

Scope Hamburg GmbH

Transparency Report 2022

28 March 2023



ScopeHamburg

Content

Introduction

1.	Legal structure and ownership	1
2.	Internal control mechanisms	1
3.	Allocation of personnel	3
4.	Record keeping policy	3
5.	Compliance report	3
6.	Management and analyst rotation	4
7.	Financial revenues	4
8.	Governance statement	4
9.	Renouncement of registration as credit rating agency	5

Introduction

Scope Hamburg GmbH (hereinafter referred to as „Scope Hamburg“ or „Agency“) publishes this Transparency Report in accordance with Art. 12 and Annex I, Section E, Part III. of Regulation (EC) No 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies, amended by Regulations (EC) No 513/2011 and No 462/2013 (in the following „CRA Regulation“).

On 7 February 2023, Scope Hamburg has expressed to ESMA its intention to renounce its registration as a credit rating agency under the CRA Regulation (<https://scopehamburg.com/scope-hamburg-gmbh-has-requested-renouncement-of-its-registration-as-a-rating-agency/>). ESMA has withdrawn the Agency's registration effective as of 24 March 2023. Scope Hamburg's renouncement of its registration as a credit rating agency and its effect is explained under No. 9 below.

1. Legal structure and ownership

Scope Hamburg is a German company registered at the Commercial Register at the Local Court (Amtsgericht) of Hamburg, HRB 60759. Scope Hamburg has its registered seat at Ferdinandstrasse 5, 20355 Hamburg.

At the end of the reference period, Scope Hamburg is fully owned by its parent entity Scope SE & Co. KG a.A. (hereinafter also referred to as „Scope Group“), a company registered at the Commercial Register Charlottenburg (Berlin), HRB 182023 B.

Scope SE & Co. KG a.A. has resolved to cease operations and to dissolve Scope Hamburg.

Scope Hamburg does not hold any investments in companies.

2. Internal control mechanisms

Scope Hamburg has implemented several internal control mechanisms:

Governance

Scope Hamburg's governance structures are set up to meet the requirements of the EU Regulation and other applicable laws and to provide appropriate management oversight over Scope Hamburg's credit rating activities.

Scope Hamburg is exempted from the requirement to establish an administrative board consisting of at least two independent members (within the meaning of Section III No. 13 of the Recommendation 2005/162/EC of the EU Commission of 15 February 2005 on the duties of non-executive directors/supervisory directors of listed companies and on the committees of the administrative/supervisory board), who have specific supervisory duties according to the EU Regulation (Art. 6 (3) EU Regulation, Annex 1, Section A (2) EU Regulation).

The Independent Review Function

The independent review function (hereinafter referred to as „IRF“) is a key part of Scope Hamburg's internal control framework. IRF operates independently of the analytical business lines and business development. Within the IRF, the methodology policy and model review teams are responsible for independently approving, periodically examining and reviewing credit rating methodologies, models and key rating assumptions used in the credit rating process. It makes sure that these credit rating methodologies are robust, rigorous, systematic and continuous and that they are validated, for example, through back-testing. Separately, the Credit Policy team acts as an internal control function at the rating level, ensuring high quality credit ratings and complete and coherent application of credit rating methodologies. IRF may attend credit rating committees but has no voting right on credit rating decisions.

The Compliance Function

Scope Hamburg's compliance function operates independently from the analytical business lines and business development. The compliance function oversees adherence to regulatory requirements. Its role is to support maintaining the relationship with regulatory authorities, to advise and provide training to Scope Hamburg's employees and managers on

regulatory requirements, and Scope Hamburg 's Code of Conduct, among other internal policies and procedures, and to assess and monitor adherence to those rules. This includes compliance surveillance over Scope Hamburg 's credit rating activities and compliance investigations in cases of potential breaches of the EU Regulation or other applicable laws as well as Scope Hamburg 's codes, policies and procedures. The Compliance Function of Scope Hamburg reports to Scope Hamburg's non-analytic managing directors, and functionally to Scope Group's Head of Compliance.

The Internal Audit Function

Scope Hamburg's parent entity Scope Group maintains an internal audit function which reports functionally to Scope SE & Co. KG a.A.'s Supervisory Board and in particular to the Chair of the Audit Committee, being a sub-committee of the Supervisory Board and having specific oversight responsibilities over Internal Audit and the internal control system. The internal audit function operates independently of the analytical business lines and business development of Scope Group. The internal audit function regularly reviews business activities as well as operational processes and internal controls in each jurisdiction in which Scope and its affiliates operate. Audit reports are provided to the responsible managing director of Scope Hamburg.

The Credit Rating Process

The credit rating process is designed to protect the independence, objectivity and integrity of Scope Hamburg 's credit rating decisions. Credit rating actions are not based on the opinion of a single (lead) analyst but are determined by a credit rating committee. The credit rating committee follows the principles set out in, among others, Scope Hamburg 's Basic Principles for Assigning Credit Ratings and Other Services, Code of Conduct, and Confidential Information Management Policy. Further details are governed by internal procedures that provide the requirements over processes, approvals and documentation that Scope Hamburg's analytical employees have to adhere to in the credit rating process.

