council and the division responsible for the new construction project (B-One),

- regular discussions in the "Working Environment 2024" working group as a link between the architects and the interests of the Bank,
- utilisation of input on sustainability topics from internal stakeholders at the Bank,
- the introduction and implementation of a new format for providing employees with information and offering them opportunities to provide feedback: "B-OneLunch" events on a regular basis in order to discuss the latest news about the construction project – in connection with environmental issues and the associated challenges posed by the new working environment as well,
- reports on the intranet (with comment function),
- feedback walls in the buildings at Corneliusstrasse and Tauentzienstrasse.

Our measures in 2021 focused on our motto of "Emissions" and began with new ideas about packaging. We had a meeting in which a representative of the company that managed our catering programme at the time answered questions about the packaging used for food and meals. This also made everyone more aware of the importance of improving waste separation at the Bank.



We also staged "ESG Week" in order to provide all employees with information on ESG topics. This event included 22 presentations, the provision of various types of input and a series of reports and workshops on sustainability and ESG – all of which addressed the various aspects of the relevant issues in detail.

The extensive variety of topics included everything from human rights due diligence to the circular economy and sustainable buildings, i.e. the entire range of ESG issues. Along with input from external sources, ESG Week also focused on providing extensive information to employees on the relevance of ESG and its connection to the Bank's core business. In addition,

measures were implemented to mobilise and consolidate the strengths of the entire workforce and establish a common awareness of the importance of paying attention to ESG issues.

The team from the environmental management organisation was able to get a prestigious keynote speaker from the Club of Rome to make a presentation during ESG Week, and the team itself participated with its own presentation on the topic of “Packaging – a load of rubbish”? Employees also organised their own special programme for ESG Week in the form of a successful plant-exchange platform for seeds, cuttings and whole plants.

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

ne><t dimension

Environmental protection is now firmly anchored as a key topic at Berlin Hyp. In line with the reorganisation of our idea management system, various teams are directly addressing new topics and issues and taking measures to increase participation. An employee initiative led to the rollout of “eVoSi”, for example, whose system-supported digital administration of Board of Management meeting documents has eliminated the need for paper file folders.

“The new workflow-based process for “eVoSi” electronic Board of Management meetings has eliminated the need for, among other things, the extensive manual storage of email approval / coordination documentation for all specialist departments at the Bank – not to mention all other kinds of paper documentation. The entire decision-making process – from preparation and Board of Management approval to documentation and archiving – is now conducted on a single platform with fully automated information distribution. The planned project budget for external software and its administration was not utilised, whereby this was made possible in particular by practical cooperation with our IT team on the upcycling of an already existing software solution.”

Team bodies / Governance division

An initiative launched by employees in the Paris office highlighted the benefits offered by electric bikes:



Benjamin Cartier-Bresson
Head of the Paris office:

“A way to advertise Berlin Hyp’s presence in Paris, reduce CO₂ emissions and take on a pioneering role at the Bank – the electric bicycles offer a huge range of benefits!”

Many employees in Paris subsequently decided to forgo the use of a company car, thereby sending a message to all Bank employees entitled to a company car.

Our Digital Workstation project offered our employees the opportunity to decide for themselves how large their new notebooks will be in future, which means they can make their own personal contribution to resource conservation. Here, the Bank made a conscious decision not to equip all employees with the same hardware but to instead find out what each employee actually needed.

Employees in Berlin also took advantage of World Cleanup Day 2021 to collect rubbish in nearby Tiergarten park during a “clean lunch break”. World Cleanup Day 2021 was held in Berlin and various locations abroad.



All Bank employees can take one Social Day each year to do volunteer work. The team from the environmental management organisation suggested making this day a Green Social Day in order to support more ESG-related activities. During the reporting year, employees teamed up with the Stiftung Naturschutz nature conservation organisation to promote biodiversity at the Teltowkanal waterway in Berlin and at an orchard in the outlying Havelland region, and were thus able to combine social commitment with nature conservation.

Under the motto “ESG is a team effort – and we’re getting our colleagues involved”, three bank representatives used a new digital forum for climate partners of the S-Kreditpartner Sparkassen-Finanzgruppe company to draw attention to relevant sustainability topics throughout the Sparkassen-Finanzgruppe and thus reach a larger audience.

Our people seek to reach a broader internal audience as well: The “Punkt 10” internal format, for example, gives employees the opportunity to explain to other employees in detail the topic of “Sustainability – the various facets of our common goal”.

Indeed, ESG as a key issue at the Bank includes learning about and addressing environmental and social aspects at the individual employee level as well. In order to give each other some inspiration in this regard, the ESG Summer Challenge during the year under review focused on the following questions:

1. Which measures/changes in behaviour have you taken/discovered/tried out over the last 365 days in order to help ensure a more sustainable future?
2. Which measures would you like to try out when this Challenge begins in order to be able to later briefly describe on the intranet whether these proved to be practical and, if so, whether you want to continue with them?

As it turned out, there was plenty of inspiration that addressed nearly all relevant areas. Employees were also able to vote on their favourite measures from among those that were submitted. Such measures related to sustainable clothing, mobility, nutrition, cleaning, waste reduction, energy-related building refurbishments and natural gardens – but the most popular among employees was the “Worm Crate”, which makes it possible to produce humus and fertiliser for flower boxes in one’s own apartment without having to use peat.

The “Got honey to offer – looking for a footprint” campaign called upon all employees to evaluate their lifestyles using the UBA⁷ carbon footprint calculator in order to figure out how much greenhouse gas they are personally responsible for producing through their living and transport arrangements, behaviour as consumers and eating habits. The calculator also displays the share of total emissions each person who does the calculation accounts for. The first movers who organised the campaign therefore deserved a big thanks – and they got one in the form of a glass of honey made by the “Berlin Hyp bees” on our biodiversity roof. Those who answered the call to do the footprint calculation were found to be producing an average of 9.11 tonnes of CO₂ per capita, which is actually around two tonnes lower than the German average. All in all, the per capita emissions ranged from 5.41 to 12.32 tonnes.

“Hi Ms Voigt,

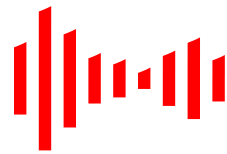
Thank you very much for your very interesting article “Got honey to offer – looking for a footprint” that you posted yesterday on the intranet with the accompanying statistics. I took some time to look at the analysis you published and then did my own CO₂ check for the first time. Now that I know how much CO₂ I personally cause, I plan to set my own targets for reducing my CO₂ emissions.”

Taras Kuschnerik/Risk Controlling division



The competition for “Berlin Hyp Cyclist of the Year” was held once again in three distance categories in 2021. Around 40 colleagues participated, whereby due to the COVID-19 pandemic, all kilometres ridden (privately as well) could be used for the competition.

7 https://uba.co2-rechner.de/en_GB/



Weit + Breit

Der Chancen-Podcast der Berlin Hyp Ideen mit Antworten

The prizes awarded to the winners of the cycling competition were also related to the 2021 motto of “Emissions”. The prizes did not take the form of non-cash prizes but instead were used to provide additional funding to the free cargo bike project “fLotte” in Berlin. “fLotte – Freie Lastenräder für Berlin” (<https://flotte-berlin.de>) is an initiative designed to help bring about a transportation transformation in Berlin by enabling private individuals to rent a cargo bike for free at one of many stations in the city in order to transport children or various types of cargo.

The internal auditor team once again performed audits and conducted other processes relating to environmental management in 2021. Internal auditors serve as company-wide multipliers and thus play a very important role at the Bank.

The training session on the environmental management system, which is mandatory for all employees, could not be conducted in 2021 due to technical issues with the new platform for web-based learning. This session was replaced by a new two-stage ESG training session.

The basic module for this training session consists of a general description of the importance of the topic. The second module focuses on the ESG Vision at BerlinHyp. Employees were able to work on the two modules up until the beginning of 2022.

The ESG training session has been incorporated into the further development of the training environment for the BerlinHyp Learning World for all employees, and ESG is now an official topic in this environment.

Employees had an average of 3.3 days of training and continuing education in 2021.

We have launched a new series for our external podcast “Weit + Breit” (“Far and Wide”). The series is called “Wert:Volle Gespräche” (“Valu(e) able Discussions”) and its first edition focused on our corporate value of sustainability. The series is important, as it allows us to reach a wider audience via alternative media and media channels.

We ended our ESG activities in 2021 with the “Test Christmas Measures” campaign, in which we invited all employees to submit suggestions for making the Christmas season a time for sustainability and resource conservation. The proposals included measures designed to get people to buy and consume less and reduce waste during the holiday season – and there was also a suggestion for using sustainable Christmas trees. The latter proved to be quite popular, as it led many employees to rent Christmas trees that can then be replanted and left to grow throughout the rest of the year.

