

A partnership based on trust

Berlin Hyp

Sustainability at Berlin Hyp AG

GRI Report 2019

Contents

General Disclosures	3	Material Topics	16
Organisational Profile	4	Economy	17
Strategy	8	Economic Performance 2016	17
Ethics and Integrity	10	Indirect Economic Impacts 2016	19
Governance	10	Anti-Corruption 2016	21
Stakeholder Engagement	11	Anti-Competitive Behaviour 2016	22
Reporting Practice	13	Tax 2019	22
		Environment	23
		Materials 2016	25
		Energy 2016	25
		Water and Effluents 2018	27
		Emissions 2016	28
		Effluents and Waste 2016	29
		Environmental Compliance 2016	30
		Society	31
		Employment 2016	31
		Labour/Management Relations 2016	33
		Occupational Health and Safety 2018	33
		Training and Education 2016	36
		Diversity and Equal Opportunity 2016	38
		Non-discrimination 2016	40
		Freedom of Association and Collective Bargaining 2016	40
		Human Rights Assessment 2016	41
		Local Communities 2016	42
		Supplier Social Assessment 2016	43
		Public Policy 2016	44
		Marketing and Labelling 2016	44
		Customer Privacy 2016	45
		Socioeconomic Compliance 2016	46
		Imprint	47



The Global Reporting Initiative (GRI) was able to draw on the GRI report 2019 of Berlin Hyp AG for implementation of the GRI Materiality Disclosures Service. The correct positioning of the “Materiality Disclosures” (102-40 – 102-49) in the report was confirmed by the GRI Services Team.

All the GRI Standards listed in the following GRI Report correspond to the standards (2016) of the Global Reporting Initiative supplemented by the new standards on Water and Effluents (303, 2018), Occupational Health and Safety (403, 2018) and Tax (2019).

GRI Content Index

GRI 101 | Foundation

GRI 102 | General Disclosures

Organisational Profile

GRI 102-1 | Name of the organisation

Berlin Hyp AG

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

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

As an associate of the savings bank (Sparkassen) sector and a centre of competence for its commercial real estate financing activities, Berlin Hyp provides the Sparkassen with customised value added, not only with our range of syndicated financing products and support with valuation and restructuring, but above all with products such as collateralised real-estate debentures (ImmoSchuldschein).

Medium and long-term refinancing is obtained via the issue of covered and uncovered bank bonds, and in this context the mortgage bond (Hypothekendarlehen) is proving to be the most important refinancing instrument. The issue of Green Bonds for the refinancing of green financing instruments gives Berlin Hyp a further important sustainability link in its value-added chain. For further information on Green Finance, → see [Management approach GRI 203, page 19](#).

GRI 102-3 | Location of headquarters

Berlin, Germany

GRI 102-4 | Location of operations

In addition to its headquarters in Berlin, Berlin Hyp has five other operations in Düsseldorf, Frankfurt am Main, Hamburg, Munich and

Stuttgart. Abroad, the Bank also has one office each in Amsterdam, Paris and Warsaw.

We have financed properties in the following countries:

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

There were no material changes during the reporting year.

GRI 102-5 | Ownership and legal form

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

GRI 102-6 | Markets served

Berlin Hyp specialises in providing large-volume real estate financing in Europe and develops individual financing solutions for professional investors and housing societies. As a partner of the German savings banks, it also gives these institutions a comprehensive range of products and services. Berlin Hyp refinances itself in the capital market. The Bank issues mortgage Pfandbriefe (bonds) as well as senior unsecured and subordinated debt securities. The Bank is also playing a role in the market for sustainable capital investments with an increasingly large outstanding volume of Green Bonds. Since 2017, it has been the most active issuer of Green Bonds in the segment of commercial banks throughout Europe, → see [GRI 102-2, page 4](#).

Key market activities
in € m

	2017	2018	2019
Mortgage loans	20,082	20,223	21,774
Public-sector loans	764	555	522
Green Building financing	2,649	3,448	5,394
Green Bond issuances	2,000	3,000	4,000

GRI 102-7 | Scale of the organisation

In 2019, Berlin Hyp AG generated an operating result after risk provisioning of € 155.8 million and had a balance sheet total of € 27.0 billion. Applicable equity capital amounted to € 1.6 billion on 31 December 2019. Please refer to the Annual Report for details regarding economic development, the Group structure and the competitive position, → [see Annual Report 2019](#) or → [see also 102-4 and 102-6, page 4.](#)

Key performance indicators

	2017	2018	2019
Operating result after risk provisioning (in € m)	184.4	220.4	155.8
Balance sheet total (in € m)	27,123	27,178	27,021
Core Equity Tier 1 capital (CET1) (in € m)	1,145	1,244	1,324
Core Equity Tier 1 capital (in %)	12.5	13.5	13.3
Employees ¹	589	601	606

¹ Without Board of Management

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

Employees by region¹

	2017	2018	2019
Number of employees	589	601	606
of which in Berlin	539	552	562
of which in German branches	38	38	32
of which in Poland	4	3	4
of which in the Netherlands	4	4	4
of which in France	4	4	4

¹ Without Board of Management

Employees by gender and employment type

	Women			Men		
	2017	2018	2019	2017	2018	2019
Number of employees	292	295	301	297	306	305
of which on fixed-term contracts ¹	12	20	15	18	33	19
Full time	179	170	175	278	276	283
Part time	113	125	126	19	30	22
Employees covered by collective wage agreements	144	145	136	74	81	76
Employees not covered by collective wage agreements	148	150	165	223	225	229

¹ Including students on dual study programmes or trainees, interns and student workers

GRI 102-9 | Supply chain

Berlin Hyp procures a total of around €76 million worth of goods and services. Central Purchasing at Berlin Hyp ordered a total volume of €42 million. At the end of the year under review, 97 percent of the newly concluded IT contracts included a signed appendix relating to sustainability. The top 20 suppliers (with a total procurement volume of €36 million) have their registered office in Germany.

The goods and services supplied are broken down as follows:

Key administrative expenditures
in T €

	2017	2018	2019
IT expenses	14,217	15,099	15,142
Third-party services	13,007	13,777	18,963
Group charges	5,351	6,079	5,940
Buildings and premises costs	4,239	4,468	5,182
Personnel-related material costs	3,158	4,238	3,658
Business operating expenses	2,854	3,301	3,696
Advertising and marketing	2,249	3,232	2,221
Operating and business equipment	736	776	715
Total	45,811	50,970	55,517

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

There were no significant changes in the year under review.

GRI 102-11 | Precautionary Principle or approach

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

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

Berlin Hyp therefore has a sound foundation for avoiding risks to its business operations, or at least for managing them safely, while at the same time seizing opportunities for a forward-looking approach. Compliance Management defines requirements and limits for the business operations of Berlin Hyp by issuing restrictions and, in certain circumstances, rejecting business activities, products or customer relationships. Direct risks arising from our current and future business activities are managed by Berlin Hyp's risk management.

Relevant boards and committees of Berlin Hyp are:

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

Details on the responsibilities, skills and members are set out in the respective Articles of Association. Risk Controlling is the independent risk-monitoring unit that covers all types of risk. Each year, it suggests to the Board of Management which methods and models for identifying,

measuring, aggregating and limiting risks should be used, taking into account the collected data. The unit is also responsible for operational risk controlling.

Berlin Hyp performs a climate risk analysis every two years to identify and assess the risks that climate change poses to the projects. In autumn of 2018, Berlin Hyp also set up the project “Real Estate Portfolio Assessment” together with Swiss start-up Carbon Delta, since September 2019 renamed MSCI Carbon Delta. In this project, Berlin Hyp is testing the Climate Value-at-Risk Model developed by Carbon Delta for the real estate sector. For further information, → see GRI 201-2, page 18.

GRI 102-12 | External initiatives

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

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

GRI 102-13 | Membership of associations

Berlin Hyp employees regularly contribute their experience and expertise to a range of institutions. In this way, Berlin Hyp also ensures that the company takes into account the industry’s latest standards, including sustainability standards. Among others, we are a member of the following industry and business associations:

- Appraisal Institute

- Arbeitgeberverband des privaten Bankgewerbes e. V. (Private Banking Industry’s Employers’ Association)
- Arbeitsgemeinschaft der Betriebsräte der Immobilien und Pfandbriefbanken (Working group of the works councils of the real estate and Pfandbrief banks)
- BFW – Bundesverband Freier Immobilien und Wohnungsunternehmen e. V. (Association for Private Housing and Real Estate Companies)
- CBRE Financial Council
- Climate Bonds Initiative DSGV – Deutscher Sparkassen- und Giroverband e. V.
- (German Savings Bank Association)
- DV – Deutscher Verband für Wohnungswesen, Städtebau und Raumordnung e. V. (German Association for Housing, Urban and Spatial Development)
- DVFA – Deutsche Vereinigung für Finanzanalyse und Asset Management (German Association for Financial and Asset Management)
- GIF – Gesellschaft für Immobilienforschung e. V. (Society for Real Estate Research)
- HypZert – Real Estate Valuer for Mortgage Lending Valuation
- ULI – Urban Land Institute
- REIN – Real Estate Innovation Network
- RICS – Royal Institution of Chartered Surveyors
- vdp – Verband deutscher Pfandbriefbanken e. V. (Association of German Pfandbrief Banks)
- VfU – Verein für Umweltmanagement und Nachhaltigkeit in Finanzinstituten e.V. (Association for Environmental Management and Sustainability in Financial Institutions)
- ZIA – Zentraler Immobilien Ausschuss e. V. (German Property Federation)

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

- ZIA Energy and Building Technology Committee
- ZIA Corporate Social Responsibility Working Group
- Working Group for Sustainability of the VfU Forum
- DSGVO Sustainability Reporting Working Group
- Working Group for Sustainability in the ZIA Value and Supply Chain
- HypZert Working Group for Energy and Environment

Strategy

GRI 102-14 | Statement from senior decision-maker

Dear Readers,

The business year 2019 was marked by major changes for us all. During the course of this year, we launched a lot of initiatives and thereby further expanded our platform so as to lead the Bank and its business into the next decade. Our focus is on three issues for our ongoing journey towards this goal: we are investing in innovative and digital solutions, aligning our strategic direction on sustainable products and aiming to develop our corporate culture on the basis of a sustainable future.