The Credit Rating Methodology Process

Scope Hamburg 's credit rating methodologies are available on Scope Hamburg's public website and govern the analytical components applied in Scope Hamburg 's credit rating analyses. The process for the development of new credit rating methodologies or adjustments to existing credit rating methodologies follows the principles set out in, among others, Scope Hamburg 's Code of Conduct and Scope Hamburg 's Policy on Methodology development and review. The credit rating methodology review process involves representatives from the analytical business lines and IRF. IRF reviews the credit rating methodologies independently and has final approval over Scope Hamburg's credit rating methodologies. Further details are governed by internal procedures that provide the requirements over processes, approvals and documentation that Scope Hamburg's employees have to adhere to in the context of the credit rating methodology review process.

Scope Hamburg's Public Codes and Policies

Scope Hamburg's public Code of Ethics, Code of Conduct and other policies set out the principles that all Scope Hamburg employees are bound to in performing their duties. These codes and policies are updated periodically to reflect changes in applicable rules and regulations as well as guidance from the European Securities and Markets Authority (hereinafter referred to as "ESMA"). Each year, all Scope Hamburg employees are required to confirm compliance with these codes and their certainty regarding Scope Hamburg 's policies. In addition, internal procedures support and foster the steps that protect the quality, independence and integrity of Scope Hamburg's credit rating activities.

Scope Hamburg's Conflict Management Principles

Scope Hamburg's public code(s) and policies set out the key principles to prevent, identify, manage and, where relevant, disclose potential or actual conflicts of interest. Scope Hamburg has adopted policies and procedures that prevent, identify and manage conflicts of interest. In particular, Scope Hamburg has put in place the following:

- Scope Hamburg's analysts who participate in credit rating activities are operationally and functionally separated from non-credit rating activities conducted in other Scope Group entities.
- As an institution, Scope Hamburg does not act as a principal or market maker in securities.
- As the parent entity of Scope Hamburg, Scope Group is responsible for all commercial relationships with issuers and is operationally segregated from all analytical rating groups and credit rating activities. Analysts are prohibited from participating in fee discussions with issuers or their agents and from participating in marketing activities.
- Scope Hamburg's Basic Principles for Assigning Credit Ratings and Other Services govern the rating process.
- Analysts are not compensated or evaluated based on the amount of revenue that Scope Hamburg derives from issuers that the analyst rates or with which the analyst interacts.
- Employees must follow specific rules with regard to their personal interests, such as personal ownership of and trading in financial instruments, receipt of gifts or outside business activities. These rules are set out in Scope Hamburg's Code of Conduct, Securities Trading and Insider Policy and Outside Business Interests Policy.

- Scope Hamburg's compliance function monitors employee conduct regarding potential conflicts of interest.

Risk Reporting and Risk Management

Scope SE & Co. KG a.A., Scope Hamburg's group-level holding entity, oversees risk reporting and risk management. Scope Group discusses potential financial, strategic, legal, regulatory and operational risks in order to assess the probability of their occurrence and the effectiveness of existing protections at Scope Group. An internal function deals with the risk assessment and risk management process including standardized risk reporting to Scope's Risk Committee, which makes recommendations to the management board of Scope Hamburg.

3. Allocation of personnel

Scope Hamburg employs 8.55 permanent staff (FTE) in the reference period, of which 4.6 FTE are responsible for tasks relating to new ratings, review and monitoring of ratings as well as methods and model evaluation. 0.75 FTE in admin.

Three managing directors are responsible for the management of the agency.

4. Record keeping policy

As part of its credit rating activities, Scope Hamburg receives information from or about entities that it rates in various forms, including physical documents and electronic formats. Scope Hamburg retains all relevant business records that Scope Hamburg receives from external entities or that are prepared internally in relation to the conduct of credit rating activities in line with the requirements of the EU Regulation, applicable corporate laws and other relevant rules and regulations. Scope Hamburg adheres to the standards set out in Scope CRAs' Record Keeping Policy. These rules establish best practice for the appropriate and consistent handling and retention of such business records that ensure these are complete and readily available. Scope Hamburg has established protections around the retention of sensitive information, and employees are required to take all reasonable measures to protect sensitive or confidential information and the records maintained in relation with it. Employees are also required to protect all property and business records belonging to, or in the possession of, their employer from fraud, theft or misuse.

5. Compliance report

During the reference period, the Compliance Function has undergone an audit by its Internal Audit Function and remediated identified weaknesses.

During the reference period, Scope Hamburg aligned its former Compliance framework to the existing Compliance framework of Scope Ratings and Scope Ratings UK. Scope Hamburg GmbH's compliance function kept its independence at any point in time.

