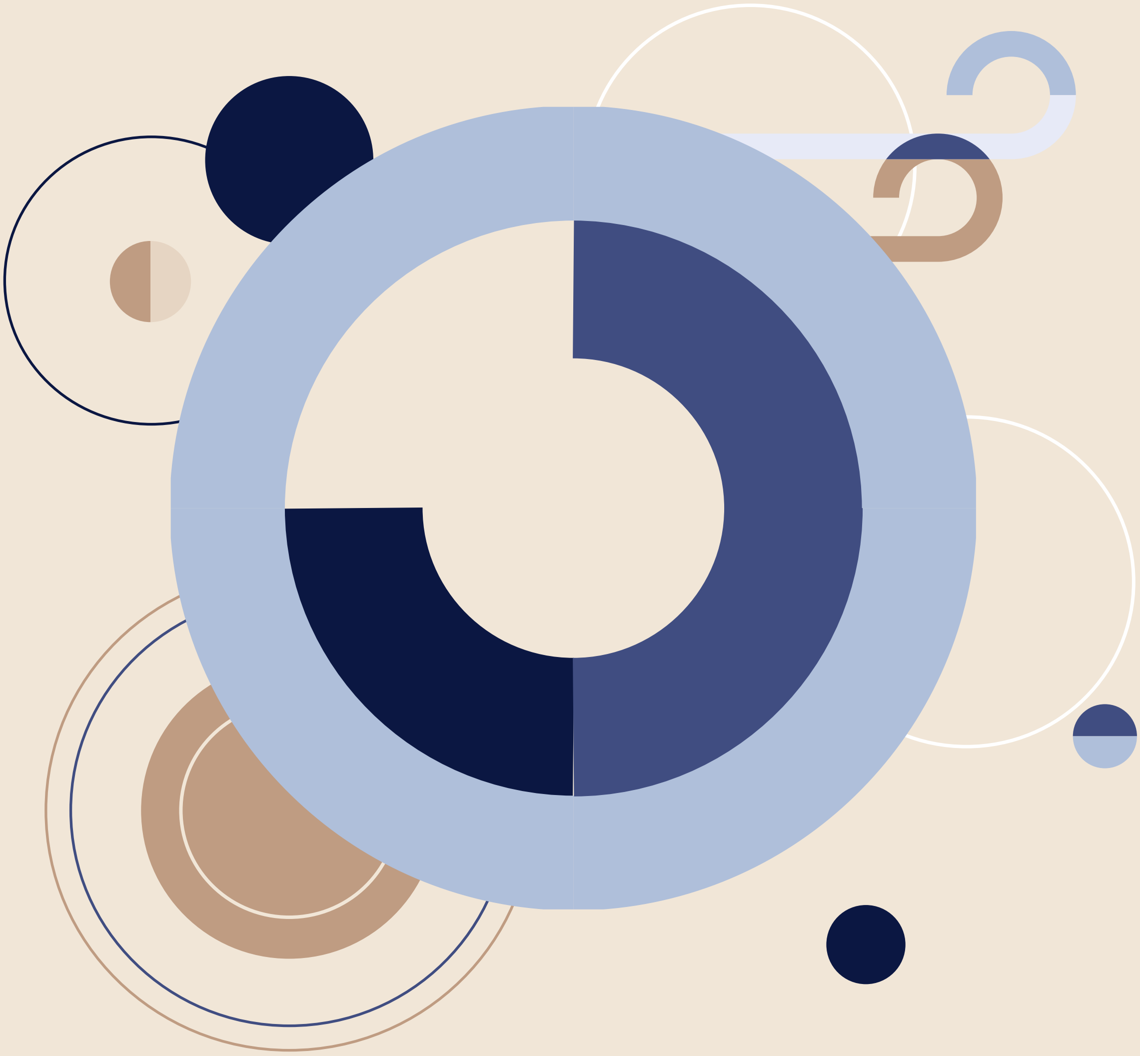
Sustainability is Future Viability

CSR Report Hamburg Commercial Bank **2023**



Hamburg Commercial Bank

Guiding Reporting Frameworks and Audit Scope

GRI 2-23

Hamburg Commercial Bank aims for transparent and comprehensive management and reporting on the Bank's sustainability implementation. To meet its responsibilities and ensure comparability in sustainability reporting, HCOB has aligned its reporting practices to international standards, so the entire report is prepared in accordance with the Global Reporting Initiative (GRI) Standards.

» The report also intends to meet the requirements set forth in Sections 315b and 315c in conjunction with Sections 289c to 289e of the German Commercial Code (Handelsgesetzbuch, HGB) in marked sections as described below. These sections constitute the Bank's combined separate non-financial report which is integrated in the overall CSR Report. In consequence, GRI standards are only referenced to and partly applied in the combined separate non-financial report.

This report covers topics considered 'material', which cover aspects of non-financial reports as per Section 315c in conjunction with Section 289c HGB.

The written parts of this report that constitute the combined separate non-financial report, as per Section 315c in conjunction with Section 289c, are marked with quotation marks (»…«). Graphics and tables that are also part of the combined separate non-financial report can be identified by quotation marks around their headlines. Relevant parts of tables in this scope are additionally marked with grey background colour with the exceptions of the EU Taxonomy Regulation reporting tables which have to be shown in the given format required by the regulator.

Under Section 315c in conjunction with Section 289c (3) numbers 3 and 4 HGB, HCOB is required to disclose all known material risks related to its business activities, its business relationships and its products and services, if their occurrence is highly probable and the resulting adverse impacts on reportable aspects are or will be severe according to Section 289c (2) HGB. No high risks were identified in the yearly recurring risk inventory in the reporting year regarding the reportable ESG aspects.

For the Bank, sustainable corporate management is more than simply complying with laws. It has recognised the German Corporate Governance Code (GCGC) on a voluntary basis since 2005. This means that the Management Board and the Supervisory Board are obliged to report on the company's corporate governance in the Annual Report. Under Section 161 of the German Stock Corporation Act (Aktiengesetz, AktG), the Management Board and Supervisory Board of a listed company must annually declare that the GCGC recommendations have been, or will be, complied with, and which recommendations have not been, or will not be, applied. As a non-listed company, HCOB issues this Declaration of Conformity voluntarily. Please also refer to the HCOB Annual Report 2023 and the HCOB website. «

Contents

Please note

GRI 2-5

The sections marked by » … « of this 2023 Corporate Social Responsibility Report of Hamburg Commercial Bank (CSR Report) are intended to meet the requirements set forth in Sections 315b and 315c in conjunction with Sections 289c to 289e of the German Commercial Code (Handelsgesetzbuch, HGB) and are therefore the Bank's combined separate non-financial report, which was subject to limited assurance by BDO AG Wirtschaftsprüfungsgesellschaft.

The CSR Report is a component of HCOB's corporate reporting and supplements information disclosed by Hamburg Commercial Bank in its Annual Report and Remuneration Report.
Rounding may result in minor differences in totals and percentages throughout the report.

Foreword of the Management Board

GRI 2-22

Members of the Management Board, from left to right:
Marc Ziegner, Ian Banwell, Ulrik Lackschewitz, Christopher Brody

Dear Ladies and Gentlemen,

In a challenging macroeconomic and geopolitical environment, Hamburg Commercial Bank demonstrated a high degree of continuity in 2023 and achieved very good results with € 427 million, consolidated profit before taxes was 18% higher than the previous year's good result. The cost-income ratio improved from 44% in 2022 to 39% in 2023 and demonstrates the Bank's continuous progress in terms of both income and cost efficiency. The Bank could further widen its net interest margin for its loan book, by 36 basis points to 204 basis points. Despite inflation, administrative expenses remained stable at € 332 million – proof of our consistent cost control and efficiency.

Hamburg Commercial Bank's capital position remains very robust, reflecting a fortress balance sheet. The CET1 ratio was 19.5% at the end of 2023, slightly below the previous year's level (20.5%) but well above the regulatory requirements. The Group's total assets decreased slightly year-on-year to € 31.5 billion in 2023 (2022: € 31.8 billion). The slight decrease is partly due to early repayments, for example in Shipping, and is also an expression of our deliberately cautious business approach in these uncertain times.

In addition to improving its key financial figures, in 2023 the Bank also focused on the further implementation and application of ESG criteria – the abbreviation stands for environment, social and governance – in line with its commitment to the Sustainable Development Goals (SDGs) and the Paris Climate Agreement. The bank already signed the UN Principles for Responsible Banking in 2020.

The great importance of ESG aspects for the Bank is reflected, among other things, in the fact that the entire Management Board is a member of the Sustainability Committee, the highest decision-making body for sustainability issues in the Bank, which meets regularly. Furthermore, the Bank checks every loan transaction before it is concluded using the Bank's own ESG Scoring Tool. The Bank also considers ESG criteria in its investment decisions. These are set out in our investment policy and are closely aligned with the lending business criteria and the HCOB Blacklist.

Another milestone on the Bank's path to greater sustainability is HCOB's "Sustainable and Transformational Finance Framework", which was published at the end of 2023. This framework defines comprehensive criteria both for financing that is already sustainable today and for so-called transformational financing, which helps to bring so far non-green assets up to an up-to-date, environmentally friendly and therefore sustainable standard. At the same time, the Bank is reporting its financed emissions in accordance with the PCAF standard ("Partnership for Carbon Accounting Financials") for the first time. This step further underlines the Bank's efforts to achieve a high level of transparency in the area of sustainability reporting.

Every changing market environment – in this case in connection with increasing ESG requirements for companies such as banks – offers new business opportunities. We are convinced that only companies that adapt to the dynamic requirements will be successful in the long term. As a bank, we support these companies on their path to greater sustainability and environmental protection – and to long-term success.

Sustainable management also applies to our own actions. We ensure that energy is used efficiently in our buildings and are constantly implementing further energy-saving measures. The Bank offsets the CO_2 emissions from its own operations and business-related flights by supporting a local climate protection project, namely the renaturation of a moor in northern Germany. At the same time, we are committed to increasing diversity, as underlined by the adoption of our Code of Diversity and certification in accordance with the Pride Index in 2023. Moreover, the Bank employs people from 39 nationalities resulting in a diverse and inspiring working environment. In addition, the bank is characterized by offering a wide range of benefits to its employees, including e.g. full coverage of the so-called 'Deutschlandticket' for public transportation and comprehensive health management as well as social counselling.

Hamburg Commercial Bank is a responsible corporate citizen and as such promotes culture and sport, while at the same time supporting a wide range of institutions in the areas of E, S and G with extensive donations. In 2023, these benefited people who are suffering from the terrible war in Ukraine, children and young people who are being supported in overcoming a wide range of challenges, as well as the preservation of areas for nature conservation and the promotion of biodiversity.

Compliance with ESG criteria and their further development are a matter of course and a major concern for Hamburg Commercial Bank. This will also be the case in 2024, when we will once again make our contribution to a more sustainable way of doing business.

Yours sincerely,

Ian Banwell
Chief Executive Officer

Ulrik Lackschewitz
Chief Risk Officer and Deputy CEO

Christopher Brody
Chief Investment Officer

Marc Ziegner
Chief Financial Officer

Sustainability at HCOB

Key Figures – Financial, ESG and Rating Results

» Financial Key Figures «

	31.12.2023	31.12.2022
Net income before taxes (€ m)	427	363
Total assets (€ bn)	31.5	31.8
CET1 capital ratio	19.5%[1]	20.5%[2]

» ESG Key Figures «

	31.12.2023	31.12.2022
Green new business production[3]	9.8%	9.3%
Number of new loans with an ESG Scoring of 5 or 6[4]	0	0
Percentage of loan portfolio exposed to high physical risks[5]	0.3%	-
Share of electricity from renewable energy sources[6]	100%	100%
Scope 1 and 2 GHG emissions (t CO_2e)[7]	464	541
Percentage of female business unit heads[8]	26.7%	26.7%
Percentage of female senior experts and management functions[9]	30.7%	28.7%

» Other ESG Figures «

	31.12.2023	31.12.2022
New loans scored against ESG criteria (incl. SDG evaluation)[4]	100%	100%
Average ESG Scoring results of loan portfolio[4]	2.46	2.64
Number of new loans violating ESG Blacklist criteria	0	0
Total energy consumption (GJ)[7]	25,282	29,389
Employees in the Group (FTE)[10]	907	868
Percentage of women in the workforce	37.5%	38.3%
Number of dual students/trainees (Germany, headcount)	47	46
Proportion of disabled employees[7]	3.7%	3.6%

» Sustainability Ratings «

	Latest rating as at	Rating/Score
Sustainalytics	11/2022	Risk score 13 (Low risk)
MSCI	03/2023	BBB (Range AAA–CCC)
Moody's	05/2023	56/100
ISS	12/2023	C- (2nd decile) (Range A+ to D-)

Rounding may result in minor differences in totals and percentages throughout the report
1 A plan dividend is already deducted from Common Equity Tier 1 capital; the dividend payment is subject to approval by the Annual General Meeting
2 The dividend payment of € 1.5 billion made in the 2023 financial year was taken into account in advance as a reduction in Common Equity Tier 1 capital
3 Indicative internal validation in accordance with economic criteria of EU Taxonomy on best effort basis, for example with calculations irrespective of clients' NFRD obligation
4 Evaluated with HCOB's internal ESG Scoring methodology with results based on individual loan reviews (***see page 54***)
5 In accordance with the requirements of Part 8 of the Capital Requirements Regulation (CRR)
6 Direct purchase of electricity from renewable energy sources
7 Hamburg and Kiel offices only
8 Active employees Germany, based on head count
9 Excluding BU Heads; senior experts and management functions, meaning employees with competency levels 4 & 5, active employees Germany, based on head count
10 Total number of employees excluding dual students and interns

About HCOB

GRI 2-1

» Hamburg Commercial Bank (HCOB), headquartered in Hamburg, is a private commercial bank managed in the legal form of a German corporation.

HCOB offers its clients a high level of structuring expertise in real estate financing and has a strong market position in international shipping. It is one of the pioneers in Europe-wide project financing for renewable energies and digital infrastructure. HCOB offers customised financing solutions for national and international corporate clients and, since 2023, for the global aviation sector. Reliable and timely payment transactions and products for foreign trade round off the Bank's range of services. Hamburg Commercial Bank ensures its actions are consistent with established ESG criteria. «

Locations

» The Bank has branches abroad, namely in Athens, London and Luxembourg, in line with its focused direction. In the Athens branch, the Bank serves international shipping clients. The focus of the branch in London (which had the status of a representative office up until 9 May 2023) is on business in the areas of Corporates International, Project Finance and Aviation, as well as the international real estate business. In the Luxembourg branch, the emphasis is on business management in the International Corporates, Asset-Based Lending and Aviation Finance business areas. In Germany, the Bank has offices not only in Hamburg, but also in Berlin, Düsseldorf, Kiel, Frankfurt am Main, Munich and Stuttgart. «

Objectives and Strategy

» As a private commercial bank and specialist finance provider, Hamburg Commercial Bank makes clear, binding commitments and supports its clients in the long term. The Bank is committed to its clients and stands for reliability and honesty, taking decisive and timely action. A focused and entrepreneurial approach, which creates value added for clients, the Bank and its employees, shareholders and society, is at the heart of the Bank's self-image and identity.

Looking ahead to the coming years, the Bank is aiming to achieve moderate and risk-conscious growth, with continued diversification that extends to its business activities as well as to regions and its earnings structure. In view of the demands placed on the Bank by a dynamically changing banking environment, Hamburg Commercial Bank continues to focus on a business model that is viable and agile in the long run based on the following strategic approaches:

- Growth in HCOB's core markets
- Focus on individual solutions
- Striving for efficiency
- Resilient and balanced risk profile «

Shareholder Structure

» Since 28 November 2018, Hamburg Commercial Bank has been owned by renowned, globally active, institutional private investors that have a high level of expertise in the banking business, in particular. The ownership structure as of 31 December 2023 is as shown in the graphic (percentages rounded). «

Scope of Consolidation

GRI 2-2

» The scope of consolidation of the CSR Report 2023, including the combined separate non-financial report, is analogous to that of the Group financial statements unless explicitly stated otherwise in specific sections of this report. Statements therefore refer to the Group. «

Business Segments

GRI 2-6

» Hamburg Commercial Bank's operating business activities are divided into four lending-oriented segments, Real Estate, Shipping, Project Finance and Corporates, as well as the Treasury & Group Functions segment. The latter segment includes the Bank's capital market activities as well as the other staff and service functions. «

Strategic Direction for the Business Areas

REAL ESTATE SEGMENT

» HCOB is a renowned German real estate financier with strong market and client coverage. In addition to its presence in Germany, international activities are also being expanded with selected experienced and internationally active clients so as to achieve further diversification. The focus here is on European metropolitan regions and selective business in the US. The Real Estate segment mainly comprises the financing of existing properties, refurbishment projects and project developments in the commercial sector. Growth opportunities for HCOB arise, among other things, from supporting Real Estate clients in their ESG transformation. HCOB's product portfolio in the Real Estate segment is characterised by tailor-made and custom-fit services, with an entrepreneurial eye for deals and transactions that offer value enhancement potential. HCOB has experienced market specialists with in-depth knowledge and a high level of structuring expertise in the field of Commercial Real Estate financing, allowing the Bank to achieve prices that are commensurate with the risk involved. «

SHIPPING SEGMENT

» HCOB is one of the leading German institutions in global ship financing, with a focus on second-hand ship financing. The successful business model in the Shipping segment is based on comparatively short financing durations and high collateralisation ratios. This improves the risk profile on the one hand and ensures that HCOB can react promptly to changing market conditions on the other. The composition of the Shipping portfolio is characterised by a healthy mix of asset-backed and corporate financing. The broadly diversified portfolio mainly comprises the asset classes of container vessels, bulkers and tankers. The Bank operates worldwide in the Shipping segment, with a focus on mostly long-term cooperation with clients with strong credit ratings from Greece, Germany, and other European countries. The Bank is also, however, active in the US and Asia. By providing financing, HCOB consciously supports its clients from the maritime industry in their transition to more sustainable business practices. «

PROJECT FINANCE SEGMENT

» In the Project Finance segment, HCOB focuses on financing attractive projects in the areas of infrastructure (including the fast-growing market for digital infrastructure) and energy. The Energy sector deals with the financing of energy projects, primarily for renewable energies, and also includes the areas of energy transition and decarbonisation. The Bank is one of the pioneers in the field of renewable energies and plays a leading role among financing partners. The financing approaches have been adapted to reflect current market conditions and give HCOB significantly more flexibility while taking into account a balanced risk/return profile. Project Financing has a positive impact on the Bank's sustainability objectives, and the geographical focus is on the markets in western, northern and southern Europe. In this segment, too, HCOB has a broad and diversified client base on which it generates sustainable business. Clients include project developers, PE/infrastructure funds, manufacturers, contractors, as well as utilities companies and independent power producers. «

CORPORATES SEGMENT

» In the Corporates segment, HCOB's diversification strategy is implemented through business relationships with national and international corporate clients. On the domestic market, the core region of northern Germany has traditionally been its focal point. The focus of the Bank's business activities is on lending and providing other services for medium-sized, often family-run, companies. HCOB has long-standing and established business relationships with many of these corporate clients. «

» The focus of the Bank's business approach is on a high level of service and structuring expertise. In order to diversify its portfolio, the Bank is increasingly active in international markets in addition to its home market in Germany. The geographical focus of these activities is on Western Europe and North America (especially the US). The Bank's international strategy is based not only on geography but also on a high degree of sector diversification and a broad product range. Among other things, indirect financing of North American corporate clients is offered via participation in securitisation transactions (in credit and securities format) and special funds, thus achieving higher granularity of the loan and financial investment portfolio. In addition, HCOB supports companies in Europe that produce or operate technical solutions in the context of the energy transition. The new Aviation Finance business area expands the Corporates segment and offers asset-backed financing solutions for the aviation industry, which has mounted a strong recovery in the aftermath of the COVID-19 pandemic and is showing high demand for investments in the area of decarbonisation. The potential of this business area is due in particular to the high demand for forward-looking and binding financing solutions in the aviation industry. A highly qualified, lean, and transaction-oriented team of experts with a broad network enables the Bank to promptly identify and exploit market opportunities in the international corporate client business with first deals to be conducted in 2024. «

TREASURY & GROUP FUNCTIONS SEGMENT

» Activities in the Treasury & Group Functions segment focus on the management of strategic investments and the treasury function, including the central management of the Bank's liquidity and market price risks, the derivatives portfolio, and the management of the cover pool. The Global Sales & Syndicate business area combines the sales activities for capital-market-related products, as well as payment transaction products with an adapted future-oriented product range, syndication activities, and also customer service for savings banks, banks, and institutional clients. «

Sustainability as a Success Criterion

» Besides economic profitability of HCOB's business segments, compliance with ESG criteria and their further development is an important topic for the Bank and one of the central criteria for success. In this context, the bank also conducts a comprehensive dialogue with customers, supporting them on ESG-relevant issues and possible improvements on their way to greater sustainability. «

Ownership structure

Several funds initiated by **Cerberus Capital Management, L.P.**	Promontoria Holding 221 B.V. 9.44 % Promontoria Holding 231 B.V. 13.26 % Promontoria Holding 233 B.V. 17.89 %	**40.60 %**
One fund advised by **J.C. Flowers & Co. LLC**	JCF IV Neptun Holdings S.à r.l.	**33.30 %**
One fund initiated by **GoldenTree Asset Management LP**	GoldenTree Asset Management Lux S.à r.l.	**11.94 %**
Centaurus Capital LP	Chi Centauri LLC	**7.13%**
BAWAG P.S.K. (incl. P.S.K. Beteiligungsverwaltung GmbH) Bank für Arbeit und Wirtschaft und Österreichische Postsparkasse Aktiengesellschaft		**2.38 %**
HCOB Members of the board and senior management of the Bank (since Nov. 2018, active and inactive members)		**4.66%**

» Since 2020, the bank has been integrating ESG aspects holistically into its lending process. In the process, all potential transactions undergo a multi-stage procedure in which they are screened for the three ESG dimensions – environmental, social and governance factors. In general, HCOB considers ESG as an opportunity and not a threat for both the customers and the Bank itself as the transformation offers new market potentials. «

Achievements in 2023

» For HCOB, sustainability means future viability. The Bank acknowledges that aligning its business model and processes to sustainability requirements is one of the critical success factors for today and the future – considering both the opportunities and the risks related to environmental, social and governance factors (ESG). Guiding Principles (***see page 13***) serve as orientation for HCOB's sustainable business conduct and as decision guidance for Bank members to contribute to sustainable transformation.

In 2023, HCOB further strengthened its sustainability work and intensified its commitment to sustainability, marking significant strides in its sustainability endeavours:

Organisational Enhancement: The Bank implemented a new organisational structure with an even stronger anchoring in both the Bank's market and risk division, reflecting its dedication to fostering sustainable practices across all facets of its operations.

Sustainable & Transformational Finance Framework (STFF): HCOB spearheaded the development and subsequent publication of the STFF, outlining its strategic approach towards sustainable finance, thereby solidifying its active positioning in responsible banking practices.

Enhanced ESG Ratings: Through concerted efforts, HCOB improved its ESG rating position, through its continuous commitment to integrating sustainability principles into its business operations and investment decisions.

Disclosure of first carbon footprint on portfolio level according to PCAF standard: HCOB achieved a significant milestone by disclosing its first carbon footprint on a portfolio level in accordance with PCAF standards, reinforcing its dedication to measuring and disclosing greenhouse gas emissions and contributing to global efforts to combat climate change.

CSRD implementation: HCOB proactively conducted a first phase of an implementation project in preparation for compliance with the Corporate Sustainability Reporting Directive (CSRD), underscoring its commitment to transparency and accountability in sustainability reporting practices. «

Outlook for 2024

GRI 201-2

» In 2024, HCOB will advance its sustainability agenda with the following key actions:

- Fully implement the Sustainable & Transformational Finance Framework accompanied by comprehensive training measures
- Further improve ESG analyses in credit process and with regard to ESG risks, especially to for example avoid stranded assets
- Enhance all employee ESG trainings to communicate ESG corporate and franchise positioning and further increase awareness for ESG aspects
- Safeguard ESG rating position
- Fully implement CSRD requirements for 2024 reporting
- Full participation in EBA climate risk scenario analysis 'Fit-for-55'
- Further IT implementations especially with regard to CSRD requirements, disclosure needs and holistic ESG integration

Based on this and the changing market environment with its fast-increasing demand for transformational financing, new regulations, and rising stakeholder expectations, HCOB will ensure both the seizing of opportunities and safeguarding the economic resilience of the Bank.

Every disruptive market environment – in this case caused by the mega trend ESG – offers a broad range of market business opportunities. Respective targets in this context will be controlled by holistic and established management functions.

For the respective steps and measures described above, HCOB has established two dedicated ESG expert departments backed by external support underlined by an appropriate budget. «

Strategy & Governance

» HCOB Guiding Principles[1] «

1

Taking on Responsibility

As a leading banking partner, we take on responsibility to carry out sustainable business activities, as a lasting investment in a sustainable future and a world that needs to be preserved.

2

ESG is Part of the HCOB DNA

Sustainable action is a formative component of our HCOB DNA. This clearly reflects our business orientation and our management of risks. In the stringent and independent governance of ESG aspects, the members of our Management Board take active responsibility. We are characterised by our culture of effective, responsible and transparent management.

3

Financing Sustainable Activities

We aim to extend our financing activities in sustainable business activities and projects and offer ESG-oriented products. We intend to have a more sustainable loan portfolio and to contribute to the achievement of the Paris Climate Agreement and the UN Sustainable Development Goals.

4

Supporting Sustainable Transformation

We actively support the transformation of our clients' business models towards greater sustainability.

5

Committed to Climate Protection

As a signatory of the United Nations Principles for Responsible Banking (PRB), we set a clear commitment to climate protection and sustainable action. We aim to implement sustainability aspects in all of the Bank's business areas and therefore commit to reduce the Bank's impact on climate change in all business operations and strengthen internal company awareness for ecological sustainability and resource protection.

6

Employees Are Key

We regard motivated and qualified employees as key to achieving sustainability. Flexible working arrangements that allow employees to strike a balance between their career and family commitments are important to us. Discrimination or harassment of employees in any form is unacceptable to us. We believe that diversity is beneficial to our success.

7

Innovating Sustainably

We combine sustainability in our operating business with technology, digitalisation and innovation.

[1] The guiding principles serve as orientation for HCOB's sustainable business conduct

HCOB's Sustainable Business and Growth Strategy

GRI 3-3

» As a leading banking partner, HCOB takes on responsibility to implement sustainable business activities. Based on a comprehensive analysis and subsequent operationalisation, Hamburg Commercial Bank is building its sustainable business and growth strategy reflecting especially ESG opportunities and risks. Besides this, financial strength and stability is the central element and basis of HCOB's business activities.

HCOB's critical challenges lie in understanding sustainability as a transformational driver, way beyond just being an operational issue.

HCOB has integrated its strategic approaches and objectives based on sustainability aspects as defined in the Sustainability Framework in the Sustainability Architecture, to form a meaningful set of guidelines.

The topic is deemed material on both the impact and the financial level. Regarding the former, the strategic alignment of the Bank's business model along ESG aspects leads to positive impacts on the environment and society. With respect to financial materiality, the increasing pressure caused by both supervisory and societal requirements leads to the need to adjust the Bank's steering approach accordingly to reflect the changing market environment and to manage physical and transitory risks.

In line with this dedication to sustainable business and growth, HCOB has several policies in place, such as its Sustainability Framework and its credit manual and standards, and it has made commitments to become more sustainability aligned. For instance, the Bank has signed the Principles for Responsible Banking, which includes reaching net zero by 2050, and committed to PCAF (Partnership for Carbon Accounting Financials) in assessing the GHG emissions of its portfolio for the first time in the reporting year and with increasing granularity over the coming years. Furthermore, the Paris Climate Agreement, with the target to limit temperature increase to 1.5°C, and the SDGs, serve as orientation for strategic decision-making, which is part of the Sustainability Committee's responsibilities, while management of the topic and its day-to-day activities fall to the ESG Department. Additionally, sustainability topics are operationalised by respective line functions throughout the Bank.

To achieve HCOB's targets regarding 'Sustainable Business and Growth Strategy' (***see page 28***), the Bank has a holistic ESG Governance in place. In 2023, the 'Sustainable & Transformational Finance Framework' (STFF) was developed involving various business units, and a series of lighthouse financings were closed according to the new STFF classification logic. Of course, the Bank remains in active dialogue with rating agencies and provides them with all necessary information.

HCOB also conducts due diligence to ensure proper tracking of progress and to initiate measures if this is insufficient. Depending on the targets and measures, this mostly takes the form of regular reporting and internal progress reports. The Management Board is also closely involved and updated continually via Sustainability Committee meetings and via formal board meetings concerning goals related to business growth and business model resiliency.

Regular exchange with clients, supervisory authorities and rating agencies is helpful for HCOB's efforts with regard to its sustainable business and growth strategy. The European Central Bank (ECB) and rating agencies have conducted several sustainability-related assessments. Additionally, HCOB continues to have the topics of ESG as a standing agenda topic in ongoing customer dialogue. «

HCOB's Sustainability Framework

» ESG factors are holistically recognised in all activities, processes, and decisions at the Bank. The Sustainability Framework has therefore been implemented on the highest level of the Strategy Architecture to ensure a holistic integration of all the Bank's subordinate strategies, namely Business Strategy, Risk Strategy, Funding Strategy, Credit Standards, and Functional Strategies. The Sustainability Framework is integrated in the strategy architecture at the same level as HCOB's Strategic Risk Framework. «

» Strategy Architecture «

[1] Incl. Non-Financial Risk Framework
[2] Incl. all sub-risk strategies according to the Strategic Risk Framework

Sustainable & Transformational Finance Framework

» In 2023, HCOB developed a Sustainable & Transformational Finance Framework (STFF) which is a classification system designed to categorise the Bank's financings as 'sustainable' or 'transformational' with respect to climate change. The assessment process, which focusses on loan origination, includes considerations such as the requirements of the EU Taxonomy, creating transparency through a comprehensive and consistent approach across the Bank and towards external stakeholders. The STFF classification will be conducted by the market units for every new financing from January 2024 onwards (***see pages 41 and 58f.***). «

Responsible Corporate Governance and Sustainability Management

Sustainability Governance Structure

GRI 2-12, 2-13, 2-14, 2-17

» Comprehensive and structured sustainability governance forms the basis for good sustainability work. At HCOB, the Management Board is responsible for the topic of sustainability. To empower sustainable action as a formative component of the HCOB DNA and ensure achievement of its sustainability goals, the Bank has established a Sustainability Committee (SC) with full Management Board representation to act as a decision-making body on a strategic level, as well as two ESG Departments, which have the responsibility of operationalising the SC's strategic decisions. Additionally, sustainability topics are operationalised by respective line functions throughout the Bank.

In accordance with the importance HCOB attributes to this topic, the SC is co-chaired by the CIO and CRO with full Management Board attendance. To ensure compliance with the Bank's ESG goals and with the requirements of ESG-related legal, regulatory and other external frameworks to which HCOB has committed itself voluntarily, the Sustainability Committee is responsible for:

- Developing and managing the Bank's sustainability strategy with regard to ESG criteria and goal setting
- Monitoring implementation of the sustainability (ESG) plan of the Bank
- Initiating appropriate corresponding counter or mitigating measures in case of significant plan deviations
- Decision-making related to the ESG Decision Matrix only for cases requiring a positive vote of the SC
- As applicable and in accordance with HCOB's business and funding objectives, facilitating and implementing HCOB's Green Bond Framework in line with the International Capital Market Association (ICMA) and Green Bond Principles «

» The Supervisory Board is an integral part of HCOB's sustainability governance structure. ESG is a recurring agenda item in the Supervisory Board meetings and occasionally in its committees. Therefore, the Supervisory Board is kept well-informed on the progress being made and other key considerations related to ESG. For details, please see in the Annual Report the report by the Chairman of the Supervisory Board.

Operational and strategic sustainability management is the responsibility of the ESG Departments. With the goal of operationalising the Bank's ESG strategy, its tasks include, for example, coordinating ESG efforts and targets, and implementing ESG tasks in cooperation with the relevant line functions in place. «

Corporate Governance

GRI 3-3

» HCOB's aim is the integration of a transparent and documented decision-making process and a clear allocation of responsibilities and authority within the internal control framework, including business lines, internal units and internal control functions that promote informed decision-making by the management body. To reach its targets, ESG activities are continuously being transferred into formal line functions. An annual review of tasks and responsibilities serves as due diligence concerning progress. HCOB's due diligence in these matters takes place in the form of internal project or regular reporting in predetermined cycles, as well as the results of specific processes such as risk analyses. The Management Board is involved and updated regularly via Sustainability Committee meetings, as well as through the Scenario Steering Committee and regular management reporting. Additionally, the variable remuneration of the Management Board members is also linked to sustainability performance.

Ongoing dialogue with supervisory authorities and with the members of the Supervisory Board provides valuable insight regarding corporate governance. «

Guidelines as Basis for Sustainability Management

GRI 2-23, 2-24

» Regarding its sustainability-related impacts and their management, several overarching external frameworks and guidelines serve as orientation for Hamburg Commercial Bank. First and foremost, the Bank is in the process of aligning its activities with the 2015 Paris Climate Agreement, aiming to contribute to global efforts to limit global warming to well below 2°C above pre-industrial levels and pursuing efforts to limit the temperature increase to 1.5°C above pre-industrial levels which includes reaching net-zero by 2050, recognising that this would significantly reduce the risks and impacts of climate change. With the ambitious goals of the Paris Climate Agreement in mind, the EU adopted a significant financial framework, the Green Deal, at the start of 2020. One aim is to support climate protection hand in hand with the financial sector. HCOB is aware of its responsibility in this respect and has implemented several structural changes in its credit processes and the support it provides to its clients.

Moreover, already in 2013, the United Nations defined 17 goals for sustainable development ('United Nations Sustainable Development Goals', 'SDGs'). HCOB aims to steadily increase its understanding of the impact that its business activities have on the achievement of the SDGs (***see page 24***). «

» Third, the 10 principles of the United Nations Global Compact serve as a guiding framework in terms of ecological and social aspects regarding sustainability in HCOB operations and employee activities. The Principles have been the basis for the HCOB Code of Conduct, which serves as the central frame of reference for operational activities. It applies to all employees of the Bank and of companies affiliated with the Group.

The objective of the Code of Conduct is to create a reliable framework for the responsible behaviour of all employees, which complies not only with the legal requirements but also with ethical and social standards. ***See page 94*** for more information on the HCOB Code of Conduct and ensuring adherence to it, or the HCOB website for the whole Code of Conduct. Additionally, the Bank has aligned its reputational guideline with the UN Global Compact.

To further underline its support for the Paris Climate Agreement and the SDGs, HCOB signed the Principles for Responsible Banking (PRB) in September 2020 (with an implementation period of four years) as an essential step in the Bank's ESG alignment process. Since signing, comprehensive progress has been made in regard to the PRB's six principles (***see pages 115ff.***) The PRB fulfilment signals the Bank's clear commitment to sustainable development in all its business activities.

Several frameworks are used by HCOB for the definition of risks in relation to stakeholder interests. The identification of key factors for assessing risks, developments and important sub-indicators provided by the Minimum Requirements for Risk Management (MaRisk), the Guidance Notice published by the German Federal Financial Supervisory Authority (BaFin) on dealing with Sustainability Risks, the ECB's guide on climate-related and environmental risks, the EBA Guidelines on loan origination and monitoring, and Art. 449a CRR requirements regarding ESG risk disclosure.

Furthermore, regulators and other relevant organisations have issued various frameworks and regulations concerning the definition of certain requirements and guidance to follow by HCOB on its sustainability journey. Examples for mandatory regulations are the EU Taxonomy, the ECB questionnaire in respect of climate and environmental risks, the EU Disclosure Regulation, and MiFID II, and the Corporate Sustainability Reporting Directive. Examples for voluntary frameworks are the Principles for Responsible Banking, the Global Reporting Initiative, the Partnership for Carbon Accounting Financials and the Task Force on Climate-related Financial Disclosures. The requirements set out in the various frameworks and regulations referred to above have been firmly anchored in the Bank's ESG roadmap and are accordingly integrated into control, process and task descriptions. In 2023, HCOB started to prepare for full compliance with the Corporate Sustainability Reporting Directive (CSRD) as of reporting date 31 December 2024 by conducting a first phase of an implementation project. «

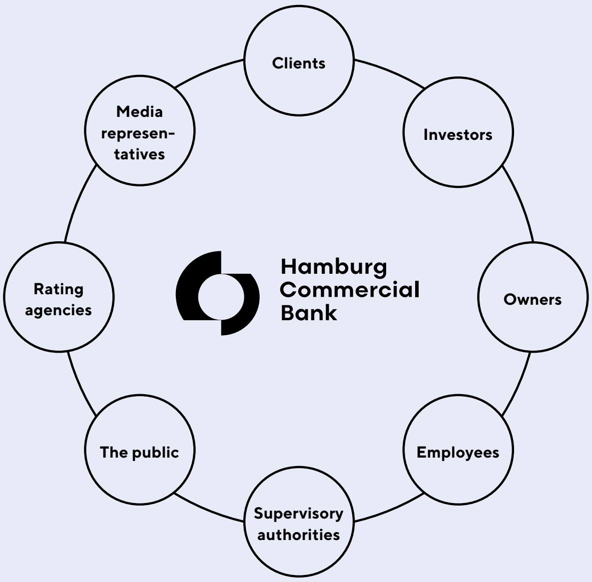
Sustainability Ratings

» Sustainability ratings are gaining importance and provide a good orientation for the success of the evaluated companies' sustainability work. The dialogue with the individual rating agencies is seen as a form of independent guidance towards best practice in terms of governing sustainability aspects.

Over the last year, the Bank was able to further strengthen its ESG rating position. In particular, HCOB received a strengthened Moody's ESG rating of 56 (46) in May 2023. The agencies ISS, Sustainalytics, and MSCI maintained their respective ESG ratings, while scoring results changed marginally. The rating agencies recognise HCOB's intensive efforts to achieve comprehensive and future-oriented sustainability, underlining the Bank's commitment in a fast-changing regulatory and market environment. In addition to the above-mentioned ratings, the Bank intends to take the valued feedback received from these and other rating agencies and organisations into account in its various actions of ESG implementation.

The current rating results are listed in this report's overview of key figures, as well as on the HCOB website. More information on the interaction with rating agencies can be found on ***page 20***. «

HCOB's Stakeholders



Stakeholder Management

GRI 2-29

The ongoing strengthening of the dialogue with the Bank's key stakeholders and the inclusion of their interests in the comprehensive sustainability work is a key topic for HCOB. With a broad stakeholder analysis, HCOB identified its clients, investors, owners and employees, as well as supervisory authorities and the public, rating agencies and media representatives, as the Bank's main stakeholder groups (see also HCOB's reputation risk guideline). The Bank maintains an active and continual dialogue with its stakeholders and responds to different interest groups with various stakeholder-specific dialogue formats. The results of the dialogue are incorporated into the Bank's daily sustainability work and the further development of its sustainability strategy.

Most Stakeholder Management measures are linked to updating and enhancing HCOB's ESG Road Map, the central overview of regulatory requirements, developments, and related actions. Checks every two weeks on milestone achievement and proof of communication are used to track progress in this topic. The Management Board is involved regularly and updated continually via Sustainability Committee meetings.

Clients

For HCOB, clients are at the centre of all its business activities. The Bank engages in regular dialogue with its clients as part of the customer relationship process in both digital and physical formats. Beyond meeting clients in person, in 2023 the Bank continued to invite them to regular digital events such as the so-called 'Marktdialog' or 'Coffeetalk' in both German and English, where the Bank's experts provided information on current topics. HCOB also participated in several trade fairs such as MIPIM and Expo Real (Real Estate), WindEnergy and Structured FINANCE (Project Finance), and Hansa Forum (Shipping) covering its different segments.

Investors

The Bank has a stable institutional investor base across Europe and particularly in its home market Germany, which it is continuously expanding and diversifying due to the regular issuance of capital market instruments in benchmark format. Additionally, the topic of ESG has been a standing agenda point in the context of regular communication with investors, both at the level of institutional investors and corporate clients.

Owners

Hamburg Commercial Bank (HCOB) is a private commercial bank and specialist finance provider with its headquarters in Hamburg. It is managed in the legal form of a German public limited company and, as such, is liable to its shareholders. The four US financial investors Cerberus Capital Management L.P., J.C. Flowers & Co. LLC, GoldenTree Asset Management LP, and Centaurus Capital LP, as well as the Austrian company BAWAG P.S.K., are the owners of HCOB. Furthermore, members of the board and senior management (since Nov. 2018, active and inactive members) are also shareholders.

The Bank's owners are some of the most experienced financial investors in the banking sector worldwide. For further details of HCOB's ownership structure, please refer to the explanatory graphic in the section 'Sustainability at HCOB'. Dialogue with owners takes place mainly via the annual general meetings.

