

Berlin Hyp AG

Thriffs and Mortgages Germany

ESG Risk Rating

7.1

Updated Oct 1, 2021

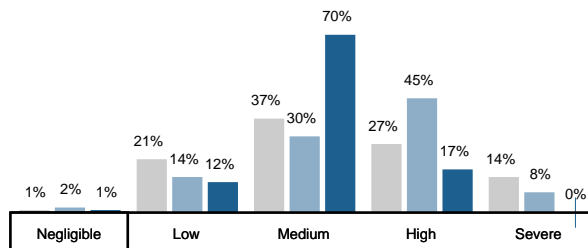
-4.8

Momentum

Negligible Risk



ESG Risk Rating Distribution



ESG Risk Rating Ranking

UNIVERSE	RANK	PERCENTILE
	(1 st = lowest risk)	(1 st = lowest risk)
Global Universe	26/14042	1st
Banks INDUSTRY	11/1025	2nd
Thriffs and Mortgages SUBINDUSTRY	1/101	1st

Peers Table

Peers (Market cap \$0.0 - \$0.0bn)

Peers (Market cap \$0.0 - \$0.0bn)	Exposure	Management	ESG Risk Rating
1. Berlin Hyp AG	33.5 Low	82.6 Strong	7.1 Negligible
2. Coventry Building Society	38.0 Medium	64.5 Strong	14.9 Low
3. Yorkshire Building Society	33.5 Low	57.1 Strong	15.2 Low
4. Nationale-Nederlanden Bank NV	33.0 Low	55.6 Strong	15.5 Low
5. Nykredit Realkredit A/S	31.6 Low	50.2 Strong	16.4 Low

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ESG Risk Analysis

Exposure refers to the extent to which a company is exposed to different material ESG Issues. The exposure score takes into consideration subindustry and company-specific factors such as its business model.

ESG Risk Exposure

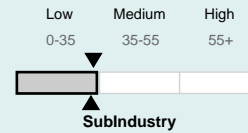
33.5

-5.5

Low

Momentum

Beta = 1.02



To meet evolving customer needs, Berlin Hyp provides various products and services such as fixed-interest loans, reference interest rate loans, cash loans financing products for construction work and operating equipment loans. Inability to cater to high client expectations across all its offerings could result in customer loss. In addition, Berlin Hyp reports that it generates a large portion of its financing through the joint syndicate business with the savings banks. Involvement in ethical misconduct such as money laundering or bribes to secure business opportunities could lead to penalties and increased regulatory scrutiny. Moreover, during the course of its business, Berlin Hyp collects high volumes of sensitive data from its customers. Failure to properly secure such data from cyberattacks could lead to service disruptions and lawsuits.

The company's overall exposure is low and is similar to subindustry average. Product Governance, Business Ethics and Data Privacy and Security are notable material ESG issues.

Management refers to how well a company is managing its relevant ESG issues. The management score assesses the robustness of a company's ESG programs, practices, and policies.

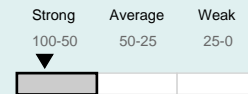
ESG Risk Management

82.6

+9.7

Strong

Momentum



Berlin Hyp's FY2020 sustainability disclosure was prepared in accordance with the GRI Standards, the Core option, signalling strong accountability to investors and the public. The company's ESG-related issues are overseen through coordination between the Board of Management, Sustainability Management and the Management Committee as well as the ESG Board, suggesting that these are integrated in core business strategy.

The company's overall management of material ESG issues is strong.

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Material ESG Issues

These are the Material ESG Issues driving the ESG Risk Rating.

Issue Name	ESG Risk Exposure Score Category	ESG Risk Management Score Category	ESG Risk Rating Score Category	Contribution to ESG Risk Rating
Product Governance	8.0 High	73.7 Strong	2.1 Low	29.6%
Data Privacy and Security	5.0 Medium	81.3 Strong	1.8 Negligible	24.7%
Human Capital	5.3 Medium	80.0 Strong	1.3 Negligible	17.8%
ESG Integration -Financials	5.0 Medium	82.5 Strong	0.9 Negligible	12.3%
Corporate Governance	5.0 Medium	88.0 Strong	0.6 Negligible	8.5%
Business Ethics	5.3 Medium	95.0 Strong	0.5 Negligible	7.2%
Overall	33.5 Low	82.6 Strong	7.1 Negligible	100.0%

Events Overview

Identify events that may negatively impact stakeholders, the environment, or the company's operations.