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 all the associated costs, risks and opportunities.

Key environmental aspects for Berlin Hyp at the moment are energy consumption (electricity and heat), emissions from business travel and, above all, the indirect impact of our financing activities. Unlike the case in previous years, paper consumption no longer had a significant environmental impact in the year under review. We continue to make progress with digitalisation, and this has led to a major reduction in our paper consumption.

The project-specific environmental aspects associated with our new building 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.

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 additional concerns and 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. For example, plans call for the CO₂ emissions caused directly by buildings to be reduced by 53 million tonnes of CO₂ (from 120 million to 67 million tonnes of CO₂) between 2020 and 2030.

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.

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. These 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.

Sustainability Agenda

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 300 buildings and nearly 430 loans with a volume of more than €7 billion.

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 reporting has been refined several times. In 2016, an incentive of up to ten basis points for green loans was introduced, and in 2017 the Bank began setting annual strategic sustainability targets for its core business activities. These targets were incorporated into our far-reaching sustainability agenda in 2020, which focuses on the following:

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).

Green Bond Framework

The Bank's sustainability products on the liabilities side are underpinned by the Green Bond Framework and the Sustainability-Linked Bond Framework.



“In 2021, we incorporated the EU taxonomy requirements into our Green Bond framework, thereby making this framework even more ambitious”,

Bodo Winkler-Viti,
Head of Funding and Investor Relations.

Outside the reporting period, Berlin Hyp published its revised Green Bond Framework in January 2022. The new framework also took into account new developments that occurred in 2021. It integrates the requirements of the EU taxonomy for buildings and construction activities with regard to their primary environmental target of climate protection..

These new criteria for eligible green assets have been initially added to the requirements that have been established for years, which mainly target the energy efficiency of the financed buildings. After the end of 2025, only the loans that fully comply with the EU taxonomy will be classified as green. To achieve this, the Bank has defined a development path in which the minimum share of new lending for buildings/construction activities in line with the EU taxonomy will be gradually increased from five per cent in 2022 to 100 per cent in 2026 for all new lending in eligible green assets.

In its annual re-verification in December 2021, ISS ESG (the unit at Institutional Shareholder Services Inc. that focuses on responsible investment) positively assessed and once again confirmed the sustainability of the Green Bond Programme underlying the Berlin Hyp bond issues.

Berlin Hyp's Sustainability-Linked Bond Framework is aligned with the five core components of the Sustainability-Linked Bond Principles that were published by the International Capital Markets Association (ICMA) in June 2020. This framework and the associated annual Sustainability-Linked Bond Report are verified externally.

The EU Taxonomy Regulation

The EU Taxonomy Regulation (Regulation (EU) 2020/852 – Taxonomy Regulation) was published in the Official Journal of the European Union on 22 June 2020. The EU Taxonomy Regulation and the numerous associated delegated regulations and annexes introduced a classification system for ecologically sustainable economic activities. In particular, the regulation provides uniform criteria to determine whether an economic activity in the European Union can be classified as environmentally sustainable.

This classification is generally viewed as necessary for the broad integration of sustainability into the financial sector and the real economy. One of the objectives of the regulation is to ensure that the criteria for environmentally sustainable economic activities are clear and uniform. The aim of the taxonomy is to measure the degree of environmental sustainability of economic activities and therefore of individual investments, corporate activities and entire real and financial enterprises. The overall objective is to achieve transparency and comparability. Capital flows should move more easily into environmentally sustainable economic activities and help investors (institutional and private investors, banks, etc.) in their investment decisions.

As a mortgage bank, Berlin Hyp is affected by the activities in Section 7 of the two delegated acts concerning the environmental targets of climate change mitigation and adaptation as they relate to the construction industry and real estate.

The EU Commission Delegated Regulation on EU taxonomy was published on 4 June 2021. The challenges that the classification system poses to banks as well in terms of data availability and management were addressed by the Bank in 2021 within the framework of a comprehensive ESG project for business strategy, product design processes and cooperation with individual customers and counterparties.

The EU Taxonomy Regulation sets the following environmental targets:

1. Climate change mitigation
2. Climate change adaptation
3. Sustainable use and protection of water and marine resources
4. Transition to a circular economy
5. Pollution prevention and control
6. Protection and restoration of biodiversity and ecosystems

Portfolio A

Berlin Hyp also takes into account the social challenges associated with its own investments (Portfolio A).

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 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 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.

Operational Ecology: Direct Influence Potential at Our Locations

In order 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 rented office space in the building at Tauentzienstrasse after we moved in. 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.

We report on the environmental impacts of our construction activities proactively and as extensively as possible – and with the type of quality that DGNB certification enables. The EMAS reference documents for the banking and financial sector (Sectoral Reference Documents – SRDs) do not contain any standards or criteria for reporting. The European Commission has published a priority list that provides an overview of the most important reference documents that need to be created in the banking and financial sector. The reference document for the construction industry is now being developed

With regard to construction operations, we collect data on resource consumption (water, electricity) as well as data on waste generation, material transport and other transport activities. We were unable to provide information on the amount of fuel consumed by construction vehicles at the construction site. We have a monitoring system in place for identifying the severe environmental impact caused by dust and noise during certain phases of the construction process. We also conduct a qualitative monitoring and description process for biodiversity, water supplies, water as a resource and pollutants (see the section that follows).

The Bank also plans to commission an ecological assessment of its building deconstruction activities. This will enable us to provide clear and transparent information on the environmental effects of construction operations.

How We Address the Effects of the New Construction Project

DGNB certification for the deconstruction process

In order to ensure that sustainable building projects can be planned, assessed and quantified, the German Sustainable Building Council (DGNB) developed a certification system that can be used as a planning and optimisation tool in order to assist everyone involved in construction activities with the implementation of an integrated approach for safeguarding sustainability. BerlinHyp made the decision to have both the deconstruction project and construction of the new corporate headquarters certified in accordance with the DGNB standard.

Here, a systematic approach is needed from the earliest planning stages for the deconstruction process in order to effectively manage material flows, ensure a high intrinsic value for the building structure and establish circular economy solutions at all levels. This is exactly what the new DGNB system for sustainable building deconstruction is designed to do, whereby the system focuses on the following aspects:

→ ensuring transparency, identifying hazardous materials, optimising disposal and recycling activities, improving and expanding processes and clarifying the roles of all involved parties.

Final testing for the new certification system began in 2021 within the framework of its initial application in actual projects. BerlinHyp is one of the first organisations to use the system and is also the second company in Germany to have received a DGNB deconstruction certificate (pre-certification in platinum with 83.6 per cent fulfilment of the 12 criteria). The projected degree of fulfilment of the two criteria for assessing environmental quality totalled 100 per cent (removal/remediation of hazardous substances; material flow balance).

Removal/remediation of hazardous substances

The removal/remediation of hazardous substances is the first milestone whenever buildings are deconstructed. DGNB criterion ENV2-R (“Removal/remediation of hazardous waste”) therefore addresses the potential danger to humans and the environment posed by reconstruction measures. This criterion has three protection objectives:

In order to promote the retention or reuse of existing building elements and materials, the amount of hazardous substances in construction products or construction materials that will remain in a building, or which will be used in other construction projects, is examined in terms of user protection. To this end, we took an extensive inventory of building elements and materials and used the information gained as a basis for the development of a strategy for the removal/remediation of hazardous substances. We then monitored the associated activities within the framework of weekly inspections of the construction site and during on-site discussions. We also commissioned an external expert to monitor the strategy.

The health and safety of all personnel at the construction site is our top priority. We also appointed a so-called SiGeKo (occupational

health and safety coordinator) to define processes, train staff, monitor compliance with building site regulations and submit reports on a regular basis. It became necessary to set up so-called black and white areas in order to keep hazardous materials out of certain parts of the construction site. There was one accident involving personal injury at the site. The circumstances of the accident were then quickly clarified.