Employees

The Bank is an important employer, especially in northern Germany, and, as such, acts responsibly towards its employees. HCOB maintains an active and constant dialogue with its employees. In the reporting year, several communication measures on ESG took place to further sharpen the sustainability culture.

At HCOB, a long tradition of co-determination forms the basis for cooperation. Employee participation through works councils, the representative body for severely disabled persons, and youth and trainee representation and employee representatives on the Supervisory Board, are important for HCOB. More information on the Bank's interaction with its employees can be found on ***page 83***.

Supervisory Authorities

HCOB is in constant contact with national and international supervisory authorities, particularly the European Central Bank (ECB), the German Federal Financial Supervisory Authority (BaFin), the Bundesbank, and also with the supervisory authorities of the Bank's international branches and subsidiaries. Within the Corporate Legal & Board Affairs unit, there is a Regulatory Affairs function that acts as the central key account in relation to the supervisory authority and is responsible for an ongoing dialogue with these stakeholders. Sustainable Finance is also an increasingly important topic in this context.

State and Government Relations

HCOB, which operated as HSH Nordbank AG until it was successfully privatised in November 2018 and renamed in February 2019, sees northern Germany as its home region and the responsible state governments as natural stakeholders of the Bank. The nature of the Bank's engagement has however changed significantly since December 2018. A major part of the privatisation process involved the termination of a € 10 billion state guarantee provided by HSH Nordbank's two former majority owners, the federal state of Hamburg and the federal state of Schleswig-Holstein (for further details, please refer to the Annual Report 2018). Following the termination of the guarantee, HCOB has not received any state support. Like most other banks in Europe, the Bank participates in the targeted longer-term refinancing operations (TLTRO) of the ECB, which is further reduced in size and will fully terminate in 2024.

Public

HCOB is committed to benefiting society beyond its core business. A particular focus is on the north German region. The Bank therefore works on a long-term basis with selected non-profit organisations, focussing on all three ESG dimensions. HCOB also supports the re-wetting of the 'Königsmoor' moor in Schleswig-Holstein as part of its CO_2 compensation measures. In the context of the war on Ukraine, the Bank supports the #HCOBEmployees-StandWithUkraine initiative. These different engagements are forming HCOB's understanding of its corporate responsibility.

Rating Agencies

HCOB maintains dialogue with credit rating agencies, which focus primarily on the Bank's financial resilience, and rating agencies focused on sustainability aspects.

Credit Rating Agencies

Dialogue with the credit rating agency Moody's is crucial for HCOB. There are designated contacts within the Bank Steering business unit who are responsible for this communication, and regularly exchange information with the analysts at the rating agency. A clear, transparent approach to the Bank's work is important. HCOB has furthermore adapted its reporting to the rating requirements. In general, the credit rating agencies are increasingly monitoring ESG risks as part of their credit rating process. As a result, ESG risks have also become part of the issuer credit profile. Moody's sees ESG-related risks at HCOB as well managed, having a neutral impact on the Bank's credit rating.

Sustainability Rating Agencies

Apart from credit rating agencies, HCOB's performance in terms of ESG is evaluated in greater detail by sustainability rating agencies. The Bank is in continual dialogue with the rating agencies Sustainalytics, MSCI, Moody's ESG (formerly Vigeo Eiris), and ISS, and sees the rating agencies as an opportunity to measure the success of its sustainability work and as an ongoing inspiration for improvement.

Media Representatives

The Press and Marketing teams are responsible for HCOB's external communications with the media and the public. The media and public relations work is founded on experience and a strong network of contacts with journalists.

HCOB's Bank Association Memberships

GRI 2-28

As a result of the consistent focus on establishing itself as a private bank, HCOB is a member of the Auditing Association of German Banks. After three years of extraordinary membership, HCOB has been, after the seamless transition to the deposit protection system for private banks, a full member of the Federal Association of German Banks (Bundesverband Deutscher Banken, BdB) since 1 January 2022. In addition, the Bank is a member of several regional associations of the BdB in the context of its regional offices.

The Bank is also a member of the Association of German Pfandbrief Banks (Verband Deutscher Pfandbriefbanken e. V., vdp).

Material Topics

GRI 3-1

» In 2023, HCOB again reviewed, adjusted and validated the results of the materiality analysis conducted in the previous years. In doing this, the understanding and management of sustainability-related risks, opportunities, and impacts could be improved.

This process included the review of both the business model and the business environment as well as an analysis of the regulatory requirements concerning the contents of combined separate non-financial reports (Section 289c art. 2 HGB).

The topics were selected according to their significance for the company's business activities and categorised in the following three areas ('Fields of Action'): Strategy and Governance, ESG on Portfolio Level and ESG on Corporate Level. In 2023, the 2022 material topics were first reviewed internally, and then checked to see if other topics needed to be considered. Additionally, a review with external experts was conducted to discuss the continued relevance of chosen material topics. The selection of topics yielded nine material topics. Each of these was prioritised in line with the double materiality approach according to Section 289c, art. 3 HGB. Specifically, the financial materiality (impact of the topic on the Bank; outside-in perspective) and impact materiality (potential impact of the Bank on topics relating to the aspects environment, social, employee, human rights, and corruption and bribery; inside-out perspective) of each preselected topic was reviewed. A topic was only eligible to be considered 'material' and cover mandatory aspects in accordance with Section 289c, art. 3 HGB if it satisfied the materiality criteria from both the financial and the impact materiality perspective.

In 2023, the results of this analysis were reviewed, discussed considering internal and external perspectives and adjusted as a result, including the Bank's external stakeholders' views via representatives, e. g. dialogue with sustainability rating agencies. The following table 'HCOB Material Topics 2023' displays the final list of topics, which was validated by both HCOB's Sustainability Committee and the Management Board. «

Moreover, HCOB has been analysing impacts of its business activities on the achievement of the United Nations Sustainable Development Goals (SDG). In the reporting year, HCOB has sharpened its approach to include both qualitative and quantitative factors in the analysis. Impact summaries are described in the upcoming section 'Contribution to the Sustainable Development Goals'. An illustration of the SDGs and how their respective achievement is impacted by the Bank can also be found there.

Understanding the Evolution of Material Topics from 2022 to 2023

» During the process and result of the 2023 materiality analysis, two significant changes took place. First, the topic of 'Stakeholder Management' is no longer explicitly considered material. HCOB recognises the significance of engaging with its stakeholders, especially with regard to the process of identifying material topics based on sustainability-related impacts, risks and opportunities – it serves as a foundation for HCOB and is considered in this annual process as well as in regular business activities. Therefore, while still being described in the CSR Report 2023, the engagement of stakeholders is not considered material but rather as a standard process and fully integrated in line function. Second, the topic 'Digital Competence' is now considered material in both the outside-in and inside-out perspective, whereas last year it was only material regarding the outside-in perspective. This development reflects the increasing importance of the topic not only from the Bank's internal risk perspective, but also for its external impact perspective. Overall, during the process of updating the material topics and targets the focus was on maintaining reporting continuity. «

» HCOB Material Topics 2023 «

GRI 3-2

Topic cluster	Material topics 2022	Material topics 2023
Strategy & Governance	Sustainable Business and Growth Strategy	Sustainable Business and Growth Strategy
	Holistic Risk Management and Corporate Governance	Holistic Risk Management and Corporate Governance
	Stakeholder Management	*No longer a material topic*[1]
ESG on Portfolio Level	ESG-Aligned Financing	ESG-Aligned Financing
	Customer Satisfaction	Customer Satisfaction
	Impact on Climate Change	Impact on Climate Change
ESG on Corporate Level	Holistic HR Management, ESG Awareness and Diversity	Holistic HR Management, ESG Awareness and Diversity
	Digital Competence	Digital Competence
	Responsibility towards Society	Responsibility towards Society
	Resource Protection	Resource Protection

1 No longer material as the topic of stakeholder involvement is part of all material topics as overarching theme.

» Below, the table clarifies the relation between the material topics 2023, and the coverage of relevant aspects according to Section 289c Art. 2 HGB. «

» HCOB Material Topics' Coverage of HGB Aspects «

HGB Sustainability Aspects (Section 289c Contents of a non-financial report)	**HGB description**	**Related HCOB material topics**
Environment-related matters	Environment-related matters, with regard to which the information may concern, for instance, greenhouse gas emissions, water use, air pollution, use of renewable and non-renewable energies or protection of biological diversity.	• Sustainable Business and Growth Strategy • Holistic Risk Management and Corporate Governance • ESG-aligned Financing • Impact on Climate Change • Resource Protection
Employee-related matters	Employee-related matters, with regard to which the information may concern, for instance, measures taken to ensure gender equality, working conditions, implementation of fundamental conventions of the International Labour Organization, respect for the rights of workers to be informed and consulted, social dialogue, respect for trade union rights, health protection or safety at work.	• Holistic HR Management, ESG Awareness and Diversity
Social matters	Social matters, with regard to which the information may concern, for instance, the dialogue with local communities or on the regional level, or the measures taken to ensure the protection and development of those local communities.	• Responsibility towards Society
Respect for Human Rights	Respect for human rights, with regard to which the information may concern, for instance, the prevention of human rights abuses.	• ESG-aligned Financing
Fight against Corruption and Bribery	Fight against corruption and bribery, with regard to which the information may concern, for instance, the existing instruments for fighting corruption and bribery.	• Sustainable Business and Growth Strategy • Holistic Risk Management and Corporate Governance • ESG-aligned Financing
Other Aspects	Additional aspects deemed material both from an impact and financial point of view.	• Customer Satisfaction • Digital Competence

» For each material topic, management approaches are described in the respective chapters. These include reasons for the topic's materiality, associated risks and impacts, external commitments and internal policies, actions taken to manage the topic, due diligence procedures, and stakeholder engagement that informed HCOB's process and decisions on the respective topic. «

Contribution to the Sustainable Development Goals

As described in the section 'Guidelines as Basis for Sustainability Management', HCOB is increasing its understanding of the impact of its business activities on achieving the United Nations Sustainable Development Goals. The SDGs are a universal call to action to end poverty, protect the planet, and ensure that by 2030 all people enjoy peace and prosperity. On a step-by-step basis, the Bank aligns its business activities to sustainable development to further contribute to SDG achievement – on both a portfolio and a corporate level.

In 2023, HCOB further intensified its efforts to consider the SDGs in its business activities. In order to increase transparency of its contribution to different SDGs, the Bank mapped its new loan business to the 17 goals. Both a qualitative and quantitative analysis were carried out to assess HCOB's impact and show the financing volumes that contribute positively to the achievement of the SDGs. Please note that a financing can have a positive impact on more than one SDG at the same time. Additionally, the Bank continued to measure its impacts towards the SDGs at corporate level. Overall, HCOB's new loan business in 2023 contributes positively to four SDGs. The Bank's corporate activities have a positive impact on five SDGs.

HCOB's business activities have the most significant impact in relation to the following SDGs:

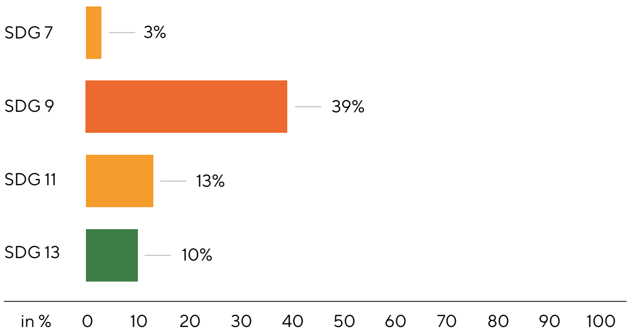
SDGs Covered by HCOB

Portfolio

Corporate

SDG Contribution at the Portfolio Level

SDG Contributions of Total New Business (31.12.2023)



SDG 7:
Affordable and Clean Energy

HCOB aligns its financing decisions with stringent ESG criteria and has become an experienced financier of renewable energy, contributing to SDG 7 (Affordable and Clean Energy). Its loan portfolio includes wind and solar farm projects as well as district heating networks, thereby contributing significantly to the energy transition in Europe. District heating networks powered by combined heat and power plants help avoid less efficient and carbon-intensive burning of fossil fuels, ensure security of energy supply and act as grid stabilisers since other renewable energy sources such as wind and solar are intermittent. The Bank also focuses on financing projects that increase the energy efficiency of clients' operations, such as the modernisation of office buildings. All commitments in the renewable energy portfolio meet the stringent EU standards for 'qualified infrastructure', which means they meet strict environmental, social and governance standards as well as sustainable financial metrics. Additionally, the Bank's Blacklist, which defines the areas in which HCOB will not become involved in any direct financing arrangements, includes criteria for avoiding fossil fuels and nuclear energy connected to risks and negative impact on climate and environment.

SDG 9:
Industry, Innovation and Infrastructure

By aligning its financing decisions with ESG criteria, HCOB also contributes to the achievement of SDG 9 (Industry, Innovation and Infrastructure). The Bank actively supports the transformation of clients' business models towards greater sustainability, ensuring a positive impact related to all three dimensions of ESG. HCOB has been an experienced financier of renewable energy and infrastructure projects for many years. Specifically, HCOB's loan portfolio contains a high proportion of development projects that have positive effects on the carbon footprint and the energy efficiency of client facilities, operations and infrastructure projects. Most financed projects in the infrastructure portfolio meet the strict EU standards for 'qualified infrastructure'. Moreover, HCOB's lending activities related to optic fibre networks and data centres support ongoing digitalisation efforts and help improve connections between people and businesses. The Bank has financed several biomass and alternative fuel-based combined heat and power plants, the expansion of regional power and heat grids in Europe, utility companies and rail transport projects. HCOB's ship financing supports economically sustainable growth because international shipping transports goods reliably, efficiently and cost-effectively around the world with more than 90% of traded goods transported by ship. As such, it is a central element of global connectivity and facilitates large-scale global trade.

SDG 11:
Sustainable Cities and Communities

HCOB promotes SDG 11 (Sustainable Cities and Communities) through its role as a pioneer in project financing for renewable energy and infrastructure. The Bank also emphasises focusing on the modernisation of office properties, where significant improvements in ecological efficiency are achieved by investing in heating, ventilation and air conditioning, in insulating building envelopes and in optimising lighting systems. Moreover, HCOB finances projects improving digital infrastructure, expanding and transforming regional power and heat grids in Europe, and supporting rail transport through investment in freight wagons, locomotives and public transport.

SDG 13:
Climate Action

HCOB contributes to SDG 13 (Climate Action) by prioritising the reduction of the Bank's financed emissions as its biggest lever in fighting the climate crisis. By considering the ecological impact of investments and aligning its financing decisions with the Paris Climate Agreement, HCOB contributes to financing the transition towards greater sustainability. Specifically, potential loans are screened in a four-step ESG review process. The Blacklist indicates areas where HCOB will not participate in direct financing, including controversial mining activities, fossil fuels and nuclear energy associated with significant risks and negative climate and environmental impacts. The ESG Decision Matrix includes sustainability aspects in an efficient pre-selection of new business opportunities. The ESG Scoring Tool is then used for the comprehensive assessment and analysis of all new business for ESG aspects, particularly environmental aspects. The Sustainable & Transformational Finance Framework classifies financings as 'sustainable' or 'transformational' with respect to climate change. Besides this, a dedicated Investment Policy is in place to cover business activities conducted by the capital markets and treasury department. On a strategic level, the Bank has signed the Principles for Responsible Banking and the Partnership of Carbon Accounting Financials.

SDG Contribution at the Corporate Level

SDG 1:
No Poverty

HCOB contributes to SDG 1 (No Poverty) through its extensive societal commitment. Social responsibility is at the core of the Bank's self-image. HCOB aims to be a strong partner, sponsor and supporter for the communities in which the Bank's offices are located. A key focus of the community involvement is support for organisations that help people in particularly vulnerable situations both through donations and by encouraging employees to volunteer. In 2023 alone, the Bank donated almost €1 million to charitable causes. HCOB supports numerous initiatives that, for example, fight against child poverty, and grant aid to people in need including those experiencing homelessness and food scarcity. The organisations HCOB supports not only ensure basic care for people in disadvantaged situations, but also enable social participation and access to resources that promote self-determination.

SDG 4:
Quality Education

The Bank promotes SDG 4 (Quality Education) through its focus on training and development opportunities for employees and its strong community commitment. These opportunities include development of young talent, training measures, mentoring programmes and ESG-specific and digital skills advancement. Another key focus of HCOB's social commitment is support for organisations dedicated to the education of young people. This includes support to students from socially disadvantaged and non-academic families.

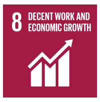
SDG 5:
Gender Equality

HCOB is aware of systemic inequalities and aims to be an inclusive workplace for all employees, particularly promoting SDG 5 (Gender Equality). By signing the Diversity Charter, the Bank made a strong voluntary commitment to ensure a working environment that is free of prejudice and guarantees equal opportunities for all. Additionally, the Bank's Code of Diversity sets a clear framework and shows HCOB's commitment. In general, gender equality has a long tradition at HCOB and is permanently solidified in a company agreement. The Bank's equal opportunities officers are released from their normal duties and holistically promote diversity in a joint approach with the HR department. The promotion of women is an overall objective of the Bank. In addition, the internal #networkingwomen initiative actively connects women by organising regular exchange formats and fosters networking and therefore support among women.

SDG 7:
Affordable and Clean Energy

With its focus on resource conservation in its own operations, HCOB contributes to the achievement of SDG 7 (Affordable and Clean Energy). Notably, HCOB has been using 100% renewable electricity for many years to power its offices. Moreover, the source of energy used for heating HCOB's premises is energy efficient combined heat and power generation from the district heating supply. HCOB's tracking of resource consumption and emissions is on a high level and still being expanded continuously to provide an increasingly transparent account of used resources and ecological impacts.

SDG 8:
Decent Work and Economic Growth



HCOB contributes to the accomplishment of SDG 8 (Decent Work and Economic Growth) by providing its employees with a healthy and attractive work environment that enables them to balance work and family commitments, improve their professional skills through various training opportunities, and strictly prohibits any form of discrimination and harassment. The Bank's due diligence process for outsourcing agreements – even more enhanced with the requirements of the 'Lieferkettensorgfaltspflichtengesetz' – ensures decent work along the value chain by including verification requirements of compliance with international human rights and labour standards.

SDG 13:
Climate Action

HCOB aims to strengthen awareness of ecological sustainability at the corporate level and implement concrete measures for resource conservation, thereby promoting SDG 13 (Climate Action). It has signed the Principles for Responsible Banking, which provide banks with an overarching framework to ensure that their strategies and business practices are aligned with the objectives of the SDGs and the Paris Climate Agreement, which includes reaching net-zero by 2050. The Bank takes resource conservation in its own operations very seriously. The HCOB offices have been powered 100% by renewable electricity for many years and are heated using combined heat and power generation from the district heating supply. HCOB's tracking of resource consumption and emissions is being expanded continuously to provide an increasingly transparent account of used resources and ecological impacts. Remaining emissions are compensated in cooperation with a certified compensation agency through the restoration of the 'Königsmoor' moor in Schleswig-Holstein to enable carbon storage and foster biodiversity. Lastly, by committing to advance ESG awareness and providing knowledge and skill development opportunities for employees, HCOB increases sensitivity for environmentally friendly behaviours.

Adverse Impacts of HCOB Business Activities on the Achievement of the SDGs

Hamburg Commercial Bank is aware that, while its business activities are being geared towards supporting the sustainable transition of the economy, these activities can cause certain adverse impacts such as greenhouse gas emissions regarding the achievement of the SDGs. There is a conscious effort to increase the understanding of these negative impacts and to limit them while supporting the sustainable transition as far as possible. A dedicated analysis of adverse impacts on the SDGs has not yet taken place but is planned for the future.

HCOB wants to emphasise that in its efforts to contribute to achieving certain SDGs, there may be target conflicts and while HCOB aims to minimise SDG conflicts as best as possible, it may not always be feasible to do so entirely.

HCOB's Sustainability Targets

» Below, an overview presents targets set out in the CSR Report 2022 for the 2023 fiscal year, their status at the end of 2023, and new targets for 2024 onwards. If a target is designated with 'Completed/no further target for 2024', continuation of this issue's management is anchored in line function and progress ensured for example via regular management reporting. «

» HCOB – Material Topics, Objectives and Measures «

Strategy & Governance			
HCOB's Sustainability Targets for 2023 (CSR Report 2022)	**Status as of 12/2023**	**Target achievement in 2023**	**HCOB's Sustainability Targets for 2024 (CSR Report 2023)**
Sustainable Business and Growth Strategy			
Develop sustainable finance framework accompanied by respective segment-specific climate strategies including further development of KPIs and KRIs	→	– Publication of Sustainable & Transformational Finance Framework	Full implementation of Sustainable & Transformational Finance Framework in loan origination process
Safeguard ESG Rating positions (ongoing)	↑	– Improved Moody's ESG Rating from 46 (04/21) to 56 (05/23)	Safeguard ESG Rating positions
Position core lending franchises to capture attractive market opportunities especially regarding green new business origination	↑	– Accomplishment of 9.8% internal green asset production – Regular screening of green business opportunities in market units – Sustainable & Transformational Finance Framework classification developed to improve positioning even more	Position core market units to further capture attractive market opportunities especially regarding Sustainable & Transformational Finance Framework-compliant new lending business
Increase resilience of the business model and maintain a strong and competitive capital position accompanied by a diversified moderate balance sheet growth	↑	– Improved Credit Rating – Further diversification of portfolio	Maintain resilience of the business model and maintain a strong and competitive capital position accompanied by a diversified moderate balance sheet growth in a challenging market environment

achieved = ↑ in progress = →

Strategy & Governance			
HCOB's Sustainability Targets for 2023 (CSR Report 2022)	**Status as of 12/2023**	**Target achievement in 2023**	**HCOB's Sustainability Targets for 2024 (CSR Report 2023)**
Holistic Risk Management and Corporate Governance			
Perform ongoing allocation of ESG activities into formal line functions	↑	– Division of ESG department in two units (ESG & Business Development and ESG Risk Coordination) – Respective allocation in CIO/market pillar and CRO/risk pillar	Completed, no further target for 2024
Continuously adapt to dynamic, regulatory environment regarding internal climate risk stress testing (ongoing)	↑	– Continuous monitoring of regulatory requirements and respective evolvement of internal stress testing	Full participation in supervisory stress testing as well as enhancement of internal stress testing by considering adapted Network for Greening the Financial System scenarios
Define further KRIs based on necessary internal and external frameworks (e. g. sustainable finance framework)	→	– KRI set was further specified and contains e. g. the number of Blacklist cases, an ESG-specific trigger to the credit watchlist process and a Carbon Intensity Indicator as well as efficiency levels for our Shipping and Real Estate portfolios respectively	Further enhancement of KRI set for steering purposes and enhancement of management reporting
Further assess and improve usage of climate-risk-related data (esp. asset classes CRE and Shipping) for risk management purposes	→	– Data usage, assessment and evaluation were enhanced with regard to different elements of risk management, such as the risk inventory process, SRA (sub-portfolio risk analysis) and climate-related data availability	Improvement of physical risk considerations for loan origination, collateral valuation, risk inventory processes as well as using more forward-looking insurance data *(PRB target for climate adaptation)*
Further enhance evaluation of the loan portfolio against physical and transition risks *(PRB target for climate adaptation)*	→	– 0.3% of loan portfolio exposed to high physical risks (in accordance with the requirements of Part 8 of the Capital Requirements Regulation (CRR))	Merged with line above
Stakeholder Management			
Improve Stakeholder Dialogue and define respective measures within the ESG road map (ongoing)	↑	– Direct exchange with specific stakeholders (e. g. employees, ESG rating agencies, clients) – Additional exchange via respective representatives for other stakeholder groups	No longer a material topic

achieved = ↑ in progress = →

ESG on Portfolio Level			
HCOB's Sustainability Targets for 2023 (CSR 2022)	**Status as of 12/2023**	**Target achievement in 2023**	**HCOB's Sustainability Targets for 2024 (CSR 2023)**
ESG-Aligned Financing			
Develop ESG-linked pricing and product solutions for implementation in 2024, in alignment with the sustainable finance framework and segment-specific climate strategies	→	– Initial development for ESG-linked pricing methodology started – Draft concept created and ideas developed	Further develop and implement ESG-linked pricing approach in alignment with the Sustainable & Transformational Finance Framework
Achieve a green new business production of >10% of the total net new business in 2025 (Indicative internal validation in accordance with economic criteria of EU Taxonomy on best effort basis, e.g. with calculations irrespective of clients' NFRD obligation; *PRB target for climate mitigation)*	→	– The green new business production as per the Bank's internal definition is on track with 9.8% (€ 606 million; 2022: € 520 million) of total € 6,169 million new business (final take; 2022: € 5,586 million)	Achieve a new Sustainable & Transformational Finance Framework-aligned business production of >15% of the total net new business in 2025 *(PRB target for climate mitigation)*
Evaluate every new loan by ESG-Scoring Tool and conduct no loans with score 5 and 6	↑	– No loans with score 5 or 6 conducted	Evaluate every new loan by ESG-Scoring Tool and conduct no loans with score 5 and 6
Evaluate every new loan against the UN Sustainable Development Goals *(PRB target for climate adaptation)*	↑	– New business evaluated against SDGs – Results presented in chapter 'Contribution to the Sustainable Development Goals', ***on page 24***	Continue to evaluate every new loan against the UN Sustainable Development Goals and review methodology *(PRB target for climate adaptation)*
Safeguard our strict Investment Policy in our investment portfolios	↑	– Compliance to Investment policy ensured throughout the year – No breaches detected	Safeguard the Bank's Investment Policy with special focus on ESG aspects
Further develop ESG-linked customer dialogue including transition financings and respective incentives for meeting green standards accompanied by a significant set of ESG lighthouse cases by each market segment	↑	– ESG lighthouse cases are published in CSR Report – Ongoing customer dialogue in regard to ESG	Continue ESG-linked customer dialogue with special focus on transformation financings (according to Sustainable & Transformational Finance Framework) accompanied by a significant set of ESG lighthouse cases by each market segment
Customer Satisfaction			
Introduce appropriate measures, based on results of customer satisfaction survey, and prepare subsequent survey for 2024	↑	– Ongoing exchange with customers and preparation for 2024 customer survey	Based on 2022 customer survey, subsequent survey will be conducted

achieved = ↑ in progress = →

ESG on Portfolio Level			
HCOB's Sustainability Targets for 2023 (CSR 2022)	**Status as of 12/2023**	**Target achievement in 2023**	**HCOB's Sustainability Targets for 2024 (CSR 2023)**
Impact on Climate Change			
Disclose first carbon footprint on portfolio level according to PCAF Standard *(PRB target for climate mitigation)*	↑	– Financed emissions are reported, see section "Financed emissions on the loan book"	Improve reporting of financed emissions according to PCAF standard by reviewing data coverage and data quality *(PRB target for climate mitigation)*
Develop respective segment-specific climate strategies for emission reduction (portfolio level; *PRB target for climate mitigation)*	→	– First time disclosure of financed emissions – Publication of Sustainable & Transformational Finance Framework – Clear classification of new business – Steering opportunity for emission reduction	Based on the first-time reporting of financed emission according to PCAF, the newly established Sustainable & Transformational Finance Framework as well as disclosure requirements and the development of emission reduction strategies will be reviewed *(PRB target for climate mitigation)*

ESG on Corporate Level			
HCOB's Sustainability Targets for 2023 (CSR 2022)	**Status as of 12/2023**	**Target achievement in 2023**	**HCOB's Sustainability Targets for 2024 (CSR 2023)**
Holistic HR Management, ESG Awareness and Diversity			
Conduct regular internal communication with respect to ESG to further sharpen awareness for all employees and enhance training concepts	↑	– Ongoing communication via Intranet – Ongoing ESG training for all employees – New Sustainable & Transformational Finance Framework training planned (focus on ESG trainings for market units)	Improve overall ESG training measures with both general ESG trainings for all employees and specific market trainings accompanied by regular internal communication measures
Review Management Board's remuneration policy regarding ESG and subsequent cascading down of targets to all employees	↑	– Variable remuneration of the Management Board members is based, among others, on quantitative group targets of which 20% are linked to sustainability performance (Green Asset Production and Diversity), and individual targets that include ESG-related quantitative and qualitative KPIs	Continue to include ESG criteria in Management Board's remuneration and subsequent cascading down of targets to all employees

achieved = ↑ in progress = →

ESG on Corporate Level			
HCOB's Sustainability Targets for 2023 (CSR 2022)	**Status as of 12/2023**	**Target achievement in 2023**	**HCOB's Sustainability Targets for 2024 (CSR 2023)**
Achieve a training budget of > €1,100 per employee annually	↑	– The overall training budget in 2023 was approx. € 1,300 per employee	Achieve a training budget of € 1,000 per employee annually
Conduct an employee satisfaction survey annually with stable or improved results	↑	– Employee survey conducted and results published internally	Conduct an employee satisfaction survey at least every two years with stable or improved results
Achieve a share of 33% of the underrepresented gender (mostly women) in Senior Expert and Management Positions as well as 33% in BU Head functions by the end of 2025	→	– Ongoing – In 2023, this number rose to 30.7% and 26.7% (2022: 28.7% and 26.7%)	Achieve a share of 33% of the underrepresented gender (mostly women) in Senior Expert and Management Positions as well as 33% in BU Head functions by the end of 2025
Digital Competence			
Enhance IT platform for ESG data collection to ensure measurability, transparency and quality	→	– Ongoing – Definition of specific requirements – Close collaboration with IT to implement data fields	Enhance IT platform for ESG data collection to ensure measurability, transparency and quality
Safeguard a permanently high level of Data Security (ongoing)	↑	– No significant information security or customer privacy breaches occurred	Safeguard a permanently high level of Data Security
Responsibility Towards Society			
Keep supporting several associations and foundations with donations in northern Germany, focusing on children, young people and students	↑	– Total donations of € 997,402 made to several associations in northern Germany	Keep supporting several associations and foundations with donations in northern Germany, focusing on all three ESG dimensions
Resource Protection			
Reduce GHG emissions of Scope 1 and 2 by >20% until 2025 (vs. 683 t CO_2 emissions in 2020)[1] and compensate on an annual basis by reliable, certificated measures	→	– Target is on track – Scope 1 and 2 emissions were compensated by certified measures	Reduce GHG emissions of Scope 1 and 2 by >20% until 2025 (vs. 683 t CO_2 emissions in 2020)[1] and compensate on an annual basis by reliable, certificated measures
Keep the share of renewable electricity at 100%	↑	– The share of renewable electricity was again at 100%	Keep the share of renewable electricity at 100%
Compensate GHG emissions caused by flight activities on an annual basis (by reliable, certificated measures)	↑	– Flight activities were compensated by certified measures	Compensate GHG emissions caused by business flights on an annual basis (by reliable, certificated measures)

[1] Calculation and respective target related to Hamburg and Kiel locations

achieved = ↑ in progress = →

Holistic Risk Management

GRI 3-3, 201-2

» HCOB has implemented a comprehensive risk management system around its legal and regulatory obligations as well as to support its business strategy. This is designed to identify potential negative deviations at an early stage in order to avert damage to the Bank and prevent impairment of the Bank's continued existence by taking appropriate countermeasures. Further information on the objectives, organisation and effectiveness of the risk management system can be found in the HCOB Annual Report 2023. Accordingly, HCOB continues to intensify its work in the area of identifying and managing ESG risks. In particular, physical risks, which involve long-term business risks due to changes in weather and climate, as well as transition risks, are considered as a risk driver for the different risk types in the risk inventory. «

» Following the spirit of the relevant international sustainability initiatives such as the Paris Agreement, as well as regulatory expectations (for example 'Guide on climate-related and environmental risks' issued by the ECB, BaFin 'Guidance notice on dealing with sustainability risks' or 'Minimum Requirements for Risk Management [MaRisk]'), HCOB incorporates ESG risks in the Bank's risk management processes which are continuously enhanced in this respect. The starting point for the consideration of ESG is the risk inventory process. In line with regulatory initiatives, Hamburg Commercial Bank does not think of sustainability risks as a separate risk type, but as a risk driver for the respective risk types. As such it can induce a negative impact based on changes in the relevant ESG influencing factors.

The incorporation of ESG risks as drivers of material risk categories (for example default risk, operational risk, market risk or liquidity risk) in the existing risk management framework is key for HCOB, as well as to fully comply with supervisory expectations.

The individual organisational units of the Bank – as the first line of defence – are responsible for identifying and managing risks and for establishing effective controls in day-to-day business operations. The second line of defence defines the framework for managing risk by setting uniform rules and methods and monitors their implementation. Internal Audit, as the third line of defence, is responsible for the independent review of processes and procedures. As ESG is considered a driver for the respective risk types, the three-lines-of-defence principle fully applies.

Holistic Risk Management is considered material with regard to financial as well as non-financial impact as well-managed risks in banks safeguard the stability of the whole financial sector and can have a positive effect on other organisations and the entire economy. This includes the successful identification of risks as well as the development of respective countermeasures. Furthermore, this topic is also financially material to HCOB, because pressure caused by physical and transition risks due to climate change is increasing, as are calls to action and supervisory expectations and requirements for the financial sector.

HCOB is continuously improving its methodology regarding ESG risk management. Apart from the achievements already mentioned above in the table 'HCOB – Material Topics, Objectives and Measures', in 2023 the Bank has enhanced its risk inventory process with respect to transition channels and a more quantitative approach. Furthermore, HCOB extended the Disclosure Report according to part 8 CRR to comprise qualitative and quantitative information on ESG risk. HCOB is improving its risk-related stress testing on an ongoing basis including consideration of ESG risk and has prepared for participation in EBA's "Fit-for-55" climate risk scenario analysis.

Relevant policies of the Bank regarding its risk management and corporate governance include the Bank's Strategic Risk Framework, as well as for ESG the Sustainability Committee's Rules of Procedure and the Sustainability Framework. Both frameworks are part of the Bank's strategy architecture (***see page 15***).

Dialogue with supervisory authorities and with the members of the Supervisory Board provides valuable insight relating to the Bank's risk management. «

Strategic Risk Framework and Integration of ESG Risk

» The Strategic Risk Framework (SRF), which serves as the foundation of the risk culture, sets out the focus of the Bank's risk management activities and defines the objectives of risk management based on the planned development of key business activities and measures taken to achieve these objectives. The focus lies on securing and allocating the scarce resources of capital and liquidity to the requirements arising from the existing and targeted new business and on optimising earnings in the long term, taking into account the risk appetite, business strategy objectives, sustainability goals, market environment and both the existing and planned portfolios.

In line with HCOB's consideration of ESG risk as a driver for the other risk types, ESG risk management is an important component in the SRF, not only via the risk inventory process and its results, but also regarding the other SRF elements. Therefore, ESG is for example integrated in the risk-strategic principles (Tone from the Top) stating that Hamburg Commercial Bank increasingly takes advantage of ESG-linked business opportunities resulting from sustainable and transformational finance, in accordance with the criteria laid down in the STFF[1], and actively manages resulting ESG risks in accordance with self-commitments and regulatory initiatives. Climate- and environment-related opportunities (***see page 14***) and risks have been analysed in particular.

Compliance with the requirements set out in the SRF, particularly with regard to risk-strategic principles, risk limits and risk guidelines, is embedded as a goal in HCOB's overall bank objectives. Compliance is ensured via monitoring the risk limits and guidelines set by the SRF, operative steering on the basis of a plan-forecast comparison as well as via the target-setting process and annual performance review for top management, with targets cascading down to an employee level. The link to the remuneration process and a Code of Conduct setting HCOB's core values also ensure compliance with the Strategic Risk Framework.

The core element of strategic risk management is also the sensitive, forward-looking management of new business opportunities aimed at optimising earnings in the long run and avoiding any risk concentrations that could pose a threat to the Bank's survival. In addition to the specific limiting and monitoring of individual risks, the primary focus of the risk strategy approach is to limit concentrations in specific segments. The objective is also to ensure liquidity adequacy and, as a result, safeguard the Group's solvency at all times through a balanced and closely monitored refinancing structure combined with appropriate limits.

Risks that may materially impair HCOB's financial position (including capital resources) are identified as part of the risk inventory process.

By formulating a maximum risk appetite and a consistent limit framework derived from it, an efficient and transparent risk management system for the risk types is ensured, enabling an integrated approach to be adopted by embedding the SRF in the strategy, planning, reporting, management and remuneration process. «

[1] The STFF classification will be conducted by the market units for every new financing from January 2024 onwards

Risk Inventory

» The risk inventory is drawn up at least yearly. For risk evaluation, the Bank is relying on qualitative assessments supported by strong quantitative elements. The latter take into account externally acquired data (such as insurance data for physical risks, Energy Performance Certificates, shipping-related data from Scope) as well as internally generated data (such as ESG scores and stress test results). According to the progress in data availability and modelling, HCOB expects the evaluation to become increasingly quantitative. «

» Results of ESG Assessment in Risk Inventory «

Type of risk		Default	Market	Liquidity	Operational	Reputation	Business strategy	Other
Physical risks	Acute	minor	low	low	minor	low	low	low
	Chronic	minor	low	low	minor	low	low	low
Transition risks	Political & legal pressure	minor	low	low	minor	minor	minor	low
	Green regulation	moderate	low	low	low	low	low	low
	Green technology	moderate	low	low	low	low	low	low
	Market sentiment	moderate	low	low	minor	minor	low	low
	Client ESG reputation	minor	low	minor	minor	minor	low	low
	Ecological protectionism	low	low	low	low	low	low	low
	Protection of ecosystems	minor	low	low	low	low	low	low
Social risks	Human rights / labour standards	minor	low	low	low	low	low	low

Materiality: low minor moderate high

» The impact of these identified transmission channels is further specified on risk type level (in accordance with the risk types defined as material in the Bank's Strategic Risk Framework) and by time horizon in a second step, which allows an adequate description of the various impacts, the assessed relevance and materiality. «

Default Risk Most Affected

» Within all risk types subsumed under financial risks, due to the Bank's business model, default risk is considered most affected. Here, the analysis is performed on asset class level due to the different nature and exposure of each asset class towards physical and transition risks (for example the risk profile of wind and solar parks differs from shipping). As a result of the risk inventory process, Green regulation, Green technology and Market sentiment are identified as the most relevant transmission channels, especially with regard to Shipping and Commercial Real Estate business activities. HCOB has no material loans exposed to high physical risk (0.3% of exposure reported in accordance with the requirements of Part 8 of the Capital Requirements Regulation (CRR)). «

Measures Concerning ESG Risks

» A comprehensive set of instruments is in place to enhance transparency and limit the impact of ESG risks. Therefore, ESG is for instance integrated in risk strategies, Investment Policy and credit standards (***see also page 78f.***), stress testing and scenario analysis as well as management reporting and disclosure. In loan origination, ESG risk management instruments include the Blacklist, the ESG Decision Matrix, and ESG Scoring and the STFF (***see pages 50–58***), which review potential loans among other things with respect to environmental, physical and transition risks on a single deal basis. From a governance perspective, ESG is fully embedded in the three-lines-of-defence process. In particular, the ESG Scoring process is aligned to the rating process by having the second line of defence approve the ESG Scoring results. «

Stress Testing and Scenario Analysis

» In general, the Bank considers stress testing and scenario analysis as an important element of risk management.

In addition to stress tests specific to risk types, the Bank also regularly conducts stress tests across all risk types to better estimate the effects of potential adverse scenarios on key parameters such as utilisation of risk-bearing capacity, regulatory capital ratios, profits and liquidity and therefore Hamburg Commercial Bank's overall risk position. Based on observed market developments and macroeconomic forecasts of relevant central banks, the Scenario Steering Committee approves macroeconomic and segment-specific forecasts for carrying out dynamic stress tests. These expected and stress forecasts are incorporated in different simulation scenarios such as a severe economic downturn, asset-specific crises, as well as scenarios that reflect potential transitional, reputational and physical risks associated with climate change and other environmental risks. The results are presented quarterly to the Asset Liability Committee (ALCO) and Overall Management Board. Besides that, HCOB's stress testing and scenario analysis forms the basis for the derivation of the risk appetite and the consistent limit framework. Through this approach, an adequate consideration of sustainability risk drivers in the ICAAP is ensured. «

Reputation Risk Management

» Apart from default risk, HCOB's risk inventory process also identified a certain relevance of climate risks, namely transition risk, as a driver for reputation risk. «

Controlling Reputation Risk

» HCOB uses various tools to handle and monitor reputation risks based on the SREP Guidelines. First, there are clear instructions and regulations for the Bank concerning how such risks are to be avoided and reduced and, where necessary, how the required coordination is ensured in cases of doubt. For a description with regard to the lending business, ***see pages 50–58***. The proactive media and publicity work carried out by the Marketing & Communications department supplements the set of tools used to manage reputation risk. Its task is to present matters concerning the Bank to the public in a proactive, fast and truthful manner.

Second, the reputation risk situation for HCOB is assessed and evaluated by BU Risk Control on a quarterly basis. For this purpose, all BU Heads are requested to evaluate their individual reputation risk situation. Additionally various expert-assessments on specialised reputation-risk-related topics such as ESG, data protection, outsourcing, media, and customer complaints are also obtained from specialised units according to their individual competences.