Living the future, driving forward progress and working together to unleash creative forces – this is the approach adopted by Berlin Hyp and that needs to remain the same in the new decade.

Diversity and equal opportunities are key factors for Berlin Hyp. We successfully integrate these principles with the knowledge of the previous generation and the new perspectives and ideas of the younger generation. Nobody should be surprised that this cooperation is particularly productive in the digitalisation and sustainability of our company. Sustainability has been a key aspect of Berlin Hyp for many years. It is firmly anchored in our corporate strategy and it is continually being developed further with new ideas.

Our core business continues to be about promoting energy-efficient commercial properties with financial incentives in the form of low interest rates. This is intended to continually increase the number of Green Buildings and thereby make a contribution to the Climate Protection Plan 2050. The fact that we have made significant progress on this journey is highlighted by the fact that by 31 December 2019 we had already achieved our defined goal of increasing the share of green financing in the Bank's loan portfolio to 20 percent by 2020. Accordingly, we continued to consolidate our position in the Green Bond market in the financial year 2019 and for the third time in succession issued two Green Bonds in one year with a green senior preferred bond and a green Pfandbrief. These two launches mean that Berlin Hyp remains the most active issuer of Green Bonds in the segment of commercial banks throughout Europe. We are pleased to comply with the requirement of the EU action plan "Sustainable Finance" published in March 2018 and we are making an important contribution as a financial institution to the transformation into a lower CO₂ economy. This not only gives the environment a helping hand but also enhances the appeal of the real estate for tenants.

As far as we are concerned, this means joining together to support our customers on their journey and acting as a competent advisor and a reliable partner. Our environmental management system has been certified in accordance with EMAS and our updated environmental statement continues to show the advances we have made in environmental management.

We are also defining benchmarks at our headquarters in Berlin. In 2019, the decision was taken to launch the new construction of our company's headquarters at the site in Budapester Straße. The project is planned for completion in 2025 and all employees in Berlin will then be aggregated in one building. The highest green building certification by the German Sustainable Building Council (DGNB) is being targeted for this building.

We also implement our #sharinginspiration corporate philosophy beyond our company. Our aim is to inspire a vision and initiate change by means of dialogue with external initiatives, associations, other companies in the real estate sector, and our suppliers and service providers. This is because we can only address the major challenges of climate change in unison, identifying new opportunities and responding to them together.

At the present time, the COVID-19 pandemic is confronting us with a dramatic development and the end of the crisis is not yet in sight. The pandemic and its far-reaching consequences will undoubtedly leave tangible traces for a long time to come, and overcoming this challenge will require a great deal of effort from all of us. As we work our way through the crisis, every individual has a responsibility to make their contribution in order to enable us to weather this crisis as well as possible. From today's perspective, no robust projection in terms of actual figures can yet be made relating to the impacts of the pandemic on the real estate and financial markets, and on Berlin Hyp's business. Berlin Hyp is able to look back on a good financial year in 2019. This contributes to the stability of the company and allows us to have an optimistic view of the future.

At the same time, there are other major tasks to be tackled and these are particularly focused on the battle against climate change, the issue of digitalisation and changed social framework conditions. Competition remains intense and the regulatory environment is continuing to become even tougher owing to the pressure of achieving the climate targets. We published our key challenges and results for 2019 in the non-financial statement 2019. This year, you will once again find the report integrated as part of the Management Report in our Annual Report 2019. This GRI Report is intended to give you a significantly more detailed overview of the values, goals, economic and social action, and sustainability management at Berlin Hyp. We are committed to the principles of the UN Global Compact. This GRI Report is also a report on

our progress.
I hope you will find it interesting and informative reading.

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

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

To be economically successful in the long term, we also act in accordance with economic, environmental and social aspects. Our objective is to assume responsibility to owners, customers, employees, competitors and society that goes beyond the legal requirements. The defined material topics form the basis for our sustainability management and strategic development. We support the important contribution made by the real estate industry to economic and social prosperity through our business activities. The infrastructure developed, realised and maintained creates fundamental and sound value for our economy and is the basis for commercial activity and the housing industry. By financing real estate, particularly Green Buildings, Berlin Hyp makes an important contribution to enhanced and productive infrastructure in Germany and its neighbouring European countries. In doing so, we also contribute to fulfilling the UN Sustainable Development Goal 11: "Make cities inclusive, safe, resilient and sustainable". In addition, we have stipulated requirements and procedures to manage ESG (Environment, Social, Governance) risks responsibly during the course of ordinary business operations. Berlin Hyp has also excluded business activities relating to certain critical industries. For example, we do not finance any real estate if its construction or operation is directly related to the creation of genetically modified organisms, armaments or the production of tobacco or alcohol.

Given the significance and long-term use of real estate, the additional

consideration of sustainability in real estate financing is one of the key factors for ensuring the lasting value of an exposure. From our perspective, Green Buildings are distinguished by a high level of energy efficiency – particularly against the background of scarce resources, increasing energy costs and regulatory requirements.

Berlin Hyp has a special interest in its customers constructing or acquiring and managing real estate whose value is secured by giving professional consideration to environmental, economic and social criteria. When making our real estate financing decisions, we also take into account our customers' safe handling and legal requirements relating to building, environmental, planning and nature conservation legislation.

Ethics and Integrity

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

In its efforts to make its business operations sustainable, Berlin Hyp goes beyond simply complying with applicable laws and external regulations. It also makes voluntary commitments, for example to the UN Global Compact, and has introduced various internal policies that provide the employees of our company with clear guidance on how to conduct themselves. These include the following:

- Guideline on sustainable real estate financing
- Guideline on human rights, diversity and inclusion at Berlin Hyp
- Environmental management system guideline
- Annex to the framework contract for suppliers and service providers
- Guideline on stakeholder communication
- Sustainability in Berlin Hyp's Securities Account A
- Lobbying guideline

- Guideline on handling tax requirements
- Code of Conduct
- Climate risk analysis
- Guideline on social and environmental product responsibility
- Guideline on responsible conduct towards customers in financial difficulties
- Guideline on responsible conduct towards customers
- Corporate citizenship guideline
- Guideline on sustainable purchasing of office supplies, IT equipment

In addition, the Code of Conduct summarises existing regulations and is binding both for Berlin Hyp as a company and for each individual employee.

Governance

GRI 102-18 | Governance structure

Berlin Hyp is managed by a Board of Management with overall responsibility. In the reporting year 2019, it continued to comprise three members:

- Sascha Klaus (Chair)
- Gero Bergmann (Chief Market Officer)
- Roman Berninger (Chief Financial Officer)

Roman Berninger's contract as a member of the Board of Management expired on 31 December 2019. Subject to the ECB's approval, Alexander Stuwe has been appointed as a member of the Board of Management, likely with effect from 1 July 2020. For the familiarisation period, he has been appointed Chief Representative.

The Supervisory Board has 15 members. The body has three

committees: the Staff and Strategy Committee, the Audit Committee and the Loan Committee. Berlin Hyp's Board of Management and the Supervisory Board follow the recommendations of the Regierungskommission Deutscher Corporate Governance Kodex (Government Commission on the German Corporate Governance Code) for the development of internationally and nationally recognised standards of good and responsible corporate governance. The Supervisory Board and Board of Management act with the knowledge that good corporate governance is essential for the Bank's success and is therefore in the interest of its shareholders and the capital markets. For a more detailed description of other relevant committees related to the topic of sustainability, → see section **Environment**, page 23.

GRI 102-35 | Remuneration policies

Berlin Hyp is subject to the regulatory requirements of the Institutsvergütungsverordnung (Institute Remuneration Ordinance). Members of the Board of Management receive fixed remuneration as well as a variable component dependent on the company's performance. The remuneration policy is reviewed at regular intervals by the Supervisory Board. In June 2019, the Bank set up a Remuneration Control Committee. Previously, the Supervisory Board had transferred the duties of the Remuneration Control Committee to its Staff and Strategy Committee. The members of the Supervisory Board receive a fixed remuneration for their work; this amount is stipulated in the Articles of Association. No variable remuneration is paid. The remuneration of the highest-level controlling organ is not linked to performance criteria with respect to social, economic or environmental topics. The variable remuneration component of the members of the Board of Management and executive managers is determined on the basis of submitted agreed targets (individual target agreement), taking into consideration both quantitative and qualitative remuneration parameters that are consistent with the strategies and support the attainment of the strategic targets. The underlying topics focus on economic, social or

environmental considerations. In 2018, we implemented a reclaim clause for variable remuneration in accordance with the requirements of the Remuneration Ordinance for Institutions in the Supervisory Board Guideline relating to remuneration for the Board of Management.

