

United Nations (UN) Global Compact

Communication on Progress (CoP)

2019

Communication on Progress (CoP)
of
GBB-Rating
Gesellschaft für Bonitätsbeurteilung mbH

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1 About GBB-Rating

GBB-Rating Gesellschaft für Bonitätsbeurteilung mbH (GBB-Rating) is a limited liability company according to German law. We are a rating agency that specializes in assessing the credit standing of financial service institutions, and are supervised by the European Securities and Markets Authority (ESMA) in Paris. We also offer a variety of other services, which includes providing methodological and technical support to our clients' risk management teams.

The sole shareholder of GBB-Rating is the Auditing Association of German Banks (Prüfungsverband deutscher Banken e. V.) of Cologne (Germany), which is a not-for-profit organization.

Our registered office is likewise situated in Cologne. We do not maintain any branches or other places of business in Germany or abroad.

GBB-Rating was established in 1996 with the goal of underpinning the deposit guarantee scheme's efforts to detect risks early by evaluating institutions' credit standing. The Deposit Protection Fund of the Association of German Banks protects the deposits of customers held by the private commercial banks in Germany. The structures of the deposit guarantee scheme thus reinforce depositors' confidence in the banking industry and support financial market stability.

This goal also defines the mission statement of GBB-Rating:

"GBB rating

- is an internationally orientied European rating agency with German roots;
- makes a substantial contribution to financial market stability by developing risk-based contribution systems, supporting the collection of risk-based contributions and early risk identification in the context of deposit protection;
- provides its customers with significant additional value through relevant management impulses based on creditworthiness analyses and methodological know-how in data analysis for the further development of risk controlling and management;
- focuses on small and medium-sized institutions;
- offers good value for money;

- supports **rule-compliant, responsible and sustainable behavior**, and
- is an attractive employer with qualified and committed employees."

2 The ten principles of the UN Global Compact

Human rights

- 1 Businesses should support and respect the protection of internationally proclaimed human rights.
- 2 Businesses should make sure that they are not complicit in human rights abuses.

Labor

- 3 Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.
- 4 Businesses should uphold the elimination of all forms of forced and compulsory labor.
- 5 Businesses should uphold the effective abolition of child labor.
- 6 Businesses should uphold the elimination of discrimination in respect of employment and occupation.

Environment

- 7 Businesses should support a precautionary approach to environmental challenges.
- 8 Businesses should undertake initiatives to promote greater environmental responsibility.
- 9 Businesses should encourage the development and diffusion of environmentally friendly technologies.

Anti-corruption

- 10 Businesses should work against corruption in all its forms, including extortion and bribery.

3 Significance of sustainability within GBB-Rating

3.1 Organizational integration

Our business goals are aligned with economically, ecologically and socially sustainable principles. In view of this commitment to sustainability, we joined the UN Global Compact initiative in 2018.

GBB-Rating supports the ten principles of the UN Global Compact relating to human rights, labor standards, the environment, and anti-corruption. We seek continuously to make progress as envisaged by the UN Global Compact and to communicate our endeavors openly and transparently. New actions are regularly reviewed to verify their practicability and trigger implementation if appropriate.

In 2016 the management board of GBB-Rating adopted a binding sustainability policy. In order to pursue the goal of sustainability more vigorously, the post of sustainability officer was created in 2017. The management board supports and promotes GBB-Rating's alignment with sustainability goals as enshrined in the ten principles of the UN Global Compact.

The Management Board

Cologne, dated this May 08, 2019



Bernd Bretschneider



Oliver Mohr

3.2 Human rights

As a rating agency resident in Germany, we have a duty to comply with the German legal conventions and statutory provisions governing human rights. We therefore protect internationally proclaimed human rights and guard against complicity in human rights abuses as a matter of course.

Sustainability policy of GBB-Rating:

“All executives and other employees of GBB-Rating must refrain from discrimination based on descent, sex, race, disability, language, national origin, faith, or religious or political beliefs. Treating co-workers and clients fairly and adopting a sound moral and ethical compass are explicitly desired behaviors that are to be supported.”

3.3 Labor

As a rating agency resident in Germany, we have a duty to comply with the German legal conventions and statutory provisions governing labor standards. Among other things, this entails the categorical exclusion of compulsory and child labor.

In addition, GBB-Rating strives to be an attractive employer by offering a wide range of additional benefits that increase the job satisfaction of its employees.

Our pay policy:

As highly qualified employees, the majority of people working for GBB-Rating are **exempt from collectively agreed terms**, but their basic pay increments are aligned with the collective agreements for the German banking industry.