Several policies are in place to guide employees' behaviour and to successfully control reputation risk, including the Reputational Risk Policy, as well as aspects of the Conflict of Interest Policy and the Approach to Responsible Marketing & Sales Practices, all of which complement the HCOB Code of Conduct. «

Objective, Stakeholder and Protective Environment

» The objective of reputation risk management is to exclude or prevent scenarios which might harm the Bank's reputation as a matter of principle, and to maintain and strengthen trust in the Bank on a sustained basis. In this respect, the relevant stakeholder groups are HCOB's clients, investors, the supervisory authorities, and owners, as well as the Bank's employees and the public, rating agencies and media representatives.

HCOB manages reputation risk in particular by taking preventative measures, first by reviewing business partners and transactions, and second by using behavioural requirements and process-related regulations. Establishing guidelines supports all units in identifying reputation risks, so they can distinguish among harmless, harmful and unintentional or prohibited business events. «

Guidelines for Business Relationships and Transactions

» The general guidelines for the Bank's business activities and interactions are based on the requirements that apply to the Bank from its environment and take into account for example the 10 principles of the UN Global Compact and include the following aspects:

- Human Rights and Labour Standards
- Environmental Protection
- Anti-Corruption and Criminal/Illegal Activities
- Violent Groups
- Arms and Weapons Industry
- Speculation on the Agricultural Commodities/ Food Markets and Tax Compliance

Exclusion criteria and requirements, which are to be complied with by the initiating units as part of the know-your-customer process, have been defined for these aspects. «

Know-your-customer Process

» HCOB has a know-your-customer (KYC) process in place to comply with legal requirements. The process includes politically exposed persons (PEP) and bad guy checks, information on the source of funds, products, the basis of the business relationship and identification of the beneficial owner. Details on the KYC process can be found in the KYC Policy.

The initiating units confirm that the review has been carried out in accordance with the reputation risk guideline, which includes the aspects referred to above. Exclusion criteria and requirements apply to these aspects, as does a uniform framework for assessing identified reputation risks as part of the standardised NFR matrix. The structure of the NFR matrix takes account of the fact that reputation risks can have a different impact depending on the stakeholder concerned. «

Overall Evaluation of ESG Risk and Processes

» With respect to costs of actions taken to manage ESG risks, several aspects are to be mentioned. First, concerning staffing Hamburg Commercial Bank has established the Sustainability Committee (SC) and anchored the formerly centralised ESG function in two ESG departments, which are responsible for operationalising the SC's strategic decisions. Secondly and along all three lines of defence, employees are concerned with ESG topics according to their line responsibility. Thirdly, Hamburg Commercial Bank continues to develop its data governance towards ESG risks and adapt the IT architecture to systematically collect and provide aggregated necessary data. To this end, respective internal and external resources are allocated.

Overall, HCOB is aware of the importance to consider ESG risk in all its dimensions and has fully integrated it into its risk management processes and governance. Most significance is seen with respect to climate risk in the loan portfolio. Based on the currently available information, the internal and external data considered and given the structure and duration of the loan portfolio, the Bank currently considers this risk as manageable.

In line with HCOB's commitment to the Principles for Responsible Banking and in accordance with the general increase in knowledge with respect to ESG risks, the Bank continuously strives to enhance its risk management methodology, data availability and data quality. «

ESG on Portfolio Level

ESG-Aligned Financing: Business Segments and their ESG Impact

ESG-Aligned Financing

GRI 3-3

» Hamburg Commercial Bank is a specialised commercial lender operating in four market-oriented segments (Real Estate, Shipping, Project Finance, and Corporates) with locations mostly in German metropolitan regions and selected markets across Europe.

HCOB's core focus is on asset-based lending and project and corporate financings, with a clear view of its markets and close proximity to its clients. The Bank provides its clients with commercial loans, bonds and trade and payment management solutions, as well as with capital market products.

The largest share of HCOB's loan book is based in the eurozone and other developed markets with high legal and social standards and strong transparency indicators.

HCOB aims to facilitate the transformation of its clients' business models towards greater sustainability by developing respective procedures and strategies, ensuring a positive impact related to all three dimensions of ESG.

The topic ESG-Aligned Financing was considered material for the impact dimension because the reduction of the Bank's financed emissions is its biggest lever in fighting climate change. Regarding the topic's financial materiality, physical and transition risks increase the pressure on HCOB to align its business activities with ESG criteria, echoed by both supervisory and societal requirements with a special focus on the aspect of human rights when conducting business.

Substantiating its commitment to ESG alignment in financing, HCOB has implemented a Blacklist, the ESG Scoring Tool, the ESG decision matrix in the loan origination and monitoring process, a Sustainable & Transformational Finance Framework (STFF), a dedicated Investment Policy ('Sustainability Guidelines for Investments in Securities') and has committed to the Principles for Responsible Banking. ESG criteria are fully embedded in all loan origination and monitoring processes and are discussed as part of the strategic client dialogue.

With the help of targets and dedicated measures, such as first steps towards an ESG-linked pricing approach, evaluation of all new deals against defined ESG-criteria as well as the SDGs and ESG-training for relationship managers for an improved ESG-linked customer dialogue, the Bank has made considerable progress in this area. Also, individual fund investments are checked against the HCOB Blacklist. To ensure this continued positive development, HCOB has integrated due diligence in the process as project status reports to the Sustainability Committee, or ESG Scoring reports in regular management reporting.

The Management Board is strongly involved and updated continually via Sustainability Committee meetings and formal Board meetings.

Clients are at the centre of the Bank's activities and engaged with in regular dialogue as part of the customer relationship process. «

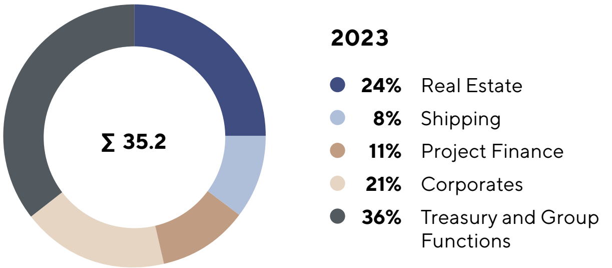
» HCOB is fully aware of its impact and takes an active role by making key contributions to the management of sustainable development and the transition to a green economy through its lending and investment activities. The goal is to structure the Bank's portfolio and support clients on the basis of HCOB's conviction to support the green energy transition. The Bank wants to be a guiding partner and active supporter in this process. HCOB not only wants to reduce its own carbon footprint, but also to support its customers in limiting their climate impact. In its actions, HCOB is in the process of increasing alignment with the Paris Climate Agreement, the SDGs, the PRB and the recommendations of the TCFD, and for the second time complies with the disclosure regulation regarding the EU Taxonomy. The Bank intends to monitor and steer its business even more closely in terms of ESG conformity. «

HCOB's exposure to the world's 20 most CO_2-intensive companies (according to the Climate Accountability Institute) is very limited as only one financing for company subsidiaries has been on the Bank's books on 31 December 2023. The respective exposure is below 0.01% of the Bank's total assets. The financed economic activity of the counterparty is fully in line with the Bank's Blacklist.

» HCOB is engaged in and across various Segments and Countries «

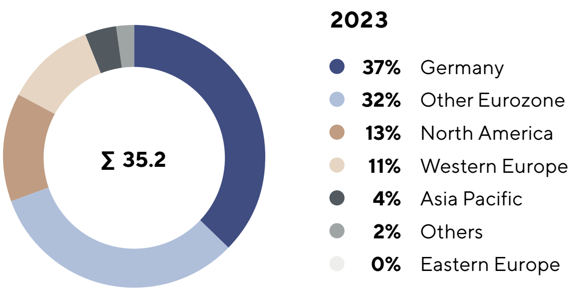
EAD by Asset Classes

(in € bn/%)



EAD by Region

(in € bn/%)



Clear Guidance: Sustainable & Transformational Finance Framework

» HCOB has successfully introduced its Sustainable and Transformational Finance Framework (STFF), marking a significant shift towards a more strategic and comprehensive approach to sustainable and transformational finance.

The Bank's STFF provides clear guidance and a precise definition of 'sustainable', 'transformational' and 'other' financings across different asset classes and financing activities. The Sustainable & Transformational Finance Framework publication enhances transparency, and therefore establishes a framework that accurately reflects the Bank's business activities with the focus being on valuing sustainable and transformational financings equally. Transformational finance plays a major role within the framework since the Bank is committed to support existing industries in their ambition to transform their existing business as this is the key lever to achieve a greener economy. One example of this are energy-efficient refurbishments of existing buildings in Commercial Real Estate as a prime illustration of the transformative impact the Bank seeks to facilitate.

Within the Framework, specific criteria and thresholds have been meticulously outlined for each asset class and sector in which the Bank operates. HCOB has aligned its approach with market standards both from covered sectors and the financial sector. The Framework also goes beyond the economic activities defined by the EU Taxonomy by incorporating additional criteria and thresholds.

After publication at the end of 2023, in 2024 the main focus will be on the full implementation of the Framework in HCOB's loan origination process. This is accompanied by respective training measures for all market segments.

In conclusion, the Sustainable & Transformational Finance Framework represents a pivotal step for the Bank to adapt to the dynamic landscape of sustainable and transformational finance. HCOB's strong commitment is confirmed by specific target quotas for new business aligned with the Framework.

The STFF is published on HCOB's website. «

Customer Satisfaction

GRI 3-3

» To run a sustainable, resilient and future-oriented banking business, customer satisfaction is of the highest relevance to HCOB. Customer-centricity and knowledge of their needs enable the Bank to increase customer satisfaction and loyalty, accompanied by higher business volume. Coupled with its strategy to exploit ESG-linked market potentials by realising transformation financing, HCOB expects to benefit further from focusing on this key topic of customer satisfaction, for example with overall increased corporate value.

Customer satisfaction was deemed material from the impact perspective because the strategic dialogue with clients enables constructive exchange of expectations and in turn enables the Bank to adjust its product offering and service to clients, affecting customer satisfaction. In respect to the topic's financial materiality, clients are the central source of revenue for the Bank, and stable and long-term relationships are essential for HCOB's profitability.

To keep customer complaints at a minimum and increase customer satisfaction, HCOB defined targets (***see page 30***) and conducts bi-annual customer surveys and relies on its relationship managers and their training and experience. The surveys include questions on the relationship quality, measured with different KPIs such as the net promoter or business intensity score and the satisfaction rate. Additional questions were targeted at the dimensions of product quality, service quality, and ESG awareness. Results are analysed to develop appropriate measures. To ensure progress, the Bank conducts its due diligence, comprising annual reviews of the survey accompanied by respective measures based on the survey results, and informs the Management Board accordingly. «

Real Estate

HCOB is one of the leading banks for real estate finance in Germany. The Bank serves a variety of clients such as project developers, real estate investors and building contractors with tailored solutions for a wide range of properties. These include all types of financing – classic property financing and structured financing – to help them achieve the desired balance between return and risk.

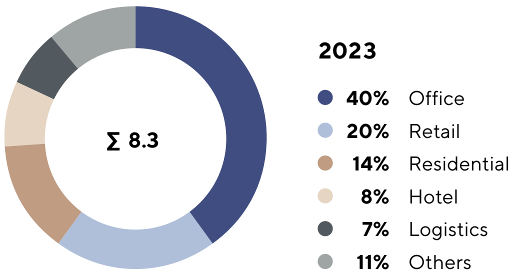
As a carbon-intensive sector, the influence of the real estate industry on sustainable development is enormous. HCOB is aware of its impact in this respect and acts accordingly by considering ESG criteria comprehensively in its real estate business. Besides the evaluation with the Bank's ESG Scoring tool, every deal is assessed via the CRREM-Tool (Climate Risk Real Estate Monitor). The CRREM-Tool has been developed by the EU and enables HCOB to benchmark each asset against the 1.5°C pathway granting transparency regarding its carbon and energy efficiency performance. The tool can also incorporate planned ESG improvement measures in its forecast. Possible measures in this context to improve the eco-efficiency of a property consist of two dimensions: firstly, overall reduction of energy consumption by optimising heating, ventilation and air conditioning, insulating building shells and optimising lighting systems; and secondly, the remaining energy footprint needs to be decarbonised by for example purchasing energy from renewable sources.

HCOB supports its clients on this journey of transitioning to more sustainable practices. In practice, this means financing refurbishments and modernisation measures for existing buildings as well as new developments with certifications showing state-of-the-art energy performance.

At the moment, the market environment remains challenging: sharply increased construction costs, high energy costs and inflation. However, every crisis also offers opportunities and shows even more the increasing importance of considering ESG criteria in all business decisions.

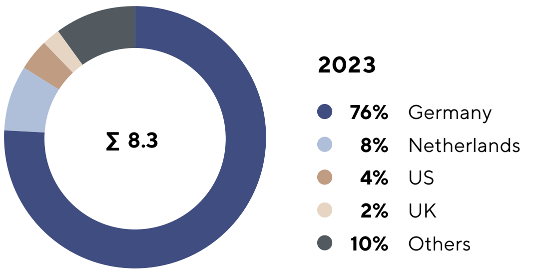
Portfolio by Segment

(in € bn EAD/%)



Portfolio by Region

(in € bn EAD/%)



J.P.Morgan ASSET MANAGEMENT

Customer:
Government of Singapore Investment Corporation (GIC)

Project:	**Financing Volume:**	**Qualified for:**
Fusion (HTCE Eindhoven)	€ 100 million	Green new business production: 85% STFF: sustainable, 85%

Real Estate
Financing environmental responsibility and innovation

With "Project Fusion", HCOB was invited to participate in the financing of the High Tech Campus Eindhoven (HTCE), the largest privately held life science and innovation park in Europe, spanning 267,500 m^2 across 43 buildings.

HTCE excels in sustainability standards with 100% renewable energy, including 11.000 PV units on 30 roofs and innovative aquifer thermal energy storage. The financing, a syndicated transaction totalling € 600 million, involves an HCOB share of € 100 million. HTCE aims to be Europe's most sustainable campus by 2030, showcasing a commitment to environmental responsibility and innovation both by the HTCE and HCOB.

Customer:
J.P. Morgan Asset Management

Project:	**Financing Volume:**	**Qualified for:**
Alter Postbahnhof, Mediaspree, Berlin	Not publicly disclosed	Green new business production: 100% STFF: sustainable, 100%

Real Estate
Transformation of a former post rail station

With the project "Alter Postbahnhof" (in English: old post rail station) in Berlin, HCOB assists J.P. Morgan Asset Management with the financing of the transformation of the former Postbahnhof into a modern and sustainable office location.

The building will be constructed sustainably, featuring an intelligent cooling system that releases excess heat to the city's heating system, an energy-efficient heating system, and aspires a DGNB Gold certification (green building). Equipped with state-of-the-art facilities, including integrated kitchens, a fitness center, a ground-floor restaurant, and 56 car parking spaces along with 300 bicycle spaces. Noteworthy is the transparent and flexible open-space concept across large floor areas with high ceilings, floor-to-ceiling windows, and intelligent LED lighting. It is a smart building (Wired Score Platinum certified) with scalable IT infrastructure and intelligent access control.

Shipping

HCOB's ship financing activities focus mainly on the three asset classes of container, bulker and tanker. As a strong partner for the maritime sector, the Bank supports its clients with different services ranging from classic loans to complex and syndicated structures.

Shipping is the most energy-efficient transport system per tonne-kilometre (tkm), with average CO_2 emissions of only 8g/tkm per vessel. Global trade and supply of resources heavily depend on marine transportation. Some 90% of traded goods are transported by ship, and the level of efficiency - whether measured as emissions per unit, tonne or TEU - is unrivalled. Still, shipping is responsible for about 2% of the overall CO_2 emissions worldwide. The International Maritime Organization (IMO) regulation thus requires shipping companies to committing to concrete emission reductions, i.e. the industry aims to reduce CO_2 emissions by 40% by 2030 compared with overall fleet emissions in 2008, and to reach net-zero by 2050.

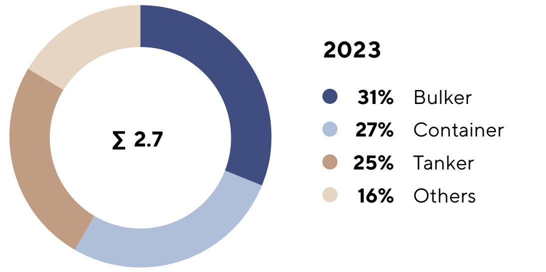
The industry has also committed to other measures to improve the environmental footprint such as the Ballast Water Management Convention, implementing an obligatory data collection system for fuel consumption, and implementing low sulphur/exhaust gas cleaning systems. In this sector, HCOB supports the sustainable transformation, for example by assisting with the modernisation of the global trading fleet by financing state-of-the-art new buildings or conversions that improve environmental and economic efficiency.

In addition, analysis of carbon-emission data for each vessel takes place to for example evaluate climate-related risks. In this context the relevant CII of each vessel (Carbon Intensity Indicator), which is based upon the GHG emission consumption per ton-mile of the vessels, and EEXI (Energy Efficiency Existing Ship Index), which determines the technical characteristics of the vessels for environmental friendliness, are assessed.

To accomplish the IMO goal of net-zero emissions by 2050, HCOB promotes and supports investments in emission-improvement technologies and energy-efficient vessels. In addition, HCOB joined the Responsible Ship Recycling Standards (RSRS) initiative in 2020, which sets minimum standards for occupational safety and environmental protection when ships are scrapped at the end of their life cycle.

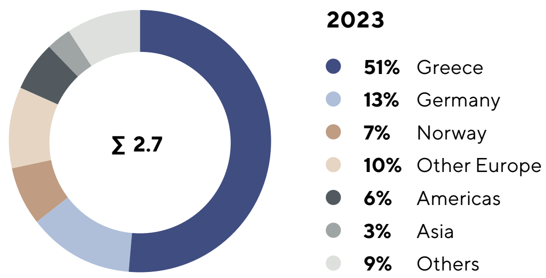
Portfolio by Segment

(in € bn EAD/%)



Portfolio by Region

(in € bn EAD/%)



MPC
CONTAINER SHIPS

Customer: MPCC Fourth Financing

Project:	Financing Volume:	Qualified for:
MPC Container Ship	$50 million	Green new business production: - STFF: transformational, 100%

Shipping

Financing sustainable shipping and reduction of CO_2

HCOB provides a financing package worth US $ 50 million to MPC Container Ships (MPCC). Being a major player in global container tonnages since 2018, MPCC aims to take a global leadership role in sustainable shipping and reducing its CO_2 footprint.

As one of the world's largest providers of container tonnage, MPCC has been able to renew its fleet with modern tonnage on an ongoing basis. The financing facilitated the acquisition of one Sub-Panamax and four Handysize Container Vessels, all eco-designed with just 5-year average age and strong CII ratings (Carbon Intensity Indicator). The vessels substantially improve MPCC's CO_2 footprint, with additional plans for retrofitting four of these vessels with onshore power supply. With this financing package, HCOB supports the leadership role of MPCC in sustainable shipping and rejuvenates at the same time the Bank's shipping portfolio accompanied by a reduction of its financed emissions.

Project Finance

Hamburg Commercial Bank's business focus in project finance is on renewable energy and infrastructure projects throughout Europe providing financings beyond traditional paths.

With this focus on infrastructure and especially renewables, the Bank concentrates on asset classes with a strong ESG footprint and clear strategy towards the achievement of net-zero targets. This offers a wide range of investment opportunities in regard to digital infrastructure and the energy transition, e. g. district heating, waste to energy and alternative-fuels-based power plants. In this context HCOB offers its clients different financing possibilities from traditional loans to equity bridges.

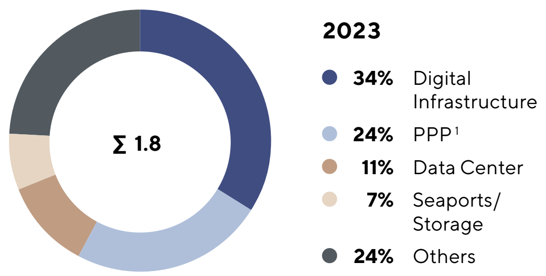
HCOB's Project Finance business is clearly focused on activities which contribute to the transition to a sustainable economy. Consequently, the Bank severely limits new business in fossil fuels-based energy generation to conversion projects based on alternative fuels. In financing energy transition and digital infrastructure projects, HCOB continues to be a committed and competent partner.

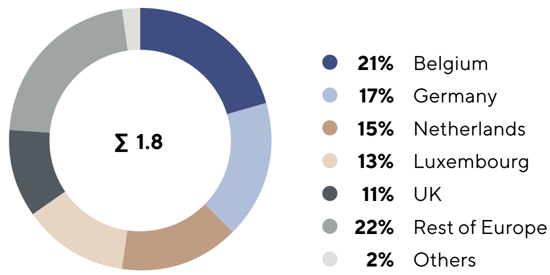
While financing wind farms and solar PV projects helps to deliver direct contributions to Europe's energy transition, the range of infrastructure projects in HCOB's business focus is also essential for the transition to a green economy. For example, financing district heating networks supplied by biomass- or waste-fired combined heat and power plants helps to avoid less efficient and carbon-intensive decentralised burning of fossil fuels. These assets are needed to fulfil the ambitious targets on the Bank's path to net-zero and also safeguard the security of energy supply. Another benefit is the grid stabilising function of these as other renewable energy sources such as wind and solar are fluctuating sources. The financing of new builds and expansion of optic fibre networks and data centres helps to connect people and businesses, enabling employees to work more efficiently from home, while saving some of the daily travel emissions that would otherwise be incurred. This is currently one of HCOB's most active fields of new business in infrastructure. Another area is rail transport financings focusing on freight wagons and locomotives, as well as electrified public transport, supporting environmentally friendly transport.

Portfolio by Segment and Region

(in € bn EAD/ %)

Infrastructure



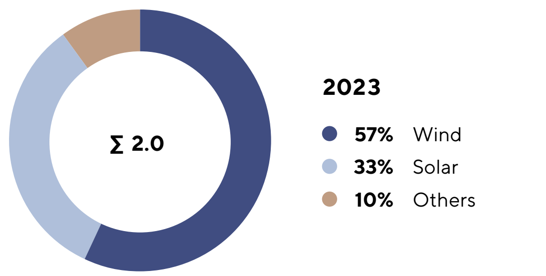


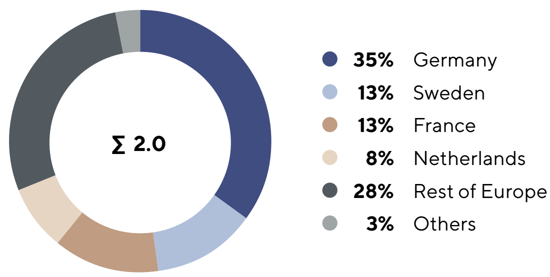
[1] Public-private partnership

Portfolio by Segment and Region

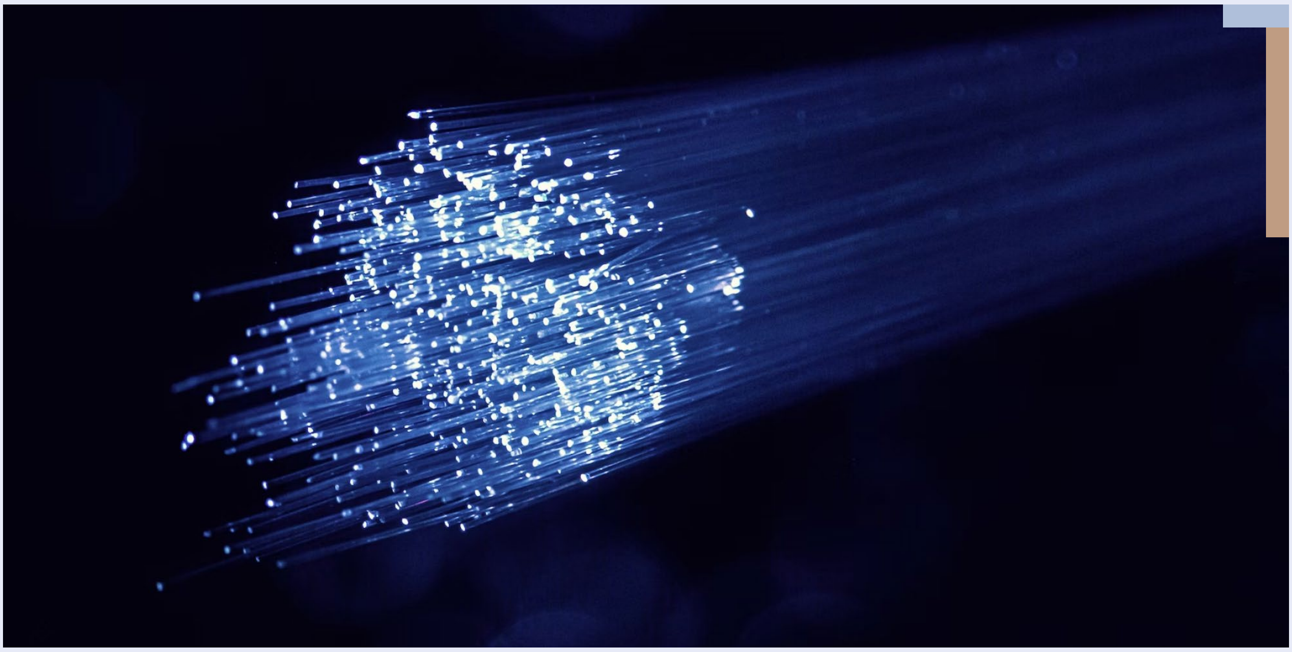
(in € bn EAD/%)

Renewable Energy





Majority shareholders



Customer: Open German Fiber Holding

Project:	**Financing Volume:**	**Qualified for:**
Gladstone	€ 57.5 million	Green new business production: 100% STFF: sustainable, 100%

Project Finance

Financing of future-proof digital infrastructure in Germany

With "Project Gladstone", HCOB provides a joint financing for a greenfield fibre rollout to Open German Fiber Holding and takes 50% of total debt which is € 115 million. The financing of Open German Fiber paves the way for sustainable digital infrastructure especially in rural regions of Germany.

The financing allows Open German Fibre to build its network of Fibre-to-the-Home (FTTH) technology. Fiber technology is significantly more efficient than conventional copper, offering higher transmission speeds and superior network performance. The combination of a long lifetime without the need for mining makes it a sustainable substitute for copper cable. Advancing digitalisation and the increasing demand for higher bandwidths make fibre optics indispensable as a future-proof technology. Allowing decentralised work by enabling video-conferencing, fibre reduces commuting and business travelling and contributes to substantial emission savings.

Corporates

In the business field of Corporate Banking, Hamburg Commercial Bank combines its strong base of traditional client relationship in its home market in northern Germany with a continuously broadened focus on international specialised lending. The banking activities relate to a diverse mix of segments and clients, with only a small exposure to high emission industries such as basic materials, transport and electric utilities.

HCOB offers all forms of modern corporate finance including traditional loans, closely linked to capital market expertise, accompanied by the professional handling of international payment transactions and cash management as well as international document business.

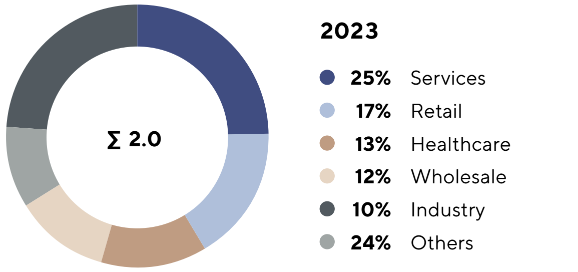
The Bank increasingly uses the ESG dialogue with its clients to support and finance their efforts to transform their business models and production processes over time. Furthermore, HCOB is an active lending partner to the enablers of the energy transition – European companies that produce or operate technical solutions which enable end-users to reduce their carbon emissions. HCOB provides financing for clients' investments in increasing energy efficiency and improving the carbon footprint.

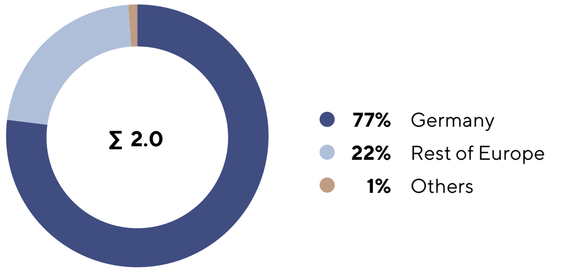
HCOB's Corporates portfolio is well diversified and is allocated mainly in the services, trade, and manufacturing industries. Traditional industries with relatively high greenhouse gas emission intensity form a small part of the Corporates portfolio. When looking at corporate clients' greenhouse gas emissions, the policy for new corporate lending business continues to permit financing to companies with higher greenhouse gas emission intensity – as long as the financing contributes to their sustainable transformation.

Portfolio by Segment and Region

(in € bn EAD/%)

Germany

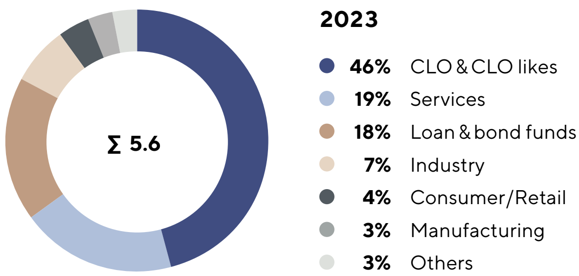


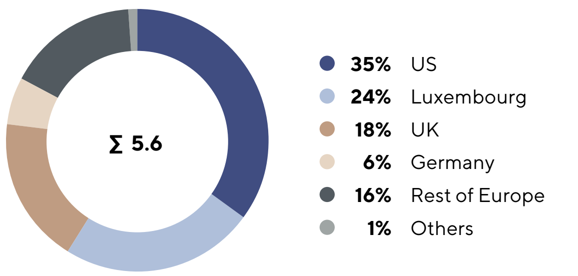


Portfolio by Segment and Region

(in € bn EAD/%)

International





Customer: HOLBORN Europa Raffinerie

Project:	**Financing Volume:**	**Qualified for:**
Green diesel refinery	€ 100 million	Green new business production: 100% STFF: sustainable, 100%

Corporates Germany

Financing the sustain-able transformation of the fuel sector

With the "Green Diesel Production Project (GDP)", HCOB is financing, as MLA (mandated lead arranger), the build of a new and innovative refinery by HOLBORN Europa Raffinerie GmbH (with total investment costs of more than € 400 million): The future refinery will produce second-generation „green diesel".

"Green diesel", respectively HVO (hydrotreated vegetable oil), is derived from plant and animal residues and waste materials. As second-generation biodiesel, it can be used pure in diesel engines or as an admixture to fossil diesel. By this, HVO offers a versatile and eco-friendly solution for the sustainable future of the fuel sector.

Customer: AGL Activ Services

Project:	**Financing Volume:**	**Qualified for:**
E-Bike Leasing Transaction	€ 60 million	Green new business production: 100% STFF: sustainable, 100%

Corporates Germany

Financing sustainable mobility via E-Bikes and Bikes

With the "E-Bike Leasing Transaction", HCOB provides a financing package worth € 60 million to AGL Activ Services (AGL). Specialised in providing E-Bike and Bike mobility solutions, AGL has a solid positioning in contributing to sustainable mobility in Germany.

AGL, a privately owned leasing company, has been integrating ESG principles in their corporate identity by focusing on "green" lease objects like E-Bikes and Bikes. The refinancing volume of the transaction, made possible by HCOB, promises significant CO_2 savings in comparison to traditional modes of transport. AGL considers HCOB as a strategic partner, capable of both thinking further in developing tailor-made solutions and providing significant refinancing volumes at the same time. The outstanding proposition of HCOB's solution in this case is the capability of an automated handling of a multitude of single contracts leading to strong economic benefits.

How HCOB manages ESG Risks in the Lending Business

GRI 408-1, 409-1

» It is important for HCOB to support the sustainable transformation of the economy and society through its business. In doing so, the Bank not only pays attention to ecological aspects, but also consciously includes social and governance aspects. In this regard human rights and labour standards are reflected as well.

To meet this requirement, HCOB has developed a comprehensive evaluation system based on three core elements – the Blacklist, the ESG decision matrix and ESG Scoring. With the help of these comprehensive and forward-looking ESG risk management instruments, the Bank aims to contribute to the long-term sustainability and performance of its loan book, described below, and its investment portfolio (***see page 80***). «

ESG Risk Management in Loan Origination

» With respect to sustainability, HCOB's credit standards include a rigorously applied Blacklist, ESG decision matrix, and ESG Scoring.

These four key elements are fully integrated in the loan origination process:

1. Blacklist

As a first step in HCOB's decision process in loan origination, the Blacklist must be used as a basis for classifying new transactions. It is updated regularly and published on the Bank's website. The Blacklist consists of three levels: country, industry and company.

Based on this first step, HCOB ensures a thorough screening process for new business. Existing business has been screened as a one time effort when the Blacklist was initially introduced. The use of proceeds, the borrower or company, and the location of the project and sponsor are all taken into consideration, including basic ethical principles such as respect for human rights.

2. ESG Decision Matrix

In a second step, the ESG decision matrix is used to guide the lending process, allowing for an efficient pre-selection of new business opportunities also from a sustainability perspective. It also enables HCOB to support less sustainable companies in their sustainable transformation, by combining the loan application's use of proceeds and the client's individual exposure to blacklisted business activities.

3. ESG Scoring

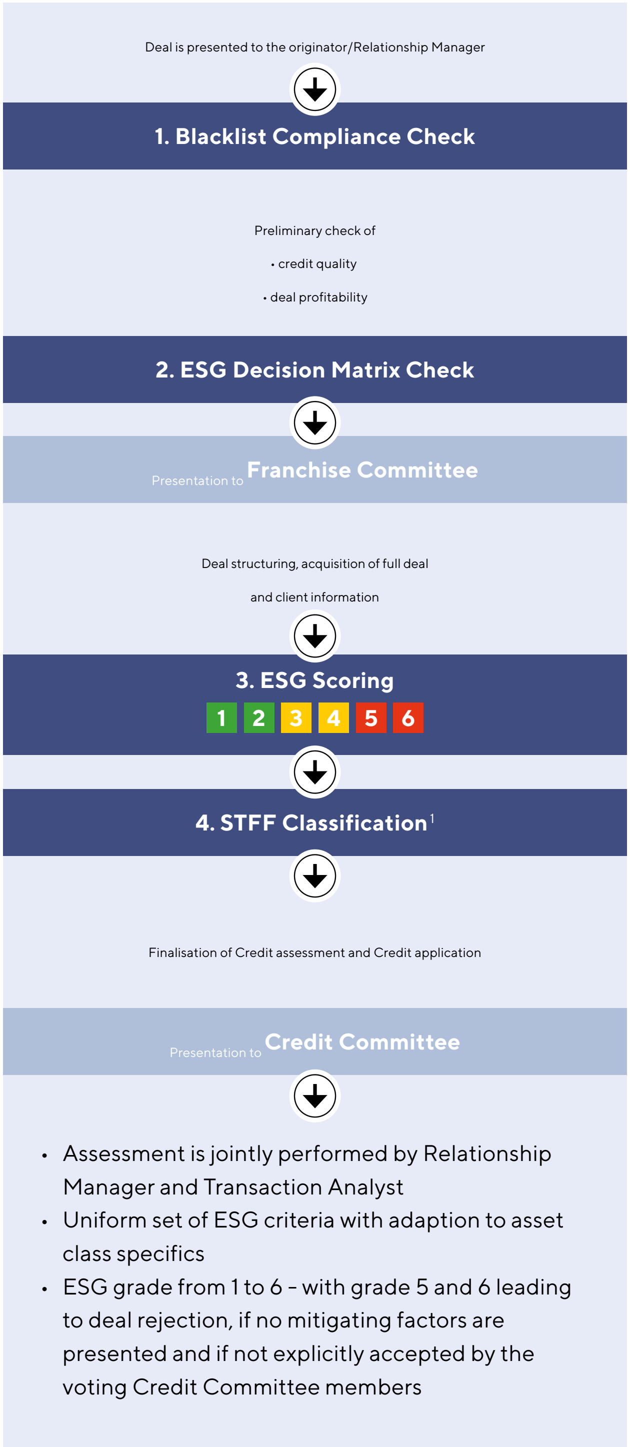
HCOB's ESG Scoring approach is based on the EBA Action Plan for Sustainable Financing and the BaFin Guideline on Dealing with Sustainability Risks, published at the end of 2019. It encompasses a thorough analysis of climate, environmental, social and governance risk factors for every financing, and a solid minimum ESG grade of '4' is required for the credit decision.

4. STFF Classification[1]

HCOB's Sustainable & Transformational Finance Framework (STFF) is a classification system designed to categorise the Bank's financings as 'sustainable' or 'transformational'. The assessment process includes considerations such as the requirements of the EU Taxonomy, creating transparency through a comprehensive and consistent approach. «

[1] The STFF classification will be conducted by the market units for every new financing from January 2024 onwards

» HCOB's Detailed ESG-Embedded Lending Process «



The HCOB Blacklist

» In conjunction with the Bank's risk strategy and business strategy, HCOB's credit standards provide a binding and comprehensive framework for all parties involved in the lending business. Business approaches that are not fully compliant with these four elements of the loan origination process (Blacklist, ESG Decision Matrix, ESG Scoring Tool, STFF classification[1]) are not pursued as a matter of principle. This includes reputation risk which is often associated with specific harmful business practices and industries. Here, the HCOB Blacklist is a key element to prevent the financing of highly questionable companies and business activities.

The credit standards define which types of loans are preferred, which are critical but can be justified as manageable, and which attributes of a transaction are only permitted in exceptionally justified cases. As a result, they provide the Bank's client relationship managers with reliable guidelines for meetings with clients, in which ESG issues are also discussed as part of the lending process. Each transaction must additionally go through a regular, unbiased credit process (including analysis, rating, ESG Scoring, STFF classification[1], credit application, decision), in which the credit standards are reviewed in connection with other decision-relevant criteria.

The credit standards and Blacklist are reviewed at least annually, taking account of current strategy, market and risk developments. «

[1] The STFF classification will be conducted by the market units for every new financing from January 2024 onwards

Embedded in the Credit Standards
» Blacklist checks have been implemented in all relevant parts of the Bank's credit standards and the decision-making process, for example the Credit Committee. «

» HCOB Blacklist[1] «

The current Blacklist[2], which defines the areas in which HCOB will not become involved in any direct financing arrangements, consists of the following three levels:

Country level:
No business will be conducted in countries with
- either a high level of corruption[3], or
- a very low level of peacefulness.[4]

Industry level:
No business will be conducted in the following industries and economic activities negatively impacting sustainability aspects:

1. **Energy production**
   - Coal mining (including thermal coal, lignite coal), dedicated infrastructure, and coal use for energy production including related businesses.
   - Oil and gas production (including Arctic offshore exploration of oil/gas, oil sands, oil shales) and use for energy production (except for efficient gas power plants)
   - Dedicated infrastructure for oil and gas production, including offshore shipping assets (except for offshore service, supply and subsea assets)
   - Nuclear energy including mining, trading, processing of uranium, recycling of nuclear fuel rods and waste disposal from such activities
2. **Mining**
   - Mountain-top removal mining
   - Mining, trading, and processing of asbestos
   - Mining, trading, and processing of diamonds
3. **Shipping**
   - Ship breaking, including beaching of ships, shipbreaking yards, cash buyers, unless the yards are EU approved under the EU Ship Recycling Regulation
4. **Social**
   - Weapons - Development, manufacturing, maintenance and trade of banned weapons and ammunition
   - Production and manufacturing of tobacco and vaping products (e-cigarettes)
   - Pornography, adult entertainment, and brothels
   - Drugs and narcotics – except for medical purposes only, including marijuana
   - Embryonic stem cell research
   - Gambling activities outside regulated jurisdictions
5. **Agribusiness**
   - Deforestation and non-certified wood products from rainforests
   - Unsustainable palm oil production
   - Production, manufacturing, sales, and trade of fur products
   - Trade of any endangered species (flora or fauna and wildlife products)
   - Controversial animal welfare practices

Company level:
No business will be conducted with companies that violate human dignity, human rights or any other global norms in general.

1 Blacklist reviewed on a regular basis, for further details and a more comprehensive overview please refer to ESG Factbook - Blacklist Update (published on the HCOB website)
2 As per 8 March 2024
3 Corruption Perception Index <30, source: Transparency International
4 Rating >2800, source: Global Peace Index, The Institute for Economics & Peace

ESG Decision Matrix – Bringing together Client Profile and Financing Purpose

» To be able to make decisions at company level systematically and to create a uniform and standardised basis for decision-making, HCOB has created an ESG decision matrix as a guide for lending.