It was also included in the remuneration systems for employees covered by collective wage agreements and for those not covered by collective wage agreements. At the beginning of 2019, we concluded an agreement for a Committee of Spokespersons and a Works Committee in order to provide uniform implementation for the requirements of the regulator throughout the company. For comprehensive details relating to the Bank's remuneration policies, → see the **Remuneration Report in the Annual Report 2019**, from page 62.

GRI 102-38 | Annual total compensation ratio

In 2019, the median of the compensation for employees including members of the Board of Management without the highest remuneration at all locations was € 78,745.61 (2018: € 77,667.61; 2017: € 74,589). This figure includes part-time capacities that were not converted to full-time equivalents.

Stakeholder Engagement

GRI 102-40 | List of stakeholder groups

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

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

Around 96 % of the employees are covered by collective bargaining agreements and works agreements, and they are subject to the co-determination obligation, → see section **Social**, GRI 407, page 40.

GRI 102-42 | Identifying and selecting stakeholders

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

GRI 102-43 | Approach to stakeholder engagement

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

In addition, Berlin Hyp uses the following formats:

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

In autumn 2018, we also used a browser-based survey ("Systain Survey Engine") to ask our stakeholders to provide an assessment of our key sustainability topics. The participants were drawn from the following stakeholder groups:

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

We carry out this survey every two years. The next survey is being held in the course of 2020.

GRI 102-44 | Key topics and concerns raised

All stakeholders of Berlin Hyp are particularly concerned about dedicated commitment to conduct in accordance with statutory regulations and regulatory principles. Our customers, owners, and employees and society expect the business model to be profitable and business operations to be responsible. While customers are focused on forward-looking customer relations, our employees would like to have an attractive employer. The forward-looking approach is also reflected in the key issues for our customers of powerful innovation, activities in the areas of Green Bonds and digitalisation.

Reporting Practice

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

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

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

GRI 102-46 | Defining report content and topic Boundaries

Berlin Hyp carries out a stakeholder survey every two years in order to take account of the perspectives of our stakeholder groups. Over the course of the reporting year, the sustainability management at Berlin Hyp reviewed the materiality analysis prepared on the basis of the survey held in 2018 in order to assess whether it still represented current opinions. The survey was carried out using a conjoint-based procedure directed towards achieving statistically significant prioritisation not influenced by socially desirable answers or interviewer bias. Top priorities for our stakeholder groups were the topics of observing climate-protection criteria and climate risks, responsible organisation for the digitalisation of processes, and promotion of an open and fair workplace culture.

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

GRI 102-47 | List of material topics

	Material topics	Topic-specific standards
Employee-related matters	Promotion of an open and fair workplace climate	GRI 402: Labour/Management Relations GRI 403: Occupational Health and Safety GRI 404: Training and Education GRI 406: Non-discrimination
	Fair compensation policy, appropriateness of commissions and bonuses	GRI 401: Employment GRI 405: Diversity and Equal Opportunity GRI 407: Freedom of Association and Collective Bargaining
Social issues	Protection of personal data of employees, customers and business partners	GRI 418: Customer Privacy
	Package of safe/stable financial products	GRI 201: Economic Performance
	Transparent presentation of impacts, opportunities and risks of the portfolio	GRI 203: Indirect Economic Impacts GRI 417: Marketing and Labelling
Prevention of corruption	Anti-corruption and anti-competitive behaviour	GRI 205: Anti-Corruption
	Honesty in payment of taxes	GRI 206: Anti-competitive Behaviour
	Prevention of money laundering and financing of terrorism	GRI 207: Tax
Environmental matters	Taking account of environmental criteria when issuing bonds/loans	GRI 307: Environmental Compliance GRI 201: Economic Performance
	Taking climate-protection criteria into account when selecting finance projects	
	Taking account of criteria for conserving resources and protecting biodiversity when selecting finance projects	
Human rights	Human rights duty of care and taking criteria into account when selecting finance projects	GRI 201: Economic Performance GRI 412: Human Rights Assessment
	Taking account of social criteria when issuing bonds/loans	GRI 419: Socioeconomic Compliance GRI 414: Supplier Social Assessment
Other	Responsible organisation for digitalisation of processes	GRI 418: Customer Privacy

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

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

GRI 102-48 | Restatements of information

Any necessary restatements of information provided in the 2018 GRI Report are noted as footnotes in the running text or tables.

GRI 102-49 | Changes in reporting

The limits of the report are unchanged.

GRI 102-50 | Reporting period

- 1 January 2019 – 31 December 2019

GRI 102-51 | Date of most recent report

- 1 January 2018 – 31 December 2018

GRI 102-52 | Reporting cycle

The sustainability report has been published annually since 2013.

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

Berlin Hyp AG
Sustainability Management
Matthias Arnheiter
Budapester Straße 1
10787 Berlin
Germany
Email: matthias.arnheiter@berlinhyp.de

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

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

GRI 102-55 | GRI content index

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

GRI 102-56 | External assurance

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

Material Topics

Economy

The overarching goal of Berlin Hyp is sustainable and long-term success for the company – in the interests of our customers, our employees and society. We strive to achieve this result by concentrating on our core activities, aligning our offerings for our customers continually to the marketplace and where possible expanding them.

The following section of the GRI Report primarily presents you with in-depth information on Berlin Hyp's economic performance and business activities, income and expenses. We address the opportunities and risks of our business – also against the background of climate change – and we explain how we will be able to make best use of them for our business and take account of them in our company structures. Furthermore, the handling of investments and projects is outlined, along with different approaches, and other considerations are listed primarily with reference to sustainable investments. An explanation is given of how Berlin Hyp deals with these issues and which aspects are to be more firmly anchored within the corporate strategy in future.

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

GRI 201: Economic Performance 2016

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

As a financial institution with some 150 years of experience in the real estate lending business, Berlin Hyp knows all about long-term and sustainable growth. We have resolved to strengthen our position as one of the leading commercial and real estate financiers with the most stable

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

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

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

Projects and granted loans are regularly checked as part of our risk management. For further information, → [see Annual Report 2019, from page 60.](#)

Our conduct towards customers with payment difficulties is based on the 18 Principles of the European Banking Authority set out in its opinion paper: "Good Practices for the Treatment of Borrowers in Mortgage

Payment Difficulties". This means that customers with potential payment difficulties are identified by an early-warning monitoring system and contacted by specially trained staff. They are then provided with selected information sources and allowed to submit their own payment concept.

GRI 201-1 | Direct economic value generated and distributed

Net cash from Berlin Hyp's operating activities is mainly derived from interest and commission income, which amounted to € 410 million in 2019. This amount was offset by interest and commission expenses of € 82.5 million. Berlin Hyp incurred operating costs, in the stricter sense, primarily from administrative expenditure of € 172.3 million, which includes staff expenditure of € 92.4 million. Other administrative expenditure amounted to € 67.5 million. This item also includes the expenditure of the annual contribution to the European Bank levy (€ 12.0 million), which serves to establish a Single Resolution Fund (SRF) within the EU's banking union.

The other operating result (€ -1.6 million) was mainly accounted for by risk provisioning. The operating result before risk provisioning amounted to € 153.6 million. During the reporting year, a risk provision of € 7.5 million was formed, netted in respect of our lending business. The valuation result for the securities in the liquidity reserve showed a gain of € 9.7 million.

On balance, this resulted in a net gain for risk provisions of € 2.2 million. The operating result after risk provisions came to € 155.8 million. In spite of the formation of provision reserves to boost our regulatory capital amounting to € 90 million, through a further allocation to the fund for general banking risks in accordance with section 340g of the German Commercial Code (HGB), we were able to transfer a profit of € 61.0 million to our parent company (Landesbank Berlin Holding AG, Berlin), with whom we have a tax unity for sales tax and income tax purposes. Accordingly, for fiscal 2019, income-tax expenses of T€ 609 as well as other tax expenses of T€ 175 remained in the profit and loss

account of the separate financial institution Berlin Hyp AG. No significant tax payments are incurred in the individual regions because we are part of Landesbank Berlin Holding and there is consequently a profit transfer agreement in place. In the year under review Berlin Hyp donated some T€ 135 to various charitable organisations in Berlin.

You will find an overview of the key indicators on our website, → [see www.berlinhyp.de/en](http://www.berlinhyp.de/en).

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

Berlin Hyp performs a climate risk analysis every two years to identify and assess the risks that climate change poses to the projects it finances. Given their type, intended use and geographic location, the financed real estate is exposed to climate risks (storm damage, heavy rainfall, flooding, extreme temperatures). At the same time, following publication of the EU Action Plan for Financing Sustainable Growth, it may be assumed that the pressure on CO₂ intensive sectors will be increased in order to enable climate targets to be achieved. German and European policymakers are currently engaging in a multitude of deliberations and discussions that will exert an impact on real estate companies and hence also on Berlin Hyp. The reduction of CO₂ emissions is at the top of the agenda. We will base our new targets on these deliberations. Climate protection needs to be improved and social responsibility, for example in relation to affordable living space, has a high priority for Berlin Hyp. We are aware that the demand for sustainable products will continue to increase in the future. In 2019, Berlin Hyp issued two Green Bonds within one year for the third year in succession and the Bank is aiming to continue as the pacemaker for the green financing segment. The product range could be expanded by a social bond.