Category (Events)

5 Severe (0)

4 High (0)

3 Significant (0)

2 Moderate (0)

1 Low (0)

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Events Overview

Identify events that may negatively impact stakeholders, the environment, or the company's operations.

Category (Events)

None (15)

Access to Basic Services

Accounting and Taxation

Anti-Competitive Practices

Bribery and Corruption

Business Ethics

Carbon Impact of Products

Data Privacy and Security

Environmental Impact of Products

Labour Relations

Lobbying and Public Policy

Marketing Practices

Quality and Safety

Sanctions

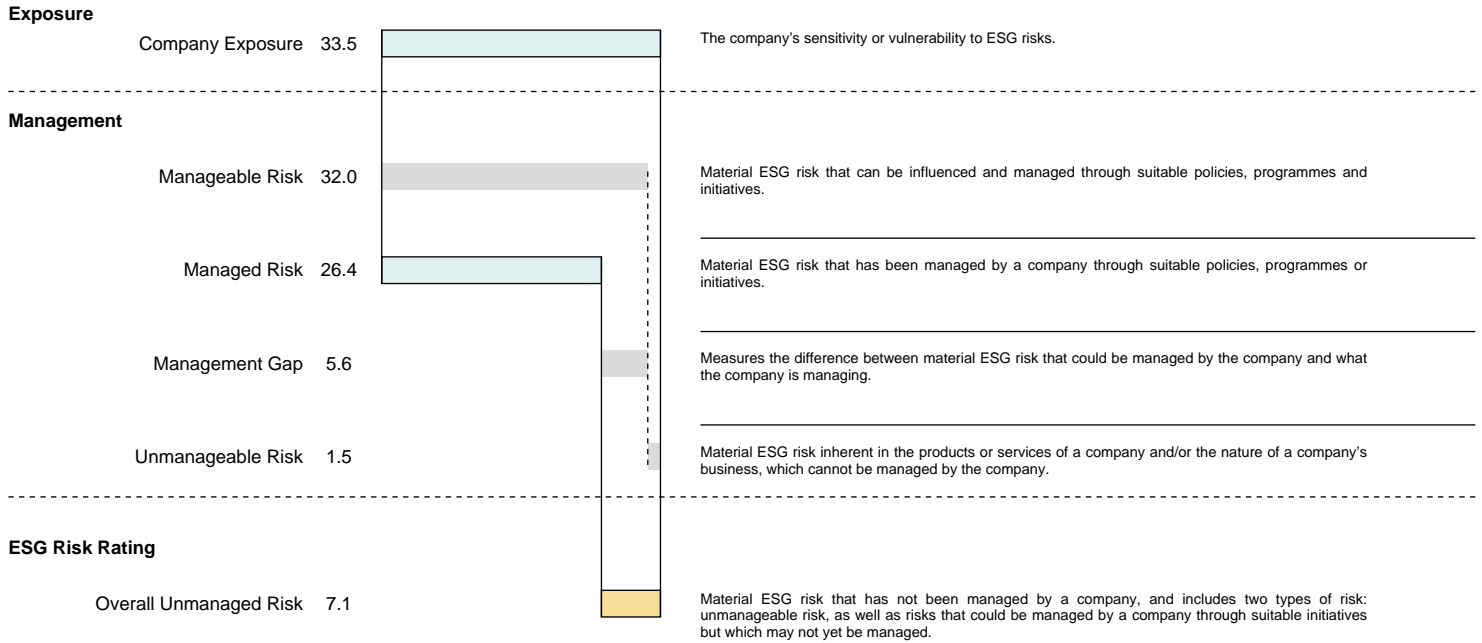
Social Impact of Products

Society - Human Rights

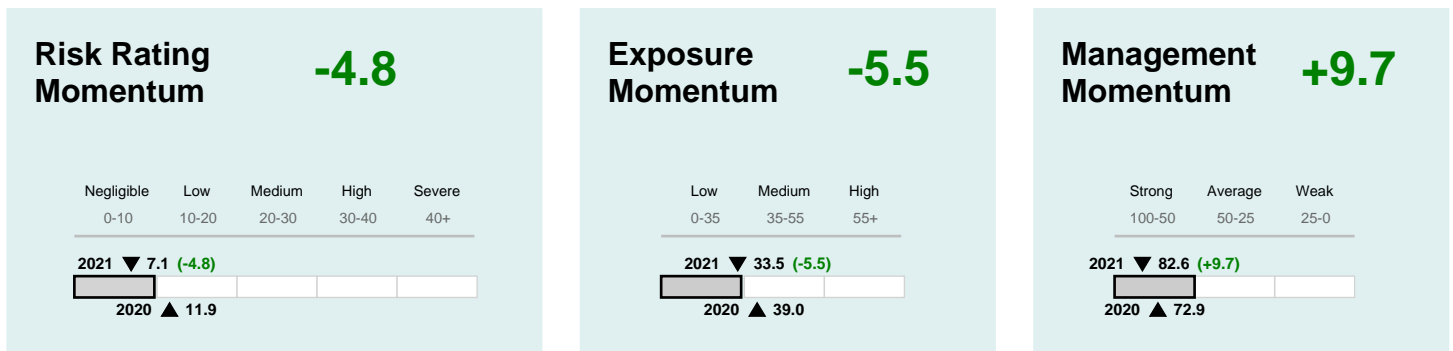
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Risk Decomposition



Momentum Details



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GLOSSARY OF TERMS

Beta (Beta, β)

A factor that assesses the degree to which a company's exposure deviates from its **subindustry's** exposure on a **material ESG issue**. It is used to derive a company-specific issue exposure score for a material ESG issue. It ranges from 0 to 10, with 0 indicating no exposure, 1 indicating the subindustry average, and 10 indicating exposure that is ten times the subindustry average.

Corporate Governance Pillar

A pillar provides a signal about a company's management of a specific Corporate Governance issue.

ESG Risk Category

Companies' **ESG Risk Rating scores** are assigned to five ESG risk categories in the **ESG Risk Rating**:

-  **Negligible risk:** enterprise value is considered to have a negligible risk of material financial impacts driven by ESG factors
-  **Low risk:** enterprise value is considered to have a low risk of material financial impacts driven by ESG factors
-  **Medium risk:** enterprise value is considered to have a medium risk of material financial impacts driven by ESG factors
-  **High risk:** enterprise value is considered to have a high risk of material financial impacts driven by ESG factors
-  **Severe risk:** enterprise value is considered to have a severe risk of material financial impacts driven by ESG factors

Note that because ESG risks materialize at an unknown time in the future and depend on a variety of unpredictable conditions, no predictions on financial or share price impacts, or on the time horizon of such impacts, are intended or implied by these risk categories.

ESG Risk Rating Score (Unmanaged Risk Score)