With this process, HCOB has created a basis for evaluating companies and respective financing purposes that are partly unsustainable. The Bank's goal is not to exclude companies from financing, but to reward the impulse to improve and encourage the move towards a greener economy. This means the HCOB ESG Decision Matrix positively highlights the willingness to improve and enables financings of such sustainable improvements even in so-called 'brown' industries. «

» ESG Decision Matrix «

Group or Client[1] / Use of Proceeds/ Financing Purpose[3]	Group or Client without blacklisted business activity and business practices[2]	Group or Client with minor blacklisted business activity (<20% revenue/EBITDA share)	Group or Client with sizeable blacklisted business activity (>20% revenue/ EBITDA share)	Group or Client with 50% or more blacklisted business activity or blacklisted business practices
Use of proceeds is supportive with regard to sustainability aspects	Financing may proceed with regular approval process	Financing is possible, if it is secured that the proceeds are not used to finance the company's blacklisted business activity	Financing is possible – Client conversation must include strong focus on client's ESG strategy	Further investigation; mitigants required[3]; **positive vote of the sustainability committee** required
Use of proceeds is neutral with regard to sustainability aspects or undefined use of proceeds (financing for general corporate purposes/acquisition financing)	Financing may proceed with regular approval process	Financing is possible if it is secured that the proceeds are not used to finance the company's blacklisted business activity	Further investigation; mitigants required[3]; **positive vote of the sustainability committee** required	Further investigation; mitigants required[3]; **positive vote of the sustainability committee** required
Use of proceeds is negative with regard to sustainability aspects	Financing is possible – Client conversation must include strong focus on client's ESG strategy	Further investigation; mitigants required[3]; **positive vote of the sustainability committee** required	Further investigation; mitigants required[3]; **positive vote of the sustainability committee** required	No financing
Use of proceeds in a blacklisted business activity[4]	No financing	No financing	No financing	No financing

1 Only businesses compliant to the Blacklist filters will be evaluated into the process
2 Financial sponsors are generally "green" (subject to AML/KYC compliance)
3 Mitigants to be discussed on a case-by-case basis, may include for example proof of ESG compliance/undertakings or covenants in credit documentation/board minutes
4 For the avoidance of doubt: proceeds may not be used to fund any blacklisted business activity

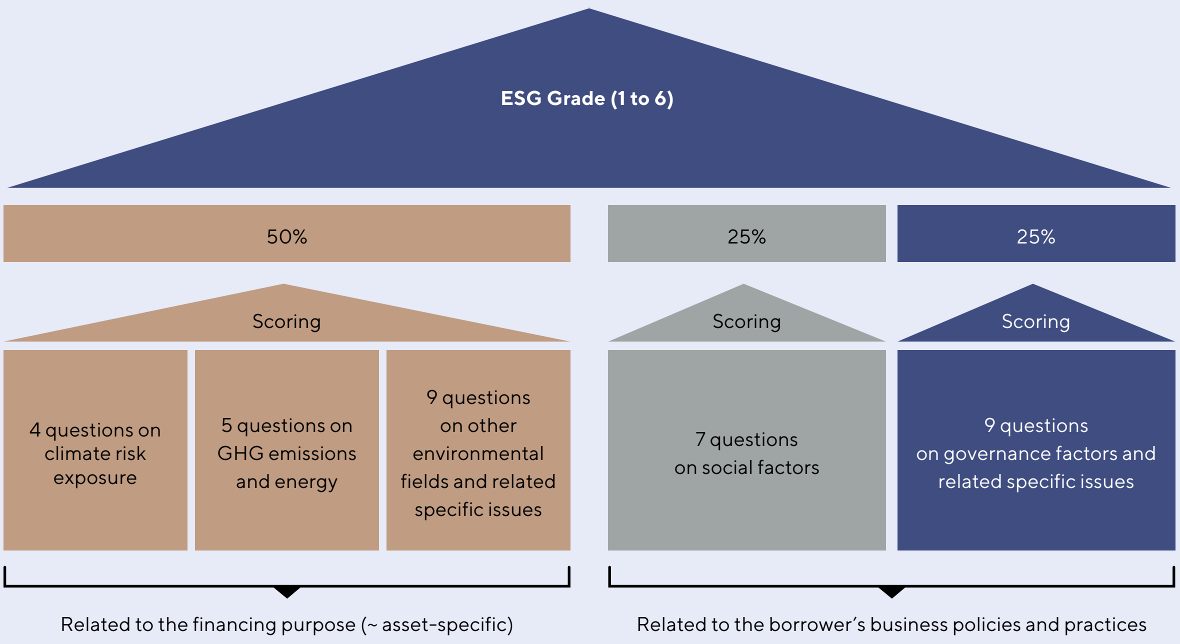
The ESG Scoring Tool and Scoring of Existing Portfolio

» Hamburg Commercial Bank's ESG Scoring Tool has been in place since October 2020 in order to evaluate the ESG characteristics of its lending activity and loan portfolio ESG quality. The model is applicable to financings for corporations across all industry sectors as well as to project and asset financings. Only governments and retail clients cannot be assessed in relation to their ESG characteristics. However, governments are being screened via the country exclusion criteria of the Blacklist and the Bank discontinued its business with retail clients in 2019.

The scoring tool has been built according to the guidance from EBA and BaFin to integrate ESG factors into the lending process. It supports the Bank in intensifying the sustainability dialogue with its clients, allowing HCOB to:

- Systematically evaluate climate/environmental/social/governance aspects of the clients, assets, and projects which Hamburg Commercial Bank finances
- Assess physical and transition risks from climate change in its lending and investment portfolio
- Better understand its clients' challenges on their path towards a sustainable future and provide financing solutions that suit their needs «

» HCOB's ESG Scoring Methodology «



In total: 34 questions based on guidance by EBA and BaFin[1]

[1] EBA Action Plan on Sustainable Finance, 6 December 2019; BaFin Guidance Notice on Dealing with Sustainability Risks as of 20 December 2019/16 January 2020

» The ESG Scoring Tool encompasses 18 questions relating to climate and environmental aspects, seven questions on social aspects and nine questions on governance-linked issues. Each question is given a score depending on the assessment (positive, neutral, negative or yes/no).

The scoring model provides environment, social and governance sub-grades as well as an overall ESG grade. From this, the "environmental" factor has a double weighting assigned, meaning that this sub-grade carries more weight compared with the social and governance sub-grades. Here, a special focus is placed on exposure to physical and transitional climate risk, energy consumption, energy efficiency and carbon footprint. In regard to human rights and labour standards the significant risk for incidents of child labour or forced and compulsory labour are assessed as well.

The overall ESG grade ranges from 1 to 6 (1 being the best grade) and is assigned to each new business opportunity presented to the Bank's Franchise and Credit Committees. A new business opportunity with a score of 5 or 6 leads to deal rejection if no mitigating factors are presented and if not explicitly accepted by the voting Credit Committee members. Additionally, an update of the ESG Scoring for existing business is required on a regular basis.

The ESG Scoring Tool continues to be reviewed and improved, if necessary, for example with newly developed methods for quantifying physical and transitory climate risk, evolving standards and best practice in the different sustainability factors. «

» ESG Scoring «

	1	2	3	4	5	6
Environmental Standard	Client's economic activity is fully in line with relevant environmental standards[1], including carbon reduction and DNSH[2]	Company has an environmental policy in place and follows it, achievement within the next few years realistic, including reduction of carbon footprint	Environmental policy being developed and company in general follows carbon reduction and DNSH targets in its economic activity	No steps taken yet, but company shows willingness to improve the carbon footprint and environmental impact of its economic activity	Harmful environmental issues exist, economic activity is below necessary standards but could be improved	Economic activity of the company is not compliant with environmental standards and is unable to achieve such compliance
Social Standard	Client actively uses the requested social standards[1]	Solid social standards in place, not all already achieved	Social standards accepted, not all fulfilled and not yet documented	Standards are partially followed but certain criteria are missing	Social standards fall significantly short but improvement possible within defined timeframe	Non-compliance with social standards and uncertainty that standards will be achieved
Corporate Governance Standard	Corporate governance in place which is actively followed	Solid corporate governance in place with certain requirements still missing	Most of the standards are followed but no governance in place yet	No corporate governance accepted and some important factors are not followed yet	Relevant corporate governance standard not followed yet but improvement possible	Non-compliance with governance standards and uncertainty that standards will be achieved

[1] Based on guidance by EBA and BaFin; EBA Action Plan on Sustainable Finance, 6 December 2019; BaFin Guidance Notice on Dealing with Sustainability Risks as of 20 December 2019/ 16 January 2020

[2] Do no significant harm, as per the EU Taxonomy definition

Approach

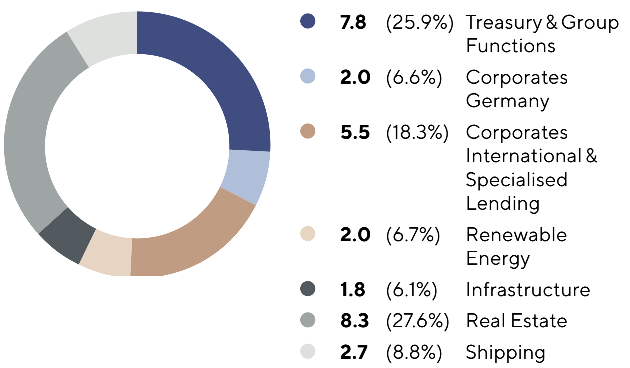
» All applications for new loans and the entire loan book are generally ESG graded on an individual basis, taking into account the financing purpose, the client's positioning and the behaviour in respect of environmental, social and governance factors. The grading is done based on a proprietary ESG Scoring Tool that has been developed in line with the relevant supervisory requirements and is validated regularly according to the requirements of HCOB's model risk guidelines. It is fully integrated in loan origination and monitoring processes. ESG grades are oriented towards the German school grading scheme and can range from '1' to '6', with '1' being the best grade. The ESG Scoring Tool is applicable for corporate, project and asset financing in all industry sectors, natural persons and governmental counterparties are not scorable. Exceptions from the principle of an individual ESG Scoring of each financing apply to clients with low overall credit exposure as well as to a legacy portfolio of corporate loans which is actively managed down and accounts for around 1% of total Exposure at Default (EAD). The exposure in the legacy portfolio is scored until redemption by using industry-specific scoring profiles. The respective credit exposure is mapped to 15 different industry sectors in total, each incorporating average characteristics representative for the credit clients in the respective industry sector. Each of these sectors has been evaluated via the ESG Scoring Tool in place – using the same approach as the individual scoring. Overall, 99% of Hamburg Commercial Bank's scoreable loan book has been ESG-scored (31 December 2023).

Furthermore, the Bank's investment portfolio and the trading book have also been ESG-scored at fiscal year-end 2023 as far as possible. An EAD amount of € 5.0 billion, comprising deposits with central banks, government bonds and loans, derivatives, and exposure to retail clients, was excluded from scoring as the methodology is not applicable for such counterparties. Furthermore, an EAD of € 0.2 billion, for example from structured investments, was not covered due to insufficient ESG-specific information, resulting in a scoring coverage of 97% of all ESG-scoreable investments and trading assets.

A specific ESG Scoring approach has been developed for accessing the ESG quality of investments in diversified corporate loan funds and CLO-style investments that are managed by external investment managers. Here, for efficiency reasons, a simplified scoring is applied based on the vehicle's investment policy match with Hamburg Commercial Bank's Blacklist exclusions and the industry sector composition of the underlying portfolio, and no additional sub-grades for environmental, social and governance factors are derived. In turn for not requiring an ESG-look-through on the underlying loan portfolio level, the ESG grade for such investments is limited to an intermediate grade at best (range from 3 to 6). To secure an adequate alignment to HCOB's Blacklist policy, the internal investment policy requires an ESG grade of 3 or 4 for investments in such vehicles to qualify as investment. At FY end 2023, these kinds of investment are part of Hamburg Commercial Bank's business unit Corporates International and Specialised Lending. «

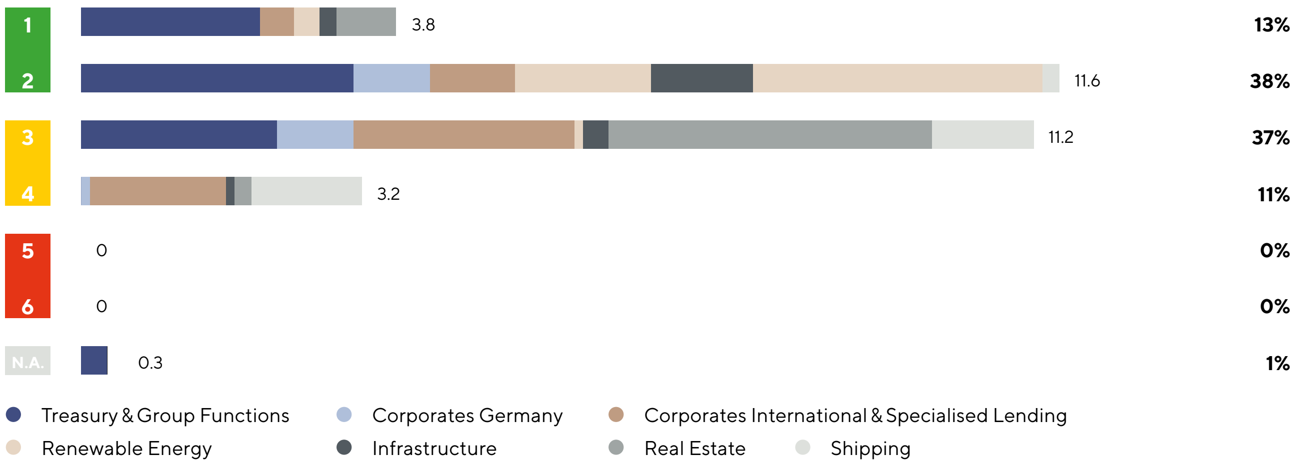
» ESG-scoreable EAD per Asset Class (31.12.2023) «

(in € billion/in %), [Total: € 30.1 billion]



» ESG Scoring of Credit and Investment Portfolio (31.12.2023) «

Coverage: 99.0%, average score: 2.46 (EAD by score in € bn), [Total: € 29.8 billion] (in %)



Scoring Results

» Overall, an EAD of € 29.8 billion was ESG-scored as of fiscal year end 2023, representing 99% of the total scoreable EAD amount of € 30.1 billion. The bottom line is an average ESG score of 2.46 (2022: 2.64). In total, 51% of the ESG-scored credit exposure (measured in EAD) is scored in the top category of ESG grades 1 and 2 (2022: 43%) and 48% in the intermediate category of ESG scores 3 and 4 (2022: 57%). There is no financing in the portfolio that is assessed as having unfavourable ESG quality (grades 5 or 6). In its 2023 new business volume with credit clients, Hamburg Commercial Bank realised an average ESG score of 2.56 (2022: 2.73). The enhancement compared with the 2022 average was largely caused by a lower share of ship financings in total new business.

Looking deeper into the ESG Scoring results, most of the Bank's clients and financings show solid governance assessments (G-grades of mostly 2 and 3) and profit from the high social standards in most core business regions such as Germany (S-grades mostly from 1 to 3). With regard to the environmental assessments, however, the E-grades of the scored clients and financings span from 1 to 5, depending on the asset or client's economic activity financed. In total the scoring results across HCOB's business sectors unsurprisingly continue to show an ESG ranking with Renewable Energy financings at the top (average ESG grade 1.9), followed by Treasury & Group Functions (average grade 2.0), Infrastructure (average grade 2.1). Real Estate, and Corporates Germany show ESG scores around average (range from 2.4 to 2.8), while Corporates International & Specialised Lending (average grade 3.0) and Shipping (average grade 3.4) are at the lower end of the ESG ranking. «

Sustainable & Transformational Finance Framework (STFF)

» In general, the process of assessing the financing within the STFF is fully embedded in the broader due diligence that involves ESG factors within the lending process. The STFF classification will be conducted by the market units for every new financing from January 2024 onwards. A review and approval of the classification for every deal is carried out before the credit decision by the second line of defence to ensure a valid evaluation. The ESG department serves as a point of contact for the market units in the context of this assessment and closely accompanies the process.

In case the use of proceeds of financing can be determined or the counterparty conducts only one business activity[1], the screening criteria defined in the STFF are applied. Financing activities that fulfil the criteria can be accounted as sustainable or transformational finance.

If the use of proceeds of financing cannot be determined (for example general corporate purpose financing or credit lines), the classification refers to the taxonomy data from the counterparty's non-financial reporting. In these cases, the taxonomy-aligned proportion of revenue of the counterparty is multiplied by the respective credit exposure to this counterparty. The calculated proportion of the exposure can be classified as sustainable for the purpose of the HCOB assessment procedure. If the counterparty is not obliged to publish a non-financial reporting according to NFRD or CSRD and the revenues from the counterparty do not stem from only one business activity[1], the financing cannot be further assessed and is therefore classified as 'other'.

The current scope of the STFF is limited to cash-out instruments (with special focus on loans) to non-governmental counterparties. All other financial instruments such as trading book exposure, derivatives, off-balance sheet exposure or central bank, government and sovereigns' exposure are currently not covered. In its conceptual approach, the STFF distinguishes between sustainable, transformational and other financings. These three categories are defined as follows:

1. Sustainable Finance: Economic activities that meet from today's point of view Paris Alignment for the average duration[1].
2. Transformational Finance: Economic activities where either Paris-alignment is not yet marketable or technologically possible and/or that support the transition towards environmental sustainability in each sector. As a baseline, transformational finance is considered for activities deemed transitional according to the EU Taxonomy but can be extended with additional criteria considering Hamburg Commercial Bank's specific business model and financing activities.
3. Other: All other financings which are neither classified as 'sustainable' nor 'transformational'. This covers financings which do not meet the criteria for sustainable or transformational set out in the STFF, but also portfolio financings, which cannot be further evaluated due to data availability issues or general corporate purpose financing where the business partner is not obliged to publish a non-financial reporting according to the Non-Financial Reporting Directive (NFRD) or Corporate Sustainability Reporting Directive (CSRD). «

[1] Meeting the requirements of a Paris-aligned sector pathway: Holding the increase in the global average temperature to well below 2°C above pre-industrial levels and pursuing efforts to limit the temperature increase to 1.5°C above pre-industrial levels, recognizing that this would significantly reduce the risks and impacts of climate change

Financed Emissions of the loan book

»In 2021, HCOB committed to measuring and disclosing its greenhouse gas (GHG) emissions by signing a commitment letter to the industry-wide standards set by the Partnership for Carbon Accounting Financials (PCAF), so enhancing transparency about the Bank's climate impact. This initiative aligns with the GHG Protocol Scope 3 Category 15 ('Investments'), focusing primarily on the Portfolio carbon footprint. Hereby, HCOB principally seeks a full coverage of its lending activities but excludes investments and exposures falling under Treasury activities. The Bank's significant indirect contribution to climate impact via its lending activities necessitates a meticulous analysis of the carbon footprint, in accordance with PCAF standards, with a focus on collecting asset-level emissions data while continuously improving data quality. Overall, financed emissions account for more than 99.9 percent of HCOB's total carbon footprint. Notably, Shipping, as the Bank's highest-emitting sector, and Commercial Real Estate, as its by lending volume by far largest asset sector, hold paramount importance due to their substantial contribution to financed emissions. To effectively capture emissions data, HCOB obtained information at the individual building or vessel level through energy performance certificates and external data providers. Additionally, the Bank incorporates publicly disclosed emissions from its clients' sustainability reports. In cases where client emission data is unavailable, PCAF emission factors are employed to estimate financed emissions.

Financed emissions are generally shown as sum of Scope 1 and Scope 2 emissions on a business segment level. Furthermore, more granular data is provided for so-called energy-intensive industries which encompass the following NACE sectors:

- Oil & gas industry (NACE 06.10, 06.20, 09.10, 19.20, 35.21)
- Cement (NACE 23.51, 23.52, 23.61, 23.62, 23.63, 26.64, 26.65, 23.69)
- Steel, aluminum and other metals (NACE 24.10, 24.20, 24.41, 24.42, 24.43, 24.44, 24.45)
- Automobile (NACE 29.10, 29.20, 29.31, 29.32)
- Power and Utilities (NACE 35.11, 35.12, 35.13, 35.14, 35.22, 35.23, 35.30)

For exposures with companies in the above industries also financed Scope 3 emissions are disclosed. «

PURPOSE AND SCOPE

» The endeavour to measure and disclose GHG emissions serves multiple purposes for HCOB. It enhances transparency about the Bank's climate impact in context of its carbon footprint. Furthermore, this commitment aligns with the Bank's aim, as part of the Principles for Responsible Banking (PRB), to reach net-zero emissions by 2050. «

PORTFOLIO COVERAGE

» With its initial reporting on financed emissions, HCOB has achieved an 88% coverage of on-balance outstanding amount of its loan portfolio and 53% of the Bank's total assets by the due date of 31 December 2023. Hereby, HCOB's business segments Shipping, Real Estate and Project Finance reached coverage rates of 95 to 99% whereas in the Corporates segment a sizeable exposure amount had to be excluded from assessment as there are exclusions for specific products and client types that are foreseen by PCAF standard or that have been discretionarily excluded by the Bank for materiality reasons. Such exclusions primarily comprise of:

- exposure to central, regional and local governments
- exposure to private clients, including mortgage loans for residential property (only legacy business, business with private clients discontinued in 2019)
- lending to / investments in diversified corporate loan portfolio Special Purpose Vehicles (SPVs)
- exposure to leasing and factoring companies

As of 31 December 2023, HCOB has not made use of PCAF asset classes 'Sovereign Debt', 'Mortgages', 'Motor-vehicle loans' and 'Facilitated emissions'.

So far, not implemented yet is the recognition of so-called 'avoided emissions' associated with the Bank's sizeable project financings for renewable electricity producing wind and solar farms. For further details please also see section 'Calculation Methodology for Financed Emissions' ***on page 63***. «

» FINANCED EMISSIONS, SECTOR VIEW (31.12.2023) «

Business segment	Covered loan amount total € million	Financed emissions t CO_2e Scope 1 & Scope 2	Financed emissions t CO_2e Scope 3	Average Scope 1 & Scope 2 data quality score	Scope 1 & Scope 2 financial emission intensity t CO_2e/€ million
Real Estate	7,974	206,615		4.0	25.9
Shipping	2,432	2,179,084		3.0	895.9
Project Finance	3,300	103,164		3.6	31.3
Corporates	2,874	262,611		3.6	91.4
Treasury	11	214		4.1	19.3
Total	**16,592**	**2,751,688**		**3.7**	**165.8**
Hereof energy-intensive industries:					
Oil & gas[1]	123	74,694	103,802	3.6	606.0
Cement	0	0	0		
Steel, aluminium and other metals	2	27	20	4.0	15.6
Automobile	132	301	7,822	3.9	2.3
Power and Utilities	1,780	37,703	22,100	4.0	21.2
Total	**2,037**	**112,724**	**133,744**	**4.0**	**55.3**

[1] Oilfield services & refining

FINANCED EMISSIONS CALCULATION RESULTS

» HCOB's financed emissions (aggregated for Scope 1 & Scope 2) total 2,752 million tons CO_2e. Hereof, 79% are attributable to the Bank's Shipping business, 8% to Real Estate, 4% to Project Finance and 10% to Corporates. Notably, hereof energy-intensive sectors contribute just 3% to HCOB's total financed emissions. The average data quality score spans from 3.0 in Shipping to 4.0 in Real Estate, with an overall average data quality score of 3.7. When a business segment's calculated financed emissions are set in relation to the exposure amount, financial emission intensities can be calculated, expressed in t CO_2e per million Euros of loan amount. Notably, HCOB's Real Estate (26 t CO_2e/€ million) and Project Finance (31 t CO_2e/€ million) business segments that have the lowest financed GHG emission intensity of all of the Bank's business lines. Even older buildings only cause low absolute GHG emissions per asset and even significantly low emissions in relation to their market value. Nonetheless, the average building energy efficiency and carbon intensity has to improve significantly in future to bring down the total sector's GHG emissions to net zero level. In Project Finance the favourably low financial emission intensity primarily results from the Bank's significant loan exposure with zero-emitting renewable energy projects and financings of fibre optic networks which are characterised by a very low operational carbon intensity. Corporates (91 t CO_2e/€ million) is also well below the Bank's overall average of 166 t CO_2e/€ million. Financial emission intensity, however, does not tell much about an asset's or industry's real, physical energy and carbon intensity. A good example on this is maritime transportation. Though causing high absolute GHG emissions per ship and having a very high financial emission intensity, cargo vessels are the most carbon-efficient way to transport goods among all modes of transport.

Unsurprisingly, with a 79% share of overall financed emissions and 15% share of total carbon-covered exposure, HCOB's Shipping business is an outlier in the portfolio showing a high financial emission intensity of 896 t CO_2e/€ million. Hence, a deeper look into the fleet of financed vessels is recommended to shed light on the financed fleet's real carbon efficiency. An assessment of the fleet's average Carbon Intensity Index (CII) value and its deviation from required level according to IMO regulation is helpful in this context. «

» A precise indicator for carbon efficiency is to calculate the average CII alignment delta (i.e. the percentage deviation from required CII values) for the financed vessels weighted by individual loan exposure. For 2022 the average CII alignment delta for the HCOB financed vessels stands at 4.35%. This level can be seen as roughly in line with market average. For example the underwriters of the Poseidon Principles have reported an average alignment delta of +2% for year 2022, within a range from -13.5% to +18.5%. Compared to the Poseidon Principles underwriting banks, HCOB falls under the to 63% of the signatories that reported an average CII alignment delta of +5% or less.

Maritime transportation is seen as a hard-to-abate-sector with regard to GHG emissions as technological limitations are hindering large-scale and quick transformation to net zero transportation for the time being. Nonetheless, pressure is constantly rising on the maritime sector. In 2023, IMO has approved a more ambitious decarbonisation strategy, now targeting at net zero for 2050 with intermediate goals of at least 20% reduction (versus base year 2008) in 2030 and 70% reduction in 2040. This updated strategy will regulatorily enter into force in year 2028. Though many questions with regard to the technological solutions for reaching this ambition persist, HCOB welcomes this higher level of ambition and feels well prepared to support the expected industry transformation. With a current financing focus on relatively short loan terms the financed vessels carbon-intensity can quickly profit from financing carbon-improving investments of our clients. «

Data Quality Improvement Strategy

» Starting disclosure of financed emissions with an average data quality score in the range from 3 to 4 leaves room for improvement. HCOB aims to enhance data quality with a step-by-step approach, reflecting the specifics of the business segments. In Shipping, HCOB has already started to collect selectively annual IMO Data Collection System submissions on vessel fuel consumptions which are obligatory for all vessels types and sizes in our lending focus. With the upcoming requirement of an external certification of such submissions the Bank plans to increase efforts in collecting this type of document to successively replace estimated values by actual activity-based values. In Real Estate the collection of EPCs is ongoing for several years now and is to be continued in the future. The challenge here lies not only on the availability of EPCs for the financed buildings, but even more on ensuring homogeneity, comparability and other data quality issues that are to be solved successively in order to further increase the use of more data derived from EPCs. In contrast, in Project Finance and Corporates it is within the responsibility of the Bank's client relationship managers to gather carbon emission data directly from the clients and project sponsors. With regard to clients in EU countries the CSRD will force more of the Bank's clients to collect and disclose their carbon emissions.

Besides gathering more and better carbon emission data on the financed assets and clients, one future focus will also be on developing and improving internal models for GHG estimation. This will include a new methodology for the newly added asset class Aviation by estimating aircraft emissions in the course of 2024. Vessel GHG calculations modelling are prospectively to be enhanced by an add-on for incorporating methane slip for vessels with LNG-propulsion. «

Calculation Methodology for Financed Emissions

» For estimating the Bank's financed emissions from its loan book, internal CO_2e emission models as well as external estimated GHG emissions have been used. Generally, the models follow the requirements of the PCAF standard. Within this methodological framework, some extensions have been developed and implemented. Notably, HCOB has developed a separate calculation methodology (i.e. 'Asset Class') for vessel financings, named 'Ship Finance'. This methodology is based on and is widely identical to the PCAF asset class 'Commercial Real Estate'. Due to the specifics of vessels compared to real estate property differences are mainly associated with calculating or estimating an asset's GHG emissions and the data quality scores assigned to the GHG calculation quality level. HCOB's internal CO_2e emission models are, in line with general efforts to increase data quality and availability, subject to continuous improvement efforts. Sources of information used as model input for estimating building GHG emissions are data from EPCs, combined with key property characteristics such as use type, construction year and size, statistical data on building energy consumption per m^2 for heating and cooling as well as energy-source-specific GHG emission factors. Vessel GHG emissions are calculated based on vessel activity tracked by using a vessel's Automatic Identification System signal for measuring distance sailed, route and voyage speed, combined with the vessels technical data such as the speed-dependent fuel consumption pattern. This data is sourced from an external data provider.

In case that a model-based GHG calculation is not possible due to missing client or asset data the Bank uses EXIOBASE emission factors as well as an EXIOBASE mapping table to NACE codes, both provided by the PCAF secretariat (PCAF emission factor data base). EXIOBASE emission factors are also used if financial statement data for a corporate customer is not available. However, due to unexplainable outliers within the EXIOBASE emission factors for some sub-sectors in the energy and utility sector, HCOB has initiated a review and conducted own calculations in the PCAF DA-CH-LI working group and decided not to use the values provided for the sub-sector but to replace it with the more realistic estimates for the overall sector. Hereby, for wind and solar farms Scope 1 and Scope 2 emission factors of zero are applied as such renewable energy projects only produce electricity without GHG emissions. For real estate projects and vessel newbuilds GHG emissions are generally set to zero during the construction phase. «

Impact on Climate Change

GRI 3-3

» The financial sector is one of the crucial sectors for financing the transition for combating climate change. HCOB is in a position to contribute to this through its portfolio. Moreover, by considering the ecological impact of investments and aiming to align its financing decisions with the Paris Climate Agreement, HCOB minimises market and reputation risks.

HCOB's impact on climate change is considered material on the impact level since its financed emissions are a substantial lever against climate change. On the financial materiality level, the changing climate increases physical and transition risks for the Bank, as well as in terms of supervisory and societal requirements and expectations.

The Bank is committed to contribute to the fight against climate change and therefore embeds ESG in the loan origination and monitoring process. The four-fold ESG review process (***see page 50***), its Investment Policy, and on a more strategic level, the Bank's commitment to the Principles for Responsible Banking (***see page 115***) and the Partnership of Carbon Accounting Financials (PCAF) for calculating a Bank's portfolio emissions enable a more emission-based bank steering.

In the reporting year, HCOB made progress towards its targets (***see page 31***) by conducting and publishing its carbon footprint on portfolio level based on the PCAF methodology with a special focus on improvement of data coverage and average data quality score. The Bank also continually reviews its market environment and external regulatory requirements to react accordingly.

The Management Board is involved regularly and updated continually via Sustainability Committee meetings which includes respective reporting and discussions.

HCOB engages relevant stakeholders about its impact on climate change, such as customers and potential customers, to be a reliable partner with emphasis on transition finance. Furthermore, supervisory authorities such as the ECB expect concrete measures, the public counts on institutions such as HCOB to decrease their impact on climate change via financed emissions, and rating agencies positively acknowledge solid measures and transparency, improving the competitive advantage of climate-focused banks in the market. «

EU Taxonomy Regulation

» The EU Taxonomy Regulation (Regulation 2020/852/EU) is a regulation that establishes a classification scheme for economic activities based on their environmental sustainability. This classification scheme is primarily aimed at supporting mandatory disclosures, which help investors and companies make informed decisions on environmentally sustainable economic activities. A comprehensive Taxonomy covering all six environmental aspects, including climate change mitigation, climate change adaptation, protection of water resources, circular economy, pollution prevention and control, and protection of ecosystems, is adopted stepwise. In 2022 the EU Taxonomy focused on the goals of climate change mitigation and adaptation. For the reporting period of 2023, the adoption of the remaining four environmental goals is in scope. Furthermore, an alignment reporting for the first two environmental goals is required.

Activities are "taxonomy-eligible" if they are covered by the EU taxonomy delegated acts. In order for an economic activity to be classified as "taxonomy-aligned", four criteria must be met:

a) 'Substantial contribution': According to Articles 10 to 16, the economic activity must make a substantial contribution to the achievement of one or more of the environmental objectives set out in Article 9.

b) 'Do no Significant Harm' (DNSH): The economic activity shall not cause significant harm to one or more of the environmental objectives of Article 9, as defined in Article 17.

c) 'Minimum safeguards': The activity shall be carried out in compliance with the minimum safeguards set out in Article 18.

d) 'Technical screening criteria' means that the economic activity complies with the technical screening criteria established by the Commission pursuant to Articles 10 (3), 11 (3), 12 (2), 13 (2), 14 (2) and 15 (2). «

» Hamburg Commercial Bank successively integrates the EU Taxonomy Regulation in its business strategy, product design processes, and engagement with clients and counterparties. EU Taxonomy is also at the core of Hamburg Commercial Bank's Sustainable & Transformational Finance Framework (***see page 58***). From this, the material criteria for sustainable economic activities provided by Taxonomy Regulation will be used as a key guideline for defining practicable criteria that are applicable to all of the Bank's clients, regardless of their size and country of domicile. For further details, please also see the descriptions provided in the chapters covering the Bank's overall sustainability policy and their adaptation in the business segments. «

Disclosure Requirements

» In connection with the Non-Financial Reporting Directive (NFRD), Article 8 of EU Taxonomy Regulation requires banks to report how, and to what extent, their activities are associated with Taxonomy-aligned activities. Regulation No. 2021/2178/EU, which supplements Article 8 of the Taxonomy Regulation, further specifies the contents and presentation of the information required of companies subject to the obligation to publish non-financial information under Article 19a or Article 29a of Directive 2013/34/EU. In particular, from 1 January 2024 financial institutions disclose the following sheets of the template provided for credit institutions in annex VI of the Delegated Regulation (EU) 2021/2178 amending Delegated Regulation (EU) 2021/2178 (C(2023) 3851 final):

0. Summary of KPIs
1. Covered assets (GAR, off-bal)
2. GAR – Sector information
3. GAR KPIs Stock
4. GAR KPIs flow
5. FinGar, AuM KPIs

In addition, the table of annex VII of the Delegated Regulation (EU) 2022/1214 regarding nuclear- and fossil-gas-related activities has been included.

As this is the first year of reporting on alignment, the columns showing the previous year's figures have been omitted from the following presentations. «

Mandatory Reporting

» Hamburg Commercial Bank's taxonomy KPIs and data as of 31 December 2023 are listed in the templates on the following pages. Hamburg Commercial Bank's Green Asset Ratio (GAR) for the stock is 0.03%. The environmentally sustainable assets as taxonomy-aligned assets within the scope of the taxonomy amount to € 8.8 million. The low volume of aligned exposures can be understood as a result of the limited number of counterparties subject to the NFRD in the portfolio – as a consequence the renewables portfolio is currently not in scope – and the high proportion of financial companies among these counterparties – as these were not required to provide alignment data until now. As of 31 December 2023, only 9.16% (€ 2,440 million) of HCOB's total GAR assets are eligible for inclusion in the numerator of the GAR. In addition to the small number of counterparties subject to the NFRD, this can be explained by the low exposure to households due to the discontinuation of the Private Banking business unit, which included the retail business. As local government financing is considered to be entirely general purpose financing, the exposure has been allocated to central government exposure and is therefore outside the scope of total GAR assets. Total GAR assets amounted to € 26.6 billion, excluding exposures to central banks, supranational issuers and central governments that amounted to a share of 16.46% of total assets.

In total, € 729 million are taxonomy-eligible exposure, mainly related to bonds issued by financial institutions, including green bonds, loans to companies subject to the NFRD and loans to households secured by residential property. The assessment of taxonomy eligibility and alignment for households was limited due to the availability of data. However, it was possible to confirm the eligibility of exposures that explicitly refer to eligible activities. «

» Taxonomy-Relevant Assets «

Total assets
€ 31,872 million (100%)

Total covered GAR assets
€ 26,626 million (83.5%)

Exposure to counterparties subject to NFRD
€ 2,440 million (9.2%)

- Financial and non-financial undertakings subject to NFRD regulation
- Households
- Local governments

Taxonomy-eligible exposure
€ 729 million (2.74%)

Taxonomy-aligned exposure
€ 8.77 million (0.03%)

Exposure to counterparties not subject to NFRD
€ 24,185 million (90.8%)

- Financial and non-financial undertakings not subject to NFRD regulation
- On-demand interbank loans
- Cash and cash-related assets
- Other categories of assets
- Derivatives

Total non-covered GAR assets
€ 5,246 million (16.5%)

Exposure to central banks, central governments and supranational organisations

Trading book assets

» The alignment is derived from exposures to financial corporations that have already provided alignment reports and non-financial exposures. In all cases the alignment was derived from taxonomy data provided by the counterparty through their non-financial reporting. Given that all financial institutions will also be required to report their alignment ratios this year and the anticipated eligibility of SPVs for the numerator of the GAR, the Bank's alignment figures are expected to increase significantly.

For detailed information on the scope of consolidation, methodological details on identification of NFRD-obliged clients and eligible assets, recognition of Taxonomy disclosure by the different types of counterparties subject to the NFRD, data quality and data availability please see 'Reporting Principles' and 'Methodological Notes' ***on page 78***. «

» Taxonomy Regulation – Mandatory reporting as of 31 December 2023 under the EU Taxonomy Regulation, Article 8 and Disclosures Delegated Act, Article 10 «

» 0. Summary of KPIs to be disclosed by credit institutions under Article 8 Taxonomy Regulation «

		Total environmentally sustainable assets	**KPI******	**KPI*******	**% coverage (over total assets)*****	**% of assets excluded from the numerator of the GAR (Article 7(2) and (3) and Section 1.1.2. of Annex V)**	**% of assets excluded from the denominator of the GAR (Article 7(1) and Section 1.2.4 of Annex V)**
Main KPI	Green asset ratio (GAR) stock	8.77	0.03%	0.03%	83.54%	90.84%	16.46%

		Total environmentally sustainable activities	**KPI**	**KPI**	**% coverage (over total assets)**	**% of assets excluded from the numerator of the GAR (Article 7(2) and (3) and Section 1.1.2. of Annex V)**	**% of assets excluded from the denominator of the GAR (Article 7(1) and Section 1.2.4 of Annex V)**
Additional KPIs	GAR (flow)	3.45	0.04%	0.04%	92.77%	83.04%	7.23%
	Trading book*						
	Financial guarantees	0.00	0.00%	0.00%			
	Assets under management	0.00	0.00%	0.00%			
	Fees and commissions income**						

* For credit institutions that do not meet the conditions of Article 94(1) of the CRR or the conditions set out in Article 325a(1) of the CRR
** Fees and commissions income from services other than lending and AuM Instutitons shall dislcose forwardlooking information for this KPIs, including information in terms of targets, together with relevant explanations on the methodology applied.
*** % of assets covered by the KPI over banks´ total assets
**** based on the Turnover KPI of the counterparty
***** based on the CapEx KPI of the counterparty, except for lending activities where for general lending Turnover KPI is used

Note 1: Across the reporting templates: cells shaded in black should not be reported.
Note 2: Fees and Commissions (sheet 6) and Trading Book (sheet 7) KPIs shall only apply starting 2026. SMEs´inclusion in these KPI will only apply subject to a positive result of an impact assessment.