The approach used to minimise contaminated waste seeks to reduce the burden at landfills and increase the amount of recyclable waste by ensuring the highest possible level of waste fractionation. The latter aspect is also part of DGNB criterion ENV1-R:

Constructive demolition

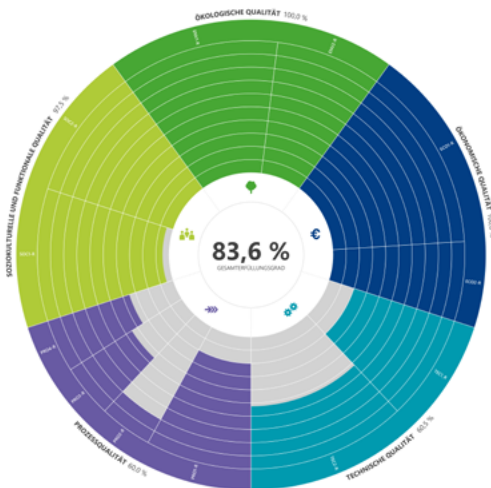
Our use of the DGNB criterion ENV1-R for “Material Flow Balance” enabled us to establish transparency regarding the material flows resulting from deconstruction activities and reduce waste transport distances – and thus the environmental impact of our emissions – by reusing, recycling or disposing of materials at locations as close to the construction site as possible. These aspects played a major role in the process for selecting the demolition and disposal company, which means we were able to influence the results we achieved in this area:

More than 85 per cent of the construction waste produced up until the end of 2021 was disposed of within a radius of less than ten kilometres. We also take advantage of opportunities to return construction products directly to the manufacturers, although this does account for the longest transport distances. All previously accumulated hazardous waste was disposed of in 2021 by specialised companies in what was mostly a very small radius of 21 to 41 kilometres.

- We were able to reuse the emergency power generator and recycle approximately 95 per cent of all demolition waste that had been accumulated up until the end of 2021.
- At least 80 per cent of mineral material flows are reprocessed/recycled at a nearby production facility (radius of max. 50 km; most construction and demolition waste: 9 km).
- According to its own figures, the disposal company is able to reuse or recycle (e.g. for special civil engineering or road construction projects) around 88 per cent of the construction waste it removes.
- As at 31 December 2021, approximately 80 tonnes of hazardous waste had been eliminated/disposed of at landfills; the figure for construction waste is approximately four per cent.

The results achieved with reuse/recycling were made possible by a high rate of fractionation brought about by a system of clear waste separation at the demolition company’s site. Containers and aggregate materials were checked during the inspections of the construction site. Due to the construction site’s inner-city location, it was not possible nor expedient to extensively separate and process the mineral material from the deconstruction process on site: For one thing, local conditions did not allow for the use of an on-site mobile processing unit. In addition, on-site processing and recycling of materials would have put an additional strain on the surrounding area (dust and noise caused by the crushing and grinding of materials). The deconstruction process continued beyond 31 December 2021, which means we will not be able to provide figures on the total volume of construction waste until the next Environmental Statement is published.

The general contractor has assessed the risks and implemented measures for continuously monitoring the current state of affairs with regard to all emissions expected to be produced during the deconstruction process – e.g. noise and dust emissions. The same applies to hazardous substances, tremors and vibrations. The general contractor also maintains close contact with stakeholders such as neighbours and government authorities, and all questions and queries are documented in the monitoring system and addressed on a weekly basis. An external noise monitoring service can be commissioned at any time if necessary. At certain times, dust barriers have been set up in front of a second crane in order to minimise dust pollution and three pipes have also been deployed simultaneously to capture dust with water in certain



situations. A special cutting station was used to minimise vibrations, whereby the resulting effect was reinforced by impact cushions on the ground. In general, the approach used at the construction site defines measures for handling and disposing of hazardous substances in order to prevent the release of toxins into the environment.

Consistent use of energy from renewable sources to produce electricity at the construction site has further reduced the emissions associated with the deconstruction process (see Section 4, page 36).

Biodiversity and water balance

Berlin Hyp is committed to environmental and species protection to an extent that goes beyond binding legal requirements. The Bank therefore plans to incorporate innovative interior and exterior lighting concepts into the planning process for the new building (in order to protect insects), as well as a programme that involves extensive placement of plants and the installation of green spaces both inside and outside the building.

Underground levels will be built, thereby ensuring that approximately 90 per cent of the building's total ground area will be utilised. Only one open area will not be used by the building itself – a small open space near Budapester Strasse. Here, benches and seating will be set up in order to create a courtyard-like green environment. A front garden zone that can be used by employees will be set up on the eastern side of the building.

We also plan to exploit the potential the new building will offer for roof greening, retaining rainwater on roofs and increasing our contribution to evapotranspiration in the inner-city area. Roof greening improves the micro-climate, reduces the level of pollutants that enter the sewage system via rainwater, improves thermal insulation in both summer and winter and provides a habitat for plants, insects and animals. Plans therefore call for the creation of a biodiversity roof on the new building and the implementation of extensive greening measures in areas exposed to the sun.

All terraces will also be outfitted with plants. The plans for the associated sites call for bordered spaces with seating (“Nuggets”) in areas with solitary shrubbery, as well as trees that will be surrounded by thick shrubs and grass (“Carpets”). Criteria for plant selection include compatibility with bees and other insects, suitability as bird forage plants, and degree of invasive-

ness. Façade-like greening measures will involve the use of a free-standing trellis (approx. 50 m²), as well as equipment enclosure and a roof overhang (approx. 150 m²).

During the preparations for the deconstruction work, exterior areas and façade surfaces were regularly checked to make sure they didn't contain any nests. We received extensive support here from a qualified ecologist and ornithologist (from the list of experts for special species protection), who also advised us on the associated compensatory measures. The replacement nesting boxes installed for Old World sparrows, common swifts and bats have higher drop heights for common swifts, as well as plexiglass roofs to protect against rain and excessive heat, and sufficient horizontal spacing between flight holes. The boxes are being used extensively by the birds. There are now 32 nests at the Corneliusstrasse location.

The tree trimming that needed to be done to free up space was kept to a minimum and conducted in the company of a tree expert and in coordination with nature conservation authorities. All four trees affected by the trimming measures were fenced in and encased with planks to protect the trunks from mechanical damage. The areas containing the tree roots were covered with a water-permeable material to protect against hardening as a result of temporary material storage or being driven on.

According to Section 36a of Berlin's Water Law, rainwater management activities should, depending on the amount of pollutants the rainwater contains, be geared towards allowing rainwater to seep into the soil below the soil depth that largely prevents pollutants from infiltrating groundwater. The framework conditions for the new construction project allow for complete seepage at the site.

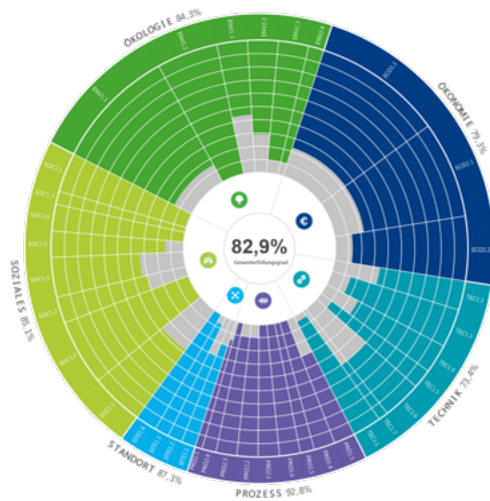
The roof terrace areas are to serve as rainwater storage surfaces, and it should be possible to use them for irrigation upon further inspection.

The rainwater that will fall on the building contains only a low level of pollutants and after being cleaned it can be allowed to seep below the depth in the permeable soil under the open space at Budapester Strasse that largely prevents pollutants from infiltrating groundwater. The infiltration ditch needed for this will be built under the open space at Budapester Strasse. Some of the rainwater will be retained on the roof. The complete decoupling of the property from the sewer system will reduce the run-off from the site to zero. This will lead to a tremendous improvement to the water balance at this

property as compared to the previous situation. Among other things, the area around the property will no longer contribute to the overloading of the sewer system in heavy rain and will thus help reduce the danger of flooding in the city and the frequency of sewer overflows (release of untreated sewer water into surface waters). All of the water that seeps into the ground will lead to new groundwater formation. In this sense, our new construction project will help significantly improve the local water supply – and the site will thus set itself apart from the rest of the city, which has a high degree of soil sealing and an unnaturally high level of run-off.

DGNB certification for the new construction project

In 2021, Berlin Hyp received DGNB pre-certification in platinum for its planned new building as well, whereby the DGNB determined that the new building will fulfil 82.9 per cent of the 37 DGNB criteria for new office and administration buildings (Version 2018).



All proposals with environmental relevance or impact that were decided on in 2021 were first analysed using sustainability criteria as well during the approval process.

Overview of the status of key planning aspects as regards environmental climate protection:

Design: The design is both aesthetic and sustainable. The bent sun protection elements perform a very distinct function with regard to daylight/shading and the view from the offices. These elements make the façade design an integral part of the passive sustainability concept. The multifunctional façade with a daylight optimisation feature and external sun protection elements prevent as much as 35 per cent of

undesirable direct sunlight from reaching the interior. This reduces cooling requirements and enables a natural air exchange.

