

# Hamburg Commercial Bank AG

Diversified Banks Germany

## ESG Risk Rating

# 13.1

Updated Nov 19, 2022

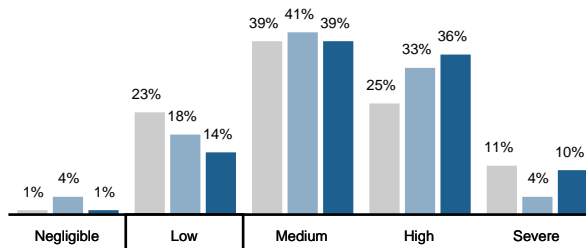
# -0.7

Momentum

# Low Risk



## ESG Risk Rating Distribution



## ESG Risk Rating Ranking

UNIVERSE	RANK	PERCENTILE
	(1 <sup>st</sup> = lowest risk)	(1 <sup>st</sup> = Top Score)
Global Universe	828/15475	6th
Banks INDUSTRY	64/997	7th
Diversified Banks SUBINDUSTRY	9/404	3rd

## Peers Table

Peers (Market cap \$0.0 - \$0.0bn)	Exposure	Management	ESG Risk Rating
1. Coöperatieve Rabobank UA	41.2 Medium	79.2 Strong	10.5 Low
2. Bayerische Landesbodenkreditanstalt	21.0 Low	47.8 Average	11.2 Low
3. Hamburg Commercial Bank AG	41.5 Medium	72.7 Strong	13.1 Low
4. Investitionsbank Berlin	20.8 Low	37.1 Average	13.2 Low
5. BPCE SA	41.5 Medium	64.4 Strong	16.3 Low

# Hamburg Commercial Bank AG

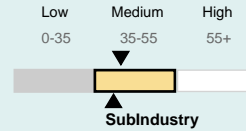
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## ESG Risk Analysis

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

### ESG Risk Exposure

**41.5** **+3.2**  
**Medium** Momentum  
 Beta = 1.04



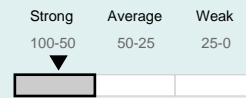
With its diversified offering to domestic and international corporate clients, HCOB is highly exposed to ethical issues such as money laundering, fraud, bribery and corruption. HCOB operates primarily in Germany, its domestic market, where regulation in this area is strong. Ethical infractions could lead to investigations by BaFin, Germany's financial regulator, and fines. Moreover, HCOB operates in a sector where the ability to meet high client expectations with bespoke financing solutions tailored to their specific needs is essential to retaining customers and attracting new ones. Finally, HCOB faces 20% higher exposure to data privacy and security issues than its peers, owing to its partnership with Broadridge Financial Solutions. Partnerships with fintech companies could expose banks to cybersecurity risks, which may result in regulatory action, lawsuits and loss of customer trust.

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

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

### ESG Risk Management

**72.7** **+5.4**  
**Strong** Momentum



HCOB's overall management is strong and has improved slightly since FY2020, driven by its stronger data privacy and security management. HCOB discloses strong data privacy and cybersecurity programmes, overseen by the board. Its privacy policy includes a commitment to require third parties, including fintech companies it cooperates and shares data with, to comply with its policy. Its key deficiencies in terms of management are related to its whistleblowing programme: there is no evidence that the bank's independent hotline is available 24/7, nor does it disclose the number of reports or types of alleged misconduct received and remedial measures taken. Finally, the bank has a strong responsible product offering programme, albeit with room for improvement considering the lack of training for client-facing employees and disclosure of risks related to its services to clients.

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

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## Material ESG Issues

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

Issue Name	ESG Risk Exposure Score   Category	ESG Risk Management Score   Category	ESG Risk Rating Score   Category	Contribution to ESG Risk Rating
Data Privacy and Security	8.4 High	85.0 Strong	2.7 Low	20.6%
Human Capital	6.3 Medium	61.6 Strong	2.6 Low	20.0%
Business Ethics	8.4 High	75.6 Strong	2.4 Low	18.1%
Corporate Governance	5.0 Medium	58.0 Strong	2.1 Low	16.1%
Product Governance	8.0 High	75.0 Strong	2.0 Low	15.3%
ESG Integration -Financials	5.4 Medium	75.8 Strong	1.3 Negligible	10.0%
<b>Overall</b>	<b>41.5 Medium</b>	<b>72.7 Strong</b>	<b>13.1 Low</b>	<b>100.0%</b>