Furthermore, we also entered into a collaboration with Swiss start-up Carbon Delta, now renamed MSCI Carbon Delta, in order to engage with the Climate Value-at-Risk of our portfolio and as necessary identify

and counteract the impacts on the portfolio at an early stage. Initial random checks on the portfolio have revealed that the financial risks due to the consequences of climate change relating to real estate in the target regions associated with banks are restricted and that they are appropriately taken into account for valuations. This means that no increased risk is expected for our customers or Berlin Hyp in the next two years.

Our business strategy consistently calls for expanding green financing and the holistic consulting approach for our customers. For further information on Green Finance, → see **Opportunities, Forecast and Risk Report in our Annual Report 2019, from page 36.**

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

Pensions are an important component in the context of additional benefits provided by Berlin Hyp as an employer. Consequently, there are several different corporate pension schemes that have come into being as a result of the history of the company. These schemes are direct promises by the employer that are entirely financed by the employer. Depending on the pension scheme, retirement pension, early retirement pension, disability pension, widow's pension and orphan's pension options are granted. For detailed information on the liabilities, → see **Annual Report 2019, page 83.**

GRI 201-4 | Financial assistance received from government

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

GRI 203: Indirect Economic Impacts 2016

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

For the Bank's own investments (Securities Account A) at Berlin Hyp, we use a special filter that allows us to give the same weight to social and environmental considerations as to the economic goals of financial investments. It is based on the ten principles of the UN Global Compact as well as on our own compliance requirements. Our own investments are checked every six months. If new investments or an individual security in the portfolio fail to meet the criteria of the sustainability filter, the Treasury Division together with Sustainability Management decide which measures (e.g. immediate sale of our holding of the security in question) to adopt. For further information, → see **Annual Report 2019, page 78.**

Green Finance is a key aspect of the corporate strategy at Berlin Hyp. Since 2015, Berlin Hyp has had an important sustainability building block in its value chain with the issues of Green Bonds for refinancing green assets. They enable the Bank to offer investors value added extending beyond the creditworthiness of the Bank or its cover funds. Green Bonds are issued in the form of green Pfandbriefe and green senior unsecured bonds. The financing of green buildings, among other things, represents an element of the Bank's sustainability activities that relate directly to its core business, commercial real estate financing. In order to promote Green Finance, loans for green buildings are incentivised with ten basis points. In the annual reporting for 2020, we will provide information about a further increase in CO₂ savings within the Green Finance portfolio and a further reduction in the criteria for office buildings, → see www.berlinhyp.de/en. We have already achieved the target of "making 20 percent of the loan portfolio green by the end of 2020", one year earlier than planned. We are currently working on a new ambitious sustainability target.

GRI 203-1 | Infrastructure investments and services supported

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

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

In terms of the environment, we favour projects that focus on concepts such as "reduce, reuse, recycle" or "cradle to cradle". The financing of Green Buildings represents a part of the sustainability measures that is directly related to the core business. In addition to its importance for the real estate industry, Berlin Hyp's business activities are also relevant for the finance industry, as we provide investors with the opportunity to invest their capital securely through various products. We also increasingly provide explicitly sustainable capital investments.

Further information on the impacts and targets of these investments can be found on our website: → [see www.berlinhyp.de/en](http://www.berlinhyp.de/en).

Last year, we increasingly shared the experience we gained in Green Bonds with the Association of German Pfandbrief Banks (vdp). As a first step, the Bank transferred the name rights in Grüner Pfandbrief and Green Pfandbrief to the association and it has since been working together with other banks issuing Pfandbriefe (bonds) to draw up minimum standards for Green Pfandbriefe. Furthermore, Berlin Hyp continued to support the news portal Sustainabonds established in 2017. Since June 2018, Berlin Hyp has been a pilot bank for the Energy Efficient Mortgages Initiative of the European Covered Bond Council and the European Mortgage Federation.

Their target is to establish mortgages for financing energy-efficient real estate throughout Europe.

GRI 203-2 | Significant indirect economic impacts

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

As part of our long-standing partnership with Kinderhaus Berlin-Mark Brandenburg e.V., we support the social wellbeing of children and young people, and make a contribution to safeguarding the living space and community for these individuals. Our employees were also proactively involved in Kinderhaus and made donations – such as "Schultüten" (goodie cones for children starting school) or basic items for a new apartment. Many of our employees and management personnel were also actively involved in various charitable organisations.

Last year, Berlin Hyp supported company sports club Betriebssportgemeinschaft Berlin Hyp e.V. with a donation of € 35,000. In addition to its social commitment, Berlin Hyp, in its role as an employer and contractor, exerts a positive impact on economic and social development at its locations.

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

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

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

GRI 205: Anti-corruption 2016

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

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

The topics of compliance and legality are key concerns of Governance. The Head of Governance also assumes the function of the Compliance and Anti-Money Laundering Officer. The management is informed by the Compliance Department about the state of compliance management in the company at regular intervals. In addition, incident-related

notification is given on an ad hoc basis in the event of serious breaches of compliance rules. The Compliance Department reports to the Supervisory Board at least once a year. Risk analysis forms the basis for evaluating and minimising potential risks from money laundering, terrorism and other criminal acts. It is carried out once a year and covers all locations. The analysis also includes fraud risks – including corruption – and assesses the relevant controlling activities of the units. The Bank regularly reviews the preventive measures derived from the risk analysis and supplements them as required. We also analyse identified or suspected cases across the entire sector in order to improve preventive measures and preclude future risks as effectively as possible. In addition, the correct implementation of internal company regulations is checked on a regular and – if necessary – ad hoc basis by Internal Audit, which reports directly to the Board of Management.

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

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

All business locations are subject to continuous monitoring by Compliance and Internal Audit. For this purpose, all transactions are checked by machine.

On-site checks were not carried out, because the risk assessment did not identify any significant corruption risks. No irregularities were found in 2019.

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

All employees and the members of the Board of Management took part in web-based training sessions on compliance (foundations) and the prevention of bribery including anti-corruption during the course of the reporting year.

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

No incidents of corruption were reported at Berlin Hyp in 2019.

GRI 206: Anti-competitive Behaviour 2016

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

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

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

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

GRI 207: Tax 2019

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

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

GRI 207-1 | Approach to tax

Berlin Hyp and sole shareholder Landesbank Berlin Holding have a profit and loss transfer agreement based on the structural arrangements. A detailed analysis of a tax strategy or approaches to taxation only makes limited sense owing to the structural arrangement, and details will not therefore be outlined here. For further information on our taxes, → [see Annual Report 2019](#).

Environment

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

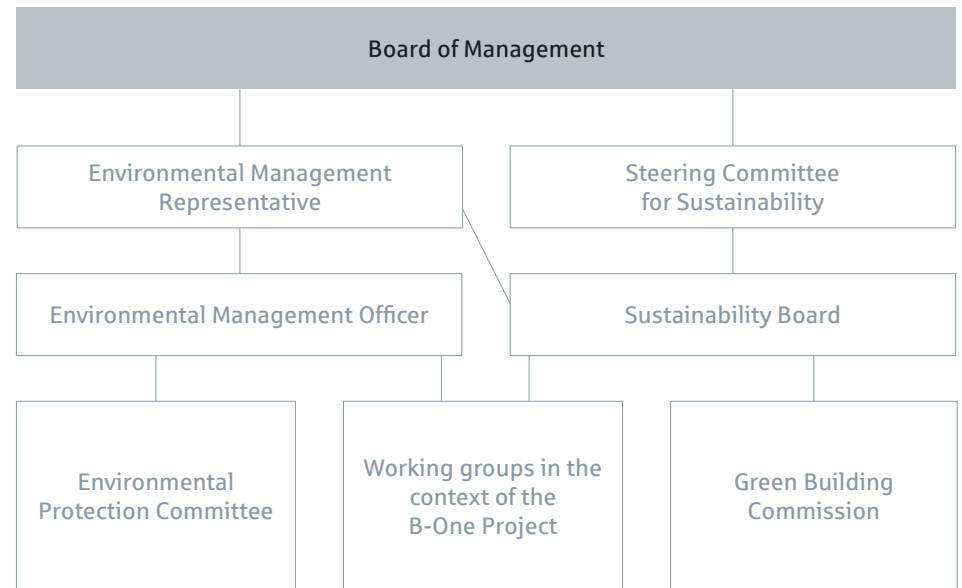
All employees receive information on this topic from various publications on the intranet and also, for example, through training sessions on the environmental management system. This enables them to contribute to the binding commitment to these principles.

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

Environmental management system

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

Organisational structure of the EMS System at Berlin Hyp AG



¹The functions of the Sustainability Steering Committee were taken over by the Management Committee in autumn 2019.

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

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

Since environmental management can only be successful if all employees play their role, we place great importance on involving all employees. For example, the Works Council is represented on the Environmental Protection Committee and is kept up-to-date at all times. New proposals and ideas on how to improve the company's sustainability are regularly received by Idea Management, Berlin Hyp's corporate suggestions scheme.

This forms the basis for our formulation of an environmental policy that provides the framework for measurable environmental objectives and appropriate measures. Berlin Hyp aims to reduce the following environmental impacts:

Berlin Hyp's environmental impacts

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

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

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

The environmental management system EMAS (Eco Management and Audit Scheme) introduced at Berlin Hyp also contributes to implementing specific SDGs. You can find out more information about this in the annual summary and reporting on all the key facts, figures and successes of the environmental management system in our environmental statement, → see www.berlinhyp.de/en.