» 1. Assets for the calculation of GAR: Revenue based «

	Million EUR	Disclosure reference date T														
			Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				TOTAL (CCM + CCA)				
			Of which towards taxonomy relevant sectors (Taxonomy-eligible)					Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				
				Of which environmentally sustainable (Taxonomy-aligned)					Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)			
		Total [gross] carrying amount			Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which transitional	Of which enabling
	GAR - Covered assets in both numerator and denominator															
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	2,440.16	729.35	8.75	0.00	1.24	0.68	0.08	0.01	0.00	0.00	729.43	8.77	0.00	1.24	0.68
2	**Financial undertakings**	2,218.60	713.16	8.37	0.00	1.24	0.30	0.08	0.01	0.00	0.00	713.24	8.39	0.00	1.24	0.30
3	Credit institutions	2,191.30	701.32	8.37	0.00	1.24	0.30	0.08	0.01	0.00	0.00	701.40	8.39	0.00	1.24	0.30
4	Loans and advances	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
5	Debt securities, including UoP	2,117.26	676.92	8.13	0.00	1.21	0.30	0.07	0.01	0.00	0.00	677.00	8.15	0.00	1.21	0.30
6	Equity instruments	74.05	24.40	0.24		0.03	0.01	0.00	0.00		0.00	24.40	0.24		0.03	0.01
7	Other financial corporations	27.30	11.84	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	11.84	0.00	0.00	0.00	0.00
8	of which investment firms	27.30	11.84	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	11.84	0.00	0.00	0.00	0.00
9	Loans and advances	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
10	Debt securities, including UoP	25.55	11.42	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	11.42	0.00	0.00	0.00	0.00
11	Equity instruments	1.75	0.42	0.00		0.00	0.00	0.00	0.00		0.00	0.42	0.00		0.00	0.00
12	of which management companies	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
13	Loans and advances	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
14	Debt securities, including UoP	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
15	Equity instruments	0.00	0.00	0.00		0.00	0.00	0.00	0.00		0.00	0.00	0.00		0.00	0.00
16	of which insurance undertakings	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
17	Loans and advances	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
18	Debt securities, including UoP	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
19	Equity instruments	0.00	0.00	0.00		0.00	0.00	0.00	0.00		0.00	0.00	0.00		0.00	0.00
20	**Non-financial undertakings**	114.33	5.50	0.38	0.00	0.00	0.38	0.00	0.00	0.00	0.00	5.50	0.38	0.00	0.00	0.38
21	Loans and advances	72.92	5.50	0.38	0.00	0.00	0.38	0.00	0.00	0.00	0.00	5.50	0.38	0.00	0.00	0.38
22	Debt securities, including UoP	29.74	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
23	Equity instruments	11.67	0.00	0.00		0.00	0.00	0.00	0.00		0.00	0.00	0.00		0.00	0.00
24	**Households**	107.23	10.69	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	10.69	0.00	0.00	0.00	0.00
25	of which loans collateralised by residential immovable property	10.69	10.69	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	10.69	0.00	0.00	0.00	0.00
26	of which building renovation loans	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
27	of which motor vehicle loans	0.00	0.00	0.00	0.00	0.00	0.00					0.00	0.00	0.00	0.00	0.00
28	**Local governments financing**	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
29	Housing financing	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
30	Other local government financing	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
31	**Collateral obtained by taking possession: residential and commercial immovable properties**	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

» 1. Assets for the calculation of GAR: Revenue based – continued «

			Disclosure reference date T													
			Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				TOTAL (CCM + CCA)				
			Of which towards taxonomy relevant sectors (Taxonomy-eligible)					Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				
				Of which environmentally sustainable (Taxonomy-aligned)					Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)			
	Million EUR	Total [gross] carrying amount			Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which transitional	Of which enabling
32	**Assets excluded from the numerator for GAR calculation (covered in the denominator)**															
33	**Financial and Non-financial undertakings**	22,916.83														
34	SMEs and NFCs (other than SMEs) not subject to NFRD disclosure obligations	14,985.44														
35	Loans and advances	12,740.87														
36	of which loans collateralised by commercial immovable property	5,883.57														
37	of which building renovation loans	0.00														
38	Debt securities	1,552.13														
39	Equity instruments	692.44														
40	Non-EU country counterparties not subject to NFRD disclosure obligations	7,931.39														
41	Loans and advances	4,368.26														
42	Debt securities	3,545.76														
43	Equity instruments	17.36														
44	**Derivatives**	0.00														
45	**On demand interbank loans**	357.86														
46	**Cash and cash-related assets**	0.00														
47	**Other categories of assets (e.g. Goodwill, commodities etc.)**	910.71														
48	**Total GAR assets**	**26,625.56**														
49	**Assets not covered for GAR calculation**															
50	**Central governments and Supranational issuers**	1,054.40														
51	**Central banks exposure**	3,856.96														
52	**Trading book**	334.97														
53	**Total assets**	31,871.89														
Off-balance sheet exposures – Undertakings subject to NFRD disclosure obligations																
54	Financial guarantees	642.95														
55	Assets under management	0.00														
56	Of which debt securities	0.00														
57	Of which equity instruments	0.00														

Note 1 This template shall include information for loans and advances, debt securities and equity instruments in the banking book, towards financial corporates, non-financial corporates (NFC), including SMEs, households (including residential real estate, house renovation loans and motor vehicle loans only) and local governments/municipalities (house financing)

Note 2 The following accounting categories of financial assets should be considered: Financial assets at amortised cost, financial assets at fair value through other comprehensive income, investments in subsidiaries, joint ventures and associates, financial assets designated at fair value through profit or loss and non-trading financial assets mandatorily at fair value through profit or loss, and real estate collaterals obtained by credit institutions by taking possession in exchange in of cancellation of debts

Note 3 Banks with non-EU subsidiary should provide this information separately for exposures towards non-EU counterparties. For non-EU exposures, while there are additional challenges in terms of absence of common disclosure requirements and methodology, as the EU taxonomy and the NFRD apply only at EU level, given the relevance of these exposures for those credit institutions with non-EU subsidiaries, these institutions should disclose a separate GAR for non-EU exposures, on a best effort basis, in the form of estimates and ranges, using proxies, and explaining the assumptions, caveats and limitations

Note 4 For motor vehicle loans, institutions shall only include those exposures generated after the date of application of the disclosure

» 1. Assets for the calculation of GAR: CapEx based «

		Disclosure reference date T														
			Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				TOTAL (CCM + CCA)				
			Of which towards taxonomy relevant sectors (Taxonomy-eligible)					Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				
				Of which environmentally sustainable (Taxonomy-aligned)					Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)			
Million EUR		Total [gross] carrying amount			Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which transitional	Of which enabling
	GAR - Covered assets in both numerator and denominator															
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	2,440.16	470.69	10.56	0.00	1.44	2.04	0.03	0.01	0.00	0.00	470.72	10.57	0.00	1.44	2.04
2	**Financial undertakings**	2,218.60	427.83	9.04	0.00	1.44	0.52	0.03	0.01	0.00	0.00	427.86	9.05	0.00	1.44	0.52
3	Credit institutions	2,191.30	426.92	9.04	0.00	1.44	0.52	0.03	0.01	0.00	0.00	426.95	9.05	0.00	1.44	0.52
4	Loans and advances	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
5	Debt securities, including UoP	2,117.26	413.79	8.78	0.00	1.40	0.51	0.03	0.01	0.00	0.00	413.82	8.79	0.00	1.40	0.51
6	Equity instruments	74.05	13.13	0.26		0.04	0.01	0.00	0.00		0.00	13.13	0.26		0.04	0.01
7	Other financial corporations	27.30	0.91	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.91	0.00	0.00	0.00	0.00
8	of which investment firms	27.30	0.91	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.91	0.00	0.00	0.00	0.00
9	Loans and advances	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
10	Debt securities, including UoP	25.55	0.49	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.49	0.00	0.00	0.00	0.00
11	Equity instruments	1.75	0.42	0.00		0.00	0.00	0.00	0.00		0.00	0.42	0.00		0.00	0.00
12	of which management companies	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
13	Loans and advances	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
14	Debt securities, including UoP	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
15	Equity instruments	0.00	0.00	0.00		0.00	0.00	0.00	0.00		0.00	0.00	0.00		0.00	0.00
16	of which insurance undertakings	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
17	Loans and advances	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
18	Debt securities, including UoP	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
19	Equity instruments	0.00	0.00	0.00		0.00	0.00	0.00	0.00		0.00	0.00	0.00		0.00	0.00
20	**Non-financial undertakings**	114.33	32.17	1.52	0.00	0.00	1.52	0.00	0.00	0.00	0.00	32.17	1.52	0.00	0.00	1.52
21	Loans and advances	72.92	30.92	1.52	0.00	0.00	1.52	0.00	0.00	0.00	0.00	30.92	1.52	0.00	0.00	1.52
22	Debt securities, including UoP	29.74	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
23	Equity instruments	11.67	1.25	0.00		0.00	0.00	0.00	0.00		0.00	1.25	0.00		0.00	0.00
24	**Households**	107.23	10.69	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	10.69	0.00	0.00	0.00	0.00
25	of which loans collateralised by residential immovable property	10.69	10.69	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	10.69	0.00	0.00	0.00	0.00
26	of which building renovation loans	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
27	of which motor vehicle loans	0.00	0.00	0.00	0.00	0.00	0.00					0.00	0.00	0.00	0.00	0.00
28	**Local governments financing**	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
29	Housing financing	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
30	Other local government financing	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
31	**Collateral obtained by taking possession: residential and commercial immovable properties**	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

» 1. Assets for the calculation of GAR: CapEx based – continued «

			Disclosure reference date T													
			Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				TOTAL (CCM + CCA)				
			Of which towards taxonomy relevant sectors (Taxonomy-eligible)					Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				
				Of which environmentally sustainable (Taxonomy-aligned)					Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)			
	Million EUR	Total [gross] carrying amount			Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which transitional	Of which enabling
32	**Assets excluded from the numerator for GAR calculation (covered in the denominator)**															
33	**Financial and Non-financial undertakings**	22,916.83														
34	SMEs and NFCs (other than SMEs) not subject to NFRD disclosure obligations	14,985.44														
35	Loans and advances	12,740.87														
36	of which loans collateralised by commercial immovable property	5,883.57														
37	of which building renovation loans	0.00														
38	Debt securities	1,552.13														
39	Equity instruments	692.44														
40	Non-EU country counterparties not subject to NFRD disclosure obligations	7,931.39														
41	Loans and advances	4,368.26														
42	Debt securities	3,545.76														
43	Equity instruments	17.36														
44	**Derivatives**	0.00														
45	**On demand interbank loans**	357.86														
46	**Cash and cash-related assets**	0.00														
47	**Other categories of assets (e.g. Goodwill, commodities etc.)**	910.71														
48	**Total GAR assets**	**26,625.56**														
49	**Assets not covered for GAR calculation**															
50	**Central governments and Supranational issuers**	1,054.40														
51	**Central banks exposure**	3,856.96														
52	**Trading book**	334.97														
53	**Total assets**	31,871.89														
	Off-balance sheet exposures – Undertakings subject to NFRD disclosure obligations															
54	Financial guarantees	642.95														
55	Assets under management	0.00														
56	Of which debt securities	0.00														
57	Of which equity instruments	0.00														

Note 1 This template shall include information for loans and advances, debt securities and equity instruments in the banking book, towards financial corporates, non-financial corporates (NFC), including SMEs, households (including residential real estate, house renovation loans and motor vehicle loans only) and local governments/municipalities (house financing)

Note 2 The following accounting categories of financial assets should be considered: Financial assets at amortised cost, financial assets at fair value through other comprehensive income, investments in subsidiaries, joint ventures and associates, financial assets designated at fair value through profit or loss and non-trading financial assets mandatorily at fair value through profit or loss, and real estate collaterals obtained by credit institutions by taking possession in exchange in of cancellation of debts

Note 3 Banks with non-EU subsidiary should provide this information separately for exposures towards non-EU counterparties. For non-EU exposures, while there are additional challenges in terms of absence of common disclosure requirements and methodology, as the EU taxonomy and the NFRD apply only at EU level, given the relevance of these exposures for those credit institutions with non-EU subsidiaries, these institutions should disclose a separate GAR for non-EU exposures, on a best effort basis, in the form of estimates and ranges, using proxies, and explaining the assumptions, caveats and limitations

Note 4 For motor vehicle loans, institutions shall only include those exposures generated after the date of application of the disclosure

» 2. GAR sector information «

		Climate Change Mitigation (CCM)		Climate Change Adaptation (CCA)		TOTAL (CCM + CCA)	
		Non-Financial corporates (Subject to NFRD)		Non-Financial corporates (Subject to NFRD)		Non-Financial corporates (Subject to NFRD)	
		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount	
	Breakdown by sector - NACE 4 digits level (code and label)	Mn EUR	Of which environmentally sustainable (CCM)	Mn EUR	Of which environmentally sustainable (CCA)	Mn EUR	Of which environmentally sustainable (CCM + CCA)
1	C27.1.1	0.00 €	0.00 €	0.00 €	0.00 €	0.00 €	0.00 €
2	C29.1.0	4.06 €	0.38 €	0.00 €	0.00 €	4.06 €	0.38 €

Note 1 Credit institutions shall disclose in this template information on exposures in the banking book towards those sectors covered by the Taxonomy (NACE sectors 4 levels of detail), using the relevant NACE Codes on the basis of the principal activity of the counterparty

Note 2 The counterparty NACE sector allocation shall be based exclusively on the nature of the immediate counterparty. The classification of the exposures incurred jointly by more than one obligor shall be done on the basis of the characteristics of the obligor that was the more relevant, or determinant, for the institution to grant the exposure. The distribution of jointly incurred exposures by NACE codes shall be driven by the characteristics of the more relevant or determinant obligor. Institutions shall disclose information by NACE codes with the level of disaggregation required in the template.

» 3. GAR KPI stock: Revenue based «

		Disclosure reference date T														
		Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				TOTAL (CCM + CCA)					
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				
% (compared to total covered assets in the denominator)				Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which transitional	Of which enabling	Proportion of total assets covered
	GAR - Covered assets in both numerator and denominator															
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	2.74%	0.03%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	2.74%	0.03%	0.00%	0.00%	0.00%	9.16%
2	**Financial undertakings**	2.68%	0.03%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	2.68%	0.03%	0.00%	0.00%	0.00%	8.33%
3	Credit institutions	2.63%	0.03%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	2.63%	0.03%	0.00%	0.00%	0.00%	8.23%
4	Loans and advances	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
5	Debt securities, including UoP	2.54%	0.03%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	2.54%	0.03%	0.00%	0.00%	0.00%	7.95%
6	Equity instruments	0.09%	0.00%		0.00%	0.00%	0.00%	0.00%		0.00%	0.09%	0.00%		0.00%	0.00%	0.28%
7	Other financial corporations	0.04%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.04%	0.00%	0.00%	0.00%	0.00%	0.10%
8	of which investment firms	0.04%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.04%	0.00%	0.00%	0.00%	0.00%	0.10%
9	Loans and advances	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
10	Debt securities, including UoP	0.04%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.04%	0.00%	0.00%	0.00%	0.00%	0.10%
11	Equity instruments	0.00%	0.00%		0.00%	0.00%	0.00%	0.00%		0.00%	0.00%	0.00%		0.00%	0.00%	0.01%
12	of which management companies	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
13	Loans and advances	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
14	Debt securities, including UoP	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
15	Equity instruments	0.00%	0.00%		0.00%	0.00%	0.00%	0.00%		0.00%	0.00%	0.00%		0.00%	0.00%	0.00%
16	of which insurance undertakings	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
17	Loans and advances	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
18	Debt securities, including UoP	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
19	Equity instruments	0.00%	0.00%		0.00%	0.00%	0.00%	0.00%		0.00%	0.00%	0.00%		0.00%	0.00%	0.00%
20	**Non-financial undertakings**	0.02%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.02%	0.00%	0.00%	0.00%	0.00%	0.43%
21	Loans and advances	0.02%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.02%	0.00%	0.00%	0.00%	0.00%	0.27%
22	Debt securities, including UoP	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.11%
23	Equity instruments	0.00%	0.00%		0.00%	0.00%	0.00%	0.00%		0.00%	0.00%	0.00%		0.00%	0.00%	0.04%
24	**Households**	0.04%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.04%	0.00%	0.00%	0.00%	0.00%	0.40%
25	of which loans collateralised by residential immovable property	0.04%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.04%	0.00%	0.00%	0.00%	0.00%	0.04%
26	of which building renovation loans	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
27	of which motor vehicle loans	0.00%	0.00%	0.00%	0.00%	0.00%					0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
28	**Local governments financing**	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
29	Housing financing	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
30	Other local government financing	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
31	**Collateral obtained by taking possession: residential and commercial immovable properties**	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
32	**Total GAR assets**	**26,625.56**														

Note 1 Institution shall dislcose in this template the GAR KPIs on stock of loans calculated based on the data disclosed in template 1, on covered assets, and by applying the formulas proposed in this template

Note 2 Information on the GAR (green asset ratio of 'eligible' activities) shall be accompanied with information on the proportion of total assets covered by the GAR

Note 3 Credit institutions can, in addition to the information included in this template, show the proportion of assets funding taxonomy relevant sectors that are environmetnally sustainable (Taxonomy-aligned). This information would enrich the information on the KPI on environmentatlly sustainable assets compared to total covered assets

Note 4 Credit institutions shall duplicate this template for revenue based and CapEx based disclosures

» 3. GAR KPI stock: CapEx based «

		Disclosure reference date T														
		Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				TOTAL (CCM + CCA)					
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				
% (compared to total covered assets in the denominator)				Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which transitional	Of which enabling	Proportion of total assets covered
	GAR - Covered assets in both numerator and denominator															
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	1.77%	0.04%	0.00%	0.01%	0.01%	0.00%	0.00%	0.00%	0.00%	1.77%	0.04%	0.00%	0.01%	0.01%	9.16%
2	**Financial undertakings**	1.61%	0.03%	0.00%	0.01%	0.00%	0.00%	0.00%	0.00%	0.00%	1.61%	0.03%	0.00%	0.01%	0.00%	8.33%
3	Credit institutions	1.60%	0.03%	0.00%	0.01%	0.00%	0.00%	0.00%	0.00%	0.00%	1.60%	0.03%	0.00%	0.01%	0.00%	8.23%
4	Loans and advances	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
5	Debt securities, including UoP	1.55%	0.03%	0.00%	0.01%	0.00%	0.00%	0.00%	0.00%	0.00%	1.55%	0.03%	0.00%	0.01%	0.00%	7.95%
6	Equity instruments	0.05%	0.00%		0.00%	0.00%	0.00%	0.00%		0.00%	0.05%	0.00%		0.00%	0.00%	0.28%
7	Other financial corporations	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.10%
8	of which investment firms	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.10%
9	Loans and advances	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
10	Debt securities, including UoP	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.10%
11	Equity instruments	0.00%	0.00%		0.00%	0.00%	0.00%	0.00%		0.00%	0.00%	0.00%		0.00%	0.00%	0.01%
12	of which management companies	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
13	Loans and advances	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
14	Debt securities, including UoP	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
15	Equity instruments	0.00%	0.00%		0.00%	0.00%	0.00%	0.00%		0.00%	0.00%	0.00%		0.00%	0.00%	0.00%
16	of which insurance undertakings	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
17	Loans and advances	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
18	Debt securities, including UoP	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
19	Equity instruments	0.00%	0.00%		0.00%	0.00%	0.00%	0.00%		0.00%	0.00%	0.00%		0.00%	0.00%	0.00%
20	**Non-financial undertakings**	0.12%	0.01%	0.00%	0.00%	0.01%	0.00%	0.00%	0.00%	0.00%	0.12%	0.01%	0.00%	0.00%	0.01%	0.43%
21	Loans and advances	0.12%	0.01%	0.00%	0.00%	0.01%	0.00%	0.00%	0.00%	0.00%	0.12%	0.01%	0.00%	0.00%	0.01%	0.27%
22	Debt securities, including UoP	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.11%
23	Equity instruments	0.00%	0.00%		0.00%	0.00%	0.00%	0.00%		0.00%	0.00%	0.00%		0.00%	0.00%	0.04%
24	**Households**	0.04%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.04%	0.00%	0.00%	0.00%	0.00%	0.40%
25	of which loans collateralised by residential immovable property	0.04%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.04%	0.00%	0.00%	0.00%	0.00%	0.04%
26	of which building renovation loans	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
27	of which motor vehicle loans	0.00%	0.00%	0.00%	0.00%	0.00%					0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
28	**Local governments financing**	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
29	Housing financing	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
30	Other local government financing	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
31	**Collateral obtained by taking possession: residential and commercial immovable properties**	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
32	**Total GAR assets**	**26,625.56**														

Note 1 Institution shall dislcose in this template the GAR KPIs on stock of loans calculated based on the data disclosed in template 1, on covered assets, and by applying the formulas proposed in this template

Note 2 Information on the GAR (green asset ratio of 'eligible' activities) shall be accompanied with information on the proportion of total assets covered by the GAR

Note 3 Credit institutions can, in addition to the information included in this template, show the proportion of assets funding taxonomy relevant sectors that are environmetnally sustainable (Taxonomy-aligned). This information would enrich the information on the KPI on environmentatlly sustainable assets compared to total covered assets

Note 4 Credit institutions shall duplicate this template for revenue based and CapEx based disclosures

» 4. GAR KPI flow: Revenue based «

	% (compared to flow of total eligible assets)	Disclosure reference date T														
		Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				TOTAL (CCM + CCA)					
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total new assets covered
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				
				Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which transitional	Of which enabling	
	GAR - Covered assets in both numerator and denominator															
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	4.37%	0.04%	0.00%	0.01%	0.01%	0.00%	0.00%	0.00%	0.00%	4.37%	0.04%	0.00%	0.01%	0.01%	16.96%
2	**Financial undertakings**	4.32%	0.04%	0.00%	0.01%	0.01%	0.00%	0.00%	0.00%	0.00%	4.32%	0.04%	0.00%	0.01%	0.01%	15.55%
3	Credit institutions	4.28%	0.04%	0.00%	0.01%	0.01%	0.00%	0.00%	0.00%	0.00%	4.28%	0.04%	0.00%	0.01%	0.01%	15.44%
4	Loans and advances	0.89%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.89%	0.00%	0.00%	0.00%	0.00%	4.95%
5	Debt securities, including UoP	3.32%	0.04%	0.00%	0.01%	0.01%	0.00%	0.00%	0.00%	0.00%	3.32%	0.04%	0.00%	0.01%	0.01%	10.28%
6	Equity instruments	0.07%	0.00%		0.00%	0.00%	0.00%	0.00%		0.00%	0.07%	0.00%		0.00%	0.00%	0.21%
7	Other financial corporations	0.05%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.05%	0.00%	0.00%	0.00%	0.00%	0.11%
8	of which investment firms	0.05%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.05%	0.00%	0.00%	0.00%	0.00%	0.11%
9	Loans and advances	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
10	Debt securities, including UoP	0.04%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.04%	0.00%	0.00%	0.00%	0.00%	0.09%
11	Equity instruments	0.01%	0.00%		0.00%	0.00%	0.00%	0.00%		0.00%	0.01%	0.00%		0.00%	0.00%	0.02%
12	of which management companies	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
13	Loans and advances	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
14	Debt securities, including UoP	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
15	Equity instruments	0.00%	0.00%		0.00%	0.00%	0.00%	0.00%		0.00%	0.00%	0.00%		0.00%	0.00%	0.00%
16	of which insurance undertakings	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
17	Loans and advances	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
18	Debt securities, including UoP	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
19	Equity instruments	0.00%	0.00%		0.00%	0.00%	0.00%	0.00%		0.00%	0.00%	0.00%		0.00%	0.00%	0.00%
20	**Non-financial undertakings**	0.04%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.04%	0.00%	0.00%	0.00%	0.00%	1.41%
21	Loans and advances	0.04%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.04%	0.00%	0.00%	0.00%	0.00%	1.38%
22	Debt securities, including UoP	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.02%
23	Equity instruments	0.00%	0.00%		0.00%	0.00%	0.00%	0.00%		0.00%	0.00%	0.00%		0.00%	0.00%	0.00%
24	**Households**	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
25	of which loans collateralised by residential immovable property	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
26	of which building renovation loans	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
27	of which motor vehicle loans	0.00%	0.00%	0.00%	0.00%	0.00%					0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
28	**Local governments financing**	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
29	Housing financing	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
30	Other local government financing	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
31	**Collateral obtained by taking possession: residential and commercial immovable properties**	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
32	**Total GAR assets**	8,732.39														

Note 1 Institution shall dislcose in this template the GAR KPIs on flow of loans calculated (new loans on a net basis) based on the data disclosed in template 1, on covered assets, and by applying the formulas proposed in this template
Note 2 Credit institutions shall duplicate this template for revenue based and CapEx based disclosures

» 4. GAR KPI flow: CapEx based «

	% (compared to flow of total eligible assets)	Disclosure reference date T: Climate Change Mitigation (CCM): Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)	CCM: Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)	CCM: Of which Use of Proceeds	CCM: Of which transitional	CCM: Of which enabling	Climate Change Adaptation (CCA): Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)	CCA: Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)	CCA: Of which Use of Proceeds	CCA: Of which enabling	TOTAL (CCM + CCA): Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)	TOTAL: Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)	TOTAL: Of which Use of Proceeds	TOTAL: Of which transitional	TOTAL: Of which enabling	Proportion of total new assets covered
	GAR - Covered assets in both numerator and denominator															
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	3.40%	0.05%	0.00%	0.01%	0.00%	0.00%	0.00%	0.00%	0.00%	3.40%	0.05%	0.00%	0.01%	0.00%	16.96%
2	**Financial undertakings**	2.79%	0.04%	0.00%	0.01%	0.00%	0.00%	0.00%	0.00%	0.00%	2.79%	0.04%	0.00%	0.01%	0.00%	15.55%
3	Credit institutions	2.75%	0.04%	0.00%	0.01%	0.00%	0.00%	0.00%	0.00%	0.00%	2.75%	0.04%	0.00%	0.01%	0.00%	15.44%
4	Loans and advances	0.63%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.63%	0.00%	0.00%	0.00%	0.00%	4.95%
5	Debt securities, including UoP	2.08%	0.04%	0.00%	0.01%	0.00%	0.00%	0.00%	0.00%	0.00%	2.08%	0.04%	0.00%	0.01%	0.00%	10.28%
6	Equity instruments	0.05%	0.00%		0.00%	0.00%	0.00%	0.00%		0.00%	0.05%	0.00%		0.00%	0.00%	0.21%
7	Other financial corporations	0.03%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.03%	0.00%	0.00%	0.00%	0.00%	0.11%
8	of which investment firms	0.03%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.03%	0.00%	0.00%	0.00%	0.00%	0.11%
9	Loans and advances	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
10	Debt securities, including UoP	0.03%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.03%	0.00%	0.00%	0.00%	0.00%	0.09%
11	Equity instruments	0.01%	0.00%		0.00%	0.00%	0.00%	0.00%		0.00%	0.01%	0.00%		0.00%	0.00%	0.02%
12	of which management companies	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
13	Loans and advances	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
14	Debt securities, including UoP	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
15	Equity instruments	0.00%	0.00%		0.00%	0.00%	0.00%	0.00%		0.00%	0.00%	0.00%		0.00%	0.00%	0.00%
16	of which insurance undertakings	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
17	Loans and advances	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
18	Debt securities, including UoP	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
19	Equity instruments	0.00%	0.00%		0.00%	0.00%	0.00%	0.00%		0.00%	0.00%	0.00%		0.00%	0.00%	0.00%
20	**Non-financial undertakings**	0.61%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.61%	0.00%	0.00%	0.00%	0.00%	1.41%
21	Loans and advances	0.61%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.61%	0.00%	0.00%	0.00%	0.00%	1.38%
22	Debt securities, including UoP	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.02%
23	Equity instruments	0.00%	0.00%		0.00%	0.00%	0.00%	0.00%		0.00%	0.00%	0.00%		0.00%	0.00%	0.00%
24	**Households**	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
25	of which loans collateralised by residential immovable property	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
26	of which building renovation loans	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
27	of which motor vehicle loans	0.00%	0.00%	0.00%	0.00%	0.00%					0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
28	**Local governments financing**	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
29	Housing financing	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
30	Other local government financing	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
31	**Collateral obtained by taking possession: residential and commercial immovable properties**	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
32	**Total GAR assets**	8,732.39														

Note 1 Institution shall dislcose in this template the GAR KPIs on flow of loans calculated (new loans on a net basis) based on the data disclosed in template 1, on covered assets, and by applying the formulas proposed in this template

Note 2 Credit institutions shall duplicate this template for revenue based and CapEx based disclosures

» 5. KPI off-balance sheet exposures: stock based «

	Disclosure reference date T													
	Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				TOTAL (CCM + CCA)				
	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)			
% (compared to total eligible off-balance sheet assets)			Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which transitional	Of which enabling
1 Financial guarantees (FinGuar KPI)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
2 Assets under management (AuM KPI)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Note 1 Institution shall dislcose in this template the KPIs for off-balance sheet exposures (financial guarantees and AuM) calculated based on the data disclosed in template 1, on covered assets, and by applying the formulas proposed in this template
Note 2 Institutions shall duplicate this template to disclose stock and flow KPIs for off-balance sheet exposures

» 5. KPI off-balance sheet exposures: flow based «

	Disclosure reference date T													
	Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				TOTAL (CCM + CCA)				
	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)			
% (compared to total eligible off-balance sheet assets)			Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which transitional	Of which enabling
1 Financial guarantees (FinGuar KPI)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
2 Assets under management (AuM KPI)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Note 1 Institution shall dislcose in this template the KPIs for off-balance sheet exposures (financial guarantees and AuM) calculated based on the data disclosed in template 1, on covered assets, and by applying the formulas proposed in this template
Note 2 Institutions shall duplicate this template to disclose stock and flow KPIs for off-balance sheet exposures

	» Nuclear energy related activities «	
1.	The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	No
2.	The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	No
3.	The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	No
	» Fossil gas related activities «	
4.	The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	No
5.	The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	No
6.	The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	No

Reporting Principles

» The preparation of mandatory taxonomy reporting is based on FINREP reporting and prudential consolidation for the Hamburg Commercial Bank AG in accordance with the supervisory reporting of institutions according to Regulation (EU) No. 575/2013 of the European Parliament and of the Council, and the Commission Implementing Regulation (EU) 2021/451 (FINREP). The regulatory scope of consolidation does not differ materially from the IFRS scope of consolidation. «

Methodological Notes and Limitations in Data

» For the recognition of Taxonomy-eligible or aligned exposure in its Taxonomy-related disclosure Hamburg Commercial Bank has used an approach that focuses on the counterparty's NFRD obligation. The identification of undertakings subject to the NFRD by the Bank is based on information received from the counterparties (for example annual reporting), stock exchange information and financial data service providers (for example Bloomberg) as well as publicly available information. For the classification of financial and non-financial counterparties subject to the NFRD, Hamburg Commercial Bank applies a strict definition. The only such counterparties recognised are those that fulfil the requirements on an individual basis, that by themselves are subject to the NFRD. In case such counterparty makes use of the exemption option as a subsidiary of a company which discloses mandatory taxonomy information for the consolidated group, the disclosed group figures are applied. Due to a substantial proportion of HCOB's counterparties not being subject to NFRD-reporting obligations, only a small proportion of HCOB's business activities is in scope of the numerator of the Green Asset ratio. Hence, any specialised lending to subsidiaries and SPVs with eligible economic activities is only specialised if such are subject to the NFRD by themselves. Currently, SPVs are not factored into the assessment for the numerator of the Green Asset ratio.

Since the bank only provides general purpose loans for the eligible share of the numerator of the GAR, there is no difference between the CapEx-based and the revenue-based main KPI in template 0, as the regulation requires the numbers for general-purpose financings to be based on the revenue metric.

With respect to the flow figures in template 4, the Total GAR Assets and Total Assets lines include new business on a best efforts basis. In this context, the new business of the previous financial year was flagged and its gross volume recognised as new business. For line items without genuine new business, such as central bank exposure, a net assessment was conducted. If the net consideration resulted in negative values, the new business value was recorded as 0. In order to harmonise the approach, the ratios in template 4 are calculated with the flow denominator of total assets.

The Bank does not currently pursue any asset management business and therefore does not report any assets under management in template 5. Moreover, the bank presently does not provide any financial guarantees that fall within the purview of the EU Taxonomy Regulation or to counterparties obligated under the Non-Financial Reporting Directive.

When assessing taxonomy-eligible and taxonomy-aligned activities, actual Taxonomy disclosure from counterparties subject to the NFRD is used. The deadline for gathering this data was 23 February 2024. All non-financial undertakings subject to the NFRD have started to report their eligibility and alignment ratios to turnover and CapEx in 2023 for the previous fiscal year. All financial companies have only provided eligibility reports for the given reporting period. However, some recently published alignment reportings of financial undertakings for fiscal year 2023 could be collected by the deadline. It is important to note that not all credit institutions disclosed CapEx-related eligibility data, and some institutions used total assets instead of covered assets in their disclosed ratios. However, HCOB made an effort to harmonise the approaches and adjust the captured data to ensure accuracy and consistency. «

» As of 2023 we have not received any information of our counterparties and business partners on the environmental goals 3-6 in their non-financial reporting. As there are also no specialised lending activities with regard to the previously mentioned environmental goals, the Bank cannot provide any further information on these environmental goals.

All reported data and KPIs are calculated based on actual data recorded in Hamburg Commercial Bank's accounting and management system. Financial assets have been screened with regard to their financing purpose and were classified with regard to the catalogue of Taxonomy-eligible economic activity as well as if they qualify as specialised lending, taking also into account the product type and collateralisation.

Counterparties have generally been treated according to their classification type according to FINREP reporting.

Covered bond investments (other than green bonds) issued by NFRD-obliged counterparties have not been checked for specific financing purposes and collateralisation. Hence, such exposures are treated generally as financings for general corporate purposes.

As part of the screening of our green bonds, the use of proceeds was examined. However, no direct reference to the EU Taxonomy was found in the respective frameworks and impact reports, so there was no approach to verify alignment for the EU-Taxonomy of the use of proceeds. The further establishment of the EU Green Bond Label is expected to improve qualification. «

ESG in the Capital Markets and Treasury Business

» In addition to its lending business, HCOB is also an active investor in Capital Markets. Here, the decision-making processes follow the Bank's investment policy and are closely aligned with the standards in the Bank's lending business and its sustainability guidelines. In the investment process particular attention is paid to the HCOB Blacklist.

Hamburg Commercial Bank distinguishes between three different product classes in its investment portfolio: «

1. Active investments

» Bonds from well-known issuers such as supranationals, governments, state agencies and major banks from developed countries are referred to as active investments, as such security investments are actively managed by HCOB. They constitute the largest part of the Bank's investment portfolio. Sustainability factors for the mentioned type of issuers are seen as rather uncritical. Nonetheless all non-governmental issuers covered in this part of the investment portfolio have to be covered by using the Bank's ESG Scoring Tool. «

2. Passive investments

» With so-called passive investments, HCOB also invests in securities and other structured financial instruments to build up diversified portfolios of loans or similar financial instruments, for example SME corporate loans. Such portfolios are actively managed by independent third-party portfolio managers. Issue-specific investment policies and guidelines laid out in the respective prospectuses are checked against the Bank's Blacklist requirements. Examples of such passive investments are managed Collateralised Loan Obligations (CLOs) and Asset Backed Securities (ABS). Investment funds, separate externally managed accounts, ETFs and hedge funds would also fall into this category. «

3. Semi-passive investments

» HCOB also strategically invests in so-called semi-passive products. These are investment vehicles set up exclusively for HCOB by an independent external portfolio manager, investing in diversified portfolios of corporate loans and bonds. Here, being the only investor, HCOB has significantly more influence in the development of the product's basic investment policy (compared with a passive investment), especially with regard to the investment vehicle's adherence to the Bank's Blacklist. A key characteristic of the investment vehicle's semi-passive nature is, however, that HCOB does not reserve the right to instruct the purchase of any specific assets for the portfolio but keeps the power to enforce the sale of non-acceptable single investments and to place specific issuers on a prohibited list for the investment manager. This structuring is intended to make use of the portfolio manager's investment expertise and success as well as to avoid circumventing the Bank's ESG restrictions applicable to active investments.

When investing in passive or semi-passive instruments, a full implementation of the Bank's Blacklist definition in the instrument's investment policy as well as a full ESG-look-through to each investment is not seen as feasible and practicable for the third-party asset manager regarding the highly detailed definitions of blacklisted business activities. Country restrictions are regularly and easily imposed, however. By accepting a somewhat less precise mapping of issuers to a widely used industry sector classification and limiting exposure to sectors defined as critical or controversial, Hamburg Commercial Bank takes a simplified approach to identifying issuers that might be involved in controversial economic activities placed on HCOB's Blacklist. Due to the less precise mapping, the Bank allows for low grace thresholds for passive and semi-passive investments in relation to specific critical industries. «

» In the case of passive investments, there is a preference for instruments with an investment policy that is at least largely in line with the Bank's sustainability guidelines plus definition of a grace threshold (maximum 5% each) for blacklisted industry sectors as well as an overall limit of 15% for all investments associated with the set of critical industries. This industry-oriented approach keeps the ESG assessment effective and simple as it avoids highly detailed ESG assessments for hundreds of borrowers with comparatively small loan and securities investment positions. In return for the simplified ESG assessment of passive and semi-passive investment vehicles, for such investments only overall ESG grades are to be assigned, limited to the range of 3 to 6, depending on the degree of alignment with Hamburg Commercial Bank's Blacklist.

Due to the external active management of a passive or semi-passive investment, its underlying portfolio composition changes with each portfolio reallocation, as well as with each reinvestment of instalment payments from the portfolio that the manager undertakes over time. As a consequence, the portfolio's composition potentially could change in an undesirable way with respect to the Bank's ESG preferences, resulting in an unintended portion invested in business activities and practices blacklisted by HCOB. Hence, a periodic monitoring of the underlying portfolios is set up. Each case of non-compliance with the internal grace thresholds is red flagged, reported and, in the case of two consecutive threshold breaches, triggers a review of the investment decision which has to be presented to the Bank's Sustainability Committee for approval. In the case of semi-passive investments, Hamburg Commercial Bank has the right to implement a prohibited list of investees for the investment vehicle forcing the investment manager to sell undesired investments. Also, where necessary, HCOB will make use of its agreed rights to realign the fund's investment policy with changes to the Blacklist. «

Further Business Activities

Management of HCOB Pension Plan Assets

GRI 201-3

» As of 2020, Hamburg Commercial Bank has implemented an active pension management strategy. For this purpose, a legally independent, registered association, the HCOB Trust e.V. ('Trust'), was established, which has concluded a trust agreement with the Bank ('Contractual Trust Agreement' or "'CTA'). The assets independently held by the Trust provide additional protection for HCOB pensioners in the event of the Bank's insolvency. The Trust's assets are classified as pension 'plan assets', which are offset against the Bank's existing pension liabilities and hence are taken off the balance sheet of the Bank. The Trust's main investment is in an alternative investment fund domiciled in Luxembourg, Klarphos Vantage SCA SICAV-RAIF-C1 ('Fund'). This is managed by an authorised alternative investment fund manager ('AIFM') in Luxembourg, Klarphos S.à r.l., a signatory of the Principles for Responsible Investment (PRI) since 2023. Given the off-balance character of the Trust's assets, the different regulatory status, the domicile of the Fund and the AIFM involved, the Fund and the AIFM are subject to ESG laws and regulations that may vary relative to those which apply to the Bank. Because the Fund remains in the 'ramp-up' phase and in consideration of its current investment policy, it has been classified as an Article 6 fund (a conventional fund) in accordance with the Regulation (EU) 2019/2088 ('SFDR'). From 1 August 2022, the AIFM includes sustainability risks as defined in the SFDR within the investment due diligence process of the Fund and AIFM's internal processes, in compliance with the Commission Delegated Regulation (EU) 2021/1255. «

ESG on Corporate Level

HCOB applies stringent ESG Criteria to its Corporate Activities

Hamburg Commercial Bank represents people with foresight, passion and initiative. The Bank is where its clients are in its home region of northern Germany, in the metropolitan regions of Germany and in selected foreign locations. Here, HCOB aligns its activities with ESG criteria and has anchored sustainability aspects in its business model and operations. The trust of HCOB's clients and employees, as well as public perception, are vital for the Bank and HCOB wants to have a positive impact and show responsibility towards society.

Holistic HR Management, ESG Awareness and Diversity

GRI 3-3

» At HCOB, the Bank's employees are its most important asset. Therefore, the aim is to offer them an attractive place for working with the Bank and to develop their individual potential to enhance HCOB's success. Hamburg Commercial Bank puts people first, and this is reflected in the wide range of topics covered in its day-to-day and strategic HR work.

To this end, the core HR department develops new HR products and instruments and ensures the framework conditions for their implementation. This also includes reviewing Bank-wide HR strategy each year and updating it as necessary to drive forward the implementation of the corporate strategy in the best possible way. The People Management department is responsible for the reliable operation of HR administrative processes and the entry channel for all employees and managers. «

The HCOB Human Resources Strategy

» Promoting employee awareness of ESG factors and incentivising them to participate in the Bank's endeavours through clear, targeted communication is a core issue for HCOB. The Bank aims to create a shared understanding of the company's approach towards the active management of all three ESG dimensions and to further grow its sustainable culture to promote ESG-aligned decision-making. Moreover, a topic of increasing importance is the professional and personal development of employees. Finally, the promotion and implementation of equal opportunities and diversity, centred on but not limited to gender, is a key focus for HCOB, minimising reputational risk and improving employer branding in the process.

The topic Holistic HR Management, ESG Awareness and Diversity is considered material to the impact perspective due to the Bank being a large employer in northern Germany, providing a safe and diverse working culture, and safeguarding its employees' economic status. The topic is also considered financially material because the Bank's need to be perceived as an attractive employer is a critical success factor for finding skilled employees, which in turn guarantee the realisation of the Bank's strategy and profitability.

To underline its commitment, HCOB has signed the Diversity Charter, took part in the Uhlala Group's Pride Index and immediately won the Silver Award and aligned its HR policies, which are also anchored in the Code of Conduct and the in 2023 newly implemented Code of Diversity.

Measures implemented in the reporting year to achieve HCOB's targets (***see page 31f.***) include training sessions focused on career and skills development. The Bank also conducted an employee satisfaction survey, anchored diversity KPI in its overall objectives and adapted its application and selection process.

HCOB conducts due diligence to ensure positive development of its HR activities, through regular internal reporting measures such as monthly HR reporting via an HR dashboard. The Management Board is involved via Sustainability Committee meetings, and via formal Board meetings.