## Events Overview

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

### Category (Events)

**5 Severe (0)**

**4 High (0)**

**3 Significant (0)**

**2 Moderate (0)**

**1 Low (2)**

Carbon Impact of Products

Environmental Impact of Products

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## Events Overview

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

## Category (Events)

**⚠ None (13)**

Access to Basic Services

Accounting and Taxation

Anti-Competitive Practices

Bribery and Corruption

Business Ethics

Data Privacy and Security

Labour Relations

Lobbying and Public Policy

Marketing Practices

Quality and Safety

Sanctions

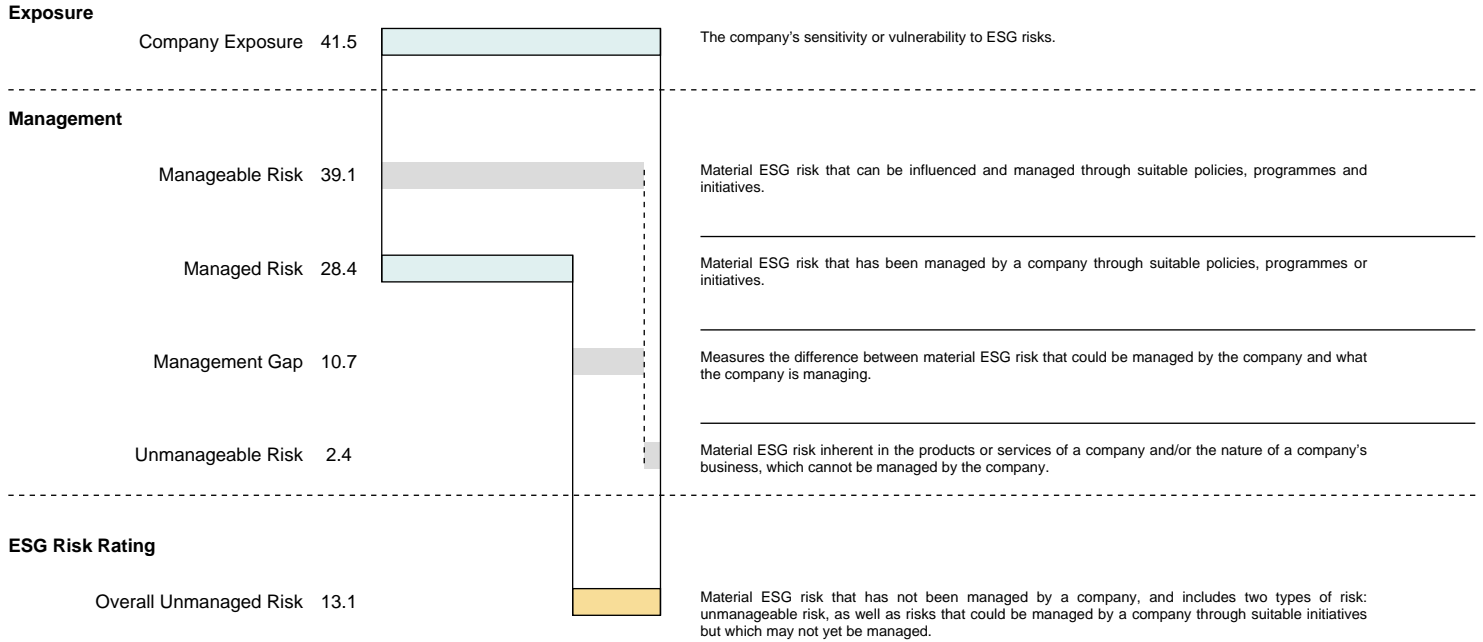
Social Impact of Products

Society - Human Rights

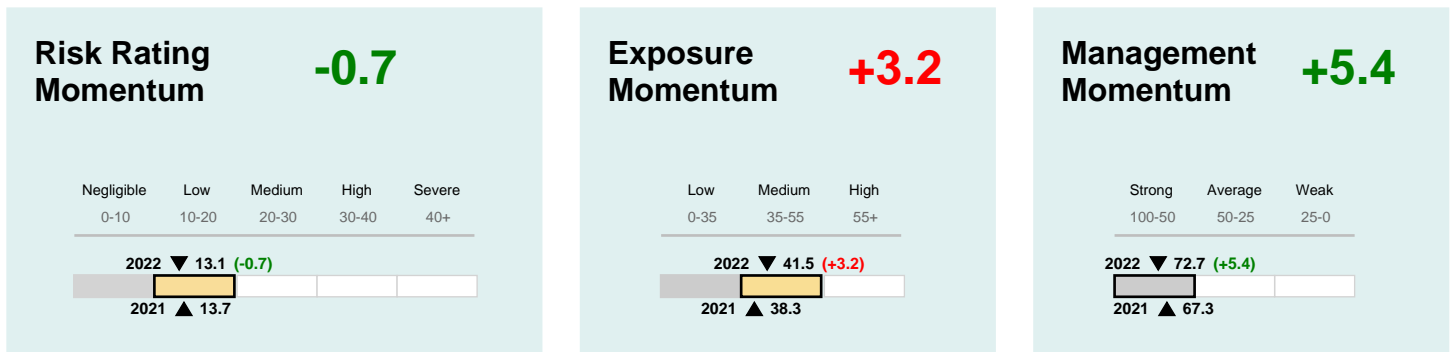
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## Risk Decomposition



## Momentum Details



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## GLOSSARY OF TERMS

### Beta (Beta, $\beta$ )

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

### Corporate Governance Pillar

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

### ESG Risk Category

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

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

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

### ESG Risk Rating Score (Unmanaged Risk Score)

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

### Event Category

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

### Event Indicator

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

### Excess Exposure

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

### Exposure

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

### Idiosyncratic Issue

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

### Manageable Risk

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

### Managed Risk

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

### Management

A company's handling of ESG risks.

### Management Gap

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

### Management Indicator

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

### Material ESG Issue

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

### Subindustry

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

### Unmanageable Risk

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

### Unmanaged Risk

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

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