GRI 301: Materials 2016

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

Berlin Hyp has defined a series of objectives in order to reduce the consumption of raw materials and to improve material efficiency. Since use of the material paper exerts impacts on the environment, we calculate the consumption figures relating to this aspect.

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

The business of Berlin Hyp is not classified as manufacturing. We provide a detailed report on the material required in our environmental statement.

Paper consumption in kg

	2017	2018	2019	Year-on-year change in %
Copy paper	8,166	7,479	4,042	-46 %
Printed materials and sundry	1,660	2,635	2,100	-20 %

Paper is the material most relevant to Berlin Hyp's business operations. The figures for paper consumption are based on the quantities of paper newly purchased. The overall proportion of FSC-certified paper is 83 percent. 17 kg of recycled paper were also purchased for printed materials in the reporting year. In addition, 172 kg of paper were procured for business reports, customer newsletters and brochures as well as 1,027 kg of other paper products (business cards, stationery and envelopes) and 900 kg of cardboard products.

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

We only use FSC-certified office and copy paper.

GRI 302: Energy 2016

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

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

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

Energy consumption

	2017	2018	2019	Year-on-year change in %
Electricity consumption in MWh	2,665	2,838	2,490	-12
Diesel fuel for emergency generators in litres	1,680	834	760	-9
District heating for space heating, air conditioning and hot water in MWh	2,211	2,160	2,055	-5
Company car fuel consumption in litres	125,902	122,441	111,285	-9

The consumption of diesel by emergency generators is generally the result of tests carried out for catastrophe incidents (catastrophe test), transformer maintenance operations and test runs for purposes of checking the necessary safety of the units. Consumption figures can fluctuate widely depending on the refuelling processes and the performance of tests. Only test runs were carried out in the reporting period 2019.

Since 2017, all German locations have been using green electricity.

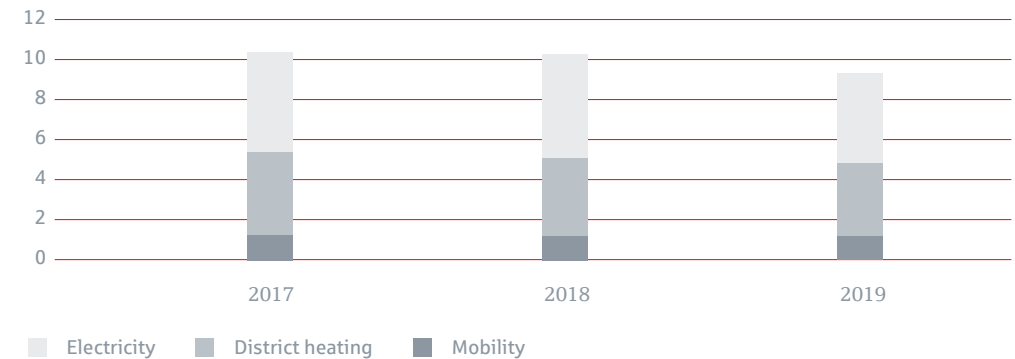
**GRI 302-2 | Energy consumption outside of the organisation
 (UNGC: Principles 7, 8)**

Energy is consumed outside of the organisation mainly for business trips. In this context, we record fleet consumption and also collect data on rail journeys and flights. CO₂ emissions are calculated using the VfU Tool and flights are offset through the use of offsetting certificates, → see Environmental Management System, from page 23.

GRI 302-3 | Energy intensity (UNGC: Principle 7, 8, 9)

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

Energy efficiency in MWh per employee



Berlin Hyp consumed 741 MWh of energy per full-time employee for mobility in connection with the vehicle fleet. This figure does not include business trips by rail or air.

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

In 2019, use of district heating came down. You can find detailed values in the disclosure under 302.1. A number of factors were responsible for the fall including the very warm weather conditions particularly in January and February. During the reporting year, we again very successfully implemented a range of measures to reduce our energy consumption.

GRI 303: Water and Effluents 2018

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

In the reporting year, there are no comprehensive measures to report at Berlin Hyp for water reduction. In conjunction with this issue, it is worth pointing out that in 2019 decisions were taken on an individual basis in relation to every in-house technical measure on account of our newly established Project B-One – the new building. They were subsequently often not implemented for reasons of profitability. You can find further information in our environmental programme, → see www.berlinhyp.de/en.

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

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

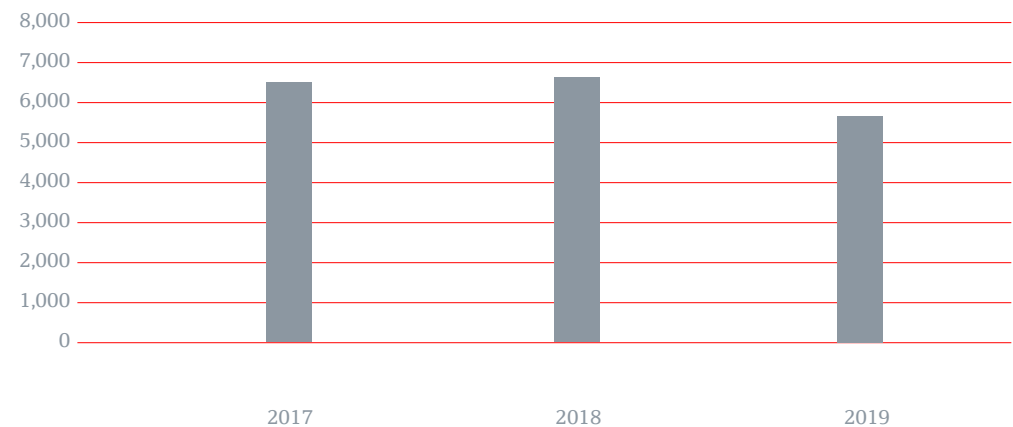
GRI 303-2| Management of water discharge-related impacts

Berlin Hyp is not operating in the manufacturing sector and is therefore not subject to any special regulations that extend beyond the statutory legal provisions. Berlin Hyp complies with all necessary reporting regulations (license for the emergency generators) and the licensing regulations for discharging wastewater from cooling systems into the public sewage system. We source our drinking water supply from the public water grid which is provided by the regional suppliers.

GRI 303-3| Water withdrawal

Water consumption for 2019 is significantly below the year-earlier level. This reflects successes with more economical use of water. The water volumes recorded relate to drinking water from the public water grid.

Volume of water withdrawn in m³



GRI 305: Emissions 2016

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

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

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

Climate change is regarded as one of the most important challenges of our time. We believe that the capital market can play an important role in the transition to a low-carbon economy. Our climate-protection strategy is therefore based on a series of guidelines that regulate the impact of our business activities on climate. We report on options and achievements with regard to the decarbonisation of our projects in our Green Bond Annual Report, → [see www.berlinhyp.de/en](http://www.berlinhyp.de/en).

You will find further information on how we handle company-related emissions in our environmental statement, → [see www.berlinhyp.de/en](http://www.berlinhyp.de/en).

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

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

	2017	2018	2019	Year-on-year change in %
Scope 1 – direct GHG	237	208	207	-0.5
Scope 2 – indirect GHG (location based) ²	1,605	1,869	1,661	-11
Scope 2 – indirect GHG (market based) ²	452	337	354	+5
Scope 3 – GHG of the supply chain	515	657	691	+5
GHG total (Scope 2 location based)	2,358	2,734	2,559	-6
GHG total (Scope 2 market based)	1,205	1,203 ¹	1,252	+4

¹ Since 2018, new conversion factors were applied in the Vfu Tool used and the RFI factor was taken into account for the first time (calculation is now carried out with the factor 2.7) and the flight classes.

² You can find the explanation of location based and market based in our environmental statement.

Berlin Hyp offsets emissions caused by unavoidable air travel by the purchase of offsetting certificates. 300 tonnes (2018: 304 tonnes) of CO₂ equivalents were offset in the reporting year.

GRI 305-4 | GHG emissions intensity (UNGC: Principles 7, 8, 9)
 2.06 tonnes (market based) and 4.20 tonnes (location based) of CO₂ per full-time employee were emitted. This includes Scope 1, 2 and 3 emissions but no equivalents for CH₄, N₂O and other gases.

GRI 305-5 | Reduction of GHG emissions (UNGC: Principles 7, 8)
Our total CO₂ emissions increased slightly in the year under review (market based).

Berlin Hyp makes an important contribution to reducing the indirect environmental impact of its business activities by steadily increasing the issuance of Green Bonds. The results and methodology for estimating saved CO₂ emissions on the basis of the financed Green Buildings are presented in the CO₂ report (as at 27 April 2020), available at → www.berlinhyp.de/en. Mathematically and depending on the benchmark selected, between 13.93 and 39.89 tonnes of CO₂ per year are saved for each million euros nominal value of our Green Bonds.

GRI 306: Effluents and Waste 2016

GRI 103 | Management approach (including 103-1, 103-2, 103-3)
As a commercial business, Berlin Hyp AG is subject to the Commercial Waste Ordinance. However, such low volumes of certain wastes are generated at Berlin Hyp that these can be disposed of with the classes of waste already available.