Technical systems: With regard to ventilation and air-conditioning systems, the decision was made to install decentralised devices (on the façade in some cases), which are to be supplemented by a central unit for interior areas far removed from the façade. The specific electrical energy requirement for decentralised ventilation and air-conditioning devices is lower than that for central units. For example, decentralised devices allow users to separately regulate the temperature in individual offices and rooms. This represents a comfort aspect in view of the planned concrete core temperature control setup and its systemic sluggishness.

Energy supply: Due to the new building's inner-city location, only a few active systems for on-site electricity production can be used on the property or in the building. These geothermal and photovoltaic systems will be integrated into the peripheral façade components. Preliminary simulations and calculations show that this will make it possible to generate around 25 per cent of the building's electricity requirement on-site.

Berlin Hyp is also fully exploiting all possibilities the site offers in terms of building heating and cooling. Basic cooling of offices in the summer will be achieved with building component cooling in the ceiling slabs that separate each floor. The concrete slabs will mainly be activated at night within the framework of a regenerative and economical approach that does not require the use of mechanical cooling techniques. Concrete activation will also be used to cover part of the heating requirement. Despite the high additional costs involved, the borehole heat exchanger will, as things stand now, cover approx. 70 per cent of the heating and cooling requirements and thus the base load. Plans also call for a gas-fired cogeneration plant to be used to cover peak loads.

Materials: The quality of the planned materials in terms of their sustainability will be demonstrated with relevant certificates – e.g. natural stone from the XertifiX or Fair Stone programmes⁸ in EEA countries, aluminium window/door frames, panelling made from recycled raw materials and wood products from FSC or PEFC-certified sustainable forests.

Equipment and furniture: Some of our existing furniture, lights and other fixtures and equipment are to be transferred to the new building

8 <https://www.en.fairstone.org/>

and embedded in a new overall concept that is aligned with the principles of “Working Environment 2024”.

Current plans call for approximately 55 parking spaces and 160 bicycle stands to be built on the underground levels along with associated facilities (changing rooms, drying rooms, showers and lavatories). Additional bike stands will be set up outside the building. The new construction project is making it possible for us to achieve our environmental goal of planning a new holistic mobility concept for the company.

As planning proceeded, the underground levels were refined and expanded, whereby this was done mainly in order to incorporate additional sustainability aspects relating to the use of weighing stations in rubbish rooms and the addition of facilities for athletes and cyclists.

Environmental Protection in our Value Chain

The value chain generally ranges from raw material production and the creation of services to recycling after use. Berlin Hyp’s Purchasing Department and environmental management system are responsible for the parts of value creation that take place within Berlin Hyp.

However, significant parts of the value chain are outside the direct control of Berlin Hyp. Taking responsibility for them and actively pursuing the sustainable development of the value chain is not only seen by the Bank as a challenge, but also as an opportunity. Given that real estate has a long useful life, it is in the explicit interest of Berlin Hyp for its clients to build or acquire and operate properties whose long-term value is safeguarded by professional consideration of environmental, economic and social criteria. This interest has been supported since 2015 by a corresponding product directive, according to which the financing of buildings associated with acts such as labour law and human rights violations must be rejected.

In the reporting year, Berlin Hyp became the first bank to join the network of the Madaster online platform⁹, whose goal is to make buildings recyclable and promote the reuse of materials.

This makes Berlin Hyp a so-called Kennedy in the network in Germany, providing it with another key link in the value chain – namely the

financial sector. The addition of Berlin Hyp will expand the network’s knowledge and expertise in the area of banking and financing.

Berlin Hyp equally considers economic, social, ethical and environmental aspects when procuring goods and services. Berlin Hyp procures most of its goods and services from companies in Europe. Our eight largest suppliers at the moment (revenue in excess of €1 million) are service companies located in Germany with which we have long-standing relationships. These companies were analysed for the first time using the risk filter from RepRisk AG (see the section on Portfolio A). No risks were identified for any of these service providers. We are currently looking into possibilities of linking Berlin Hyp with supplier management tools in order to be able to obtain automated feedback on all suppliers and service providers on a regular basis.

Berlin Hyp requires its key suppliers to comply with the requirements of the ten principles of the UN Global Compact. 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. In 2021, the decision was taken to monitor the share of our general agreements that also contain signed sustainability agreements as a key performance indicator. As we began 2022, this share amounted to 339 agreements (43 per cent) and we are now able to determine the status of all of our contracts in this regard for the first time. In any case, all new contracts must now contain a signed Sustainability contractual appendix.

Within the framework of its service provider management activities, the Bank is legally obligated to ensure that service providers operate and conduct themselves in a manner that is consistent with the values of the Bank and the values contained in its Code of Conduct. The Bank must also ensure that its sustainability management requirements have been met before any agreement is signed with a service provider. Compliance with these requirements has been documented for outsourcing-management activities since the end of 2021.

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. Up until now, the

⁹ <https://madaster.com>

Purchasing Department and the environmental management organisation have been responsible for analysing the responses provided by suppliers. If necessary, 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 2021 as well, Berlin Hyp consistently continued on its course of focusing more strongly on sustainability aspects with regard to supply chains.

The Bank decided to replace its own computer hardware with new leased hardware. One of the advantages of such a leasing model is that the leasing company handles all hardware repairs, returns and remarketing, which also ensures that the equipment remains in the materials cycle.

With its procurement of sustainable district heating, Berlin Hyp is taking the next logical step in the transition to renewable energy sources in Germany. The new district heating contract calls for delivery of heat from renewable sources (biomass, waste heat, electricity from renewable sources). Due to high demand, the delivery of district heating in the quality described will not be possible until such quality becomes available again. Deliveries from 2022 on will be charged at the normal rate, whereby the emissions associated with the deliveries will be offset with the purchase of Gold Standard certificates by the supplier.

In the contracting process for a new agreement with a cleaning service provider, the Bank also took the types of cleaning products to be used into account. As a result, only certified organic cleaning products will be used at Berlin Hyp from 2022 on.

Changes are set to be made on a regular basis in the Bank's eight offices and locations in Germany and abroad. Office space leases that are set to expire will be reviewed, for example, and new office space will be found and rented. The furniture and equipment used in our offices will also be aligned with our Corporate Design. It's not just the interior quality of the space we lease that's important, however, as the quality of the buildings themselves is now playing a greater role in our decision-making processes: Wherever possible, offices and locations that need to be moved should look for new space in green buildings. This approach was tested with our Paris location in 2021. Suitable office space in this regard is not always available, however.

We continue to implement various smaller-scale measures such as

- sustainable alternative packages for frequently ordered products that are shipped to our "power customers",
- conversion to digital versions of several print subscription services for magazines, newspapers and publications,
- expansion of the use of "ecological" product labelling in the Bank's ordering system.

Our procurement strategy continues to focus on advertising materials. Although the effect of procured coffee cups made of sugar cane remains, pens made of biodegradable materials, pastilles packed in paper rather than plastic foil, and GEPA chocolate as gifts for our business partners may be minor, the sustainability of these presents sends a clear message.

4) Environmental Performance and Key Figures

Berlin headquarters			
Building	Budapester Strasse 1	Corneliusstrasse 7	Tauentzienstrasse 13
Total area	2,720 m ²	2,040 m ²	–*
of which built upon	0 m ² (construction site)	2,025 m ²	–*
Office space (pursuant to GIF)	0 m ² (construction site)	4,038 m ²	2,380 m ²
Number of floors	0	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)	63, six of which are outside of Germany		
* temporarily rented space			

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

	2017	2018	2019	2020	2021
Energy efficiency					
Electricity (in kWh/employee Berlin)	4.92	5.11	4.41	4.08	3.13
District heat (in kWh/employee Berlin)	4.08	3.89	3.64	3.20	2.20
Mobility: Vehicle fleet (in kWh/employee total)	1.25	1.19	1.22	0.73	0.81
Percentage of renewable energy					
Electricity	100	100	98.96	98.47	95.26
District heat	5.60	5.60	5.60	9.80	4.60
Material efficiency: paper (in kg/employee Berlin)	18.13	18.22	10.87	7.46	5.97
Relative water consumption (in m ³ /employee Berlin)	12.19	12.12	10.19	8.15	2.92
Relative waste: accumulation of mixed municipal solid waste (in kg/employee Berlin)	134.17	135.82	130.64	135.58	67.21
Relative waste: accumulation of hazardous waste (in kg/employee Berlin)	4.46	0.48	1.19	2.50	2.41
Sealed area (in %)	96	96	96	96	43
(in m ²)	4,566	4,566	4,566	4,566	2,025
Near-to-nature area (in m ²)	1,363	1,363	1,363	1,363	1,157
Greenhouse gas emissions of CO ₂ equivalents (in t/employee total)					
market based	2.04	1.99	2.06	1.03	0.74
location based	3.98	4.53	4.20	2.65	1.96

In addition to the reference value “employees” (2021: 599; 539 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 34.