Stakeholder engagement was substantial for managing this topic, specifically about engaging with the public and presenting the Bank as an attractive employer, and engaging with owners and employees to ensure a holistic management and an all-round view of the topic. «

» The human resources strategy supports the Bank's overall strategy and provides the framework for operational human resources functions. It attaches great importance to ensuring that appropriate quantitative and qualitative staffing levels are in place and to managing and avoiding related personnel risks.

The ability to attract and retain motivated and committed employees is important to Hamburg Commercial Bank. In this context, the Bank's human resources strategy and tools have always been fundamental.

The HR business unit is responsible for its governance function, especially in managing personnel expenses and implementing and complying with legal and regulatory principles and updating in-house guidelines – for example in respect of the German Ordinance on the Remuneration of Financial Institutions (InstitutsVergV). «

Employee Rights and Equal Treatment

GRI 403-4, 407-1, 408-1, 409-1

» Co-determination in the workplace and equal treatment have a long tradition in Hamburg Commercial Bank, one that continues to apply and will go on being actively put into practice. «

Co-Determination/ Works Council

» HCOB encourages and requires co-determination and actively involves its employee representatives.

The work of HCOB's employee representatives includes the democratic scrutiny of the implementation of laws, regulations, works agreements and collective bargaining agreements at the Bank. It encourages, among other things, the enforcement of actual equal opportunities between women and men, the promotion of health and safety at work, and measures to combat arbitrary unequal treatment within the company. The Bank's various works agreements enshrine important employee rights, especially in social matters, with binding requirements for the employer, employee representatives and employees.

In accordance with the Articles of Association, Hamburg Commercial Bank's Supervisory Board comprises 18 members, 12 of whom were elected by the shareholders in line with the German Stock Corporation Act (AktG) [Sections 96 (1), 101 (1)], and six by the employees in line with the German One-Third Participation Act (DrittelbG) [Sections 4 (1), 1 (1)]. «

SAFEGUARDING OF EMPLOYEE INTERESTS BY THE WORKS COUNCILS

The Bank has separate works councils for the locations Hamburg and Kiel. These works councils delegate members to the General Works Council.

The Works Constitution Act forms the basis for the activity of the works councils. In addition, there are various labour laws that have an influence on co-determination in the representation of interests. Collective agreements for the private banking industry also apply.

The works councils represent the interests of the workforce in various ways. These include the Bank's compliance with regulations and collective or company agreements as well as with for example environmental protection and occupational safety, co-determination in HR matters such as changes to employment contracts or salaries, and support for colleagues on their request during interviews with the employer.

The works council usually meets weekly and discusses, or makes decisions on, the above-mentioned issues. Besides that, regular exchange formats with all employees take place via so-called 'Campus Talks' as well as Townhall meetings and surveys for employee involvement. Works council members endeavour to resolve differences of opinion and conflicts within the Bank. If this is unsuccessful, clarification is sought before industrial tribunals or arbitration measures are taken.

Appropriate offices with the necessary resources are available to allow the works councils to carry out their tasks and duties. There is also a representative body for severely disabled employees. The representative for severely disabled employees attends the meetings of the works councils or the General Works Council and has their own agenda item at the meetings. In addition, the representative of the representative body serves the special interests of severely disabled employees at the Bank.

The representative for severely disabled employees advises colleagues for example on applications for the severely disabled and those of equal status. They are involved in the design of workstations for the disabled and also participate in the meetings of the occupational health and safety committee.

Human Rights

» Respecting and upholding human rights is an important topic for HCOB. To prevent human rights violations, the Bank takes extensive measures at all levels. Through its Code of Conduct, Hamburg Commercial Bank commits itself and its employees to a special focus on preventing human rights abuses. In addition, at the corporate level through the HCOB Purchasing Principles, the Bank ensures a comprehensive review of the products and services purchased for banking operations (***see page 98***). Furthermore, at portfolio level, HCOB ensures that financings, in which human rights violations may occur, are ruled out as far as possible through extensive screening and the HCOB Blacklist (***see page 51***).

By implementing measures across employee groups and hierarchy levels to comply with standards of Germany and the European Union as strictly regulated legal environment, the risk of human rights violations in HCOB's direct supply chain or within the Bank itself is considered low.

This includes freedom of association and collective bargaining, for which no risks were identified in HCOB operations or suppliers in 2023. «

Diversity and Equal Opportunities/Treatment

GRI 406-1

» Equal treatment has a long tradition at Hamburg Commercial Bank. Members of the Management Board and works councils voluntarily ensured that the issue of equal treatment was permanently established in a works agreement, which still applies at the Bank today. Aspects of the relevant state legislation on equal treatment from the federal states of Hamburg and Schleswig-Holstein were incorporated into this agreement. HCOB also went beyond this legislation by maintaining the equal opportunities officer function after the transformation to a privately owned bank. There are two equal opportunities officers, one working full-time and one part-time, who are released from their normal duties and cover the topic of diversity holistically in a joint approach with the HR department. They have been given extensive rights and act independently. «

» Tasks of the Equal Opportunities Officers «

- Counselling of employees
- Analysis of salary data
- Participation in the development of personnel management instruments
- Contributing to organisational framework conditions to promote equal opportunities among employees
- Implementation of company agreements on equal opportunities
- Design of the Equal Opportunities Promotion Plan
- Participation in the #networkingwomen network

» HCOB has established, and in each reporting year maintained, the promotion of the underrepresented gender (mostly women) among the overall objectives of the Bank, backed by clear target setting addressing these shortcomings.

The Bank employs people from 39 different nationalities resulting in a diverse and inspiring working environment. Additionally, HCOB has signed the Diversity Charter, making a strong voluntary commitment to ensure a working environment that is free of prejudice and guarantees equal opportunities for all.

Moreover, the internal #networkingwomen network organises the active networking of women. The network holds regular meetings and organises events. The aim is particularly to exchange experiences, provide inspiration and discuss current relevant topics within and outside the business. The aim is also to ensure the visibility of women in banking and beyond, and to empower individuals through the community.

» Diversity Measures at HCOB «

- Development of an Equal Opportunities Promotion Plan over the course of several roundtables, with involvement of employees from various departments in the Bank (the plan was successfully adopted by the Management Board in December 2022)
- Regular events of the #networkingwomen network including speed networking, a panel discussion on mentoring, an interview with the Bank's CFO, and regular lunches
- Diversity topics were included for the first time in the employee survey
- Mentoring support
- Process support for job sharing to set the necessary frame, e.g. supporting the application process and onboarding phase
- Work and family measures such as a presentation on the topic "When Parents Grow Older" as part of the health month and two presentations on mental load

Every four years, HCOB works with a Bank-wide working group to draw up an equal opportunity promotion plan, which ensures that every employee is supported with appropriate measures on the road to equal treatment at work. Additional measures for the promotion of equal opportunities are adapted by the Management Board that are implemented on top of the equal opportunity promotion plan.

Gender-specific figures, data and facts are reviewed and gender-specific disparities investigated. This topic is actively supported by the whole Management Board. The Bank is committed to actively support women and men in all issues relating to the reconciliation of work and family commitments and brings in relevant external expertise. Female talent of all ages is actively promoted when filling positions and in target group programmes for personnel. Hamburg Commercial Bank was also a member of genderdax until the end of 2023, the gender and diversity project for highly qualified women initiated by Helmut Schmidt University in Hamburg, which organises information events and workshops.

HCOB's equal opportunities officers prepare a comprehensive equal treatment analysis which is regularly updated and discussed throughout the Bank. Since 2010, the equal opportunities officers have also prepared an annual employee compensation comparison – inspired by the nationwide Equal Pay Day – which compares the average salaries/wages of men and women, the aim being to ensure they receive the same pay for the same work. The results of the analysis are submitted to the appropriate business unit heads and responsible works council members for acknowledgement and further action. «

» HCOB is fully aware that language shapes the way we are thinking, the way we feel and thus forms overall our values. Therefore the bank strives in all its communications for a use of language that is inclusive and gender neutral. To represent the entire spectrum of genders in written documents in German-speaking countries, different gender signs are often used. At HCOB the gender colon (:) is used uniformly in the written language to achieve greater gender equality and inclusion.

In addition, the Management Board made the decision to support the issues of equal opportunity and diversity even more intensively, for example by adopting specific target quotas for underrepresented gender in management and senior positions, as well as adopting the equal opportunities promotion plan mentioned above.

Another key topic in regard to equal opportunities was the audit on the status of LGBTIQ+ friendliness in the company. As a result, for the first time the Bank was included in the Pride Index, which assesses employers' commitment to their LGBTIQ+ employees and the LGBTIQ+ community.

The index makes it possible to take stock of the current status of LGBTIQ+ diversity management and serves as a guide for LGBTIQ+ people in their search for sensitive employers.

The Bank has taken another important step towards diversity with the development of its Code of Diversity, which was created by the employees themselves and makes HCOB's values and principles on diversity visible both internally and externally.

Starting from that good basis the Management Board places particular emphasis on achieving even greater improvements at all levels in the future.

Once again, no cases of discrimination were reported to the General Act on Equal Treatment (AGG) Complaints Office in the reporting year. The Management Board takes a strong approach to emphasise that the Bank has a zero-tolerance policy on discrimination. This has been underlined by several communication measures to employees to promote awareness and increase sensitivity about discrimination. Therefore, every employee joining the Bank needs to complete AGG Training. All Managers repeat the training every two years. «

» Statistic Equal Opportunities (31.12.2023)[1] «

	Head Count			Percentage	
	Female	**Male**	**Total**	**Female**	**Male**
Business Unit Heads	4	11	15	27%	73%
Department Heads	14	39	53	26%	74%
Senior positions[2]	112	246	358	31%	69%
Total	**130**	**296**	**426**	**31%**	**69%**

1 Active employees, Germany
2 Excl. Department Heads, meaning employees with competency level 4 & 5

» Equal Treatment/Diversity: Head Count (HC) of Active Employees Germany «

GRI 405-1

	2023					2022				
Age	Total (HC)	Women (HC)	Women (%)	Men (HC)	Men (%)	Total (HC)	Women (HC)	Women (%)	Men (HC)	Men (%)
Management Board (MB)	**4**	**0**	**0%**	**4**	**100%**	**4**	**0**	**0%**	**4**	**100%**
Under 30	–	–	–	–	–	–	–	–	–	–
30 to 50	1	0	0%	1	100%	1	0	0%	1	100%
Over 50	3	0	0%	3	100%	3	0	0%	3	100%
Business Unit Heads	**15**	**4**	**27%**	**11**	**73%**	**15**	**4**	**27%**	**11**	**73%**
Under 30	–	–	–	–	–	–	–	–	–	–
30 to 50	5	2	40%	3	60%	6	2	33%	4	67%
Over 50	10	2	20%	8	80%	9	2	22%	7	78%
Department Heads	**53**	**14**	**26%**	**39**	**74%**	**51**	**13**	**25%**	**38**	**75%**
Under 30	1	–	0%	1	100%	–	–	–	–	–
30 to 50	24	8	33%	16	67%	20	6	30%	14	70%
Over 50	28	6	21%	22	79%	31	7	23%	24	77%
Employees without management responsibility	**841**	**328**	**39%**	**513**	**61%**	**818**	**322**	**39%**	**496**	**61%**
Under 30	99	39	39%	60	61%	91	32	35%	59	65%
30 to 50	414	159	38%	255	62%	373	149	40%	224	60%
Over 50	328	130	40%	198	60%	354	141	40%	213	60%
Total (all employees excl. MB)	**909**	**346**	**38%**	**563**	**62%**	**884**	**339**	**38%**	**545**	**62%**
Under 30	100	39	39%	61	61%	91	32	35%	59	65%
30 to 50	443	169	38%	274	62%	399	157	39%	242	61%
Over 50	366	138	38%	228	62%	394	150	38%	244	62%

HR Development and Employer Branding

GRI 404-1[1], 404-2, 404-3

» Only with the commitment of its employees can Hamburg Commercial Bank perform in the long term in an increasingly demanding and competitive environment. Therefore the Bank supports the personal development of all its employees with individual adaptable measurements. To rise to the challenges it faces, HCOB has to continually develop and improve its skills and in a targeted manner. This is why HCOB provides training to all of its employees regardless of their position. «

HR Development

» HCOB's employees are the foundation of HCOB, which is why the Bank promotes their talents in the best possible way. Managers encourage and motivate their employees, provide regular feedback on their performance, and support them in their personal and professional development. The basis for this is HCOB's feedback culture.

In concrete terms, this means regular assessment and development meetings for all employees, a modern and comprehensive performance management and target agreement system for many employees, and targeted management development.

The annual performance review between every manager and employee at the start of the year includes feedback on performance and development over the past year as well as agreement on further contributions, goals and development. Lifelong learning has become a core virtue for every company and its employees, because markets and technologies are developing ever more rapidly – not least in the financial sector.

The training plans agreed on in the performance reviews can be adapted as required in agreement with the respective manager during the year, are linked to both individual needs and employees' objectives and are consistent with the overall Bank strategy. Training can be conducted both internally and externally on three levels: personal development, specific business unit expertise and general bank knowledge.
In 2023, the average time spent on training by HCOB employees was 11.9 hours (***see table on the right side***). The training hours consists of mandatory compliance trainings regarding e.g., code of conduct, conflicts of interest and data security as well as HR development trainings, e.g., internal or external seminars and personal skill enhancement.
Additionally, a new e-learning platform, called Masterplan, was introduced in 2023 to offer HCOB employees even more variety in different kind of training possibilities. Not reflected in the table are coaching measures as well as long-term advanced training programs which are also offered to employees. In general, all offered training measures are open to all employee levels, independent of age, gender or seniority. The average training budget provided per employee is used for individual as well as overall training programmes and amounted to around € 1,300 in 2023 (2022: € 1,050). «

»Training hours (head count Germany: 940) «

	Total hours in 2023	Hours per employee in 2023
Mandatory Compliance training hours	4,030	4.3
HR development training hours	7,147	7.6
Total	**11,177**	**11.9**

Fostering Young Talent

» Hamburg Commercial Bank offers different options for young professionals to start their career in the Bank. For school graduates, the Bank offers a dual study programme leading to a Bachelor of Science in Business Administration or Business Informatics (new since 2023) in cooperation with the Hamburg School of Business Administration (HSBA), a state-accredited private university. In the dual study programme, it takes three years to complete the Bachelor's degree and also gain experience in different departments in the Bank. All students completing their dual study programme with results exceeding expectations receive an offer of a permanent contract from HCOB to fill an existing vacancy. In 2023, we welcomed 10 new dual students to the Bank, increasing the number of positions to further young talents. «

[1] The requirements of the GRI 404-1 Standard have not been met to their full extent due to data availability issues

» To give young talents an opportunity for their first professional experience, HCOB offers internships to undergraduates so they can get familiar with the Bank and to set the foundation for their future career.

For university students/graduates, Hamburg Commercial Bank offers internships or an individual 18-month trainee programme in different divisions. Since 2016, the Trendence Institute GmbH has been giving awards to Hamburg Commercial Bank for its 'fair and career-enhancing' trainee programme. In close cooperation with the Ludwig-Maximilians-University Munich, the Süddeutsche Zeitung and other cooperation partners from the private sector, the Trendence Institute GmbH has been examining the content and quality of the trainee programmes offered by companies on the basis of various scientific criteria. The award is given to companies that are committed to high-quality programmes and design them accordingly. «

Talent Management

» Hamburg Commercial Bank emphasises promoting identified talents and has various instruments to manage talented employees. These instruments are discussed with the employee and are different for each competencies profile. It is determined for example in a personal development plan and can include job shadowing for junior talents, career determination, sparring partner, or the addition of a title in the case of excellent expertise for senior talents.

Mentoring, the targeted advice and support of promising talents by experienced managers, has also long been part of HCOB's personnel development programme. In 2023, another round of the successful mentoring programme started with ten female and six male talents, focussing on the next career step. «

Employee Benefits

GRI 401-2

» HCOB offers its employees a comprehensive range of benefits, tailored to their needs and in line with current developments in the work environment. Benefits show appreciation for employees that go beyond monthly salary payments. They include assisting with the work-life balance of employees through flexible working hours, mobile working and special leave. Keeping employees healthy is also important, both physically and mentally. HCOB therefore offers social counselling, a company doctor and subsidised sports activities for employees. The Bank also offers social benefits such as subsidised mobility, pension schemes and meaningful voluntary work. Another focus area is ongoing employee development and promotion via further training for example by using e-learning, mentoring programmes and individual coaching. HCOB focuses on community and collaboration, including a working environment that supports and encourages communication, networking, team-building events and celebrations of joint successes. Individual performance is also rewarded and recognised through Thanx bonuses, referral bonuses and awards. All benefits are provided to all employees, whether they are part-time or full-time. They are also offered in all locations with marginal adjustments due to local conditions. «

Health and Work-Life Balance

GRI 403-1, 403-2, 403-3, 403-4, 403-5, 403-6, 403-8, 403-9, 403-10

As a modern employer, Hamburg Commercial Bank offers its employees opportunities to improve their health and work-life balance. The Bank supports them with both wide and individual ranges of services. Support tailored to suit various life phases is important to HCOB, which is why programmes and supporting services are regularly adapted to fit the needs of Bank employees.

Health promotion

HCOB's corporate health management (CHM) system is aimed at promoting the health and wellbeing of employees in the workplace and therefore to maintain or increase their motivation and performance. In organisational terms, all health activities are managed by the Head of Occupational Safety and Health and the HR department.

The topics covered include, on the one hand, behavioural areas: individual counselling sessions from health coaching to ergonomic advice are accompanied by a wide range of seminars on corporate health management addressing topics such as stress management, nutritional advice and conflict management, as well as special seminars for managers. On the other hand, Hamburg Commercial Bank provides behavioural health measures: action on the corporate culture addressing topics such as work-life balance and a comprehensive personnel development programme, extensive occupational safety activities on topics including risk assessments and inspections, and occupational medicine and operational integration management. In procedural terms, corporate health management also includes the careful analysis of quantitative key figures and evaluation of the Bank's multi-faceted measures, together with providing information and counselling sessions.

HCOB also addresses health-related matters through various services, including free annual flu vaccinations provided on-site by the Bank's company doctor.

Company Doctor

As the primary contact person, the company doctor advises and supports all employees in questions regarding occupational and socio-medical needs, while maintaining strict doctor-patient confidentiality. In addition to conventional occupational health topics such as reintegration after long-term illness, the company doctor's remit includes all topics relating to situational and behavioural prevention, travel medicine and inoculations for business trips, ergonomic advice and medical advice on inspections. In close cooperation with social counselling and the Bank's corporate health management team, the company doctor makes an important contribution to the health of all employees. HCOB's company doctor is also part of the COVID-19 working group and gives medical advice on questions arising among employees and the working group. The COVID-19 working group was terminated in February 2023 after the official occupational health and safety regulations ended.

No work-related illnesses were reported in 2023 (2022: 0 cases).

Social Counselling

Two individuals working part-time in Hamburg and Kiel make up HCOB's social counselling service. This offers employees professional help with stress, conflict and difficult workplace situations, and also with topics such as mental illness, addiction and personal matters. Social counselling also offers emergency psychological help, including for relatives. Referrals are made to external counselling centres, hospitals or psychotherapists on a case-by-case basis.

Both employees and managers use social counselling. High demand demonstrates the trust placed in the service.

In addition to individual counselling sessions, social counselling offers staff and managers seminars on health topics.

Occupational Safety

Hamburg Commercial Bank meets the legal requirements and safety standards for occupational safety and health protection at all its sites. The Bank's guiding principle of its state-of-the-art, preventive occupational safety is a comprehensive, holistic understanding of the health and safety of all employees.

Occupational health and safety concerns are discussed at regular meetings of the Occupational Safety Committee (Arbeitssicherheitsausschuss – ASA). For example, the committee evaluates the effectiveness of implemented occupational safety measures and aspects of occupational safety. Through their representatives, employees have the opportunity to voice their concerns at ASA meetings. Information on important ASA decisions, is available to staff via the intranet.

Work-related injuries are relatively rare in the everyday office life of a bank. No work-related accidents were recorded in the reporting year 2023 (2022: 0 cases).

Reconciling Work and Family Life

Hamburg Commercial Bank considers a good balance between work and family life essential to remain healthy, satisfied with the job and effective in the workplace. Support in the phase of life that involves caring for children has long been a matter of course for the Bank.

HCOB also aims to provide support or operational relief for employees who look after relatives requiring care, as this topic is becoming increasingly important due the ageing population.

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All about the Child: Childcare and other Services

Reliable and competent care for children is crucial for working parents in structuring work and family life to everyone's satisfaction.

HCOB provides emergency childcare free of charge in Hamburg and Kiel – and also for employees in its other German branches – to cover periods when standard childcare services are not available. The Bank also offers subsidised holiday programmes for employees' children, counselling on childcare through an external service provider, pme Familienservice, and measures to make it easier for employees to return to work following a leave of absence.

Since 2007, HCOB has been awarded the seal of a family-friendly company as part of the 'audit berufundfamilie' (audit of work and family) carried out by the non-profit Hertie foundation. Certified employers commit to a family- and life-phase-conscious HR policy, therefore making an important contribution to their employees in the 'new normal' and positioning themselves as an attractive employer.

Compensation and Remuneration Policies

GRI 2-19, 2-30

At HCOB, the compensation system offers fixed and variable remuneration components for all employees and is well in line with the Bank's relevant market. In some cases, aspects related to sustainability are integrated directly and indirectly into the variable compensation components. For so-called Risk Takers that exceed a certain level of compensation, variable pay is deferred and linked to the long-term value development of the Bank.

In 2023, 32% of employees were covered by a collective bargaining agreement. However, a comparable framework is applied to all employees, which is based on collective agreements. Only special payments may differ but are also collectively defined by company agreements that ensure equal treatment. Employees at foreign locations might be treated differently in line with country-specific deviations.

The variable remuneration of the Management Board members is based, among others, on quantitative group targets of which 20% are linked to sustainability performance (Green Asset Production and Diversity). In addition, the Management Board members have ESG-related quantitative and qualitative KPIs in their individual targets. The achievement of the targets is monitored by the Supervisory Board. The Supervisory Board itself receives a fixed remuneration in accordance with the remuneration system determined by the Annual General Meeting (***see Annual Report***).

By integrating ESG criteria into both the remuneration of the Management Board and the variable compensation components of employees, active incentives are created to drive the sustainable transformation of the Bank even further.

HCOB's compensation system is a critical success factor when it comes to attracting and retaining employees. This is why the Bank's compensation framework contains elements to ensure appropriate compensation that rewards sustained performance and enables career development, also for expert positions.

Hamburg Commercial Bank reports on the compensation paid to its employees, and the remuneration of the Management Board and Supervisory Board, in its combined management reports/notes to the Group financial statements. In this respect, the Bank also refers to the separate Remuneration Reports required under the InstitutsVergV, which are published on HCOB's website. Information on the Remuneration Officer and Remuneration Committee can also be found there.

Staff Turnover Rate

GRI 401-1[1]

» The total annual staff turnover rate, which came to 7.6% (Group level on 31 December 2023; 31 December 2022: 13.8%), is partly caused by the legacy of the finalised transformation programme, as the rate of voluntary resignations outside this programme is only 3.8% (Group level on 31 December 2023; 31 December 2022: 3.8%). It is important to mention that all separations are being achieved through voluntary agreements rather than enforced redundancies, in line with the Bank's values. «

» Selected Key Personnel Figures «

GRI 2-4, 2-7

Employees in the Group

	31.12.2023	31.12.2022
FTE total	**907**	**868**
of which: women	314	303
of which: men	593	565
Germany	841	825
Abroad	66	43
Total (Headcount)[2]	**1,014**	**975**
Full-time	**82.8%**	**82.4%**
Full-time (headcount)	813	769
of which: women	225	211
of which: men	588	558
Head office	750	729
Branch/foreign offices	63	40
Part-time	**17.2%**	**17.6%**
Part-time (headcount)	169	164
of which: women	141	141
of which: men	28	23
Head office	163	159
Branch/foreign offices	6	5
Key figures[2]		
Ratio of employees on fixed-term contracts	7.2%	7.8%[3]
Average age (years)	45.0	45.7
Average period of employment (years)	12.9	13.7

[2] Including inactive employees
[3] Adjustment to figure shown in CSR Report 2022

[1] The requirements of the GRI 404-1 Standard have not been met to their full extent due to data availability issues

HCOB's Consistency in Dealing with Rules and Standards

» The trust of the Bank's clients and employees, as well as public perception, are vital for HCOB. To achieve this objective, all employees must act in accordance with the law and relevant regulations at all times. At Hamburg Commercial Bank, a strong focus is placed on a compliance culture throughout the organisation. «

Code of Conduct

» HCOB's common goal is sustainable success as a high-performing bank. The Bank believes that the personal integrity of all employees is a crucial component of avoiding risks – contributing to the success of HCOB and to achieving its goals. This principle is anchored in the Bank's Code of Conduct, which shows how the high standards of Hamburg Commercial Bank's corporate values are lived up to and is mandatory for each employee.

An indispensable key to the success of HCOB is a consistent approach to these rules and standards that apply to the Bank. The Code of Conduct creates a reliable framework for responsible action by all employees that meets both legal requirements and ethical and social standards. It primarily covers the classic compliance rules, along with the requirements for HCOB's conduct in the areas of tax, finance, risk management, data privacy, information security and communications. It also contains the standards of conduct employees apply in their day-to-day collaboration with colleagues, in their dealings with customers and in fulfilling HCOB's environmental, social and governance responsibility. Compliance with these standards enhances the Bank's reputation among customers, investors, regulators, rating agencies, the public, employees and shareholders.

As an international commercial bank, it is especially important to HCOB that it always acts lawfully in a rapidly developing market, and that everyone can be sure of its personal integrity.

Each employee at HCOB has a responsibility to prevent financial harm to the Bank and protect Hamburg Commercial Bank's reputation.

The Code of Conduct, available on both the internet and the intranet for all employees and other interested parties, provides guidance for decisions in their daily work. Besides conventional compliance rules regarding, among other things, sanctions and the prevention of money laundering and terrorism, the prevention of other criminal activities, and capital market compliance, it also sets out mandatory standards of behaviour for employees' daily interactions with colleagues, for their dealings with clients and for their overall role in society. «

» HCOB Code of Conduct «

In all our business activities, we remain constantly aware of the significance of the three ESG dimensions environmental, social and governance and act sustainably.

We regard social and ecological responsibility as an integral component of our actions and as an investment in the community and, thus, at the same time, in our own future as well. Our actions are based on the Principles for Responsible Banking, which are based on the Paris Climate Agreement and the UN Sustainable Development Goals.

In accordance with internal rules, we adhere to clearly defined sustainability criteria related to new business acquisition and clear guidelines on unwanted business.

We are guided, inter alia, by the UN Global Compact and subject every business to comprehensive ESG Scoring.

(Section 2 of the Code of Conduct, see HCOB's website)

Legal and Regulatory Compliance

GRI 2-15, 2-16, 2-24, 2-25, 2-26, 2-27, 205-1, 205-2, 205-3, 206-1

» The Compliance business unit monitors legal and regulatory compliance by the Bank and its employees in accordance with the German Minimum Requirements for Risk Management (MaRisk) AT 4.4.2, and ensures that material legal regulations and requirements are complied with centrally and across the Bank. The Compliance business unit reports directly to the CRO and the Management Board on at least a quarterly basis. The quarterly Compliance Report is also submitted to the Risk Committee of the Supervisory Board. There are regular meetings between Head of Compliance and CRO and all other members of the Management Board. In addition, it is anchored in the rules of procedure of the Supervisory Board that the chairperson of the Risk Committee can request information directly from the Compliance Officer, the Head of Internal Audit and/or the Head of Risk Control at any time. The Management Board should be notified if appropriate. The Compliance Officer, the Head of Internal Audit and/or the Head of Risk Control may inform the chairperson directly whenever they consider it necessary.

There is also an ongoing exchange between Compliance and Internal Audit, and Compliance is both an owner of the Investigation Committee and a member of the Malus Committee.

As part of its central legal monitoring activities, the Compliance function identifies all the rules and regulations that are relevant to Hamburg Commercial Bank and assigns them a clear responsibility at business unit level. All new relevant rules and regulations, including the responsibility for them, are entered into the central legal monitoring system each week and communicated to all business units.

HCOB does not tolerate any illegal activities, and the Bank sanctions such misconduct in a resolute manner. Internal responsibilities have been set up for the reporting of violations. In addition, Hamburg Commercial Bank has an external whistleblowing office to which suspicions can be reported anonymously. The whistleblowing office is staffed by external ombudspersons from an international auditing firm who can be contacted directly by all employees at head office, the branches and representative offices, as well as by external third parties. Furthermore, Hamburg Commercial Bank AG has the Investigation Committee which is part of its safeguards to detect and prevent fraud, suspicion of embezzlement, corruption, or other criminal activity that may result in a threat to the assets of the institution. The Investigation Committee is convened in the event of reasonable suspicion of criminal acts within the meaning of Section 25h (1) of the German Banking Act (KWG) that have been committed intentionally and are classified as material or are significant for the Bank.

Among other things, HCOB has implemented rules regarding benefits, gifts and hospitality (benefits policy) and donations (donations and sponsoring process), as well as secondary employment and mandates (conflict of interest policy). The Bank also has binding rules and procedures in place to clarify suspected cases relating to other criminal activities, including competition and anti-trust offences (Anti-Fraud policy). In addition, customer anti-corruption due diligence is part of HCOB's Know Your Customer (KYC) policy and, for third parties, is included in the Bank's procurement policy. Furthermore, issues relating to trading in capital market products are monitored (prohibition of market manipulation and insider trading, instructions regarding insider information, director's dealings and personal account dealings as well as detection of market manipulation and insider trading).

As far as prevention and detection is concerned, HCOB has transaction monitoring systems in place (prevention of money laundering and financing of terrorism, as well as compliance with financial sanctions and embargo rules, bad guy and PeP checks). «

Conflicts of interest

» Members of the Supervisory Board are obliged to disclose any conflict of interest to the other members in accordance with the rules of procedure of the Supervisory Board. This duty of disclosure also exists if a conflict of interest merely cannot be ruled out.

The Supervisory Board, its members, their closely related persons, their personal investments, and their secondary employments and mandates are notified to the Compliance function of the HCOB. They are evaluated and will be either acknowledged or acknowledged with specific measures to mitigate potential risks concerning conflicting interests. Additionally, membership in several boards is restricted by the German Banking Act. If there are potential conflicts due to cross-board membership, the conflicted member has to abstain from voting on the respective transaction and will not be involved within the preparation of the decision-making. In occasions where Supervisory Board members could have been potentially conflicted, due to a mandate or other personal involvement, they abstained from voting in this case. This can have been the case of Related Party Transactions because Supervisory Board Members are nominated by the Related Party the transaction was with.

On the other hand, there are interviews held during their onboarding and since 2023 once a year as an awareness-raising measure with each individual member of the Supervisory Board, conducted by the Head of Compliance and the Head of Corporate Legal & Board Affairs, to identify potential areas of conflict. The collected data is stored within the Bank's Compliance Management System to generate alerts where a conflict could occur (for example a loan is intended to be granted to an entity in which a Supervisory Board member is on the board of directors). These alerts are surveyed each day.

Concerning related party transactions, there is a dedicated policy in place since 2019 and which the Supervisory Board updated in September 2023. Related party transactions are generally forbidden, if they are not approved by both the Management Board and the Related Party Transactions Committee of the Supervisory Board. There are some exemptions which are summarised in the corresponding related party transaction policy; these exemptions must be approved by the Management Board only. «

Communication of Critical Concerns

» The Head of Compliance has the right and the possibility to report critical concerns to the Supervisory Board, which is also documented within the Board's rules of procedure. No cases of ad hoc reporting of critical concerns to the highest governance body have come to the attention of the Compliance business unit. «

Processes to remediate negative impacts

» Finally, the Risk function has established comprehensive guidelines on the management of reputation risks and is responsible for this topic as the second line of defence. The Bank has identified reputational risk (RepRisk) as a material risk within the meaning of AT 2.2 of MaRisk. It must be ensured that such risks are adequately taken into account in the Bank's risk management and controlling processes. The monitoring of reputational risk is located in Risk Control. In addition, there is the Reputational Risk Guideline, which defines how reputational risks should be dealt with. «

» To fulfil the organisational obligations according to Section 80 (1) sentence 3 WpHG and Art. 26 Del VO (EU) 2017/565, BaFin Circular (Joint Circular BA, WA and VA 06/2018) as well as BT 12.1 MaComp, the Bank has set up a complaint management function in line with the requirements of Art. 26 (3) Del. Regulation (EU) 2017/565. The complaint management function is carried out by the Central Complaint Management (ZBM) unit. The ZBM is located in the Compliance department. The Compliance function examines complaints in accordance with the requirements of Art. 26 para. 7 Del. Regulation (EU) 2017/565, and checks complaints data and their processing.

The Central Complaint Management function ensures that client complaints are processed systematically according to the statutory requirements. The remit and objective of the Central Complaint Management in the business unit Compliance is also to:

- Establish and be responsible for a process to ensure that complaints are identified clearly and unambiguously, processed systematically and documented in accordance with the law
- Be perceived and consulted as a neutral and independent centre of competence for client criticism, further strengthening client loyalty
- Make information on complaints available to the Bank's risk management team
- Use the complaints as an information source for potential optimisation

In the process description 'Processing Customer Criticism and Complaints' (updated in September 2023), the Bank has defined its policies and procedures in line with the requirements of Art. 26 para. 1 Del. Regulation (EU) 2017/565 for complaint management. The Bank's employees also have various processing aids at their disposal in the form of the 'Checklist and Orientation Guide for Employees for Classifying Customer Criticism', and the 'Form for Reporting Verbal Criticism to the ZBM'.

To comply with the requirements of Art. 26 para. 2 Del. Regulation (EU) 2017/565, the Bank has published the information on the complaints procedure on its website for customers. The published disclosures include information on the complaint handling policy and the contact details of the complaint handling function. Customers or potential customers will be provided with this information on request.

The complaints management function is reviewed regularly by external auditors. In addition, the Bank's internal audit department reviews the complaints management function annually and checks complaints handling and adherence with regulatory requirements.

The complaint management function did not receive any significant findings from the external auditors and internal auditors. «

Operations assessed for risks related to corruption

» Additionally, all of HCOB's operating sites are subject to ongoing auditing regarding corruption risks. These audits meet all bank-specific security standards. No significant risks linked to corruption have been identified through audits or risk assessment. «

Communication and training about anti-corruption policies and procedures

» All of HCOB's Policies and Procedures are available in the Bank's written regulations, accessible in the BIC Design system 'KLARA', which are regularly updated at least once a year. Ad hoc changes are immediately updated in 'KLARA'. All personnel including employees and Management Board members have access to the system. Each time employees join the Bank, they must sign that they have read and understood the business unit Code of Conduct. The Human Resources department tracks the responses and files it in the employee file.

The Compliance business unit also conducts regular mandatory online and face-to-face training sessions to provide staff with information on topics such as corruption and other criminal activities. All of HCOB's personnel receives such training, including the Management Board. Only the Supervisory Board, which is not employed by the Bank, is excluded from training. Each employee is required to participate every three years in web-based training on the topics code of conduct, conflict of interests, and prevention of money laundering. In 2023, 208 persons received training on the Bank's Code of Conduct (85.6% of required employees and governance body members), 172 persons received training on conflict of interests (97.7%, s.a.), and 267 persons received training on prevention of money laundering (99.6%, s.a.).

Overall, there were no cases of non-compliance with national, regional or local laws and/or regulations in the social and/or economic area, and there have been no confirmed or pending cases of corruption, anti-competitive behaviour, or violations of anti-trust and monopoly legislation.

For potential processing of corruption prevention declarations for Export Credit Agency cover (ECA), all employees of Hamburg Commercial Bank are obliged to immediately report any accusations, charges, (investigation) proceedings, verdicts, official measures, and arbitration awards in connection with corruptive acts (corruption/ bribery) to Compliance /Anti Financial Crime, irrespective of the specific transaction. In addition, the closing of criminal proceedings, stating the discontinuation standard for a bribery offence, must also be reported to Compliance /Anti Financial Crime. These reporting obligations relate to criminal proceedings that employees (are alleged to have) committed in the course of their work for Hamburg Commercial Bank. In 2023, there were no reported cases of incidents of corruption and prosecutions in accordance with the ECA declaration. «

New Products and New Markets

A guideline for transactions in new products and new markets (NPNM) is in place, which forms part of the Bank's written rules of procedure ('schriftlich fixierte Ordnung'; sfO). This guideline aims to define the regulations and requirements for the life cycle of a product from the perspective of NPNM activities and to determine the relevant responsibilities. It also governs the regular review of all products. In this context, ESG aspects are already considered at an early stage within the NPNM application process.

Procurement Principles and Supplier Code of Conduct

As a bank, HCOB's purchasing is primarily business, IT and consulting services complemented by facility and office supplies from various external service providers and vendors. A comprehensive compliance check takes place in the course of the onboarding process of every potential supplier. The sourcing of these services is governed by the HCOB Purchasing Principles, which are a pivotal part of the Bank's written rules of procedure. These are based on best-practice approaches and on numerous recommendations from the German Association for Materials Management and Purchasing (Bundesverband für Materialwirtschaft und Einkauf; BME) and create an effective foundation and establish transparency and accountability for all purchasing transactions.

The following has to be taken into account in this review (among other criteria):

- Compatibility with legal, regulatory, ethical and ecological requirements and obligations
- Product, service and ISO standards
- Banking rules on environmental protection and occupational safety

In preparation for the requirements of the German "Lieferkettensorgfaltspflichtengesetz" (LkSG), intensive (risk) analyses were carried out and appropriate preventive measures were integrated into the procurement processes. Sustainability aspects are considered in the purchasing processes by being reflected in the HCOB Supplier Code of Conduct. This is based on the HCOB Code of Conduct and, in addition to the classic compliance, it includes data protection rules the suppliers must also comply with and sign. Above all, this means that certain requirements regarding environmental sustainability are met in the purchasing process, for example for ecological product features including requirements under ISO 14001 and current EU emission standards.

The Bank's procurement department works with all the internal client departments involved to exclude suppliers that refuse to accept the Supplier Code of Conduct from further tendering processes if they do not provide any plausible explanation. A violation of the Supplier Code of Conduct can also result in the termination of the business relationship.

In addition, HCOB suppliers are constantly compared against sanction and embargo lists to ensure that the Bank only commissions approved suppliers and only enters into transactions with suppliers that meet key integrity standards. Procurement also uses a regular and systematic supplier assessment process to ensure that any irregularities in supplier quality are identified in good time and rectified, if necessary, by implementing supplier development plans. Procurement is also responsible for measures to prevent fraud and for complying with embargo and financial sanction requirements, as well as for preventing money laundering linked with contracts entered into with HCOB service providers.

Procurement carries out appropriate controls in the sourcing and tendering process concerning compliance with tendering procedures, ensuring fair competition, and preventing contracts being awarded to related parties and other conflicts of interest.

Where suppliers are equally suitable, preference is generally given to service providers and producers in the region. Besides supporting the local economy, this helps to avoid unnecessary travel and transport costs and the resulting emissions of pollutants and carbon dioxide.

Outsourcing Management

Since the privatisation of the Bank, its activities have been focused on HCOB's core competencies. Based on make or buy decisions, other activities are outsourced to specialist companies to efficiently and successfully carry out these operations on behalf of the Bank. For this purpose, the Bank has implemented a central outsourcing management system in the first and second line of defence to manage and monitor such arrangements for full compliance.

The Bank's organisation meets the requirements set out in the EBA Guideline on outsourcing arrangements, which expects financial and payment institutions to take appropriate steps to ensure that service providers act in a manner consistent with their values and code of conduct. Particularly with regard to service providers in economically developing nations and, where applicable, their subcontractors, financial and payment institutions should be satisfied that the service provider acts in an ethical and socially responsible manner and adheres to international standards on human rights, environmental protection and working conditions, including the prohibition of child labour. In line with these principles, HCOB has included this topic in the due diligence process for evaluating business partners for new outsourcing arrangements, and the fulfilment of sustainability criteria is part of all outsourcing contracts.

Political Influence

GRI 415-1

HCOB does not exercise any direct political influence. Donations of money and goods to political parties or party affiliated political associations are strictly forbidden. Since 1 January 2022, the Bank has been a member of the Association of German Banks (BdB), which also acts as a lobby group and represents HCOB's interests politically in legislative procedures.

An overview of current topics and positions can be found on the BdB website (***https://en.bankenverband.de***).

Tax Questions and Issues

GRI 207-1, 207-2, 207-3

The Bank's general business strategy is the starting point for the development of its tax strategy. The essential component of the Bank's business strategy is the risk strategy and risk management. Besides the general business strategy, the tax strategy is also based on the Bank's Code of Conduct. This defines obligations for all employees to comply with national and international tax laws and reject any kind of abusive tax structuring as well as any legally permissible but aggressive tax optimisation.

The key elements of the tax strategy are the assurance of tax compliance (the timely and proper fulfilment of respective tax obligations) as well as the assurance of the material correctness of tax positions within the annual financial statements.