They can therefore be recorded and disposed of with the “normal”, i.e. mixed, residential waste. All waste is regularly disposed of by accredited specialist disposal companies. The companies engaged by Berlin Hyp must provide verification to Berlin Hyp that they have accredited status as a specialist disposal company.

You can find detailed information in our environmental statement and our environmental programme, → see www.berlinhyp.de/en.

We play a proactive role in avoiding the creation of waste by reasonable reuse and feeding into material cycles, and thereby also reduce the volume of waste generated.

GRI 306-2 | Waste by type and disposal method
Waste disposal at Berlin Hyp is regulated by a disposal concept. You can find detailed information on our disposal system in the Management approach 103 Effluents and Waste and our environmental statement.

We also follow the principle of waste avoidance for in-house technical systems. In-house repair and optimisation of the air-conditioning system was enabled by internal exchange of cooling batteries.

As a service company, Berlin Hyp generates only limited amounts of hazardous waste, for example in the form of fluorescent tubes, IT scrap, refrigerant and spent oil.

Waste in kg

	2017	2018	2019
Non-hazardous waste	116,250	107,110	118,730
of which waste for recycling	43,530	31,730	44,920
of which waste for disposal	72,720	75,380	73,810
(incl. thermal recycling)	2,418	268	674
Hazardous waste	n. a.	1,260	860
IT scrap ¹	21,840	10,050	12,330
Total waste	140,508	108,638	132,594

¹ The collection of data on IT scrap started in the reporting year 2018.

Operational IT equipment is donated to AfB gemeinnützige GmbH, Europe's first non-profit IT company. The integration company with over 200 employees at 13 sites in Germany, Austria, France and Switzerland fills half its positions with people with disabilities. The company specialises in processing decommissioned IT hardware for reuse. The reuse rate for our donated IT equipment was 40 percent in 2019.

Having replaced our printers in 2017, we now use climate-neutral toner cartridges. We are also recording the number of toner cartridges used and can state that we were able to save 3.44 tonnes of CO₂ equivalents in the reporting year 2019. Unlike conventional toner cartridges, where the entire cartridge has to be changed, toner is simply replenished in the products we now use. As a result, we have reduced waste by around 75 percent in comparison to conventional systems.

GRI 307: Environmental Compliance 2016

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

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

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

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

Society

The most important capital in a company is the employees. As a commercial real estate financier, this is particularly the case for Berlin Hyp. Our dealings with each other are carried out in a spirit of appreciation, respect and openness. We want to provide our employees with a workplace environment that offers lots of opportunities so that this approach can be maintained into the future. We believe that this encompasses the security, motivation and health of our employees. We want to continue promoting their performance and their level of qualification, while also remaining an attractive employer for junior staff.

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

GRI 401: Employment 2016

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

The aim is to foster enduring loyalty of employees who are personally suitable and well qualified professionally, and ensure appropriate staffing for vacant positions within a reasonable space of time. Strategic resource planning manages quantitative and qualitative staffing requirements in banking areas. This is intended to ensure the functional and future-proof capability of Berlin Hyp and the process was adjusted in 2019 to take account of new regulatory requirements and structural and organisational amendments.

We use various resources to meet HR requirements. Internal recruitment to vacant positions is given preference compared with appointments from outside in the selection process. Alongside the internal job exchange, Berlin Hyp also publishes digital job advertisements in publicly accessible media.

When attracting the next generation of talent, we focus on trainees and training students in business management on dual study programmes. The concept of targeting the next generation of talent is complemented by the employment of interns and student workers. In addition, Berlin Hyp offers direct entry to the company after students have completed their degrees.

The HR report is produced every six months and provides a comprehensive overview of the performance indicators for the structure of human resources. It also includes a department-related comparison of planned and actual staffing numbers, selected qualification indicators and the development of the age structure within the workforce. Appropriate measures are taken to change these performance indicators as necessary.

GRI 401-1 | New employee hires and employee turnover (UNGC: Principle 6)

Employee turnover during the course of the reporting year, based on an average of 583.3 employees, stood at 4.3 percent (2018: 4.2 percent). This affected 44 percent (11) female and 56 percent (14) male employees. The average period of employment is more than 16.5 years. There are no significant differences between age groups or regions.

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

	2018	2019
Age group		
up to 30	16	0
30–49	20	40
Over 49	64	60

New hires by gender

	Women			Men		
	2017	2018	2019	2017	2018	2019
Employees	4	6	12	7	11	12
Trainees	4	1	2	5	7	2
Students in dual study programmes	0	0	0	3	2	1
Student workers ¹	n.a.	7	7	n.a.	8	6
Interns ¹	n.a.	3	1	n.a.	1	4

¹ Separate collection of data for interns and student workers started in the reporting year 2018.

New hires by age group

	2018			2019		
	up to 30	30–49	over 49	up to 30	30–49	over 49
Employees	4	8	5	2	20	2
Trainees	6	2	0	3	1	0
Students in dual study programmes	2	0	0	1	0	0
Student workers	13	2	0	13	0	0
Interns	4	0	0	4	1	0

GRI 401-2 | Benefits provided to full-time employees that are not provided to temporary or part-time employees

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

- Company pension through employer contributions
- Employer subsidy for lunches
- Optional accident insurance
- Employee Assistance Programme (EAP) with consultation and mediation services for employees and their families
- Emergency care in external child day-care centres
- Parent-child office
- Pool of bicycles for breaks
- Provision for next of kin in the event of death

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

GRI 401-3 | Parental leave (UNGC: Principle 6)

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

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

	Women			Men		
	2017	2018	2019	2017	2018	2019
Entitlement ¹	22	14	19	20	20	15
Taken ²	21	13	16	16	13	11
Returned after parental leave ³	14	9	7	8	12	8
Return rate in %	100	100	100	100	100	100
Remained with the Bank ⁴	13	9	6	8	12	8
Remain rate in %	93	100	86	100	100	100

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

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

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

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

GRI 402: Labour / Management Relations 2016

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

The management culture at Berlin Hyp is characterised by appreciation, target orientation, long-term security and extensive freedom of decision-making and creative scope for all staff. Members of the management have a special responsibility in supporting the entrepreneurial role model in routine work at the Bank every day. Furthermore, managers contribute to supporting staff in their

development through their individual career stages and different phases of life. This aspiration underpins the human resources strategy, which in turn supports Berlin Hyp’s overall strategy.

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

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

GRI 403: Occupational Health and Safety 2018

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

Occupational health and safety management at Berlin Hyp is either organised in accordance with legal requirements or regulated as a “Betriebsvereinbarung” (works agreement between staff and management representatives). At the request of the Board of Management, the responsible departments do not negotiate employee health and safety protection issues directly with the units but – in accordance with legal requirements – with the Works Council or the Committee of Spokespersons for Executive Employees. In addition, overarching issues of workplace safety and health protection can become the subject of collective bargaining between the associations that conclude collective agreements.

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

The Procedure for Company Integration (PCI) in accordance with Article 167 Section 2 Social Security Code (SGB) IX is regulated in a company agreement newly set up in 2019. The PCI Support Team is the central management office for these issues within the company. It is made up of two employees from human resources, two members of the Works Council and two representatives of employees with severe disabilities. Inclusion of external specialist expertise in concrete implementation of the PCI procedure enables us to support employees in overcoming disabilities, prevention of further incapacity for work and staying in employment on a long-term basis.

The relevant local national legislation applies to the employees working abroad. Inspections of foreign locations and consultation discussions are conducted annually.

GRI 403-1 | Occupational health and safety management system

All Berlin Hyp employees are represented in the Employee Committee. Representatives of the health management, the Works Council, employees with severe disabilities, as well as the safety officer and the Bank's Fire Protection Officer, and the company doctor meet on a quarterly basis to discuss matters relating to occupational health and safety. Topics include accidents at work, immunisation, risk assessment, fire drills and the relevance and implementation of new regulations, as well as the results and findings of regular inspections.

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

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

Furthermore, the Bank's building services coordinate and monitor the regulatory requirements within the scope of the statutory regulations. Test protocols etc. are verified for example through a regular audit in accordance with EMAS.

To help our employees avoid common problems that can result from sedentary work, we attach great value to workplace ergonomics and offer regular medical checkups. If problems have already developed, the workplace is ergonomically adapted to the individual concerned.

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

GRI 403-3 | Occupational health services

The occupational medical service is delivered by an external company doctor.

The company doctor is available to deal with any problems or difficulties that may exert indirect or direct impacts at the workplace

(for example ergonomic problems, issues related to working at a screen). Consultation appointments and contact data for the doctor are published on the intranet. The company doctor also administers the annual flu immunisation and carries out the medical checkup for employees (see GRI 403-6).

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

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

All Berlin Hyp employees are represented in the Health and Safety Committee. The members of the Bank's Health Group, the Works Council, representatives of employees with severe disabilities, the safety officer, the Bank's Fire Prevention Officer, and the company doctor meet on a quarterly basis to discuss matters relating to occupational health and safety. Topics include accidents at work, immunisation, risk assessment, fire drills and the relevance and implementation of new regulations.

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

As far as possible, employees who are first-aiders or voluntary firefighters are provided with training within the company by outside trainers. In 2019, safety officers were also trained and accredited within the company.

Every year, all employees receive instruction on occupational safety in accordance with the manual. Employees who enter rooms where for example extinguishing gases are used, receive separate training. Furthermore, a building evacuation is held every year.