The total amount of emissions produced by Berlin Hyp and the total number of employees (employees at headquarters and employees at all other locations and offices) 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: One million euros of mortgage loan volume, as at 31/12/2021)

	2017	2018	2019	2020	2021
Energy efficiency (in kWh/m)					
Electricity	132.73	140.32	114.34	95.01	65.80
District heat	110.09	106.81	94.40	74.58	46.26
Mobility (fleet)	36.90	35.55	34.26	18.31	18.89
Percentage of renewable energy					
Electricity	100	100	99	98	95.26
District heat	5.60	5.60	5.60	9.80	4.60
Material efficiency: paper (in kg/m)	0.49	0.50	0.28	0.17	0.13
Relative water consumption (in m ³ /m)	0.33	0.33	0.26	0.19	0.06
Relative waste: accumulation of mixed municipal solid waste (in kg/m)	3.62	3.73	3.39	3.16	1.41
Relative waste: accumulation of hazardous waste (in kg/m)	0.11	0.01	0.03	0.06	0.05
Sealed area (in %)	96	96	96	96	43
(in m ²)	4,566	4,566	4,566	4,566	2,025
Near-to-nature area (in m ²)	1,363	1,363	1,363	1,363	1,157
Greenhouse gas emissions of CO ₂ equivalents (in t/m)					
market based	0.060	0.059	0.057	0.026	0.017
location based	0.117	0.135	0.118	0.066	0.046

Key indicators for Berlin Hyp in accordance with EMAS requirements

(Basis: One million euros of green building financing, as at 31/12/2021)

	2017	2018	2019	2020	2021
Energy efficiency (in kWh/m)					
Electricity	1,033.48	863.29	522.46	381.24	236.20
District heat	857.22	657.14	431.35	299.29	166.07
Mobility (fleet)	287.32	218.74	156.56	73.48	67.81
Percentage of renewable energy					
Electricity	100	100	99	98.47	95.26
District heat	5.60	5.60	5.60	9.80	4.60
Material efficiency: paper (in kg/m)	3.81	3.08	1.29	0.70	0.45
Relative water consumption (in m ³ /m)	2.56	2.05	1.21	0.76	0.22
Relative waste: accumulation of mixed municipal solid waste (in kg/m)	28.20	22.93	15.49	12.68	5.08
Relative waste: accumulation of hazardous waste (in kg/m)	0.85	0.08	0.14	0.23	0.18
Sealed area (in %)	96	96	96	96	43
(in m ²)	4,566	4,566	4,566	4,566	2,025
Near-to-nature area (in m ²)	1,363	1,363	1,363	1,363	1,157
Greenhouse gas emissions of CO ₂ equivalents (in t/m)					
market based	0.47	0.37	0.26	0.10	0.06
location based	0.91	0.83	0.54	0.27	0.17

Product Ecology – Facts and Figures

As in the previous year, the Bank issued three Green Bonds in benchmark format on the capital market again in 2021. Building on the successful debut on the Swiss capital market in 2020, these were two senior preferred bonds in Swiss francs and one euro-denominated Green Pfandbrief, with terms of eight, ten and six years, respectively. The Bank therefore had 15 outstanding Green Bonds at the end of the year with a volume €6.0 billion.

A new product has expanded the portfolio on the refinancing side during the reporting year, as Berlin Hyp became the first bank in the world to issue a Sustainability-Linked Bond (SLB) in April 2021. Unlike Green Bonds, the interest rate on the bond is linked to one of the Bank's sustainability objectives: If Berlin Hyp fails to meet its defined climate protection goal of reducing the CO₂ intensity of its entire loan portfolio by 40 per cent between 2020 and 2030, the coupon will increase by 25 basis points in the final year. The Bank's goal is defined in line with the overarching objective of the Paris Agreement to reduce global warming to less than two degrees Celsius; through its annual reporting, the Bank increases transparency on the climate impact of the financed properties. The latest reporting and its external re-verification are published at <https://www.berlinhyp.de/en/investors/sustainability-linked-bonds>. Plans call for ESG refinancing instruments to account for 40 per cent of our capital market funding mix by 2025. The corresponding figure at the end of 2021 was 28.7 per cent.

Berlin Hyp uses the proceeds from the issues to refinance loans for green buildings. As at 31 December 2021, the green building financing portfolio amounted to 312 properties and 429 loans. At the end of 2021, the volume of new green lending agreements that had been concluded totalled €1,015 million (previous year: €722 million).

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 26 per cent had been exceeded by one percentage point as at 31 December 2021.

Altogether, one-third of the Bank's loan portfolio is intended to comprise green building financing by 2025.

Structural limits for non-sustainable exposures were introduced in 2021 as additional controlling elements. In 2021, the Bank also began using a KPI Dashboard for the overall management and controlling of ESG activities. This dashboard is also now a part of the quarterly ESG Management Report.

Standardisation of Assessment Criteria – Sustainability Assessments

The EU Taxonomy Regulation includes technical criteria for assessing the climate performance of companies with regard to measures to protect the climate (Taxonomy Environmental Target 1) and adapt to climate change (Taxonomy Environmental Target 2).

According to the EU Taxonomy Regulation, institutions subject to the non-financial reporting directive (NFRD¹⁰), including Berlin Hyp, are requested to report the percentage of their activities that are taxonomy-eligible with the 2021 environmental targets 1 and 2 within the non-financial statement as of 2022 (reporting date 31 December 2021).

Berlin Hyp is fulfilling this obligation. The key performance indicators in the table were calculated based on the available data from the Bank's IT systems and as such are part of the taxonomy disclosure requirements.

Excerpt from the table of reportable KPIs (in accordance with Article 10 (2) Delegated Act on Article 8 of the EU Taxonomy Regulation) for Berlin Hyp:

KPI 1	Description of the key performance indicator	Share out of adjusted total assets*	Share out of total assets
1a	Share of taxonomy-eligible assets out of total assets	16%*	13%

*For more information on the calculation method, see the 2021 Berlin Hyp Annual Report

¹⁰ <https://www.csr-berichtspflicht.de/csr-d>

Creating Added Value for Society

As the most active issuer of Green Bonds, BerlinHyp also seeks to create added value for society and act responsibly by making an effective contribution to the further development of sustainability standards. For this reason, the Bank participates in relevant programmes and activities outside of its normal business operations, including the Bank's involvement in organisations and initiatives as well as exchanging knowledge and experience.

For instance, as a member of the industry-wide "ECORE" initiative, BerlinHyp is involved in developing a rating standard which will make the sustainability of real estate transparent, measurable and comparable.

The Bank is also the first real estate financier to join the "Madaster" platform as a supporter. This online materials registry records the materials used in the construction of buildings, thus laying the foundation to potentially reuse construction elements and materials in future projects. It also provides information on the life cycle carbon footprint. This marks an important step towards a circular economy which includes the real estate sector.

BerlinHyp also staged a DGNB event to present the "EU Taxonomy study – evaluating the market-readiness of the EU taxonomy criteria for buildings", which offered participants valuable insight gained as a result of the Bank's involvement in the research that went into the study. Together with partners from Denmark, Austria and Spain, the Bank studied the taxonomy eligibility/conformity of 62 projects relating to all different types of buildings in 11 European countries to determine whether the current version of the catalogue of criteria has the potential to become a useful transformation tool, or whether it fails to sufficiently take into account the opportunities the market offers. The study showed that the current taxonomy criteria offer a good foundation, but several things still need to be done in terms of ensuring their effective application and marketability. BerlinHyp's contribution here also sent a clear message to the market that data transparency was neglected too long by market participants – but also that the EU still has some work to do in terms of further developing the criteria.

BerlinHyp also participated in a process in which specific recommendations for improving the formulations for each criterion were derived

from the results of the study and sent to the relevant European Commission departments.

In addition, BerlinHyp teamed up with experienced real estate and capital market players to organise the virtual green finance event "EU Taxonomy: Challenges and opportunities for the property and capital markets". During this English-language event, experts discussed the challenges that arise from the new regulatory requirements for ensuring that sustainability performance can be measured.