Alongside their basic salary increments, employees receive a performance-related pay award.

All employees are assigned to a salary band according to their experience and the internal hierarchy. Within these salary bands, individual performance-related pay awards are made on the basis of an annual appraisal to supplement any basic pay rise.

As a general principle, all employees receive a **pension contribution** (in a scheme administered by the banking industry pension fund BVV) and **capital-building benefits** in addition to their salary. Further provisions apply to long-standing employees.

Irrespective of any legal obligation to offer remuneration, interns' pay is aligned with the minimum wage that applies throughout Germany. For us it is important that interns are recruited exclusively so that they can gain practical experience and an insight into the everyday work of a rating agency.

Working hours and leave entitlement:

Our Employees should not usually work more than eight hours a day. The regular working week is **39 hours** long. Apart from allowing employees to work flexible hours in moderation, the option of working from home, within certain limits, was introduced in March 2018. This is how we support our employees' work-life balance.

All employees are **entitled to annual leave of 30 working days**, at least two weeks of which must be taken consecutively. In addition to the forenamed leave entitlement, allowances are granted for special occasions (e.g. weddings, moving house), certain training measures initiated by the employees themselves, and for days customarily taken as leave in and around Cologne, typically in the carnival season.

No discrimination in the labor market

GBB-Rating supports the **elimination of discrimination** of all kinds.

We wish to ensure an equal proportion of men and women in the labor force, and are committed opponents of discrimination against women in the workplace.

The share of women in the labor force of GBB-Rating is 33%.

The proportion of women across all salary bands who are paid equal to or greater than the median is 29%.

The proportion of women in the upper salary quartile is 37.5%.

The development of employees within the framework of both in-house and group-wide training concepts is fostered without giving any consideration to the individual employee's sex. GBB-Rating's training concept has been fundamentally revised and is currently refined. Irrespective of this, the company is promoting its employees through a variety of internal and external training offerings.

We support our employees' family planning wishes by promoting parental leave and part-time working for the parents of young children. The option to work from home is extended before maternity leave and for parents who are working part-time. In addition, we render it possible for our female employees to return to work after the birth of the child.

Six of our employees are currently working part-time.

Appraisal and feedback

All employees undergo an annual appraisal based on an internal assessment system, which can lead to promotion and corresponding salary band changes. In addition, there is continuous respectively event-related feedback.

The assessment system encompasses the following elements:

- appraisal
- continuing professional development
- promotion
- remuneration

Additional employee benefits

Our Home office policy as well as free sports and health services are in place to support the compatibility of family and career, to ensure for a better work-life balance and to increase general employee satisfaction.

Apart from the standard provisions for working at home, the options are extended for parents who are working part-time and during the period of maternity protection. Special dispensations can also be granted, for example in case of health issues or particular personal circumstances, and for employees in the senior age group.

In addition, the introduction of a sabbatical regulation for all employees is currently in preparation.

All employees, including new recruits on completion of the six-month probationary period, are offered a **free subscription** to one of two gym chains. One of the two chains caters for the middle and senior age groups in particular. GBB-Rating also offers free entry to a company fun run event that takes place in Cologne. Regular **occupational health examinations** round off the company's healthcare provisions for its employees. In 2018, all employees were also offered a free flu vaccination and in 2019 new, height-adjustable desks were purchased to create more ergonomic workplaces.

We provide during working hours a selection of different mineral waters, teas and coffee free of charge to all our employees. By switching to fair trade coffee, we also ensured that the goods we buy regularly are produced under fair working conditions.

3.4 Environment

As a rating agency guided by sustainable principles, we also wish to embed ecological interests in our business activities. Within the scope of our everyday work we therefore take every opportunity to **avoid environmental problems** and adopt a **precautionary approach** to environmental challenges. The following is a brief synopsis of the action we have taken in this context:

- *We restrict access to office printers and use **recycled paper**. The standard setting of double-sided printing on all printers is intended to achieve a further reduction in paper consumption.*
- *We are currently implementing a **group-wide digitization project**. Its purpose is to enhance efficiency and support the company's alignment with sustainability goals. As part of this project, in 2019 the transfer of the internal activity recordings of the employees to the accounting department was converted to a purely electronic, paperless procedure. To further promote the project, a digitalization officer was appointed by the management.*
- *We pay a subsidy to encourage employees to use the local public transport network.*
- ***Employees traveling on business** are encouraged to use the **railroad network** whenever possible. For those who travel extensively on its behalf, GBB-Rating pays for a rail discount card, which can be used for private journeys as well.*
- *Our e-mails contain a pro-environmental message to discourage superfluous printing.*
- *We have also installed an **electronic sustainability mailbox** to solicit our employees' ideas and suggestions and thus encourage their engagement with the issue of sustainability.*
- *In seeking to reduce electricity and paper consumption, we have implemented a **targeted initiative to raise employees' awareness**.*