During the reporting period, the company doctor held two ergonomic workshops in the company. Employees also received instruction on

strategies relating to the topics of resilience and stress management at employee workshops held as part of the health day.

GRI 403-6 | Promotion of worker health

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

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

We held a health day during the reporting period. The aim was to raise the employees' awareness of topics and concerns relating to health, fitness and nutrition against the backdrop of digitalisation in the workplace.

In addition, the company sports club Betriebssportgemeinschaft Berlin Hyp e.V. makes an important contribution to the health of the staff. The club currently has more than 300 members. For more than 25 years, Berlin Hyp has promoted events in the sector and sports activities to improve fitness and strengthen team spirit.

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

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

Regular inspections identify any potential hazards at an early stage.

A site inspection and training are also conducted at the branches and representative offices. The perspective of the existing works agreement on mental risk assessment is being supplemented by the issue of physical health assessments.

GRI 404: Training and Education 2016

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

The training and further career development of management personnel and employees is a top priority at Berlin Hyp. This is the only way to maintain performance and promote individual commitment.

The personnel development function cycle comprises the following steps: needs assessment, target-setting, planning, implementation, performance review and ensuring knowledge transfer for each qualification measure. Managers control this process together with their teams and individual employees. They are supported by HR. As a basis for regular feedback discussions and the current and future set of tasks, they initiate and support needs-based developmental measures of employees and organisational units. The aims of all staff development measures, which have been defined at an average of 3.5 days a year, are:

- to ensure the qualification of personnel to cover the company's HR requirements,
- to enhance employees' adaptability to structural changes in the organisation and the corporate culture, and
- to make the deployment of personnel more flexible.

GRI 404-1 | Average hours of training per year per employee (UNGC: Principle 6)

On average, employees spent 26.39 hours (2018: 26.95) and managers 37.35 hours (2018: 39.75) receiving training and further career development during the year under review.

Training and education by gender in 2019

	Women	Men
Average number of hours per person	24.37	26.79

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

The number of training places was increased in the reporting year, and these places were filled by suitable new talented recruits. As a result, 21 trainees and eight students on dual-study programmes were on a training programme during the reporting year. Berlin Hyp offers its employees company-sponsored qualifications. As part of top-tier qualification for young professionals, which is directed in particular towards promoting young employees, these individuals can apply for a mentoring programme or a place to study for a degree, e.g. in real-estate economics. In 2019, one degree place was taken up by a man, while there were no female applicants. No applications were submitted for a mentoring place.

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

The “Learning World for Managers” was implemented as a further development of the “Cafeteria Model” in 2019. The holistic development programme follows a systemic approach in which organisational

learning is the main focus. Derived from the strategic requirements at Berlin Hyp for leadership, the individual needs of managers – in part derived from 270-degree feedback – and theoretical conclusions with respect to learning, the aim is twofold. Firstly, the programme is designed to provide support during the current processes of change through mentored process learning based on concrete management case studies. Secondly, as a result of this learning, the aim is to strengthen a modern management culture that is supportive of strategic approaches over the long term.

Colleagues from all hierarchical levels learn about new agile working methods in a range of different qualification methods. These methods are essential in a world of increasing digitalisation.

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

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

All employees receive feedback on attainment of their performance targets in the course of the annual appraisal process relating to their target agreements. In 2019, the process was developed further insofar as the targets are being complemented by a conduct component from 2020 onwards. This will then be included in the annual feedback process.

Furthermore, all managers in the company receive systematic feedback on their management conduct through 270-degree feedback.

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

A perspective discussion is being developed for introduction from 2020. This can be initiated at any time by employees or managers on a voluntary basis in order to discuss individual development perspectives.

GRI 405: Diversity and Equal Opportunity 2016

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

Berlin Hyp strongly believes that diversity creates advantages from differences. We have underscored this philosophy by signing the Diversity Charter (Charta der Vielfalt) and through other initiatives. Our Human Rights, Diversity and Inclusion Directive provides our employees and business partners with clear directives for their day-to-day actions. It is based on national legislation and international standards, including:

- The Universal Declaration of Human Rights of the United Nations
- The United Nations Conventions Relating to Work and Employment
- The Convention for the Protection of Human Rights and Fundamental Freedoms of the European Union

The directive defines the framework for promoting diversity. For example, Berlin Hyp has stipulated the minimum number of women to be employed at the second and third management levels, → [see also GRI 405-1](#).

Berlin Hyp strives to integrate equal opportunities for women and men to participate in management into its corporate culture to an even greater extent through measures such as:

- Identifying potential and promoting women in a timely manner
- Promoting men as well for “absolute equal opportunities”

Berlin Hyp aims to achieve this using measures including the following:

- Binding regulation on the hiring of female employees in connection with recruitment by HR consultants in order to identify and promote female potential
- Organisational integration of the equal involvement of female and male managers in the Bank’s central decision-making processes, for example in the form of the obligatory appointment of at least one woman to a wide range of selection and observation bodies
- Operational integration of the promotion of women by means of the evaluation criterion regarding the conduct of managers in relation to the equal treatment of men and women in personal performance reviews

The launch of an application management tool is planned for 2020. This is intended to systematically record and evaluate appropriate involvement of female applicants in all job recruitment procedures at Berlin Hyp.

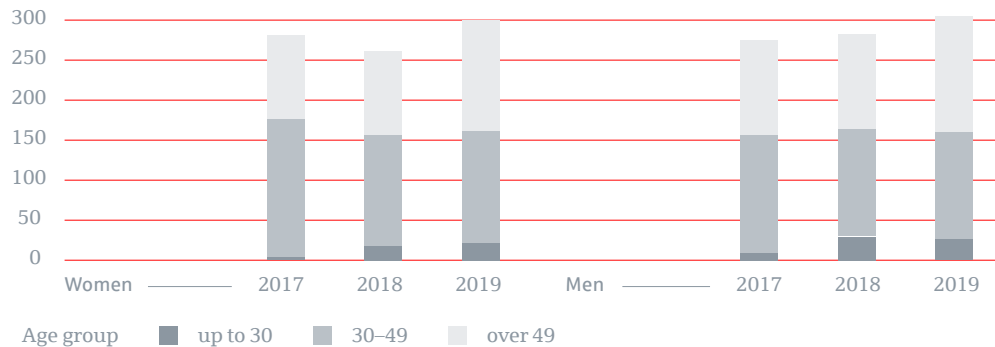
GRI 405-1 | Diversity of governance bodies and employees (UNGC: Principle 6)

In the reporting year, the Board of Management comprised three male members. The quota of zero percent for women set by the Supervisory Board will continue to apply until the review on 30 June 2022 or at the end of current contracts of service before a new hire.

The Supervisory Board of Berlin Hyp comprises ten representatives from the shareholders and five representatives from the employees. Berlin Hyp has defined a goal of having at least two women represented on the Supervisory Board and this objective is currently met. The 2020 target of 23 percent women in the first management level below the Board of Management (section heads) was surpassed on 31 December

2019 at 28.6 percent as had already been the case in the previous year. The proportion of women in the second management level below the Board of Management (department heads) increased by around three percentage points to 24.4 percent compared with the previous year. This continued to fall short of the target of 30 percent to be met by 2020. The target parameters will be reviewed after conclusion of the project "Organisation and Role Profiles of the Future" and adjusted as necessary. Overall, the proportion of women in management positions across all management levels at Berlin Hyp is 27.4 percent. In the reporting year, the proportion of women in the entire workforce as at 31 December 2019 was 49.7 percent (2018: 49.1 percent). In 2019, a total of 6.3 percent of all employees had a severe disability (2018: 6.6 percent).

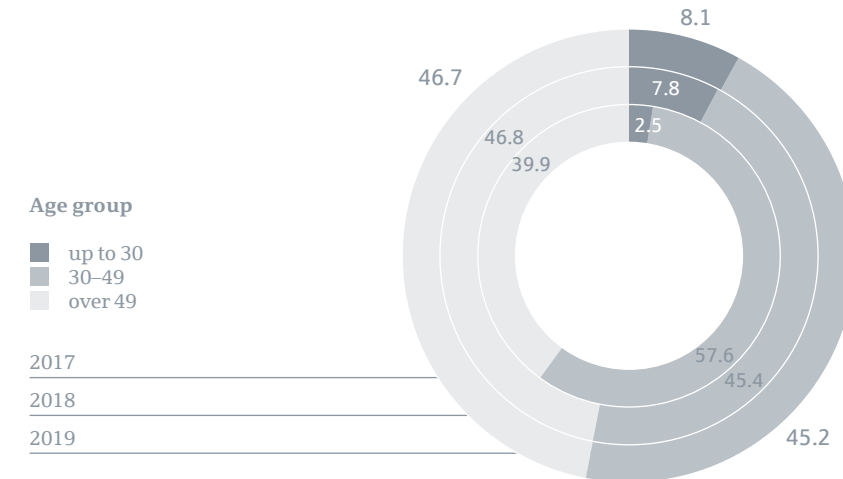
Age structure



¹ In 2017, the calculation did not include junior employees (trainees, students on dual work programmes, interns and student workers). From 2018, the calculation has been extended to cover all employees.

Age structure

Proportion of employees overall in %



¹ In 2017, the calculation did not include any junior employees (trainees, students on dual work programmes, interns and student workers). From 2018, the calculation has been extended to cover all employees.