BerlinHyp was also involved in the "EU Green Bond Standard: A big leap forward, or too high a bar?" event, which was organised by the International Capital Market Association (ICMA), the Association of German Pfandbrief Banks (vdp) and The Covered Bond Report and addressed European Commission proposals for the EU Green Bond Standard (GBS). Among other things, participants in the event discussed the benefits and drawbacks of the label and the challenges issuers face when attempting to ensure compliance with the standard.

The "BerlinHyp Market Briefing" is a new online format that was launched in 2021. While participating in a segment on "Where is the real estate sector headed in 2021?", Sascha Klaus provided plenty of food for thought for 150 participants during his discussion with Prof. Michael Voigtländer, Head of the Financial Markets and Real Estate Markets competence area at the German Economic Institute (IW) in Cologne.

BerlinHyp closely analyses the latest developments and trends in the real estate and financing sector in order to provide stakeholders and market players with important information:

- (1) Real estate investments remain an anchor of stability – especially in the current situation.
- (2) Nevertheless, the structural change in the retail sector and in other business sectors, changes to working arrangements (remote working, working from home, digitalisation) and the need to contribute to climate protection will lead to major challenges throughout the entire real estate industry.
- (3) Government policy decisions will become particularly important in this regard.

BerlinHyp became a pilot bank in the EEM Label initiative in 2021. In this context, BerlinHyp fills the EEM template.

The Energy Efficient Mortgage Label (EEML) is a clear and transparent quality label for

consumers, lenders and investors that is used to identify energy efficient mortgages (EEM) in lending institutions' portfolios. The EEML focuses on energy efficiency in buildings.

Through its association with the Zentraler Immobilien Ausschuss e.V. (ZIA – German Property Federation), Berlin Hyp was involved in consultations on the implementation of the climate protection taxonomy for the building sector and was thus able to present its positions on several categories.

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. This is

mainly due to the switch to a more up-to-date source¹¹ of the now lower conversion factors for electricity and district heating, as well as higher outstanding bond volumes. The total CO₂ emissions resulting from the portfolio declined to 108,500 t CO₂ (previous year: 116,016 t CO₂). Annual savings of 540 GWh were achieved as compared to the EnEV reference values.

Thermal energy accounted for 265 GWh of these savings. The average thermal energy requirement of all buildings is 56 kWh/m²a, which is 45 per cent below the average weighted EnEV reference value of 102 kWh/m²a. With regard to electricity consumption, annual savings of 275 GWh were achieved. The average electricity requirement amounts to 34 kWh/m²a, which is 58 per cent below the average weighted EnEV reference value of 82 kWh/m²a. The CO₂ reduction resulting from the decrease in energy consumption amounts to 110,500 t per year.

Berlin Hyp's latest impact report in cooperation with Drees & Sommer presents the results and methodology for estimating the amount of CO₂ emissions saved by the financed Green buildings. Based on the analysis, it was calculated that for every million euros of financing, between 7.86 t and 15.17 t of CO₂ are saved per year compared to the applied benchmarks and depending on the applied model.

The latest reporting and reverification (external plausibility check) by ISS ESG are published at <https://www.berlinhyp.de/en/investors/green-bonds>.

tCO 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)	15.17 (2020: 26.60)	7.86 (2020: 14.52)
Comparison with the European average (heat only)	20.23 (2020: 23.56)	10.56 (2020: 12.92)

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 so as to effectively manage the target path based on this. As of yet, the energy efficiency of buildings financed in the banking industry has mainly been an estimate. However, Berlin Hyp has set itself the goal of achieving complete transparency with regard to CO₂ emissions by 2023. Such transparency will not only include the calculation of the CO₂ emis-

sions of the entire portfolio; it will also establish the foundation for a corresponding expansion of non-financial reporting at the Bank. The transparency ratio stood at 44 per cent at the end of 2021.

As at 31 December 2021, Berlin Hyp's total portfolio was responsible for approximately 1,111,635.88 tonnes of CO₂ emissions. The CO₂ intensity of the portfolio was 34.29 kg/m² per year.

11 AIB European Residual Mixes 2020, www.aib-net.org/facts/european-residual-mix

The Bank's interim target here is to reduce this to 22.7 kg/m² per year by 2030. The CO₂ emissions caused by the entire portfolio declined by nearly 126,000 tonnes in 2021. Approximately 48,000 tonnes from this figure can be attributed to transparency gains achieved through the subsequent submission of energy performance certificates (i.e. the removal of estimates from the calculations).

Complete portfolio transparency with regard to energy figures is to be achieved in stages up until 31 December 2023: 25 per cent transpar-

ency by the end of 2020, 40 per cent by the end of 2021 and 70 per cent by the end of 2022. 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 determine 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. Energy performance certificates were available for 44.4 per cent of the Bank's financed properties as at 31 December 2021.

Operational Ecology – Facts and Figures

Paper

Paper consumption in kg	2019	2020	2021
Copy paper	5,018	3,050	2,484
Printed materials	172	783	693
Other (stationery, envelopes, etc.)	952	317	40

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 are making themselves clearly noticeable in the form of lower paper requirements and print output. For this reason, we no longer categorise the environmental impact of our paper consumption as an essential aspect.

The COVID-19 pandemic had a major impact on all of our consumption analyses for 2021. For example, the number of pages and copies printed declined by more than 400,000 last year, or by nearly 50 per cent. Of course, this development also reduced our toner consumption. Toner consumption had already declined by 20 per cent in the previous year. Our printer monitoring system shows the use of approximately 88 toner cartridges in 2021, which means we performed ten fewer toner cartridge refills compared to the previous year.

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. Digitalisation continues unabated and is reducing our paper requirement accordingly – for example within the framework of “eVOSI” (see One World. One Goal. One Team, page 17) and through the use of interactive systems in offices.

In 2021, for example, Berlin Hyp launched yet another product (ImmoAval) for our partners (the savings banks throughout Germany) that is offered exclusively as a digital product via the ImmoDigital platform. All relevant process steps relating to possible investments (e.g. making documents available, subscription processes) are now conducted without paper.

Fewer printed materials were commissioned during the reporting year as compared to the previous year, and 83 per cent of the print jobs that were commissioned were printed on certified paper. Other products, such as letter envelopes and business cards, were procured and used in volumes significantly lower than in the previous year. The total weight of all copy paper and paper used for letters was 500 kilograms lower than in the previous year, and all of these paper products are FSC-certified.

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, and technical obstacles still need to be overcome with regard to implementation – e.g. the proof prints for the Bank logo on all documents. Here, conversion milestones were achieved in 2021 by means of special programming of printouts in the SAP core banking system.

Waste

Waste generation in kg	2019	2020	2021
Mixed municipal solid waste	73,810	75,380	36,226
Waste paper / cardboard	13,760	21,316	15,036
Waste paper / secure document bin	31,160	38,975	14,105
Bulky waste	12,330	11,490	0
Fluorescent tubes	0	270	105
Waste oils	70	30	0
Coolants for disposal	0	0	0
Other hazardous waste	604	0	600
Discarded computer equipment	860	1,090	595
Light packaging	n.a.	306	1,524
Total waste	132,594	148,856	68,191

The year 2020 was a very successful year that was marked by numerous activities such as donation campaigns, auctions, site clearances and measures for putting equipment to new use in order to prevent large amounts of waste, all of which reduced the strain on the environment and improved resource conservation. However, the successes achieved in 2020 made the potential available in 2021 that much lower, especially given the fact that construction activities were launched at the very beginning of the year. As a result, there was no disposal of the bulky item fraction in 2021.

At the same time, it wasn't just the waste reduction potential that was exhausted in 2020 that led to a 50 per cent reduction in total waste volume, as this was also due in large part to the fact that operations in all parts of Budapester Strasse 1 were completely shut down and the site of the building is now a construction site.

The total amount of hazardous waste, consisting of the fractions of discarded computer equipment, other hazardous waste (chemicals, a battery) and fluorescent tubes, remained more or less at the previous year's level.

The information on waste volumes for the data protection paper fraction includes precise data on the rented spaces in the building at Tauentzienstrasse 13, as we have complete control of all operations at that location. All other waste fractions are part of a lump-sum operating cost calculation performed with the landlord, who was unable to provide us with a detailed list of the other waste fractions.

The projections mentioned on page 23 regarding the rented spaces in the building at Tauentzienstrasse 13 therefore contain figures for the fractions light packaging, paper / cardboard and solid waste, whereby in view of the utilisation of

our spaces, we used the figures from our office in Frankfurt am Main as a basis here, as we did in 2020. In order to facilitate comparisons, we continue to use this basis as a point of departure for estimates.

