



Transparency Report 2023

Scope Ratings GmbH



Introduction

This report is published by Scope Ratings GmbH (hereinafter referred to as “SRG”) in accordance with Article 12 and Part III, Section E of Annex I of the Regulation (EC) No 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies, as amended by Regulation (EU) No 513/2011 and Regulation (EU) No 462/2013 (hereinafter referred to as the “EU Regulation”), and includes information for the period from 1 January 2023 to 31 December 2023 (hereinafter referred to as the “Reporting Period”) on the scoperatings.com website.

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I. Legal structure and ownership

SRG is registered at the Charlottenburg Commercial Register (Berlin) with company number HRB 192993 B. It is fully owned by its parent, Scope SE & Co. KGaA (hereinafter referred to as “**Scope**”), a company registered at the Charlottenburg Commercial Register (Berlin) with company number HRB 182023 B. SRG is registered as a credit rating agency in accordance with the EU Regulation since 2012.

SRG has its head offices at Lennéstraße 5, 10785, Berlin, Germany and maintains branch offices in Frankfurt (Germany), Paris (France), Milan (Italy), Oslo (Norway), Poznan (Poland) and Madrid (Spain). SRG is the sole owner of Scope Ratings UK Limited (hereinafter referred to as “**SRUK**”), a company registered with the Companies House in the United Kingdom under company number 11810998.

The parent entity Scope together with its wholly owned subsidiaries, SRG (and its wholly owned subsidiary SRUK), Scope Fund Analysis GmbH, Scope ESG Analysis GmbH, Scope Innovation Lab GmbH, and Scope Hamburg GmbH i.L. are hereinafter referred to together as “**Scope Group**”.

II. Internal control mechanisms ensuring quality of SRG's credit rating activities

Governance

SRG's governance structures are set up to meet the business and regulatory standards requirements of a globally operating credit rating agency including EU Regulation and other applicable regional and national laws and to provide appropriate management oversight over SRG's international credit rating activities. SRG maintains an Administrative Board in accordance with the EU Regulation. Independent non-executive directors also serve on the Administrative Board to provide oversight.

The Administrative Board

During the Reporting Period, the Administrative Board of SRG was composed of **two** Independent Non-Executive Directors (“INEDs”) and **two representatives** of Scope Group (see section IV of this report). The Administrative Board oversaw the activities of SRG.

The Independent Non-Executive Directors

The INEDs were not involved in the daily management SRG's credit rating activities.

The INEDs were specifically responsible for monitoring:

- The development of the credit rating policy and credit rating methodologies;
- The effectiveness of the internal control framework;
- The effectiveness of measures and procedures to identify, eliminate, manage and/or disclose conflicts of interest; and
- Compliance and governance processes.

Internal control framework

SRG has operated and enhanced the three-lines-of-defence control framework developed in the previous years to ensure robust procedures within the agency. The first line of defence refers to the activities and controls that are directly performed by the operational units within the organisation to manage risks and ensure compliance with applicable laws and regulations. These activities include the analytical rating process and related rating operations. The second line of defence refers to the internal control functions that provide oversight, monitoring and support to the first line of defence. The second line of defence includes the Independent Review function (hereinafter referred to as “IRF”), the Compliance function, the

Information Security function and the Risk Management function. The third line of defence refers to the Internal Audit function.

While the internal control functions operate independently from each other in their respective monitoring and control activities, they cooperate in the elaboration and update of the policy-and-procedure framework and the roll-out of trainings.

The internal control functions report to the Executive Management of SRG and to the Administrative Board. They also interact directly and independently with the INEDs on a regular basis.

The Independent Review Function

IRF is a key part of SRG's internal control framework. IRF operates independently from both the analytical business lines and business development.

Within 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. IRF ensures that credit rating methodologies are robust, rigorous, systematic and continuous and that they are validated, for example, through back-testing. The credit policy team acts as an internal control function focused on the complete and consistent application of credit rating methodologies and ensuring high-quality credit ratings.

IRF may participate in credit rating committees but has no voting rights on credit rating decisions.

The Compliance function

SRG's Compliance function operates independently from the analytical business lines and business development. The Compliance function oversees adherence to regulatory requirements in each jurisdiction in which SRG operates and from 2022 supervises the Compliance function of its wholly owned subsidiary in the United Kingdom, SRUK¹.

The Compliance function plays a critical role in ensuring that SRG operates with integrity, transparency and in accordance with applicable laws, regulations and industry standards. Compliance is responsible for the monitoring of regulatory developments, the implementation of appropriate policies and procedures, and the training and education of staff, the conducting of compliance testing and monitoring including compliance investigations in case of a potential breach of the EU Regulation or other applicable laws and the reporting and escalation of compliance-related issues to senior management. The Compliance function provides recommendations for remediation on identified matters. The Compliance function also maintains the relationship with regulatory authorities and collaborates with the Compliance function of Scope Group regarding the application of group policies such as the Code of Ethics, among other internal policies and procedures, and assesses and monitors adherence to those rules. This includes compliance surveillance over SRG's credit rating activities. The head of Compliance reports to the Executive Management of SRG and to the Administrative Board. It also interacts directly and independently with the INEDs on a regular basis to address relevant compliance matters and potential compliance risks.