GRI 405-2 | Ratio of basic salary and remuneration of women to men

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

Berlin Hyp has also introduced a performance-related and incentivised remuneration system commensurate with the market for all employees not covered by collective bargaining agreements. As a result, objective,

weighted assessment criteria are also applied to the determination of the remuneration of employees not covered by collective bargaining agreements of the private banking sector and public banks. Both these remuneration regulations ensure a fair and transparent remuneration system free of discrimination.

GRI 406: Non-discrimination 2016

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

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

- race,
- skin colour,
- gender,
- language,
- religion,
- political views,
- other views,
- national origin,
- social origin,
- wealth,
- birth,
- sexual orientation, or
- any other status.

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

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

No incidents were reported in 2019.

GRI 407: Freedom of Association and Collective Bargaining 2016

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

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

In accordance with BetrVG (German Works Constitution Act), the Works Council is responsible for a range of sustainability topics (such as health and safety regulations, equal opportunities, protection against discrimination and observance of employee rights). Thus, in its function as a representative body for the entire staff (except executives), it contributes towards engaging employees in our sustainability management endeavours. For managerial staff members, this function is performed by the Committee of Spokespersons.

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

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

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

GRI 412: Human Rights Assessment 2016

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

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

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

In order to implement these principles, Berlin Hyp has adopted a series of guidelines, such as the Human Rights, Diversity and Inclusion Directive, from which we derive specific measures.

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

following:

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

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

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

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

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

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

Staff Office and Purchasing employees received training, which also focused on human rights.

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

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

GRI 413: Local Communities 2016

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

Our corporate citizenship brings us into contact with a lot of people outside our company and enhances our profile in the public domain. This commitment may also be linked up with emotionally engaging events or human destinies. At the same time, the resources available from Berlin Hyp are limited and need to be deployed carefully and focused on results. This guideline therefore sets out definitions, key themes and responsibilities – also with the aim of keeping organisational requirements to a minimum.

The corporate citizenship function at Berlin Hyp is part of the Sustainability Management section, which also serves as a central contact partner. The corporate citizenship process is set down in the Corporate Citizenship Directive. Berlin Hyp plans, directs, assesses and communicates its community commitment based on the system developed by the London Benchmark Group. This means that all key commitment expenditure (“input”) is recorded. The direct use of this expenditure is defined (“output”), and finally an estimate is drawn up of how, in the longer term, this commitment will affect recipients, donors and society (“impact”).

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

Berlin Hyp has focused its corporate citizenship on the topics of support for vulnerable children and young people, and on promotion of popular sport. Our aim is for this social input to make a contribution to ensuring that vulnerable children and young people can grow up within a framework that gives them the necessary material and social security to fully develop their potential as human beings. Furthermore, we want to encourage our employees to take responsibility for contributing to the development of their own health and get a better sense of their own body by making a commitment to sport and enhancing their awareness of health issues.

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

Berlin Hyp makes multifaceted contributions to the community. Our products and services, but also our wages and salaries, taxes and deductions, and our procurement guidelines contribute to the development of society. Our aim is to further strengthen our social engagement (corporate citizenship) in order to consolidate the

establishment of Berlin Hyp within society. Non-profit engagement is therefore a fundamental element of our business activity which also helps Berlin Hyp to be more visible and tangible on the ground for customers, neighbours and potential new employees as a responsible corporate citizen within society.

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

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

GRI 414: Supplier Social Assessment 2016

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

During the reporting year 2019, a sustainability questionnaire was developed for suppliers. This is sent together with the on-boarding documentation to a new supplier. The biggest service providers of Berlin Hyp include IT service providers and suppliers for IT equipment and office materials. Since we are not a manufacturing facility, the opportunities for Berlin Hyp to influence its suppliers are regarded as very limited.

For further information, → see [Management approach – Human Rights Assessment, page 41](#).

GRI 414-1 | New suppliers that were screened using social criteria

By signing our sustainability agreement at the conclusion of the contract, our suppliers and contractors are obligated to improve the societies in which they operate by promoting human rights, improving economic, environmental and social conditions, and requiring that their contractors and suppliers do likewise. At the end of the reporting year, 97 percent of the IT service providers and IT suppliers had signed the appendix to the contract. One random sample screening was performed on site during the reporting year with a positive result.

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

Berlin Hyp procures all of its goods and services from European countries. Approximately 90 percent come from Germany. The sustainability performance of our suppliers is ensured through confirmation of our comprehensive sustainability requirements. Our contractors and suppliers complete questionnaires to determine whether they have, in fact, implemented our sustainability requirements; the correctness of the information submitted is verified by means of random-sample checks. No violations were found in a random sample. At the supplier annual appraisal meeting during the reporting year 2019, we asked various questions about the content of Appendix E, our sustainability agreement for contractors and suppliers. We also surveyed a lot of ideas coming out of environmental management. There are plans to conduct further supplier annual appraisal meetings and the intention is for sustainability topics to be a fixed item on the agenda.

GRI 415: Public Policy 2016

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

As a matter of principle, Berlin Hyp does not exert any political influence. We do not employ any third parties for the purpose of cultivating political contacts or influencing public opinion. In the reporting year, no submissions were made with respect to legislative processes, and no entries were made in a lobby list. Berlin Hyp's corporate Citizenship Guideline prohibits contributions to political parties. Berlin Hyp contributes to public debate on developments relevant to the sector through its memberships in various associations and institutions relating to the sector, which must in turn act in accordance with their articles of association and must be monitored by their supervisory bodies, → [see also GRI 102-13, page 7](#).

GRI 415-1 | Political contributions

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

GRI 417: Marketing and Labelling 2016

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

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

- They contribute to sustainable development as defined by the United Nations Sustainable Development Goals.
- They serve the individual without detriment to the common good. Their development always takes the principles of the UN Global Compact into account.
- They are always transparent and easy to understand.
- Our written information regarding products and services and our marketing material must include all significant details on the offer presented to the customer for the purpose of evaluating the offer; this information must be presented in a transparent manner.

We do not offer or provide products or any consultation on products that do not meet these requirements. Furthermore, some of our products, such as our Green Bond programme and impact reporting, are regularly reviewed by external third parties within the scope of a second-party opinion. In order to communicate fairly and transparently, Berlin Hyp takes into account the fundamental principles of the "ICC Consolidated Code of Advertising and Marketing Communications Practice" (ICC Code Marketing) of the International Chamber of Commerce. The Code contains specific recommendations for all marketing-relevant areas, including issues such as sales promotions, sponsorship, direct marketing, advertising and marketing using digital and interactive media.

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

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

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

Communication and Marketing is responsible for applying these principles, with employees informing the appointed marketing service provider, for example, that there is an obligation to provide responsible marketing. Berlin Hyp has also established its own complaints management system, which aims to steadily increase our customer satisfaction levels. These are checked on a regular basis by analysing all of the complaints received during a specific period. The results of these analyses are made available to the Board of Management and the Legal Department. All complaints regarding securities services are also reported to the Compliance Department, as these must be reported to the German Federal Financial Supervisory Authority (BaFin) pursuant to Section 34 d (1) German Securities Trading Act (WpHG).

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

There were no incidents reported in 2019.

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

There were no incidents reported in 2019.

GRI 418: Customer Privacy 2016

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

Berlin Hyp collects, processes and uses a large amount of personal data relating to customers and business partners. These data are used for the Bank's general business operations and enable the Bank to provide customers with advice and support tailored to their needs. Personal data must be handled carefully, in compliance with the law and in line with clear rules so that the Bank does not lose the trust that customers place in it. This means that we always ensure that it is clear who receives what information – both within the Bank itself and in our dealings with customers and business partners. Customer data may only be passed on to third parties if customers have previously given their consent or there is a legal admissibility or obligation to do so. The internal processes are specified and described in a standard operating procedure, the aim of which is to implement the General Data Protection Regulation (GDPR) and other data-protection regulations at Berlin Hyp. The Bank's data protection is overseen by the Data Protection Officer. This officer acts on behalf of the Board of Management and is not bound by instructions in the performance of their duties. The Data Protection Officer works towards compliance in data protection matters and oversees data protection measures. The officer is also the contact person in relation to data-protection issues for the supervisory authority, the customers, the management, the employees, the service providers and the members of the Works Council.

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

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

No substantiated complaints in connection with the protection of customer data were received in 2019.

GRI 419: Socioeconomic Compliance 2016

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

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

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

There were no fines or sanctions imposed during the reporting year. Nor were monetary sanctions imposed on the Bank for non-compliance with laws and regulations.

Imprint

About the GRI Index 2019

Since 2016, we have produced an annual report in conformity with the systematic structure of the Global Reporting Initiative (GRI). This is an international standard for sustainability reporting. Our intention is to provide our stakeholders with a transparent report on key management initiatives, measures and performance indicators. We worked together with the various stakeholder groups to determine the key standards for specific disclosures. The GRI Report also serves as Berlin Hyp's Communication of Progress (COP) for the purposes of the United Nations' Global Compact (UNGC).

As usual, the report is being published in German and English. You can find more information on how we take responsibility on our website, → see www.berlinhyp.de/en.

Publisher

Berlin Hyp AG
Nachhaltigkeitsmanagement
Matthias Arnheiter
Budapester Straße 1
10787 Berlin
Germany

matthias.arnheiter@berlinhyp.de

Consulting, text and design

Berichtsmanufaktur GmbH, Hamburg

Translation

Tristram Carrington-Windo

Published on 30 June 2020