With regard to old IT components, Berlin Hyp also takes active measures to avoid and reduce waste 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 gemeinnützige GmbH refurbishing company have led to a reduction in our volume of discarded computer equipment. The reutilisation rate for the computer equipment donated in 2021 was 36 per cent. This corresponds to a reduction of CO₂ equivalents of 754 kg.

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).

Berlin Hyp has been procuring climate-neutral toner cartridges since we replaced our printers 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 2021, this figure amounted to 910 kilogrammes of CO₂ equivalents. Unlike conventional toner setups, 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.

We also collect data on the construction waste produced as a result of the deconstruction pro-

cess, which had not yet been completed by the end of 2021, however.

ports together with the life cycle assessment in the next Environmental Statement.

We will publish information on the total amount with a list of the fractions and associated trans-

Water

Water consumption in m ³	2019	2020	2021
Drinking water	5,755	4,529	1,572

The major reduction in water consumption was also largely due to the fact that operations in the building on Budapester Strasse were completely shut down – i.e. all equipment, sanitary facilities, kitchenettes, etc. were no longer in use during the reporting year. The COVID-19 pandemic will have reinforced this effect because 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.

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

Construction activities led to the consumption of an additional 1,388 cubic metres of water for sanitary facilities and occupational safety measures, including dust capturing during the deconstruction process, as well as cleaning measures and general construction-water requirements.

Energy Consumption

Energy Consumption in MWh	2019	2020	2021
Electricity consumption	2,490	2,267	1,686
District heat for space heating, ventilation and air-conditioning technology and hot water	2,055	1,780	1,185
Diesel fuel for emergency power generators	8	9	2

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).

A photovoltaic system was taken off the grid during the building deconstruction process. During the reporting period, we once again completely consumed all of the electricity generated with the remaining solar collector on the building at Corneliusstrasse ourselves. Berlin Hyp procures electricity from renewable sources for all of its locations in Germany.

The following factors influenced electricity consumption in 2021:

→ Due to the COVID-19 pandemic, most of our employees continued to work from home in 2021 as well. The figure for the Bank's total emissions takes into account the electricity consumption that was shifted as result of these remote working arrangements. This is made possible by the use of the tried-and-tested indicator system of the Association for Environmental Management and Sustainability in Financial Institutions (VfU).

This resulted in a calculation of additional electricity consumption of 39,052 kWh (which corresponds to approx. 17 tonnes of greenhouse gas emissions). This figure is very similar to the figure from 2020, whereby this is due to similar circumstances.

→ The deconstruction of the building at Budapester Strasse played a major role in the reduction of electricity consumption. A total of 85,944 kWh were consumed for construction activities in the first quarter of 2021. After that, the invoices were managed by the general contractor were informed at the end of 2021 that a further 39,967 kWh of electricity had been consumed for construction operations. The electricity used at the construction site is procured in green electricity quality by the general contractor – Züblin. We have a corresponding certificate in this regard that is valid for all construction activities.

→ 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 on Corneliusstrasse in the previous year in order to compensate for the addi-

tional heat that was to be generated as a result of the higher workstation density required during the new construction project. This unit, and the servers that went online in 2021 for the Digital Workstation project and other IT components, increased electricity consumption in the building on Corneliusstrasse.

→ We have also been reporting on the electricity consumption of our external 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 329,696 kWh of electricity in 2021. The additional electricity consumption of nearly 300,000 kWh as compared to the previous year was due to the relocation of the data centre from the building on Budapester Strasse that was deconstructed to the site of our external service provider, where it was combined with existing IT equipment.

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 0.5 per cent for biogas and 4.1 per cent for heat generation from

waste heat. We will achieve our goal of switching over to more climate-friendly sources of heat in 2022. The lower heat requirement in 2021 was mainly due to the fact that the building on Budapester Strasse was no longer in use.

However, as was the case in the previous year, the reduced heat requirement can also be attributed to the low number of employees who worked in offices due to the pandemic. The planned insulation work for the building on Corneliusstrasse began in 2021. Unlike the case in the previous year, we recorded higher heat consumption here in 2021, whereby this was due to temperature differences of four degrees in certain months throughout the year.

Diesel consumption for the test runs for all emergency power generators is subject to annual fluctuations that depend on the number of test runs required (e.g. for major emergency tests, transformer maintenance operations and mandatory test runs). The latter accounted for more or less all of the consumption in 2021, whereby there was also an offsetting effect that resulted from the discontinuation of the use of the generator in the building on Budapester Strasse, which can hold approx. 3,000 litres and has thus accounted for the lion's share of the diesel consumption figures published to date.

Mobility

Category	Unit	2019	2020	2021
Business travel (total)	km	2,877,658	1,075,129	934,264
Business travel (specific)	km/employee	4,725	1,804	1,560
Train (share)	in %	15.83	8.94	10.05
Company car (share)	in %	40.53	73.55	79.08
Air travel (share)	in %	43.64	17.51	10.87
of which less than 500 km	in %	31.00	36.50	37.80
of which more than 500 km	in %	69.00	63.50	62.20

Berlin Hyp's company car fleet consisted of 63 vehicles at the end of 2021, 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 has been 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 21 per cent used trains or flew. Not all business travel can be replaced using digital formats. For example, panel discussions, trade fairs, special seminars,

certain sales events and important meetings with customers all require personal contact and physical presence.

→ New 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 since 2020 has enabled us to obtain a more precise figure for the number of kilometres driven with such vehicles – approximately 6,500 kilometres in 2021, which is around 80 per cent lower than the figure recorded in the previous year.

→ 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 and reporting 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 2021 amounted to roughly 740,000 kilometres, which is approximately 50,000 kilometres lower than the figure recorded in the previous year. A total of 95 per cent of these business-travel kilometres were accounted for by vehicles equipped with environmentally friendly hybrid or all-electric drive systems, as the conversion of the fleet to plug-in drive systems was completed in 2021. The company car fleet for the Warsaw office was the only one that could not be switched over, whereby this was due to infrastructure issues. At approximately 93,600 litres, fuel consumption was somewhat higher in 2021. This was due to the fact that the deconstruction of the building at Budapest Strasse was accompanied by the removal of charging infrastructure components. This led to a situation in which hybrid vehicles were driven in the combustion engine mode somewhat more frequently than is usually the case.

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 such electricity of unknown quality amounted in 2021 to approximately eight tonnes of CO₂. Approximately 31,000 km were driven in an all-electric driving mode in 2021. Due to the high degree of imprecision of manufacturer data on electricity consumption, we made a decision in 2021 to stop calculating the kilometres driven on the basis of estimates derived from our internal and external fleet-charging operations. This led to a difference of –20 tonnes of CO₂ as compared to the previous year.

→ 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. Additional private charging infrastructure was procured and installed by the Bank in 2021. The loss of the charging stations in the underground car park in the building on Budapest Strasse

that was torn down was offset by renting new charging stations in the vicinity. The building at Tauentzienstrasse has charging facilities for electric scooters and electric bikes.

→ 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 18,800 letters, parcels, etc. we sent in 2020 resulted in emissions of 0.45 tonnes of greenhouse gases. Due to emissions offsetting resulting from our use of PIN AG mail services, we forego the precise disclosure of the number of kilometres associated with these postal transports, which the service provider cannot provide us with in any case. The same applies to the offset transport of our business mail by DHL and UPS.

→ Two electric bicycles and two electric scooters were added to our fleet of scooters and bicycles in 2021 in order to promote carbon-neutral travel between our buildings on Corneliusstrasse and Tauentzienstrasse. Our fleet therefore now consists of five electric scooters, four electric bikes and one cargo bike for heavy transports. The cargo bike is also used to transport our internal mail.

We have been working for two years now on the further development of our internal Car Policy and the optimisation of our mobility solutions. The full conversion of the fleet from combustion engines to hybrid drive systems resulted to only a very limited extent in the desired positive impact on our emissions in the transport sector that the automotive industry had claimed this would lead to. Our goals here are more ambitious, but given the supply bottlenecks for electric vehicles and the changed contractual conditions for our entire charging infrastructure, we will have to continue with the further development of our fleet strategy in 2022 and will not be able to achieve the associated environmental target until a later date. This also applies to our goal of making persons authorised to use company cars more aware of how to effectively and economically operate vehicles equipped with a hybrid drive system.

→ Within the framework of the bahn.business programme, Berlin Hyp participates in CO₂-free rail travel. All employees who travel by rail as business customers travel with 100 per cent green electricity, as reported by Deutsche Bahn. A total of 16 colleagues have a company railcard (Bahncard) that entitles them to reduced fares, and 33 employees use a company ticket for local public transport.