Given Scope Hamburg's shareholder's decision to de-register and wind-down the Agency by 31 March 2023, the Compliance Function has contributed to a controlled and compliant de-registration process and dialogue with the regulator.

Scope Hamburg's employees renewed acceptance of Scope Hamburg's existing policies and procedures for 2022 with one exception, who was unable to renew acceptance due to health reasons. Compliance training was provided to all employees of Scope Hamburg.

Compliance assessments and reviews over Scope Hamburg's credit rating activities were conducted by the compliance function independently. Potential issues identified as a result of such compliance controls or by way of notifications submitted to the compliance department were addressed with the MDs and reported to the regulator where in line with regulatory demands. All relevant reporting obligations to supervisory authorities, in particular ESMA, were covered in line with the EU Regulation.

6. Management and analyst rotation

The Agency is managed by Christian Werner, Vincent Wald and Werner Stäblein. During the reference period, only Werner Stäblein was involved in rating procedures in his capacity as Analytical Managing Director.

The Agency is exempt from the requirements of the CRAR to establish and maintain a gradual rotation mechanism with regard to the rating analysts and persons approving credit ratings.

7. Financial revenues

SHG generated income of approximately EUR 0.9 million from ratings and ancillary activities in the reference period, of which approximately EUR 0.8 million have been attributable to ratings. These were generated entirely in the Corporate segment (including project financing). Income from rating activities includes income from initial ratings, follow-up ratings, monitoring, private ratings and rating indications.

2022 - Total Revenues	EUR
Revenues originating from credit rating services	819.142
Revenues originating from ancillary services	105.437
Total:	924.579
2022 Turnover - Geographical Allocation	EUR
European Union (EU)	858.079
Worldwide (non-EU)	66.500
Total:	924.579

2022 Revenues – credit rating services	EUR
thereof: Non-financial corporations / Sovereigns/Public Finance/ Financial Institutions	858.991
thereof: Structured finance/project finance	- 39.849
Total:	819.142
2022 Revenues - Ancillary Services	EUR
Revenues originating from ancillary services provided to clients without credit rating services	105.437
Total:	105.437

8. Governance statement

During the Reporting Period, Scope Hamburg did not have any shares listed on any regulated exchange. It is established in compliance with applicable German corporate laws and operates in accordance with relevant international laws and regulations, in particular the EU Regulation.

As of 31 December 2022, Scope Hamburg is a 100% subsidiary of Scope SE & Co. KG a.A.. Through their shareholdings in Scope SE & Co. KG a.A., the following individuals/entities had significant (over 5%) indirect shareholdings in Scope:

Florian Schoeller (via holding companies): 15.5%
AQTON SE: 14.4%
Michael C. Wisser (via holding companies): 7.4 %
AXA S.A.: 6.3%

Holdings of other minor shareholders (each one below 5%) were in total at 56.4%.

Scope Management SE is the general partner of Scope SE & Co. KG a.A.. The Executive Board of Scope Management SE manages the business of Scope SE & Co. KG a.A. and thereby of Scope Group. In addition to their shareholdings in Scope SE & Co. KG a.A., Florian Schoeller and Stefan Quandt each hold 40% of the shares in Scope Management SE. The Scope Foundation, which is a separated legal entity from the Scope Group, has held 20% of the shares in Scope Management SE since May 2020. The Scope Foundation has no financial or economic interest in Scope SE & Co KG a.A. and the main function of the foundation is to preserve the European identity of the shareholder structure of Scope Group.

Members of Scope Hamburg's management board (Geschäftsführung) have adequate powers conferred to them by German law or other applicable national law, the articles of association and applicable bylaws. The articles of association of Scope Hamburg may be amended in accordance with applicable national law. The operations of the shareholder meeting, the key powers of the shareholder meeting, and the shareholder rights are provided for in national law and the constitutional documents of Scope Hamburg.

9. Renouncement of registration as rating agency

All credit rating activities of Scope Hamburg have been undertaken in accordance with the CRA Regulation during the reference period, and have continued until the date of the effective renouncement of Scope Hamburg's registration as a Credit Rating Agency, effective 24 March 2023. All credit rating mandates have been terminated.

For investors using Scope Hamburg's credit ratings for regulatory purposes, it is important to note the following:

Following Article 24 of the Regulation (EC) No. 1060/2009 of the European Parliament and of the Council of 16 September 2009 on Credit Rating Agencies, Scope Hamburg's outstanding credit ratings may continue to be used for regulatory purposes either for:

- Ten working days if the rating is of an entity or instrument that is rated by another ESMA-registered Credit Rating Agency or
- Three months if the rating is of an entity or instrument that is not rated by another ESMA-registered Credit Rating Agency

following the announcement of ESMA's decision of the renouncement of Scope Hamburg's registration as a Credit Rating Agency. Scope Hamburg will share the effective data on its website once ESMA has announced its decision.