The company's final score in the **ESG Risk Rating**; it applies the concept of **risk decomposition** to derive the level of **unmanaged risk** for a company.

Event Category

Sustainalytics categorizes events that have resulted in negative ESG impacts into five event categories: Category 1 (low impact); Category 2 (moderate impact); Category 3 (significant impact); Category 4 (high impact); and Category 5 (severe impact).

Event Indicator

An indicator that provides a signal about a potential failure of management through involvement in controversies.

Excess Exposure

The difference between the company's **exposure** and its **subindustry** exposure.

Exposure

A company or **subindustry's** sensitivity or vulnerability to ESG risks.

Idiosyncratic Issue

An issue that was not deemed material at the **subindustry** level during the **consultation process** but becomes a **material ESG issue** for a company based on the occurrence of a Category 4 or 5 event.

Manageable Risk

Material ESG risk that can be influenced and managed through suitable policies, programmes and initiatives.

Managed Risk

Material ESG Risk that has been managed by a company through suitable policies, programmes and initiatives.

Management

A company's handling of ESG risks.

Management Gap

Refers to the difference between what a company has managed and what a company could possibly manage. It indicates how far the company's performance is from best practice.

Management Indicator

An indicator that provides a signal about a company's management of an ESG issue through policies, programmes or quantitative performance.

Material ESG Issue

A core building block of the **ESG Risk Rating**. An ESG issue is considered to be material within the rating if it is likely to have a significant effect on the enterprise value of a typical company within a given **subindustry**.

Subindustry

Subindustries are defined as part of Sustainalytics' own classification system.

Unmanageable Risk

Material ESG Risk inherent from the intrinsic nature of the products or services of a company and/or the nature of a company's business, which cannot be managed by the company if the company continues to offer the same type of products or services and remains in the same line of business.

Unmanaged Risk

Material ESG risk that has not been managed by a company, and includes two types of risk: **unmanageable risk**, as well as risks that could be managed by a company through suitable initiatives, but which may not yet be managed (**management gap**).

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