The reduction in train journeys once again (from 246 in 2020 to 188 in 2021) is also due to the COVID-19 pandemic. Total rail travel amounted to 93,852 kilometres, which is more than 2,000 kilometres lower than the figure recorded in 2020.

→ Air travel was down once again in 2021 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 196 flights were taken in 2021, as compared to 322 in the previous year. Flights with a distance of more than 500 kilometres accounted for 62 per cent of the 101,569 total kilometres flown in 2021 (previous year: 188,215 kilometres). The associated CO₂ emissions were approximately 30 tonnes lower.

→ 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. We spent a lot of time in 2020 working on the development of IT systems at our partner OnSite ImmoAgent (a digital real estate inspection service). More than 2,000 viewings and inspections without any travel have been conducted/arranged via the platform since it was launched.

Every day, the Stadtkurier Messenger service collects and delivers via cargo bike all incoming private parcels that employees have ordered online. The parcels are placed in lockers at a parcel locker station that went into operation in the Bank building in 2021. This setup is designed to avoid the production of emissions from delivery transports.

Footprint: Greenhouse Gas Emissions at Berlin Hyp

Our total greenhouse gas emissions are calculated on the basis of the three categories (Scopes 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 once again 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 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.

We used Version 14/12/2020 – Version 1.4. of the 2018 update to the VfU table for our previous emissions calculations. In the updated version of the VfU table that has now been published (Version 1/3/2022 – Version 1.0 2022), the provider made adjustments to greenhouse gas conversion factors in line with version 3.7.1 of the ecoinvent database, and also made extensive changes and additions. This is why we conducted the emission calculation for 2021 with both versions of the tool. As a result, we use the standard of Version 14/12/2020 and report the resulting figures in order to facilitate comparisons and logically depict changes.

Scopes location based

CO ₂ in t	2019	2020	2021
Scope 1 – direct greenhouse gas emissions	207	132	132
Scope 2 – indirect greenhouse gas emissions	1,661	1,167	826
Scope 3 – supply chain greenhouse gas emissions	691	280	217
Footprint: location-based total	2,559	1,579	1,175

Scopes market based

CO ₂ in t	2019	2020	2021
Scope 1 – direct greenhouse gas emissions	207	132	132
Scope 2 – indirect greenhouse gas emissions	354	204	95
Scope 3 – supply chain greenhouse gas emissions	691	280	217
Footprint: market-based total	1,252	616	444

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 has also been significantly influenced since 2020 by the restrictions imposed as a result of the pandemic.

Our district heat supplier reports that the emission factor for the integrated district heating grid in Berlin declined from 77.4 to 42.3 gCO₂/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 2021 – by roughly 23 tonnes of greenhouse gas emissions (use of climate-compensated toner cartridges: 910 kg; participation in the offsetting of emissions relating to postal transport (PIN AG): 450 kg; compensation of air travel: 22,000 kg).

Please note that the consumption data recorded in Berlin for the categories of paper, water, waste, heat, and coolant losses are automatically extrapolated for the entire Bank in order to determine 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 attained using the scopes 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,

nine 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 environmental impacts	Reuse of three technical components from the building at 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	Completed
		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	Completed
Material efficiency (raw material consumption)	Reduction of raw material consumption and/or improvement of material efficiency	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: 31/12/2022	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	Completed
		Conservation of water resources; maintenance of biodiversity	Operational	Discussion of environmental protection proposals with the cleaning service provider (currently under way) and incorporation into the B-One planning process	Extended: 31/12/2022	Launched
Material utilisation / consumption / Resources	Reduction of paper consumption	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	Extended: 31/12/2022	Launched
		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	Raise employee awareness of biodiversity issues and establish a link between “green” and “social” topics	Operational	“Green Social Day” events	31/12/2021	Completed
		Transformation of the roof on building C7 into a biodiversity roof	Operational	Planting of flowers, grass and herbs; placement of insect containers and tree trunks	Extended: 31/12/2022	Launched
		Placement and cultivation of three beehives	Operational	Contract with HektarNektar starting in 2020: Beekeeper “rental” and support from employees	31/12/2021	Completed

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 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: 31/12/2022	Launched	
		Low-emission mobility at the offices	Operational	Procurement of bicycles (two electric bikes) at the office in Frankfurt am Main	30/04/2022	Completed	
		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: 31/12/2022	Not yet launched	
		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	
	Reduction of emissions caused by commuter travel	Reduction of emissions caused by commuter travel	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	Completed
			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: 31/12/2022	Launched
				Strategic	Adjustment of the travel policy: avoiding domestic flights	30/09/2022	Launched
			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: 31/12/2022	Launched
			Low-emission transport between the two buildings in Berlin	Operational	Procurement of two additional electric bikes for transport between the buildings	31/01/2022	Completed

Important environmental aspect for Berlin Hyp (key area as defined by EMAS)	Environmental target	Individual target	Target type	Measure	Deadline	Status		
Emissions	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	Completed		
	Reduction of emissions associated with the removal and transport of waste containers; improvements to the waste management system	Removal and transport of waste containers depending on how full the containers are – rather than on a regularly scheduled basis, as was previously the case	Operational	Installation of sensors in data protection waste containers	31/12/2022	Launched		
	Reduction of environmental impacts in the supply chain that are caused by procurement activities	Increased consideration of sustainable aspects in selected areas	Increase employee awareness of the importance of sustainability in procurement activities	Strategic	Introduction of ecological product evaluations as part of the supplier management system (=Phase 2 e-Procurement)	Extended: 31/12/2021	Completed	
				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	Completed	
				Strategic	Film clip for raising awareness of the importance of the Guideline on Sustainable Procurement	31/01/2022	Completed	
				Operational	Test “packages” with sustainable samples sent to staff who place large order volumes	Extended: 31/12/2022	Not yet launched	
				Strategic	Integration into the Vasgardian app of the questionnaire on the sustainability of small and large companies	31/12/2021	Completed	
				Strategic	Systematic supplier management	Efforts to obtain certification of procurement activities from BME (Association for Supply Chain Management, Procurement and Logistics)	31/12/2022	Not yet launched
				Operational	Optimisation of the supply chain for the provision of food and beverages for employees	Introduction of an innovative catering service that takes into account the supply chain, packaging and resource conservation	31/12/2021	Completed
		Operational	Consideration of sustainability aspects in office conversion work and office relocations in future	Selection of equipment/ construction materials with EPDs; selection of locations on the basis of sustainability criteria	From 01/01/2021	Launched		
	Reduction of CO ₂ emissions caused by the core business	Promotion of green building financing and Green Bond refinancing	Strategic	Participation in the RenOnBill project ¹²	31/12/2022	No longer pursued		
	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		

12 <https://www.renonbill.eu>

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	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)	unbefristete Mitarbeit	Launched
			Strategic	Development of a climate strategy and operational ecology approach	Extended: 31/12/2022	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	Extended: 30/06/2022	Launched
			Strategic	Achievement of full transparency with regard to emissions from the entire portfolio by 2023	31/12/2023	Launched
			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
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	Completed
Energy efficiency (energy consumption)	Reduction of energy consumption and the associated emissions	Reduction of thermal energy consumption	Operational	Reduction of room temperature by one degree K during the winter (from October or starting at an outside temperature of 15 degrees)	31/12/2022	Not yet launched
			Operational	Creation of instructions for room control units for the rented offices in the building at Tauentzienstrasse 13	31/05/2022	Launched
		Reduction of electrical energy consumption	Operational	Installation of electricity meters for all major consumers (two central ventilation and air-conditioning units, cooling unit, the ventilation system for the ground floor) and installation of heat and cooling measurement devices	31/12/2022	Launched
		Implementation of facility optimisation measures in order to reduce energy losses	Operational	Insulation measures	Extended: 31/12/2022	Launched
		Reduction in approx. 300t 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	Completed
Resource utilisation	Conservative use of water resources	Reduction of water consumption (by approx. 150–500 m ³)	Operational	Adjustment of flush volume in lavatories (from 9 litres to 6 or 3 litres)	31/12/2022	Completed

6) Contacts



Head of ESG

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7) Declaration of Validity

The next Environmental Statement will be submitted for validation in May 2023.

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 Verifier hereby confirms to have verified that the locations Corneliusstrasse 7, 10787 Berlin; Budapester Strasse 1, 10787 Berlin; Tauentzienstrasse 13, 10787 Berlin, as specified in this Environmental Statement of Berlin Hyp AG (with the register number DE-107-00151) 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, 24 May 2022



**GUT Zertifizierungsgesellschaft
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9) Disclaimer

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