Furthermore, it is part of the tax strategy to ensure that the Bank's profits are subject to taxation in accordance with the relevant tax regulations in the jurisdictions in which value creation takes place. This is achieved for intra-group transactions by the correct determination and application of transfer prices in accordance with the Bank's transfer pricing guidelines and in compliance with the OECD Transfer Pricing Guidelines as well as the respective national tax legislation.

All activities are steered and supervised by the Bank's tax department to ensure effective tax risk management and risk monitoring.

Digital Competence

GRI 3-3

» Digitalisation and innovation are among the key success factors for the Bank. In this context, HCOB has undergone an extensive IT transformation in recent years, shifting from onsite to cloud-based systems. This helps the Bank to optimise processes, minimise costs and become future oriented in the digital era. Fully embedding ESG data into all processes remains a high priority to increase usability and allow data-based reporting and steering of the Bank's sustainability activities. Special focus in this regard is on integrating ESG data further into the overall credit process and enhancing portfolio steering capabilities, for example by assessing carbon accounting data.

The Bank ensures progress in its digital competence by conducting due diligence, such as having regular risk-oriented security assessments in place and reviewing accomplishments in ESG data availability at least annually. The Management Board is involved regularly and updated continually on significant developments via Sustainability Committee meetings. Besides this, implementation of the planning and the results of the Information Security Assessments and Controls are reported to the Management Board at least quarterly.

The stakeholders that were most relevant for the discussions and development of this topic's management approach were clients and investors, who are most interested in topics such as data protection and information security, and supervisory authorities, who expect increasingly comprehensive ESG data availability and respective steering. «

ESG Data Governance & Availability

» Notable measures that were conducted to reach HCOB's digital competence targets in the reporting year (***see page 32***) include IT developments and their integration into line function to improve ESG data availability. To this end, there is close collaboration between the ESG team, IT department and Central Data Governance function. In light of the continuously evolving dynamic regulation and the resulting changes in ESG data requirements, there will continue to be a significant need to enhance and extend the ESG data household in the coming years. The implementation of an IT platform for ESG data collection and reporting based on HCOB's defined IT target architecture is in line with the plan, as gaps were identified and clear responsibilities and requirements regarding technical concepts for carrying out an ESG data management solution were defined especially regarding the assessment of financed emissions according to the PCAF Standard to be established within the CSRD implementation project. «

IT & Data Security

GRI 418-1

» Maintaining data and information security is a key matter for the Bank, as failure to do so could be severely disadvantageous for clients and in turn for the reputation and business activities of HCOB. Policies guiding employees' IT-related activities are the Data Protection Policy, and the HCOB Information Security Management System (ISMS) with the Information Security Guideline.

HCOB ensured a high level of data security with no significant information security breaches. «

DATA PROTECTION

» Responsibility for data protection lies with the Management Board, which has set up a data protection organisation to implement and ensure compliance with data protection regulations. One important component is the company Data Protection Officer (DPO), whose duties are performed independently and at their own discretion, and who reports directly to the Management Board.

The DPO monitors compliance with data protection requirements, especially the European General Data Protection Regulation (GDPR) and the German Federal Data Protection Act (BDSG), as well as other data protection regulations and industry-specific requirements. They identify possible weak points, act in an advisory capacity and inform HCOB and its employees, as well as service providers that process personal data for the Bank, about opportunities for change or improvement. New requirements resulting from changes in legislation or court rulings are implemented and applied in the affected processes promptly. «

INFORMATION SECURITY ORGANISATION

» To achieve this objective, Hamburg Commercial Bank has established a security organisation to meet the legal and regulatory requirements and to apply ISO 27001 (international standard for information security management) as its leading security standard. An Information Security Officer has been appointed for this purpose. He reports directly to the Chief Risk Officer (CRO) to safeguard the independence of this function in accordance with regulatory requirements, and also reports to the Management Board on a regular (at least quarterly) and an ad hoc (if needed) basis on the status of information security at the Bank. «

» The Information Security team has been assigned to the Risk Control business unit. Together with teams covering the topics of data protection, outsourcing management, business continuity management and non-financial risk control, it makes up the Non-Financial Risk unit – an essential part of the second line of defence. «

Information Security Management System (ISMS)

» The ISMS is a key element of the Information Security Organisation. Basic requirements for information security, which cover parts of the MaRisk, banking supervisory requirements for IT (BAIT), ISO 27001 and others, are defined in the Information Security Guideline, which forms part of the written rules of procedure. Risk-oriented information security assessments and controls are planned and carried out regularly to determine whether these requirements have been properly defined and effectively implemented. Any deficiencies identified are assessed, and appropriate rectification measures agreed with the divisions responsible. «

RAISING AWARENESS AMONG EMPLOYEES

Another important task of information security involves constant measures to raise awareness among HCOB's employees regarding the risks arising from cyber-attacks and infringements of the Bank's protection objectives. Targeted measures are organised for employees of the Bank, in particular informing them about current threats, to illustrate the possible consequences of reckless and gullible behaviour by individuals and to educate employees on ways to detect threats and act accordingly. Each employee undertakes regular online training about information security.

Resource Protection

GRI 3-3, 302-1, 302-4, 303-3, 303-4, 303-5, 305-1, 305-2, 305-3, 305-4, 305-5, 306-3, 306-4, 306-5

» Protecting resources and the climate is important to Hamburg Commercial Bank, not only with the help of the Bank's influence in its lending and investment portfolios, but especially in its day-to-day business activities. HCOB also takes care to reduce its own resource consumption, and to further improve.

HCOB's Facility Management is the unit responsible for environmental protection on the Bank's corporate level, secondary property management processes, energy management and property security. It is the responsible operator for the properties, including technical facilities, and ensures the Bank's occupational and operational safety at the domestic sites. In this context, this unit also has the key area of responsibility for monitoring respective energy and environmental indicators. As HCOB is not a manufacturing company, most direct resource consumption in bank operations takes the form of energy and water consumption as well as waste.

As one of the Bank's critical topics for the future, resource conservation and compliance with ESG criteria have been firmly established in the Bank's internal activities. The Bank will therefore continue to raise awareness of the environmental impact of its daily business activities by its employees and provide ESG training to further reduce emissions and resources in areas such as electricity, water, heat and mobility.

In view of the broad social consensus of the need to strengthen environmental protection, HCOB's observance of the applicable environmental standards is a cornerstone for credible and successful business. «

Resource Management

» HCOB wants to strengthen the company's internal awareness of ecological sustainability and implement concrete measures for resource conservation. Being a good corporate citizen is important to HCOB to positively influence its clients by being a role model and setting a good example.

HCOB views resource protection as material from the impact perspective, even though it is understood that, compared with its lever through its portfolio emissions, HCOB's own resource consumption is negligible. However, the Bank has a physical presence and around 1,000 employees who use resources and the Bank considers this impact significant enough. Regarding the topic's impact on the Bank, the society-driven pressure of acting as a good corporate citizen, as well as connected reputational risks, are increasing with time. Moreover, rising energy costs incentivise further energy saving from a financial perspective.

To make its commitment more concrete, HCOB has signed the PRBs (***see page 115***) which set the frame for HCOB to become net zero in terms of CO_2 emissions, uses the VfU-Tool ('Verein für Umweltmanagement und Nachhaltigkeit in Finanzinstituten e.V.') to calculate emissions and resource consumption from its operations, sets resource consumption targets and communicates these publicly via its CSR reporting (***see page 32***).

To achieve these targets, the ESG department coordinates and conducts several measures, including managing power purchase agreements for renewable electricity, identification and purchasing certificated compensation measures to offset remaining emissions, and disclosing environmental data, following best practice in the market. To improve its employee resource protection, ESG awareness measures and training are also important (see chapter 'Holistic HR Management, ESG Awareness and Diversity' ***on page 83ff.***). Orientation for behavioural guidelines on resource use and protection are mentioned in the HCOB Code of Conduct and the Procurement Principles. To extend the Bank's influence as far as possible, a Supplier Code of Conduct sets forth guidelines that suppliers must comply with to be considered as part of the supplier pool of Hamburg Commercial Bank.

HCOB conducts due diligence on progress in resource protection, namely target tracking of resource consumption data via CSR and management reporting. The Management Board is involved and updated regularly in Sustainability Committee meetings.

The input gathered from clients, owners, employees and rating agencies supports the ESG department's decisions on resource protection. As result, areas with the most potential for further development include the integration of reporting requirements into line processes regarding ESG data management, ESG awareness initiatives, and maintaining constant dialogue with rating agencies about their expectations and the Bank's efforts. «

Resource Consumption

» Since 2021, Hamburg Commercial Bank has been using the "Verein für Umweltmanagement und Nachhaltigkeit in Finanzinstituten e.V." (VfU) tool for Banks to record environmental indicators for its corporate portfolio. This tool is a standard calculating tool for the accounting of operational environmental indicators at financial institutions. The VfU tool enables the Bank to increase the transparency of its resource consumption data. For data management of resource consumption in the reporting year, version 1.1 of the 2022 update of the VfU tool was used.

The scope of the detailed analysis for the Bank's resource consumption as well as GHG emission data analysed and reported in this chapter focuses on the Hamburg and Kiel locations of Hamburg Commercial Bank, which cover about 820 FTE of HCOB employees. To reflect all of HCOB Group's locations, their emissions were extrapolated based on the emission intensity for Hamburg and Kiel. In this regard, the Bank is carbon neutral for all its locations in respect of Scope 1 and 2 emissions and also in respect of Scope 3 emissions caused by flights by offsetting its emission with a local climate protection project. «

Building Stock

» At the start of 2023, HCOB had operational and management responsibility for around 50,241 m² (2022: 50,122 m²) of net floor space in properties rented by the Bank in Germany. In addition, HCOB is responsible for the strategic property management of a further 1,303 m² (2022: 1,217 m²) of net floor space in foreign locations in Luxembourg, Athens and London. Compared with previous years, the management of additional retail space totalling 451 m² is minor.

The slight increase in space abroad is due to moving the London branch into a new office space. For Hamburg, the Bank plans to move to a new and more energy efficient building in the future. This move will enable the Bank to further reduce its operations' energy consumption and emissions. «

Energy Consumption

» Energy management is measured and controlled by HCOB's Facility Management department. In 2023, the total energy consumption added up to 25,282 GJ, which marks a further reduction from the previous years (2022: 29,389 GJ). The energy consumption can be broken down into the following categories: electricity, heat consumption and fuel. «

» Energy Consumption/Intensity (Hamburg/Kiel) «

	2023		2022		2021	
Category	Consumption in respective unit	Conversion to GJ[1]	Consumption in respective unit	Conversion to GJ[1]	Consumption in respective unit	Conversion to GJ[1]
Fuel consumption (diesel)	13,021 kWh	47	14,558 kWh	52	13,187 kWh	47
Fuel consumption (petrol)	82,113 km	203	70,882 km	176	44,528 km	110
Total electricity consumption: electricity from renewable sources	3,438,200 kWh	12,378	3,910,260 kWh[2]	14,077	4,106,896 kWh	14,785
District heating from combined heat and power	3,515,000 kWh	12,654	4,190,000 kWh	15,084	4,507,021 kWh	16,225
Total energy consumption	**–**	**25,282**	**–**	**29,389**	**–**	**31,167**
Energy intensity: GJ/FTE[3]	–	31	–	37	–	34

1 GJ stands for Gigajoule

2 Electricity procurement in 2022 from wind, biomass, run-of-river and photovoltaic power plants (via grid procurement) as well as combined heat and power plants

3 Calculation based on following FTE: 2021 = 919; 2022 = 803; 2023 = 820

ELECTRICITY

» Regarding electricity, HCOB's consumption in the reporting year decreased again and stayed below a yearly consumption of 4,000,000 kWh for the second year in a row (2023: 3,438,200 kWh or 12,378 GJ; 2022: 3,910,260 kWh or 14,077 GJ).

To achieve this continued reduction in electricity demand (for reference, HCOB consumed 4,106,896 kWh in 2021), electrical appliances with low electricity demand and high energy efficiency are used as far as possible in construction measures and renovations. Even though HCOB's electricity needs are provided entirely by renewable energy, the selection and procurement process focuses not only on the needs of the users, but also on the energy efficiency of the products procured.

In 2023, further energy reduction measures were implemented and building on the ones already conducted in previous years. This includes the further optimisation of the lighting concept for the Bank's main office in Hamburg by, for example, the ongoing switch from conventional lighting to energy-saving LED lighting accompanied by motion detectors in certain areas.

Solid energy management is the basis for energy-efficient business operations. Energy management is currently being examined and a suitable system evaluated to adequately record the current building stock. Building management ensures smooth operations and optimises processes, constantly reviewing the use of internal and external resources. «

HEATING

» In 2023, HCOB achieved further reductions in its heat consumption compared with previous years. Whereas in 2022 HCOB used 15,084 GJ (4,190,000 kWh) in district heating from combined heat and power, 2023 saw a reduction of over 2,000 GJ (2023: 12,654 GJ or 3,515,000 kWh). With employees' further increased office presence compared with 2022, the reduction cannot be attributed to home office rates, so energy-saving measures are the likely cause. «

FUEL

» Fuel consumption was slightly higher in 2023, with 203 GJ (2022: 176 GJ) of petrol for transport consumed in the reporting year for around 82,000 km travelled, as well as an additional 47 GJ of diesel consumption for emergency power generation (2022: 52 GJ of diesel consumption).

These overall reductions in HCOB's absolute energy consumption continue the trend in the right direction. With regard to the Bank's reporting of resource consumption and emissions intensity per FTE, the data show a significant decrease from 37 GJ/FTE in 2022 to 31 GJ/FTE in 2023.

As part of its sustainable positioning, Hamburg Commercial Bank will continue to set high standards for its own energy consumption in the future. The Bank's efforts to further reduce its energy consumption and keep it as low as possible are ongoing even in light of already implemented comprehensive energy reduction measures in recent years. HCOB is constantly examining measures that can have an influence on this. «

Water Consumption

» Drinking water is mainly purchased from regional suppliers, and freshwater consumption in the year under review came to around 10,370 m³ (2022: 12,275 m³). «

» Water Consumption (Hamburg/Kiel) «

In m³	2023	2022	2021
Water withdrawal by source: Drinking water	10,370	12,275	7,218
Total water consumption	10,370	12,275	7,218
Water consumption intensity (m³/FTE)	12.65	15.85	7.85

Paper Consumption

» The ongoing digital transformation of HCOB shows a continuous decline in paper consumption over the past few years. In 2023, the Bank purchased 4 tonnes of paper (2022: 5 tonnes). Advances in digital signatures and other processes such as digital processing of invoices and storage of documents in digital archives continue replacing paper documents in business contexts. In addition, acceptance of digital formats among different client groups has further increased, which leads to a reduction in printed corporate publications.

The printing paper used by the Bank is wood-free and is consistent with EU eco-standards, which require at least 50% to be made of recycled or sustainable material.

Further reducing paper consumption is and remains a stated aim of HCOB. The Bank will continue to work towards this objective by further testing and introducing suitable digital work and process steps. «

» Paper Consumption (Hamburg/Kiel) «

In tonnes	2023	2022	2021
Total paper consumption	4	5	6
Paper consumption intensity (kg/FTE)	4.88	6.72	6.53

Waste

» There was also a reduction in HCOB's total waste in the reporting period from 94 tonnes (2022) to 81 tonnes in 2023. Waste for incineration decreased from 22 tonnes in 2022 to 19 tonnes in 2023, while recycling waste dropped to 62 tonnes in 2023 (2022: 72 tonnes). This development can be traced to the implementation of a comprehensive waste separation system with the waste fractions of residual waste, waste paper, light packaging, organic waste, and waste glass. Starting separation at workplaces enables recycling into raw materials. «

» Waste (Hamburg/Kiel) «

In tonnes	2023	2022	2021
Waste for recovery/recycling	62	72	63
Waste for incineration	19	22	37
Total waste	81	94	100
Waste intensity (kg/FTE)	98.78	117.06	108.81

Mobility

» Operational mobility is influenced by numerous factors which are not controlled in their entirety. Cultivating client relationships on a face-to-face basis, if possible, is an indispensable component of trust-based cooperation at HCOB. If a business trip is necessary, the relevant travel policy applies. Sustainability and environmental considerations are already taken into account in the choice of means of transport, which is also generally the most cost-effective option. Nevertheless, business flights are unavoidable. The Bank has several mobility-related measures to reduce resource consumption. For example, HCOB offers fully subsidised public transport for its employees ('Deutschlandticket') which was used by 747 employees in 2023. Moreover, the number of company cars has been decreasing in favour of pool cars for employees to share when needed.

The Bank aims to continue to reduce its vehicle fleet, which on 31 December 2023 stands at 16 cars, showing a further reduction in 2023, after reducing the fleet by 29% in 2022. «

CO_2 Emissions

» In the past, HCOB has comprehensively recorded CO_2 emissions according to the Greenhouse Gas Protocol (GHG Protocol) in Scope 1 (direct emissions) and Scope 2 (energy indirect emissions). In Scope 3 emissions, the result of activities from assets not owned or controlled by the reporting organisation, HCOB records emissions resulting from the purchase of paper, water and transport on corporate level.

To summarise the data, direct emissions (Scope 1), energy indirect emissions (Scope 2, market-based), other indirect emissions (Scope 3, selected categories on corporate level) overall decreased in 2023 compared with 2022. This is driven by reduced Scope 2 emissions due to lower energy consumption.

The total GHG emissions were 937 tonnes, which translates to a GHG emissions intensity of 1,142 kg/FTE (market-based emissions; ***see page 108***).

To complement its strong commitment towards conserving climate and nature, HCOB is working together with the TÜV Rheinland certified 'Ausgleichsagentur Schleswig-Holstein' (Schleswig Holstein Compensation Agency), a fully state-owned organisation. The Bank has identified moors as a great driver to reduce emissions and foster biodiversity. Even though moors only cover around 3% of the earth's surface, they capture twice as much carbon as all forests combined and are therefore highly efficient for carbon storage. This is why the Bank contributes to the restoration of the 'Königsmoor' in the Rendsburg-Eckernförde district by purchasing 'MoorFutures' certificates, so helping to protect the climate by capturing CO_2 for at least the next 50 years. HCOB also contributes to the former raised moor becoming a living habitat again and is at the same time making a valuable contribution to CO_2-equivalent offsetting. «

In order to offset its greenhouse gas emissions, HCOB contributes to the restoration of the "Königsmoor" in Schleswig-Holstein, Germany

» With the help of this co-creation, the Bank can fully offset its CO_2 emissions in Scope 1 and 2, as well as in the previously mentioned part of Scope 3 emissions caused by business flights, in a local climate protection project. Finally, this means Hamburg Commercial Bank is carbon neutral in respect of Scope 1 and 2 emissions and also in respect of Scope 3 emissions caused by business flights.

» Carbon Emissions (Hamburg/Kiel) «

In tonnes CO_2e	2023	2022	2021
Direct (Scope 1) GHG emissions	**20**	**18**	**9**
Fuels: Petrol	16	14	9
Energy indirect (Scope 2) GHG emissions (market-based)	**444**	**523**	**409**
Power consumption – market-based	125	142	–
District heating	319	380	409
Other indirect (Scope 3) GHG emissions	**472**	**432**	**222**
Electricity (incl. home office electricity if charged)	116	131	31
Heating	80	96	105
Transport	256	181	56
Paper	4	4	6
Water	6	8	5
Waste	10	11	19
Total CO_2e emissions (market-based)	**937**	**973**	**640**
Carbon emission intensity (kg CO_2e/employee)	1,142	1,212	696

To grant a holistic overview for HCOB's group total emissions beyond Hamburg and Kiel headquarters (covered ratio in regard to FTE is 90%) the table below shows an approximation of total CO_2 emissions (market-based) for all locations. The chosen approach is upscaling the carbon emission intensity (kg CO_2/ employee) for Hamburg and Kiel employees to all employees within the HCOB group, covering the remaining 10% of FTE. «

» Extrapolation of Carbon Emissions for HCOB Group's other locations «

In tonnes CO_2e	2023	FTE
Total CO_2 emissions (market-based) for HH + KI	**937**	**820 FTE**
Other German locations (Berlin, Düsseldorf, Frankfurt, München, Stuttgart)	24	21 FTE
Athens	13	13 FTE
London	21	18 FTE
Luxembourg (incl. Klarphos)	40	35 FTE
Total CO_2e emissions (market-based) HCOB group	**1,035**	**907 FTE**
Carbon emission intensity (kg CO_2e/ employee)	1,142	-

Responsibility towards Society

GRI 3-3

» As a large employer rooted in northern Germany, an international view, reliability and social responsibility are at the core of Hamburg Commercial Bank's self-image. The Bank sees its continuous responsibility in supporting organisations in the context of all three ESG dimensions. HCOB is dedicated to making a significant contribution as a partner, sponsor and supporter in its region.

The Bank considers the topic to be material because its support of non-governmental organisations (NGO) and other initiatives facilitates their impact significantly and allows HCOB to support communities in need. HCOB also recognises the society-driven pressure and expectation of being a good corporate citizen and related reputational risk, especially regarding its history as a publicly owned and subsidised bank.

Reaching its target in the reporting year (***see page 32***), HCOB contributed to causes by donating to several non-governmental organisations. Moreover, the Bank supports voluntary activities of the employees and works councils since this can boost employee engagement and increase the impact of initiatives. Among HCOB's activities in this respect the Bank offers paid volunteering days for its employees. Also, in light of the war in Ukraine, HCOB supported its employees in their initiative to collect donations and take supplies to Ukraine. Engaging in and supporting these activities lets the Bank communicate part of its values to the public and also prevents reputational risk in all of its locations.

To ensure support to local organisations, HCOB's due diligence consists of an annual review of donations by the Supervisory Board. The amount and areas of focus of HCOB's donations differ from year to year and are based on Management Board decisions, which consider input from employees and the public. Press and Marketing Office are the associated line functions and in charge of communicating the contribution. «

Donations made in 2023

» In 2023, HCOB has donated almost € 1,000,000[1] to over 20 different organisations, directly helping those in need. The overall donations were mainly determined by three themes: immediate support for children from under-privileged families and the increasing number of homeless, local organisations, and especially supporting young people's education and social development and the Bank's own aid initiative #HCOBEmployeesStandWithUkraine. «

[1] Exact amount: € 997,402

The following organisations were the recipients of HCOB's donations in the reporting year:

Hamburg Commercial Bank is committed to nature conservation through its support of the **'Loki Schmidt Foundation'**, whose mission is to protect nature, both in Hamburg and throughout Germany. The foundation focuses on various measures such as protecting habitats, implementing species protection projects, and active public relations work. This includes targeted biotope and species protection measures on company premises, promoting tree planting, protecting moors, and organising educational events for the general public.

In 2023, HCOB supported the **'Loki Schmidt Foundation'** with a donation of € 50,000. This was used to purchase an 8-hectare plot of land called 'Goritzer Wiesen'. Formerly used for agricultural purposes, the land is now being dedicated to nature conservation and to promote biodiversity today and for future generations under the management of the 'Loki Schmidt Foundation'. The Bank considers the promotion of biodiversity to be essential, as intact diversity not only ensures ecological stability, but also significantly contributes to global sustainability goals. By providing targeted support for nature conservation projects, HCOB actively promotes the protection of biodiversity and strives for a sustainable approach to the environment.

The non-profit organisation **'ArbeiterKind'** supports young people from non-academic backgrounds in their decision to start university and become first-generation university students. The lack of knowledge and support regarding academic procedures as well as the overall fear of financial debt frequently prevents many young adults from pursuing higher education. Although non-academic families are not necessarily low-income, information about student grants, scholarships, and semesters abroad are nevertheless often not sufficiently communicated to non-academic households. ArbeiterKind helps to overcome these obstacles by providing more access to information in schools, at trade fairs and to parents of non-academic households. This information and career guidance can be tailored to the individual needs of each student. A total of 24,000 conversations between people seeking advice and volunteers who have faced similar challenges were registered across Germany. Exchanges with volunteers of similar age and socio-economic background showed a particularly high level of connection leading to positive impact.

The association has several regional locations, for example in Hamburg and Berlin. The goal for 2023 was to revive the locations in Schleswig-Holstein, starting with Kiel, Heide and Flensburg, to offer a point of contact for those seeking assistance.

It is often impossible for children from low-income families to learn a musical instrument or join a sports club – even though these are important elements for personal development. The **'Kieler Initiative gegen Kinderarmut' ('inka')** is a non-profit organisation that gives children the chance to pursue their musical or sporting interests.

The association **'Der Norden hilft e.V.'** is a voluntary association for Hamburg and Schleswig-Holstein that supports people in need and disabled people of all ages. For its members, volunteering means helping to shape society and sharing responsibility. Among other things, the association offers help to women and children who have fled the war in Ukraine, runs a children's clothing store and organises the 'Wish Trees' campaign, which has received more wishes for support this year than ever before.

In the fight against child poverty, **'Projekt Arche'** is particularly committed to children from socially disadvantaged backgrounds. More than 6,000 children and young people are reached throughout Germany. In Hamburg, there are currently three locations with children's and youth centres as well as an after-school care centre.

'Löwenherz' is an initiative of pro familia Schleswig-Holstein against violence in the family. The project is dedicated to children and young people who have witnessed or are victims of domestic violence. It is not just about physical violence, but also psychological and verbal violence. Löwenherz is also aimed at parents and caregivers.

The **'Mittagskinder Foundation'** offers more than 200 children regular healthy meals free of charge in two children's centres in socially deprived areas in Hamburg. The children are also helped with their homework and receive expert socio-educational support.

Since 2008, **'Ankerland e.V.'** has been committed to helping traumatised children who are suffering emotionally as a result of violence or abuse. Injuries caused by natural disasters or accidents can also place a heavy burden on children. In 2015, Ankerland opened Germany's first intensive trauma therapy centre for children and young people in Hamburg-Eppendorf.

The **'Diakonie Mitternachtsbus'** travels to the sleeping places of homeless people every evening. Volunteers bring hot drinks, bread, warm blankets and clothing. Above all, however, they bring human warmth and compassion.

'Dein Topf e.V.' supports people in need by providing meals and food. The organisation has a network of helpers who are committed to helping the socially disadvantaged.

'Hamburger Tafel e.V.' collects surplus food from retailers and manufacturers and distributes it to 31 food distribution points in and around Hamburg. This idea benefits everyone involved: Food retailers and manufacturers assume social responsibility and those in need receive high-quality food for little money or even free of charge as well as motivation for the future.

'Der Kinderschutzbund - Landesverbände / Hamburg & Schleswig-Holstein' has been committed to improving the living conditions of children, young people, parents and families since it was founded in 1953. The new office for children's rights informs Hamburg's children and young people about their rights and supports them in standing up for these rights. At the same time, the team educates parents, educators and other adults and encourages them to do more for children's and young people's rights. The children's right to participation (Article 12, UN Convention on the Rights of the Child) plays a central role here.

The facilities **'Beistand am Lebensende in Schleswig-Holstein'** and the **'Hospiz im Süden'** in Hamburg support seriously ill, elderly and dying people as well as their friends and relatives. Professional nursing staff and dedicated volunteers look after the guests and accompany them at the end of their lives.

HCOB's employee-led initiative for relief action for Ukraine #standwithukraine

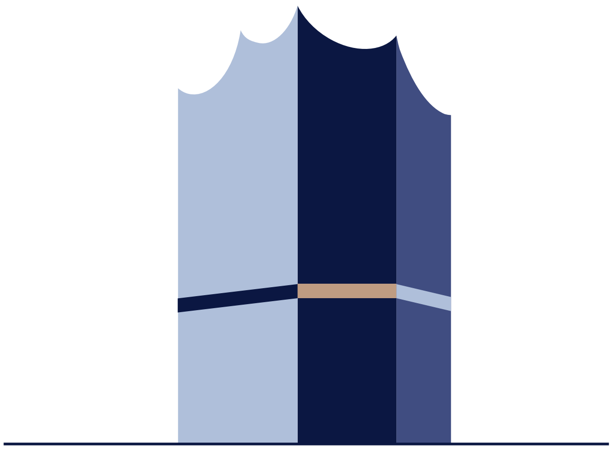
The employee initiative #HCOBEmployeesStandWithUkraine with HCOB support once again travelled to Ukraine several times in 2023 to help on site and deliver relief supplies. Since the start of the Russian war of aggression in Ukraine, colleagues have been collecting donations in kind and money in the Bank and transporting urgently needed aid supplies to Ukraine – in 2023 for the fifth and sixth time. Employees twice drove over in several vans and brought equipment for hospitals, delivered food donations and supplied a children's home with toys, bedding and tumble dryers. In addition, the Bank provided power supply in some regions by donating more than 50 generators, cable drums and other equipment needed to rebuild the power supply. In Husarivka, several sheltered rooms for children and young people in the region were set up with the initiative's help, and fully equipped for home schooling and leisure activities. At Christmas time, #HCOBEmployeesStandWithUkraine also delivered about 1,000 Christmas presents to children living near the front line.

Hamburg European Open

444 Aces for humanity

» Following the conclusion of the Hamburg European Open, Germany's largest tennis tournament, Hamburg Commercial Bank (HCOB) is handing over a donation of more than € 50,000 to 'Hamburger Abendblatt hilft e.V.' association. The money raised during the "Aces for a Good Cause!" event at the tournament will be used by the association specifically to promote sport and physical activity for children and young people from low-income families.

For every ace served at the 117th edition of the tournament at Hamburg's Rothenbaum, HCOB donates € 117. The women hit 142 direct points on serve, the men 302, making a total of 444 aces, so € 51,948 will be handed over to the 'Hamburger Abendblatt hilft e.V.' association. «



Elbphilharmonie Hamburg (Elbe Philharmonic Hall)

The Cultural Landmark of the Hanseatic City

» With the Elbphilharmonie, Hamburg not only has a spectacular new architectural landmark but also one of the best concert halls in the world. The programme presents the best the international music scene has to offer, ranging from classical and jazz to world music and pop.

At the same time, the city's top-ranking orchestras, such as the NDR Elbphilharmonie Orchestra, the Philharmonic State Orchestra and the Hamburg Symphony Orchestra, create their own concert series.

Hamburg Commercial Bank has supported the Elbphilharmonie as a 'Classic Sponsor' for many years now. «

Art Foundation for Schleswig-Holstein

Introducing the inclusive project 'WIR! Worlds in Resonance'

» The installation "WE! Worlds in Resonance", funded by the Hamburg Commercial Bank Art Foundation, can be viewed in Kiel in the Coworkhaus and the Medical and Pharmacy History Collection. The artists Chili Seitz and Ute Diez, known as the "office for nonlinear thinking", have been developed the interactive installations "Cuckoo, we've never laughed like that before" and "We've never thought like that before" together with people with disabilities. The five workshops were moderated by Silke Adam, former specialist for barrier-free communication at the Drachensee Foundation. The curation was carried out by Gesa Kobs from the German Inclusion Center. The installations enable mutual resonance and are Hamburg Commercial Bank's contribution to promoting creativity, inclusion and barrier-free communication. «

Task Force on Climate-related Financial Disclosures (TCFD)

The Task Force on Climate-related Financial Disclosures (TCFD) is a global industry-led initiative on corporate reporting of climate-related financial opportunities and risks. It takes a different look at climate-related disclosure and can be seen as complementary to the DNK and GRI. Even if the information to be reported is the same, it is worthwhile to take a closer look at the framework. The Bank believes this universal framework is an important approach as it forces a strong focus on risks and opportunities related to the transition to a more sustainable economy. TCFD focuses on the impact of climate change on businesses and the resulting financial risks. TCFD is a valuable extension of the Bank's existing reporting, particularly because of the forward-looking elements it provides. For this reason, HCOB has committed to cover the TCFD approach with this report as well. This year's reporting includes information within the TCFD recommended core areas of governance, strategy, risk management, and key performance indicators and targets. The tables below refer to the respective contents in the report.

Governance

HCOB sees the organisation's governance around climate-related risks and opportunities as a fundamental pillar of the Bank's business model.

A) Describe the board's oversight of climate-related risks and opportunities. ***See page 15***
B) Describe management's role in assessing and managing risks and opportunities. ***See page 15***

Strategy

The Bank's strategy takes into account the potential impact of climate-related risks and opportunities on the business activities and financial planning.

A) Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term. ***See page 11; 33ff.***
B) Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning. ***See page 11; 33ff.***
C) Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2 °C or lower scenario. ***See page 11; 39***

Risk Management

In order to manage climate-related risks in a targeted approach HCOB has a TCFD compliant system. The holistic risk management system analyses the company's processes in order to identify and prevent climate-related risks at an early stage.

A) Describe the organisation's processes for identifying and assessing climate-related risks. ***See page 33ff.***
B) Describe the organisation's processes for managing climate-related risks. ***See page 33ff.***
C) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management. ***See page 33ff.***

Metrics and Targets

HCOB has metrics and targets that are used to assess and manage relevant climate-related risks and opportunities. The Bank discloses and reports on these in accordance with TCFD.

A) Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process. ***See page 33ff.***
B) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks. ***See page 107f.***
C) Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets. ***See page 28ff.***

Principles for Responsible Banking – Reporting & Self-Assessment Template[1]

» The Principles for Responsible Banking constitute an overarching framework for ensuring that signatory banks' strategies and practices are aligned with the vision society has set out for its future in the Sustainable Development Goals and the Paris Climate Agreement with its aim to reach net zero in 2050. As a signatory of the PRB since September 22, 2020, Hamburg Commercial Bank AG is committed to these two predominant pillars in regard to ESG alignment. In the reporting year, the Bank continued its progress in implementing the principles. On the basis of the Reporting and Self-Assessment Template of the UNEP FI Initiative, the Bank provides an overview of the continuation of its implementation journey below. Where the Bank stands in regard to the PRB requirements is explained in the following table: «

Principle 1:

Alignment	Links and references
We will align our business strategy to be consistent with and contribute to individuals' needs and society's goals, as expressed in the Sustainable Development Goals, the Paris Climate Agreement and relevant national and regional frameworks.	
Business model Describe (high-level) your bank's business model, including the main customer segments served, types of products and services provided, the main sectors and types of activities across the main geographies in which your bank operates or provides products and services. Please also quantify the information by disclosing e.g. the distribution of your bank's portfolio (%) in terms of geographies, segments (i.e. by balance sheet and/or off-balance sheet) or by disclosing the number of customers and clients served.	
Response **Business Model Description:** Hamburg Commercial Bank (HCOB) is a private commercial bank and specialist financier headquartered in Hamburg, Germany. The bank offers its clients a high level of structuring expertise in the financing of commercial real estate projects with a focus on Germany as well as neighbouring European countries. It also has a strong market position in international shipping. The bank is one of the pioneers in European-wide project financing for renewable energies and is also involved in the expansion of digital and other areas of important infrastructure. HCOB offers individual financing solutions for international corporate clients as well as a focused corporate client business in Germany. The bank's portfolio is completed by digital products and services facilitating reliable, timely domestic and international payment transactions as well as for trade finance. Hamburg Commercial Bank aligns its activities with established ESG (Environment, Social, and Governance) criteria and has anchored sustainability aspects in its business model. It supports its clients in their transition to a more sustainable future. The bank's specialists are as experienced as they are pragmatic. They act in a reliable manner and at eye level with their customers. They provide in-depth advice in order to jointly find efficient solutions that are a perfect fit – for complex projects in particular. Tailor-made financing, a high level of structuring and syndication expertise and many years of experience are just as much a hallmark of the bank as are our profound market and sector expertise.	Sustainability at HCOB (***see page 8ff.***)

[1] Prepared in accordance with the Principles for Responsible Banking Guidance Document as of November 2021

Alignment	Links and references
Strategy alignment Does your corporate strategy identify and reflect sustainability as strategic priority/ies for your bank? ☒ Yes ☐ No Please describe how your bank has aligned and/or is planning to align its strategy to be consistent with the Sustainable Development Goals (SDGs), the Paris Climate Agreement, and relevant national and regional frameworks. Does your bank also reference any of the following frameworks or sustainability regulatory reporting requirements in its strategic priorities or policies to implement these? ☐ UN Guiding Principles on Business and Human Rights ☐ International Labour Organization fundamental conventions ☒ UN Global Compact ☐ UN Declaration on the Rights of Indigenous Peoples ☒ Any applicable regulatory reporting requirements on environmental risk assessments, e.g. on climate risk – please specify which ones: Partnership for Carbon Accounting Financials (PCAF) ☐ Any applicable regulatory reporting requirements on social risk assessments, e.g. on modern slavery – please specify which ones: –––––––––– ☐ None of the above	Strategy & Governance (***see page 13ff.***)
Response **Business Strategy Alignment:** We implemented sustainability as a core part of our business strategy and a comprehensive sustainability governance. The key messages of sustainability frameworks such as the Paris Climate Agreement and the SDGs as well as the UN Global Compact have been embedded in our policies and are continuously evaluated, making them an integral part of our decision-making processes.	Strategy & Governance (***see page 13ff.***)

Principle 2:

Impact and Target Setting	Links and references
We will continuously increase our positive impacts while reducing the negative impacts on, and managing the risks to, people and environment resulting from our activities, products and services. To this end, we will set and publish targets where we can have the most significant impacts.	
2.1 Impact Analysis (Key Step 1) Show that your bank has performed an impact analysis of its portfolio/s to identify its most significant impact areas and determine priority areas for target-setting. The impact analysis shall be updated regularly [1] and fulfil the following requirements/elements (a-d)[2] : *a) Scope:* What is the scope of your bank's impact analysis? Please describe which parts of the bank's core business areas, products/services across the main geographies that the bank operates in (as described under 1.1) have been considered in the impact analysis. Please also describe which areas have not yet been included, and why.	
Response » **Impact Analysis:** HCOB is continuously assessing its portfolio's impacts by comprehensively analysing and valuating all new business against environmental, social and governance aspects especially with the help of the Bank's ESG Scoring Tool. For more information see the 'Approach' section of the chapter 'The ESG Scoring Tool and Scoring of Existing portfolio' on page 56. The scoring results (please see details under response for 2.1b) also show the most significant impact areas in the context of the PRB requirements and are externally reported annually – with Shipping being at the lower end of the ESG ranking in relation to the average ESG score per asset class. All new loans are screened with the ESG Scoring Tool with portfolio coverage above 99%. This means that all of HCOB's core business areas (please see details under response for 2.1b) are covered. The ESG Scoring Tool is one of the four key elements of the comprehensive evaluation of ESG risks in the lending process. Besides that, the Bank conducts an ESG Blacklist compliance check, an ESG decision matrix check, and a STFF classification. Additionally, a materiality analysis has been conducted to identify the Bank's significant impact areas in sustainability and is updated annually. «	ESG on Portfolio Level (***see page 54ff.***) Strategy & Governance (***see page 21ff.***)
b) Portfolio composition: Has your bank considered the composition of its portfolio (in %) in the analysis? Please provide proportional composition of your portfolio globally and per geographical scope i) by sectors & industries for business, corporate and investment banking portfolios (i.e. sector exposure or industry [3] breakdown in %), and/or ii) by products & services and by types of customers for consumer and retail banking portfolios. If your bank has taken another approach to determine the bank's scale of exposure, please elaborate, to show how you have considered where the bank's core business/major activities lie in terms of industries or sectors.	
Response » See portfolio composition and ESG Scoring for each asset class, for geographical distribution see "**EAD by Region**", however around 80% of the Bank's loan book are Europe-based. · Commercial Real Estate: (ESG Score: 2.4; 27.6% of scoreable Portfolio Exposure at Default (EAD)) · Shipping (3.4; 8.8%) · Project Finance: o Renewable Energy (1.9; 6.7%) o Infrastructure (2.1; 6.1%) · Corporates: o Corporates Germany (2.5; 6.6%) o Corporates International & Specialised Lending (3.0; 18.3%) · Treasury & Group Functions (2.0; 25.8%) «	ESG on Portfolio Level (***see page 54ff.***) ESG on Portfolio Level (***see page 40***)

[1] That means that where the initial impact analysis has been carried out in a previous period, the information should be updated accordingly, the scope expanded as well as the quality of the impact analysis improved over time

[2] Further guidance can be found in the Interactive Guidance on impact analysis and target setting

[3] 'Key sectors' relative to different impact areas, i.e. those sectors whose positive and negative impacts are particularly strong, are particularly relevant here