- *In product procurement, preference is increasingly being given to environmentally friendly, organic and regionally produced products. For example, the free beverages for all employees and for refreshment of customers was converted to organic and fair trade coffee and regional mineral water in returnable bottles.*

Within the company we support the development and diffusion of **environmentally friendly technologies**. Our actions in this respect are listed below:

- *We intend shortly to introduce our own **document management system** in order to increase efficiency and minimize paper consumption throughout the company.*
- *We are also enabling our clients to submit the majority of required documents no longer as paper copies, but electronically. In addition, since this year the questionnaires and documentation requirements as part of the rating process have been sent to customers by e-mail, and no longer by letter with enclosed CD.*
- *In 2017 we set up a **video conference suite** that allows us to conduct talks and meetings with clients without requiring any of the parties to travel to a venue by train, plane or car.*
- *In the medium term we wish to install **LED luminaires instead of fluorescent tubes** throughout our premises because we regard LED technology as kind to the environment and sustainable. The conversion takes place successively as part of the replacement procurement process.*
- *We have reduced the temperature of our hot water supply in order to reduce energy consumption.*

By implementing the above mentioned measures we reduced **paper consumption** from around 170,000 sheets of standard paper (DIN-A 4, 80 g) in 2016 to 140,000 sheets in 2017 and 85,000 sheets in 2018.

3.5 Anti-corruption

As an EU-certified rating agency, we advocate an **uncompromising** approach to preventing corruption. GBB-Rating has adopted the IOSCO Code of Conduct published by the International Organization of Securities Commissions (IOSCO).

Soon after they are appointed, new employees are sworn in by the Federal Financial Supervisory Authority (BaFin) and undertake to act in compliance with the law and renounce all forms of corruption.

The written internal rules and governance structure of GBB-Rating ensure that conflicts of interest are either avoided from the outset or discovered, and that independence and objectivity are maintained.



Our determination to prevent corruption within the company and our obligation to comply with regulatory provisions are reflected in our creation of the post of **compliance officer**. The compliance officer supports and shapes the compliance process and ensures that regulatory and statutory requirements are met throughout the company. With a view to raising awareness among employees, the post-holder also conducts regular compliance training courses. The compliance officer is further responsible for the internal whistleblowing process which enables employees to report illegal conduct anonymously. GBB-Rating has adopted a binding whistleblowing policy.

3.6 Social commitment

As GBB rating, we strive to live up to our social responsibility. Due to the experience of one of our employees we recalled the importance of the ability to provide first aid. Therefore we organized a first aid course for our employees in 2018 in which they could refresh their knowledge on a voluntary basis.

However, first aid is only one important part for us, since donating blood is vital for many people. For this reason, we organized a joint blood donation campaign for the first and secondary donors among our employees. While we were donating our blood we recognized that helping can sometimes be very easy, you just have to do it.

In addition, our employees can decide whether they would like to receive a bouquet of flowers on their birthday or whether they prefer a donation to a charity organization. We are glad that many of our employees chose the donation over the flowers so that we could donate a total of 990 EUR to UNICEF in 2018. In addition, we support UNICEF by using their greetings cards for Christmas greetings to our customers.

As part of the purchase of new desks for our employees (see section 3.3), we gave the old desks, which were in perfect condition, to educational and social institutions free of charge. We are pleased that we were able to support the following organisations with our donation:

Bad Münstereifeler Tafel e.V.



Geschwister-Scholl-Gymnasium
fundierte Bildung | Zivilcourage | soziale Kompetenz

Jeder gibt, was er kann.

Lebensmittelspenden für Bedürftige

Mönchengladbacher  Tafel e.V.

4 Closing remarks and outlook

As globalization continues to tighten its grip, sustainability is becoming an even more significant corporate goal. This is already reflected in the new requirements governing non-financial reporting (CSR Directive) and the EC initiative entitled Financing a Sustainable European Economy.

Against this background, GBB-Rating feels all the more vindicated in maintaining the sustainability ethos it has already been pursuing for several years. We take pride in our official participation, since February 16, 2018, in the United Nations Global Compact.

“We will continue to put sustainability principles into practice in order gradually, day by day, to improve our environment and make it a better place to live.”