Impact and Target Setting	Links and references
c) Context: What are the main challenges and priorities related to sustainable development in the main countries/regions in which your bank and/or your clients operate? [4] Please describe how these have been considered, including what stakeholders you have engaged to help inform this element of the impact analysis. *This step aims to put your bank's portfolio impacts into the context of society's needs.*	
Response »Focus of portfolio composition lies on Germany and the rest of Europe representing around 80% of the Bank's loan book; in this context Social and Governance aspects are in general aligned with strong standards in the bank's operating countries. Climate change was identified by the Bank as main priority due to the impact by the asset classes Shipping and Real Estate, especially in the context of carbon emissions. The main focus remains on measuring and monitoring greenhouse gas emissions in line with e.g., the strict requirements by the EU, this being all based on the ambitions of achieving net zero according to the Paris Climate Agreement by 2050 to be in line with the 1.5°C target. In this context one challenge HCOB identified is the topic of ESG data availability and quality. The Bank aims to enhance data quality with a step-by-step approach, reflecting the specifics of the different business segments. Another focus is on ensuring homogeneity, comparability and other data quality issues that are to be solved successively in order to further increase the use of more data. On top of this, supervisory authorities like the ECB have laid out their extensive expectations on the transformation needs of the financial sector with special focus on climate as laid out e.g., in the requirements by the ECB Guide on climate-related and environmental risks. «	ESG on Portfolio Level (***see page 39f.***) Strategy & Governance (***see page 13ff.***) Strategy & Governance (***see page 19***)
Based on these first 3 elements of an impact analysis, what positive and negative impact areas has your bank identified? Which (at least two) significant impact areas did you prioritise to pursue your target setting strategy (see 2.2) [5] ? Please disclose.	
Response »HCOB acknowledges that its main impact is driven by its business activities (portfolio level) and therefore has chosen climate change mitigation and climate change adaptation as its significant impact areas. This is due to the Bank's activities in carbon-intensive sectors and its negative impact on climate change related to both mitigation and adaptation. «	ESG on Portfolio Level (***see page 59ff.***)
d) For these (min. two prioritised impact areas): *Performance measurement*: Has your bank identified which sectors & industries as well as types of customers financed or invested in are causing the strongest actual positive or negative impacts? Please describe how you assessed the performance of these, using appropriate indicators related to significant impact areas that apply to your bank's context. In determining priority areas for target-setting among its areas of most significant impact, you should consider the bank's current performance levels, i.e. qualitative and/or quantitative indicators and/or proxies of the social, economic and environmental impacts resulting from the bank's activities and provision of products and services. If you have identified climate and/or financial health&inclusion as your most significant impact areas, please also refer to the applicable indicators in the Annex. If your bank has taken another approach to assess the intensity of impact resulting from the bank's activities and provision of products and services, please describe this. *The outcome of this step will then also provide the baseline (incl. indicators) you can use for setting targets in two areas of most significant impact.*	

4 Global priorities might alternatively be considered for banks with highly diversified and international portfolios
5 To prioritise the areas of most significant impact, a qualitative overlay to the quantitative analysis as described in a), b) and c) will be important, e.g. through stakeholder engagement and further geographic contextualisation

Impact and Target Setting	Links and references
Response »Also, for the performance measurement especially in regard to the impact analysis the Bank is using the ESG Scoring tool which is based on a point and grade system with 34 questions for all dimensions of E, S and G. To reflect the significant impact areas regarding climate change, special focus of the ESG Scoring tool is put on E, with a weight of 50% of the final scoring result. In total the scoring results across our business sectors show an ESG ranking with Renewable Energy financings at the top (average ESG grade 1.9), while Shipping (average grade 3.4) as part of a carbon-intensive sector is at the end of the ESG ranking. Due to its dynamic nature, the ESG Scoring Tool and its corresponding results offer a comprehensive overview of the development of the portfolio's impact over time. With the Bank's signing of the PCAF commitment letter in 2021, HCOB committed itself to measure and disclose its greenhouse gas (GHG) emissions associated with its portfolio of loans and investments. By disclosing its portfolio footprint in regard to GHG emissions for the first time the Bank increases the transparency regarding its impact areas climate change mitigation and adaptation. Besides that, the performance measurement is in line with the Bank's overall business model and strategy e.g., the mid-term planning process. «	ESG on Portfolio Level (***see pages 54ff.; 59ff.***)
Self-assessment summary: **Which of the following components of impact analysis has your bank completed, in order to identify the areas in which your bank has its most significant (potential) positive and negative impacts?** [6] Scope: ☒ Yes ☐ In progress ☐ No Portfolio composition: ☒ Yes ☐ In progress ☐ No Context: ☒ Yes ☐ In progress ☐ No Performance measurement: ☒ Yes ☐ In progress ☐ No **Which most significant impact areas have you identified for your bank, as a result of the impact analysis?** Climate change mitigation, climate change adaptation **How recent is the data used for and disclosed in the impact analysis?** ☒ Up to 6 months prior to publication ☐ Up to 12 months prior to publication ☐ Up to 18 months prior to publication ☐ Longer than 18 months prior to publication Open text field to describe potential challenges, aspects not covered by the above etc.: *(optional)*	
2.2 Target Setting (Key Step 2) Show that your bank has set and published a minimum of two targets which address at least two different areas of most significant impact that you identified in your impact analysis. The targets have to be Specific, Measurable (qualitative or quantitative), Achievable, Relevant and Time-bound (SMART). Please disclose the following elements of target setting (a–d), for each target separately: *a) Alignment:* which international, regional or national policy frameworks to align your bank's portfolio with[7] have you identified as relevant? Show that the selected indicators and targets are linked to and drive alignment with and greater contribution to appropriate Sustainable Development Goals, the goals of the Paris Agreement, and other relevant international, national or regional frameworks. *You can build upon the context items under 2.1.*	

[6] You can respond "Yes" to a question if you have completed one of the described steps, e.g. the initial impact analysis has been carried out, a pilot has been conducted

Impact and Target Setting	Links and references
Response »**Target Setting:** We have set quantitative and qualitative targets along HCOB's three fields of actions, Strategy and Governance, ESG on Portfolio level, ESG on Corporate level (for detailed targets please see 2.2 c). All these are backed by material topics identified in the materiality analysis. Besides the Paris Agreement and the SDGs, the main frameworks the Bank aligns its strategic approach with are the PCAF methodology to operationalise the Bank's carbon footprint, the EU Taxonomy and the Task Force on Climate-related Disclosures (TCFD), and the requirements and expectations set by the European Banking Authority (EBA), European Central Bank (ECB) and the Federal Financial Supervisory Authority (BaFin). «	Strategy & Governance (***see pages 16f.; 28ff.***) TCFD (***see page 112***)
b) Baseline: Have you determined a baseline for selected indicators and assessed the current level of alignment? Please disclose the indicators used as well as the year of the baseline. *You can build upon the performance measurement undertaken in 2.1 to determine the baseline for your target.* *A package of indicators has been developed for climate change mitigation and financial health & inclusion to guide and support banks in their target setting and implementation journey. The overview of indicators can be found in the Annex of this template.* *If your bank has prioritised climate mitigation and/or financial health & inclusion as (one of) your most significant impact areas, it is strongly recommended to report on the indicators in the Annex, using an overview table like below including the impact area, all relevant indicators and the corresponding indicator codes:*	

Impact area	Indicator code	Response
Climate change mitigation	n/a	n/a
	n/a	n/a
	n/a	n/a

Impact area	Indicator code	Response
Climate change adaptation	n/a	n/a
	n/a	n/a
	n/a	n/a

In case you have identified other and/or additional indicators as relevant to determine the baseline and assess the level of alignment towards impact-driven targets, please disclose these.

Response »The disclosure of the Bank's carbon footprint at portfolio level in accordance with the PCAF standard has been published in the CSR Report 2023 for the first time (as of 31.12.2023). In the course of the year 2024, a comprehensive review of the performed analysis will take place and if needed adjustments will be made accordingly (e.g. in context of data quality scores). Subsequently, a baseline can be set e.g., by mapping the portfolio against climate pathways. The Bank plans to do so in the course of 2024 and will define milestones for setting a baseline for climate mitigation. Additionally, a baseline for climate adaptation will be developed based on defined measures and KPIs. «	ESG on Portfolio Level (***see page 59ff.***)

[7] Your bank should consider the main challenges and priorities in terms of sustainable development in your main country/ies of operation for the purpose of setting targets. These can be found in National Development Plans and strategies, international goals such as the SDGs or the Paris Climate Agreement, and regional frameworks. Aligning means there should be a clear link between the bank's targets and these frameworks and priorities, therefore showing how the target supports and drives contributions to the national and global goals

[8] Key Performance Indicators are chosen indicators by the bank for the purpose of monitoring progress towards targets

Impact and Target Setting	Links and references
c) *SMART targets (incl. key performance indicators (KPIs)[8]):* Please disclose the targets for your first and your second area of most significant impact, if already in place (as well as further impact areas, if in place). Which KPIs are you using to monitor progress towards reaching the target? Please disclose.	

Response
»All targets are formally approved by the Bank's Management Board in alignment with the Bank's overall strategy as well as in context of the Paris Agreement, the SDGs, PCAF and the EU Taxonomy, building upon the Bank's accomplishments regarding ESG in the past years. Progress is regularly reported via the Sustainability Committee with full Management Board representation. All targets and respective measures are fully embedded within the Bank's daily actions. This is shown by integrating target measures into the Bank's mid-term planning, the credit process, as well as regular tasks & responsibilities by the two ESG departments. HCOB considers these targets realistic to reach even though the dynamic environment around the topic of ESG provides new and unpredictable challenges.
 	
The implementation of the following targets is tracked throughout the year by the ESG Roadmap with respective milestones and supervised by the two ESG departments.
 	
Climate Mitigation (Targets for 2024)
• Achieve a new Sustainable & Transformational Finance Framework (STFF)-aligned business production of >15 percent of the total net new business in 2025
  o KPI: percentage of STFF-aligned business production
• Improve reporting of financed emissions according to PCAF standard by reviewing data coverage and data quality
  o KPI: average data quality score and average data coverage of financed emissions according to PCAF standard
• Based on the first-time reporting of financed emissions according to PCAF, the newly established Sustainable & Transformational Finance Framework as well as disclosure requirements the development of emission reduction strategies will be reviewed
  o KPI: emission reduction strategies review results
 	
Climate Adaptation (Targets for 2024)
• Improvement of physical risk considerations for loan origination, collateral valuation, risk inventory processes as well as using more forward-looking insurance data
  o KPI: percentage of portfolio exposed to high physical risks
• Continue to evaluate every new loan against the UN Sustainable Development Goals and review methodology
  o KPI: percentage of new financings evaluated against SDGs
 	
The chosen targets are reflecting the Bank's ambitions to combat climate change. Even though the chosen set of targets can be considered as intermediary targets on the way to reach net-zero by 2050, they pave the way in the right direction. The baseline still to be set will be the basis for SMART targets to be defined in the future. One of the challenges HCOB is facing here is data availability and quality which will be further enhanced in the course of 2024 and part of specific milestones the Bank plans to set as part of the overall ESG Roadmap. «
	Strategy & Governance (***see page 28ff.***)

Impact and Target Setting		Links and references
d) Action plan:	which actions including milestones have you defined to meet the set targets? Please describe. Please also show that your bank has analysed and acknowledged significant (potential) indirect impacts of the set targets within the impact area or on other impact areas and that it has set out relevant actions to avoid, mitigate, or compensate potential negative impacts.	
Response »Respective measures for each target can be found in the respective chapters/ paragraphs. For a full overview of HCOB's sustainability targets please see the respective table on page 28 ff. «		Strategy & Governance (***see page 28ff.***)

» Self-assessment summary «

Which of the following components of target setting in line with the PRB requirements has your bank completed or is currently in a process of assessing for your ...

	... first area of most significant impact: climate change mitigation	... second area of most significant impact: climate change adaptation	(If you are setting targets in more impact areas) ... your third (and subsequent) area(s) of impact: ... (please name it)
Alignment	☒ Yes ☐ In progress ☐ No	☒ Yes ☐ In progress ☐ No	☐ Yes ☐ In progress ☐ No
Baseline	☐ Yes ☒ In progress ☐ No	☐ Yes ☒ In progress ☐ No	☐ Yes ☐ In progress ☐ No
SMART targets	☐ Yes ☒ In progress ☐ No	☐ Yes ☒ In progress ☐ No	☐ Yes ☐ In progress ☐ No
Action plan	☐ Yes ☒ In progress ☐ No	☐ Yes ☒ In progress ☐ No	☐ Yes ☐ In progress ☐ No

2.3 Target implementation and monitoring (Key Step 2)

For each target separately:
Show that your bank has implemented the actions it had previously defined to meet the set target.

Report on your bank's progress since the last report towards achieving each of the set targets and the impact your progress resulted in, using the indicators and KPIs to monitor progress you have defined under 2.2.

Or, in case of changes to implementation plans (relevant for 2nd and subsequent reports only): describe the potential changes (changes to priority impact areas, changes to indicators, acceleration/review of targets, introduction of new milestones or revisions of action plans) and explain why those changes have become necessary.

Impact and Target Setting	Links and references

Response
»In last year's report, the Bank set PRB targets for the first time. Please find below last year's targets as well as the progress made for the impact areas climate change mitigation and adaptation (all with status as of 31 December 2023).
 	
Climate Mitigation
• Green new business production of >10% of the total net new business in 2025 (indicative internal validation in accordance with economic criteria of EU Taxonomy on best effort basis, with calculations irrespective of clients' Non-Financial Reporting Directive (NFRD) obligation)
  o KPI: percentage of green new business production
  o In Progress: 9.8% / € 606 million of € 6,169 million new business volume
• Disclose first carbon footprint on portfolio level according to PCAF Standard
  o KPI: financed emissions published in CSR Report 2023
  o Achieved: Financed Emissions of the loan book (***see page 59ff.***)
• Develop respective segment-specific climate strategies for emission reduction
  o KPI: segment-specific climate strategies in CSR Report 2023
  o In Progress: First time disclosure of financed emissions, publication of Sustainable & Transformational Finance Framework, clear classification of new business and steering opportunity for emission reduction
 	
Climate Adaptation
• Start evaluating the loan portfolio against high physical risks
  o KPI: percentage of portfolio exposed to high physical risks
  o Achieved: 0.3%
• Every new financing to be evaluated against the UN Sustainable Development Goals
  o KPI: percentage of new financings evaluated against SDGs
  o Achieved: Contribution to the Sustainable Development Goals (***see page 24ff.***)
 	
The chosen targets are reflecting the Bank's ambitions to combat climate change. Even though the chosen set of targets can be considered as intermediary targets on the way to reach net-zero by 2050, they pave the way in the right direction. The baseline still to be set will be the basis for SMART targets to be defined in the future. One of the challenges HCOB is facing here is data availability and quality which will be further enhanced in the course of 2024 and part of specific milestones the Bank plans to set as part of the overall ESG Roadmap. «
	Strategy & Governance (***see page 28ff.***)

Principle 3:

Clients and Customers	Links and references
We will work responsibly with our clients and our customers to encourage sustainable practices and enable economic activities that create shared prosperity for current and future generations.	
3.1 Client engagement Does your bank have a policy or engagement process with clients and customers [9] in place to encourage sustainable practices? ☒ Yes ☐ In progress ☐ No Does your bank have a policy for sectors in which you have identified the highest (potential) negative impacts? ☐ Yes ☐ In progress ☒ No Describe how your bank has worked with and/or is planning to work with its clients and customers to encourage sustainable practices and enable sustainable economic activities [10]. It should include information on relevant policies, actions planned/implemented to support clients' transition, selected indicators on client engagement and, where possible, the impacts achieved. *This should be based on and in line with the impact analysis, target-setting and action plans put in place by the bank (see P2).*	
Response Our day-to-day business decisions and interactions with clients and customers are guided by established principles and policies set out in various frameworks such as our Code of Conduct. HCOB has implemented a Sustainability Framework as well as defined Guiding Principles. The detailed ESG-embedded lending process is based on four core elements – the Blacklist, the ESG decision matrix, the ESG Scoring and the new Sustainable & Transformational Finance Framework (STFF). In 2023, the Bank has continued to build capacity among its relationship managers to further enable them to engage with clients especially regarding the impact associated with their activities. To strengthen this strategic dialogue with clients, additional ESG-related trainings are planned in 2024 with a special focus on the implementation of the STFF for all market units.	Strategy & Governance (***see page 14ff.***) ESG on Portfolio Level (***see page 50ff.***)
3.2 Business opportunities Describe what strategic business opportunities in relation to the increase of positive and the reduction of negative impacts your bank has identified and/or how you have worked on these in the reporting period. Provide information on existing products and services, information on sustainable products developed in terms of value (USD or local currency) and/or as a % of your portfolio, and which SDGs or impact areas you are striving to make a positive impact on (e.g. green mortgages – climate, social bonds – financial inclusion, etc.).	
Response Every disruptive market environment - in this case caused by the mega trend ESG - offers a broad range of market-related business opportunities. The bank wants to safeguard its revenues by establishing a future-oriented, stable cash flow generating portfolio within an adequate risk/return profile, that is in line with the changing market environment and therefore avoids stranded assets at the same time. The Bank continuously identifies respective business opportunities as shown with respective lighthouse cases that are aligned with STFF criteria.	ESG on Portfolio Level (***see pages 39f.; 42ff.***)

9 A client engagement process is a process of supporting clients towards transitioning their business models in line with sustainability goals by strategically accompanying them through a variety of customer relationship channels

10 Sustainable economic activities promote the transition to a low-carbon, more resource-efficient and sustainable economy

Principle 4:

Stakeholders	Links and references
We will proactively and responsibly consult, engage and partner with relevant stakeholders to achieve society's goals.	
4.1 Stakeholder identification and consultation Does your bank have a process to identify and regularly consult, engage, collaborate and partner with stakeholders (or stakeholder groups [11]) you have identified as relevant in relation to the impact analysis and target setting process? ☒ Yes ☐ In progress ☐ No Please describe which stakeholders (or groups/types of stakeholders) you have identified, consulted, engaged, collaborated or partnered with for the purpose of implementing the Principles and improving your bank's impacts. This should include a high-level overview of how your bank has identified relevant stakeholders, what issues were addressed/results achieved and how they fed into the action planning process.	
Response One of the core elements of the Bank's comprehensive sustainability work is regular and active stakeholder engagement. With a broad stakeholder analysis, HCOB identified its clients, investors, owners and employees, as well as supervisory authorities and the public, rating agencies and media representatives, as the Bank's main stakeholder groups. The Bank maintains an active and continual dialogue with its stakeholders and responds to different interest groups with various stakeholder-specific dialogue formats. The results of the dialogue are incorporated into the Bank's daily sustainability work and the further development of its sustainability strategy.	Strategy & Governance (***see page 18ff.***)

[11] Such as regulators, investors, governments, suppliers, customers and clients, academia, civil society institutions, communities, representatives of indigenous population and non-profit organisations

Principle 5:

Governance & Culture	Links and references
We will implement our commitment to these Principles through effective governance and a culture of responsible banking.	
5.1 Governance Structure for Implementation of the Principles Does your bank have a governance system in place that incorporates the PRB? ☒ Yes ☐ In progress ☐ No Please describe the relevant governance structures, policies and procedures your bank has in place/is planning to put in place to manage significant positive and negative (potential) impacts and support the effective implementation of the Principles. This includes information about • which committee has responsibility over the sustainability strategy as well as targets approval and monitoring (including information about the highest level of governance the PRB is subjected to), • details about the chair of the committee and the process and frequency for the board having oversight of PRB implementation (including remedial action in the event of targets or milestones not being achieved or unexpected negative impacts being detected), as well as • remuneration practices linked to sustainability targets.	
Response »Comprehensive and structured sustainability governance forms the basis for good sustainability work. The Management Board is responsible for the topic of sustainability, on a day-to-day basis the ESG Departments steer the topic holistically. To empower sustainable action as a formative component of our HCOB DNA and ensure achievement of our sustainability goals, the Bank has established a Sustainability Committee (SC) with full Management Board representation to act on a strategic level as a decision-making body. This also includes to oversee the overall implementation of the PRB considering all three ESG dimensions holistically, further operationalised and tracked via the day-to-day steering instrument, the ESG Roadmap. In accordance with the importance HCOB affords this topic, the SC is co-chaired by the CIO and CRO. Besides formal meetings there are informal exchanges between members of the ESG departments and the CIO and CRO. HCOB's sustainability governance is in line with the overall corporate governance structure. In the context of the PRB this means that the requirements are operationalised and monitored on the same level as e.g. other legal supervisory requirements and expectations. The variable remuneration of the Management Board members is based, among others, on quantitative group targets of which 20% are linked to sustainability performance (Green Asset Production and Diversity). Furthermore, the overall bank objectives also include specific ESG-related targets that apply to all employee levels. «	Strategy & Governance (***see page 15f.***)
5.2 Promoting a culture of responsible banking: Describe the initiatives and measures of your bank to foster a culture of responsible banking among its employees (e.g., capacity building, e-learning, sustainability trainings for client-facing roles, inclusion in remuneration structures and performance management and leadership communication, amongst others).	
Response The Bank's strong approach regarding sustainability starts on the Management Board level which is a passionate advocate of the concept and regularly addresses employees on this topic. Additionally, the ESG departments regularly communicate ESG topics to all employees to increase the awareness of sustainability. Mandatory training for all employees on sustainability has been carried out on a regular basis since 2021. Besides that, additional ESG-related trainings are planned in 2024 with a special focus on the implementation of the STFF for all market units.	Strategy & Governance (***see page 15f.***) ESG on Corporate Level (***see page 87***)

Governance & Culture	**Links and references**
5.3 Policies and due diligence processes Does your bank have policies in place that address environmental and social risks within your portfolio? [12] Please describe. Please describe what due diligence processes your bank has installed to identify and manage environmental and social risks associated with your portfolio. This can include aspects such as identification of significant/ salient risks, environmental and social risks mitigation and definition of action plans, monitoring and reporting on risks and any existing grievance mechanism, as well as the governance structures you have in place to oversee these risks.	
Response The detailed ESG-embedded lending process based on four core elements – the Blacklist, the ESG decision matrix, the ESG Scoring and STFF act as the core risk mitigation instrument each day. Beyond this, HCOB uses various other tools to proactively identify, monitor and manage risks.	ESG on Portfolio Level (***see page 50ff.***) Strategy & Governance (***see page 33ff.***)

Self-assessment summary

Does the CEO or other C-suite officers have regular oversight over the implementation of the Principles through the bank's governance system?

☒ Yes ☐ No

Does the governance system entail structures to oversee PRB implementation (e.g. incl. impact analysis and target setting, actions to achieve these targets and processes of remedial action in the event targets/milestones are not achieved or unexpected neg. impacts are detected)?

☒ Yes ☐ No

Does your bank have measures in place to promote a culture of sustainability among employees (as described in 5.2)?

☒ Yes ☐ In progress ☐ No

Principle 6:

Transparency & Accountability	**Links and references**
We will periodically review our individual and collective implementation of these Principles and be transparent about and accountable for our positive and negative impacts and our contribution to society's goals.	
6.1 Assurance Has this publicly disclosed information on your PRB commitments been assured by an independent assurer? ☐ Yes ☒ Partially ☐ No If applicable, please include the link or description of the assurance statement.	
Response Limited assurance on selected PRB disclosures (Principle 2.1, 2.2, 2.3, and 5.1.) has been granted by BDO AG Wirtschaftsprüfungsgesellschaft and can be accessed via HCOB's website (www.hcob-bank.com).	

[12] Applicable examples of types of policies are: exclusion policies for certain sectors/activities; zero-deforestation policies; zero-tolerance policies; gender-related policies; social due diligence policies; stakeholder engagement policies; whistle-blower policies etc., or any applicable national guidelines related to social risks

Transparency & Accountability	Links and references
6.2 Reporting on other frameworks Does your bank disclose sustainability information in any of standards and frameworks the listed below? ☒ GRI ☐ SASB ☐ CDP ☐ IFRS Sustainability Disclosure Standards (to be published) ☒ TCFD ☐ Other: ….	
Response Respective information can be found in the GRI content index and TCFD reporting.	TCFD (***see page 114***) GRI Content Index (***see page 129***)
6.3 Outlook What are the next steps your bank will undertake in next 12 month-reporting period (particularly on impact analysis[13], target setting[14] and governance structure for implementing the PRB)? Please describe briefly.	
Response Overall, HCOB's future strategic orientation acknowledges the Bank's ESG alignment process as one of the critical success factors for the future – considering both the opportunities and the risks related to ESG factors. In 2024, HCOB will advance its sustainability agenda with various key actions described throughout the CSR Report. For the implementation of the PRB the focus will be on setting a baseline and respective SMART targets for both impact areas. Based on the changing market environment with its fast-increasing demand for transformational financing, new regulations, and rising stakeholder expectations, HCOB will ensure both the seizing of opportunities and safeguarding the economic resilience of the Bank.	Sustainability at HCOB (***see page 11***)
6.4 Challenges Here is a short section to find out about challenges your bank is possibly facing regarding the implementation of the Principles for Responsible Banking. Your feedback will be helpful to contextualise the collective progress of PRB signatory banks. What challenges have you prioritized to address when implementing the Principles for Responsible Banking? Please choose what you consider the top three challenges your bank has prioritized to address in the last 12 months (optional question). If desired, you can elaborate on challenges and how you are tackling these: ☐ Embedding PRB oversight into governance ☐ Gaining or maintaining momentum in the bank ☐ Getting started: where to start and what to focus on in the beginning ☐ Conducting an impact analysis ☐ Assessing negative environmental and social impacts ☐ Choosing the right performance measurement methodology/ies ☒ Setting targets ☐ Other: … ☐ Customer engagement ☐ Stakeholder engagement ☒ Data availability ☒ Data quality ☐ Access to resources ☐ Reporting ☐ Assurance ☐ Prioritizing actions internally If desired, you can elaborate on challenges and how you are tackling these.	

[13] For example outlining plans for increasing the scope by including areas that have not yet been covered, or planned steps in terms of portfolio composition, context and performance measurement

[14] For example outlining plans for baseline measurement, developing targets for (more) impact areas, setting interim targets, developing action plans etc.

GRI Content Index

GRI 2-3

Hamburg Commercial Bank has reported in accordance with the GRI Standards for the period from 01 January 2023 to 31 December 2023. Since there are no sector standards available for the banking sector, relevant topic standards have been selected and reported upon.

GRI Standard	Disclosure	Disclosure title	Location	Comment
Foundation				
GRI 1: Foundation 2021				
General Disclosures				
GRI 2: General Disclosures 2021	2-1	Organizational details	8	
	2-2	Entities included in the organization's sustainability reporting	8	
	2-3	Reporting period, frequency and contact point	129; 138	
	2-4	Restatements of information	93	
	2-5	External assurance	134	Also ***see section 'Please Note'*** below the Table of Contents
	2-6	Activities, value chain and other business relationships	9	
	2-7	Employees	93	
	2-8	Workers who are not employees	Omission	Information unavailable: The required data is not currently available in the HR systems.
	2-9	Governance structure and composition		Please see https://www.hcob-bank.de/en/ under 'Abut the Bank'
	2-10	Nomination and selection of the highest governance body		Please see https://www.hcob-bank.de/en/ For information on the Management Board: article of association 4 For information on the Supervisory Board: article of association 6 See the Interim Financial Report 2023
	2-11	Chair of the highest governance body		HCOB is governed by a two-tier system, in which the entire Supervisory Board including the chairperson are non-executive.
	2-12	Role of the highest governance body in overseeing the management of impacts	15	
	2-13	Delegation of responsibility for managing impacts	15	

GRI Standard	Dis-closure	Disclosure title	Location	Comment
	2-14	Role of the highest governance body in sustainability reporting	15	The sustainability report including the combined separate non-financial report was approved by the Supervisory Board. The combined separate non-financial report was subject to limited assurance by BDO AG Wirtschaftsprüfungsgesellschaft.
	2-15	Conflicts of interest	95f.	
	2-16	Communication of critical concerns	95f.	
	2-17	Collective knowledge of the highest governance body	15	
	2-18	Evaluation of the performance of the highest governance body		Yearly efficiency check: HCOB complies to German Corporate Governance Code. According to section 25d (11) (2) and (3) KWG, the Supervisory Board evaluates the efficiency of the Supervisory Board's (non-executive) and the Management Board's (executive) work on a yearly basis (including performance review). For more information please ***see the Annual Report.***
	2-19	Remuneration policies	92	For details please ***see Remuneration Report*** as of 31 December 2023
	2-20	Process to determine remuneration		For details please ***see Remuneration Report*** as of 31 December 2023
	2-21	Annual total compensation ratio	Omission	Information unavailable: The required data is currently not available in the HR systems.
	2-22	Statement on sustainable development strategy	4	
	2-23	Policy commitments	2; 16	
	2-24	Embedding policy commitments	16; 95ff.	
	2-25	Processes to remediate negative impacts	95ff.	
	2-26	Mechanisms for seeking advice and raising concerns	95ff.	
	2-27	Compliance with laws and regulations	95ff.	
	2-28	Membership associations	20	
	2-29	Approach to stakeholder engagement	18	
	2-30	Collective bargaining agreements	92	
Material Topics				
GRI 3: Material Topics 2021	3-1	Process to determine material topics	21	
	3-2	List of material topics	22	

GRI Standard	Dis-closure	Disclosure title	Location	Comment
Sustainable Business and Growth Strategy				
GRI 3: Material Topics 2021	3-3	Management of material topics	14	
	201-1	Direct economic value generated and distributed		***Please see the Annual Report 2023.***
	201-2	Financial implications and other risks and opportunities due to climate change	11; 33	
	201-3	Defined benefit plan obligations and other retirement plans	81	
	207-1	Approach to tax	100	
	207-2	Tax governance, control, and risk management	100	
	207-3	Stakeholder engagement and management of concerns related to tax	100	
Holistic Risk Management and Corporate Governance				
GRI 3: Material Topics 2021	3-3	Management of material topics	16; 33	
	201-2	Financial implications and other risks and opportunities due to climate change	11; 33	
	205-1	Operations assessed for risks related to corruption	95ff.	
	205-2	Communication and training about anti-corruption policies and procedures	95ff.	
	205-3	Confirmed incidents of corruption and actions taken	95ff.	
	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	95ff.	
	415-1	Political contributions	100	
ESG-Aligned Financing				
GRI 3: Material Topics 2021	3-3	Management of material topics	39	
	408-1	Operations and suppliers at significant risk for incidents of child labor	50; 84	
	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	50; 84	
Customer Satisfaction				
GRI 3: Material Topics 2021	3-3	Management of material topics	41	
Own Disclosure			41	

GRI Standard	Disclosure	Disclosure title	Location	Comment
Impact on Climate Change				
GRI 3: Material Topics 2021	3-3	Management of material topics	64	
	305-1	Direct (Scope 1) GHG emissions	102ff.	
	305-2	Energy indirect (Scope 2) GHG emissions	102ff.	
	305-3	Other indirect (Scope 3) GHG emissions	102ff.	
	305-4	GHG emissions intensity	102ff.	
	305-5	Reduction of GHG emissions	102ff.	
Holistic HR Management, ESG Awareness and Diversity				
GRI 3: Material Topics 2021	3-3	Management of material topics	83	
	401-1	New employee hires and employee turnover	93	
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	90	
	403-1	Occupational health and safety management system	91f.	
	403-2	Hazard identification, risk assessment, and incident investigation	91f.	
	403-3	Occupational health services	91f.	
	403-4	Worker participation, consultation, and communication on occupational health and safety	84; 91f.	
	403-5	Worker training on occupational health and safety	91f.	
	403-6	Promotion of worker health	91f.	
	403-8	Workers covered by an occupational health and safety management system	91f.	
	403-9	Work-related injuries	91f.	
	403-10	Work-related ill health	91f.	
	404-1	Average hours of training per year per employee	89	
	404-2	Programs for upgrading employee skills and transition assistance programs	89	
	404-3	Percentage of employees receiving regular performance and career development reviews	89	
	405-1	Diversity of governance bodies and employees	88	
	406-1	Incidents of discrimination and corrective actions taken	85	
	407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	84	

GRI Standard	Dis-closure	Disclosure title	Location	Comment
Digital Competence				
GRI 3: Material Topics 2021	3-3	Management of material topics	100	
	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	101	
Responsibility towards Society				
GRI 3: Material Topics 2021	3-3	Management of material topics	109	
Own Disclosure			109	
Resource Protection				
GRI 3: Material Topics 2021	3-3	Management of material topics	102	
	302-1	Energy consumption within the organization	102ff.	
	302-4	Reduction of energy consumption	102ff.	
	303-3	Water withdrawal	102ff.	
	303-4	Water discharge	102ff.	
	303-5	Water consumption	102ff.	
	305-1	Direct (Scope 1) GHG emissions	102ff.	
	305-2	Energy indirect (Scope 2) GHG emissions	102ff.	
	305-3	Other indirect (Scope 3) GHG emissions	102ff.	
	305-4	GHG emissions intensity	102ff.	
	305-5	Reduction of GHG emissions	102ff.	
	306-3	Waste generated	102ff.	
	306-4	Waste diverted from disposal	102ff.	
	306-5	Waste directed to disposal	102ff.	

Independent Practitioner's Report

Independent Assurance Practitioner's Report on a Limited Assurance Engagement on the Combined Separate Non-Financial Report[1]

To Hamburg Commercial Bank AG, Hamburg

We have performed a limited assurance engagement on the combined separate non-financial report of Hamburg Commercial Bank AG, Hamburg (hereinafter referred to as Hamburg Commercial Bank or the parent company), which consists of the disclosures denoted with "» ... «" and is part of the CSR Report of Hamburg Commercial Bank for the period from 1 January to 31 December 2023 (hereinafter referred to as the "combined separate non-financial report").

Not subject to our assurance engagement are the external sources of documentation or expert opinions mentioned in the combined separate non-financial report, which are marked as unassured in the report.

Responsibility of the Executive Directors

The executive directors of the parent company are responsible for the preparation of the combined separate non-financial report in accordance with § 340a (1a) in conjunction with § 289c to 289e HGB and § 340i (5) HGB in conjunction with § 315c HGB ["Handelsgesetzbuch": German Commercial Code] and Article 8 of REGULATION (EU) 2020/852 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 18 June 2020 on establishing a framework to facilitate sustainable investment and amending Regulation (EU) 2019/2088 (hereinafter the "EU Taxonomy Regulation") and the Delegated Acts adopted thereunder, as well as for making their own interpretation of the wording and terms contained in the EU Taxonomy Regulation and the Delegated Acts adopted thereunder, as set out in section "EU Taxonomy Regulation" of the combined separate non-financial report.

The responsibility includes the selection and application of appropriate non-financial reporting methods and making assumptions and estimates about individual non-financial disclosures of the group that are reasonable in the circumstances. Furthermore, the executive directors are responsible for such internal control as the executive directors consider necessary to enable the preparation of a combined separate non-financial report that is free from material misstatement, whether due to fraud or error.

The EU Taxonomy Regulation and the Delegated Acts issued thereunder contain wording and terms that are still subject to considerable interpretation uncertainties and for which clarifications have not yet been published in every case. Therefore, the executive directors have disclosed their interpretation of the EU Taxonomy Regulation and the Delegated Acts adopted thereunder in section "EU Taxonomy Regulation" of the combined separate non-financial report. They are responsible for the defensibility of this interpretation. Due to the immanent risk that indeterminate legal terms may be interpreted differently, the legal conformity of the interpretation is subject to uncertainties.

[1] We have performed a limited assurance engagement on the English version of the relevant sections of the CSR report and issued an Independent Practitioner's Report in English and a German translation of the audit opinions for the German version of the report.

Independence and Quality Assurance of the Assurance Practitioner's Firm

We have complied with the German professional requirements on independence as well as other professional conduct requirements.

Our audit firm applies the national legal requirements and professional pronouncements - in particular the By-laws Regulating the Rights and Duties of Wirtschaftsprüfer and vereidigte Buchprüfer in the exercise of their Profession as well as the IDW Quality Management Standards issued by the Institute of Public Auditors in Germany (IDW), and accordingly maintains a comprehensive quality management system that includes documented policies and procedures with regard to compliance with professional ethical requirements, professional standards as well as relevant statutory and other legal requirements.

Responsibility of the Assurance Practitioner

Our responsibility is to express a conclusion with limited assurance on the combined separate non-financial report based on our assurance engagement.

We conducted our assurance engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000 (Revised): "Assurance Engagements other than Audits or Reviews of Historical Financial Information" issued by the IAASB. This standard requires that we plan and perform the assurance engagement to obtain limited assurance about whether any matters have come to our attention that cause us to believe that the combined separate non-financial report, other than the external sources of documentation or expert opinions mentioned in the combined separate non-financial report, are not prepared, in all material respects, in accordance with § 340a (1a) in conjunction with § 289c to 289e HGB and § 340i (5) HGB in conjunction with § 315c and the EU Taxonomy Regulation and the Delegated Acts issued thereunder as well as the interpretation by the executive directors disclosed in section "EU Taxonomy Regulation" of the combined separate non-financial report.

In a limited assurance engagement, the procedures performed are less extensive than in a reasonable assurance engagement, and accordingly, a substantially lower level of assurance is obtained. The selection of the assurance procedures is subject to the professional judgment of the assurance practitioner.

In the course of our assurance engagement we have, among other things, performed the following assurance procedures and other activities, particularly:

- Obtainment of an understanding of the structure of the sustainability organization and stakeholder engagement and of usage of the HCOB ESG scoring tool for integration of ESG aspects across all risk types and of the VfU tool for calculation of emissions and resource consumption resulting from the organization's operations;
- Inquiries of the executive directors and relevant employees involved in the preparation of the combined separate non-financial report about the preparation process, about the internal control system related to this process and about disclosures in the combined separate non-financial report;
- Identification of likely risks of material misstatement in the combined separate non-financial report;
- Analytical procedures on selected disclosures in the combined separate non-financial report;
- Reconciliation of selected disclosures with the corresponding data in the financial statements and the combined group management report;
- Evaluation of the presentation of the combined separate non-financial report;
- Evaluation of the process to identify taxonomy-eligible and taxonomy-aligned economic activities and the corresponding disclosures in the combined separate non-financial report;
- Evaluation of the use of the Global Reporting Initiative Standards ('GRI') for those standards which are denoted with "» … «" in the report.

Specifically with regard to the PCAF ("Partnership for Carbon Accounting Financials") Reporting Criteria we have conducted the following assurance procedures:

- Making enquiries of the management and those with responsibility for governance, management, preparing and reporting;
- consider the suitability in the circumstances of use of the Reporting Criteria as the basis for preparing the subject matter information;
- obtain an understanding of the key organisational structures, systems, processes and controls for managing, recording and reporting the subject matter information, including the use of third-party data;
- perform limited substantive testing on a selective basis of the subject matter information, including testing the categorisation of data by industry sector, nature of banking services and quality score by comparing to internal and external evidence;
- reperforming the calculations for a limited number of items and agreeing input data to internal and external sources, for example, GHG emissions, GHG emissions factors, company operational activity, company revenue, enterprise value and market value, and PCAF quality scores;
- check on a selective basis, the IT coding used within the calculation models and replicating some of the calculation models; and
- considering the disclosure and presentation of the subject matter information.

In determining the disclosures in accordance with Article 8 of the EU Taxonomy Regulation, the executive directors are required to interpret undefined legal terms. Due to the immanent risk that undefined legal terms may be interpreted differently, the legal conformity of their interpretation and, accordingly, our assurance engagement thereon are subject to uncertainties. Furthermore, in determining the disclosures in accordance with the requirements set out by PCAF, the executive directors are also required to interpret undefined emission-related, accounting and reporting terms. Due to the immanent risk that such undefined terms may be interpreted differently, the general conformity of their interpretation and, accordingly, our assurance engagement thereon are subject to uncertainties.

Assurance Opinion

Based on the assurance procedures performed and the evidence obtained, nothing has come to our attention that causes us to believe that the combined separate non-financial report of Hamburg Commercial Bank AG for the period from 1 January to 31 December 2023 is not prepared, in all material respects, in accordance with § 340a (1a) in conjunction with § 289c to 289e HGB and § 340i (5) HGB in conjunction with § 315c HGB and the EU Taxonomy Regulation and the Delegated Acts issued thereunder as well as the interpretation by the executive directors as disclosed in section "EU Taxonomy Regulation" of the combined separate non-financial report.

We do not express an assurance opinion on the external sources of documentation or expert opinions mentioned in the combined separate non-financial report, which are marked as unassured in the report.

Restriction of Use

We draw attention to the fact that the assurance engagement was conducted for the parent company's purposes and that the report is intended solely to inform the parent company about the result of the assurance engagement. Consequently, it may not be suitable for any other purpose than the aforementioned. Accordingly, the report is not intended to be used by third parties for making (financial) decisions based on it. Our responsibility is to the parent company alone. We do not accept any responsibility to third parties. Our assurance opinion is not modified in this respect.

General Engagement Terms

This engagement is based on the "Special Engagement Terms and Conditions of BDO AG Wirtschaftsprüfungsgesellschaft" of March 1, 2021, agreed with the Company as well as the "General Engagement Terms and Conditions for Auditors and Auditing Firms" of January 1, 2017, issued by the IDW (https://www.bdo.de/de-de/auftragsbedingungen).

Hamburg, 22 March 2024
BDO AG Wirtschaftsprüfungsgesellschaft

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Notice
The Corporate Social Responsibility Report 2023 was published on 28 March 2024 and is only available as a download at www.hcob-bank.com.

The report on sustainability aspects is not exhaustive. Furthermore, we refer in this regard to our Annual Report 2023 and the current Remuneration Report. This report was also published in German.

Subject to forward-looking statements

Hamburg Commercial Bank

CSR Report Hamburg Commercial Bank **2023**