The Risk Management function

The Risk Management function plays a critical role for the operations of SRG by helping SRG identify, assess and manage risks in a manner that promotes effective risk management and supports the agency's strategic objectives and risk appetite levels. Specifically, the Risk Management function is responsible for monitoring

¹ SRG endorses credit ratings issued by Scope Ratings UK Limited under Article 4(3) of the EU Regulation.

the agency's risk exposure on an ongoing basis and to provide risk management advice in line with the risk appetite of the company. The Risk Management function is responsible for maintaining the agency's risk management frameworks, which include risk appetite statements, risk assessment methodologies, and risk reporting processes as well as overseeing the relevant information and data shared during the quarterly meetings of the Risk and Control Committee (RCC), which comprises of the Executive Management of SRG and SRUK together with the respective INEDs from SRG and SRUK.

The Information Security function

The Information Security function plays a critical role in protecting the confidentiality, integrity and availability of SRG's information assets and helps to ensure that the agency operates in accordance with applicable laws, regulations and industry standards. The Information Security function is responsible for ensuring that SRG's information assets are protected from unauthorised access, use, disclosure, disruption, modification or destruction. It operates independently from the Information Technology team and develops information security policies and procedures, conducts risk assessments, maintains security controls, conduct vulnerability assessment and penetration testing exercises and provides information security training to SRG employees as well as employees from Scope Group providing dedicated services to SRG. The Information Security function is also responsible to manage security incidents and ensure reporting to internal and external stakeholder in a timely fashion.

The Internal Audit function

The Internal Audit function provides independent assurance to the Executive Management and Administrative Board that SRG's risk management, governance and internal control processes are operating effectively. The Internal Audit function assesses the effectiveness of internal controls and conducts risk-based audits. It reports findings and provides independent advice and guidance. Internal Audit also monitors progress on audit recommendations and agreed-upon remedial actions to address identified issues. The Internal Audit function operates independently from operational business lines and other internal control functions. It reviews business activities as well as operational processes and internal controls in each jurisdiction in which SRG operates. Audit reports are provided to the Executive Management of SRG and its Administrative Board. SRG established its dedicated Internal Audit function in March 2022, which operates according to its approved Internal Audit Charter. Prior to that date, the Internal Audit function had been outsourced to SRG's parent entity Scope, reporting functionally to Scope Group's Supervisory Board and to the Chair of the Audit Committee, a sub-committee of Scope Group's Supervisory Board.

The credit rating process

The credit rating process protects the independence, objectivity, and integrity of SRG's credit rating decisions. Credit rating actions are not based on the opinion of a single individual but are rather determined by a credit rating committee involving a rating committee chair, a lead analyst and other voting and potentially non-voting expert participants. The credit rating committee follows the principles set out in, among others, SRG's Code of Business Conduct, Rating Governance Policy, Rating Process Manual and Confidential Information Management Policy. Internal procedures cover the requirements over processes, approvals and documentation that SRG's analytical employees must adhere to in the credit rating process.

The credit rating methodology process

SRG's credit rating methodologies are available on SRG's public website and govern the analytical components applied in SRG'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, SRG's Code of Business Conduct and SRG's Methodologies Governance Policy. 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 SRG's credit rating

methodologies. Internal procedures cover the requirements over processes, approvals and documentation that SRG's employees must adhere to in the context of the credit rating methodology review process.

SRG's public codes and policies

SRG applies Scope Group's public Code of Ethics, as well as SRG's Code of Business Conduct and other policies that set out the principles all SRG employees are bound to in performing their duties. These codes and policies are updated periodically to reflect changes in applicable rules and regulations. Each year, all SRG employees confirm their awareness, understanding and compliance with these codes and certain SRG policies. In addition, internal procedures support and protect the quality, independence and integrity of SRG's credit rating activities.

SRG's conflict management principles

SRG's policies set out the key principles to prevent, identify, manage and, where relevant, disclose potential or actual conflicts of interest. SRG has adopted policies and procedures that enable the credit rating agency to prevent, identify, assess and manage potential conflicts of interest. SRG has put in place the following:

- SRG's analysts who participate in credit rating activities are operationally and functionally separated from non-credit rating activities conducted in SRG and in other Scope Group entities.
- SRG has established separations between analytical and commercial activities reflected in SRG's Commercial Separation Policy. Analysts are prohibited from participating in fee discussions with issuers or their agents and from participating in marketing activities. SRG outsources its business development and sales function to Scope. Scope Group staff are responsible for all commercial relationships with issuers and are subject to SRG's Commercial Separation Policy and operationally segregated from SRG's credit analysts and their credit rating activities.
- As an institution, SRG does not act as a principal or market maker in securities.
- The Rating Process Manual governs the rating process with the objective to identify, assess and manage potential conflicts of interests.
- Analysts are not compensated or evaluated based on the revenue that SRG derives from issuers that the analyst rates or with which the analyst interacts.
- SRG applies a mechanism for the gradual rotation of relevant analytical staff to protect analytical independence.
- Employees must follow specific rules regarding 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 SRG's Personal Account Dealings Policy, Outside Business Interests Policy, and SRG's Gifts, Entertainment and Anti-bribery Policy.
- SRG's Compliance department monitors employee conduct regarding potential conflicts of interest.
- The SRG's Conflict of Interest team identifies actual or perceived Business and Corporates Conflicts of Interest in relation to the provision of Credit Rating and Ancillary Services Scope's shareholders and Relevant CRA members.

III. Allocation of personnel and senior management

The below information refers to allocation of staff to credit rating activities, methodologies, model appraisals, senior management and credit rating activities in the different asset classes for SRG.²

² This includes all full-time and part-time employees of Scope. Part-time employees are counted as 0.5 full-time employees. The data provided relate to the status as per 31 December 2023. Numbers are rounded up or down to the next whole number.

Allocation	Number of Staff
New credit ratings and credit rating reviews	76.5
Methodology appraisal	3
Executive Management / INEDs	5
Total	84.5

Asset class	Number of Staff
Corporates	24
Structured Finance & Covered Bonds	27
Project Finance	10
Sovereign & Public Sector	8.5
Financial Institutions	7
Total	76.5

Structure of rating teams

SRG’s ratings groups are structured in a way that ensures independence, objectivity and consistency in SRG’s ratings process. SRG’s analytical personnel are organised through reporting lines by rating groups and operated across six such groups during the Reporting Period: 1) Corporate Finance, 2) Project Finance, 3) Sovereign & Public Sector, 4) Financial Institutions, 5) Covered Bonds, and 6) Structured Finance. Each rating group consists of experienced professionals from diverse backgrounds, including finance, accounting, economics, and other relevant fields. A Head of Fundamental Credit Ratings and Research leads and coordinates the Corporate, Financial Institutions and Sovereign & Public Sector rating group, while the Head of Transactional Credit Ratings & Quantitative Analysis leads and coordinate the Structured Finance, Covered Bond and Project Finance rating group. Each rating group is led by a managing director as analytical head who has extensive experience in credit and oversees the team’s activities. The analytical head for each rating group is supported by a deputy manager. The Head of Fundamental Credit Ratings and Research supervises the Macro Economic Council, which is made up of senior representatives from each rating group and Credit Policy, to regularly monitor macro-economic developments and associated cross sectors risk factors.

The Heads of fundamental and transactional credit ratings report to the Executive Management of SRG. SRG’s teams operate independently from other business areas and are not involved in any commercial or investment activities. The cross-border reporting structure leads to processes, decisions and escalations being addressed in a unique and systematic manner within each of the six rating groups.

IV. Members of management

During the Reporting Period, Guillaume Jolivet was SRG's sole Managing Director. Natalia Bourin and Vincent Wald have been members of SRG's Extended Management.

The legal form of the Administrative Board of SRG under Germany law has been revised and upgraded as a constitutive organ of the company's governance ('Organschaftlicher Beirat') with effect from 23 February 2023 X. This revised form defines the supervisory rights of the Administrative Board, its clear approval responsibilities, its supervisory capacity over executive management including extensive information access. The Administrative board included two independent non-executive members Paul Mazataud and Fernando Mayorga as INEDs, and two non-independent members with responsibilities with the parent company of SRG: Matthias Boehm, and Carlos Terré. The INEDs were not directly involved in SRG's credit rating activities.

V. Rotation policy for analysts

SRG maintains an Analyst Rotation Policy, which rotates lead analysts, rating analysts and people approving credit ratings from rated entities and, where relevant, their related third parties. According to the Analyst Rotation Policy, SRG rotates lead analysts every four years, rating analysts every five years, and people approving credit ratings every seven years.

Following the rotation, analysts are not permitted to engage in credit rating activities with the same rated entity and, where relevant, their related third parties for a two-year period.³

VI. Record-keeping policy

As part of its credit rating activities, SRG receives information from or about entities that it rates in various forms, including physical documents and electronic formats. SRG retains all relevant business records that SRG – or SRUK in the case of endorsed credit ratings – 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. SRG adheres to the standards set out in its Record Keeping Policy and Internal Record Keeping Procedures. 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. SRG 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.

VII. Compliance report

During the Reporting Period, SRG made various enhancements to compliance policies and procedures to address internal process enhancements and developments in SRG's business activities as well as regulatory requirements including new ESMA guidance. These include:

- updates of various policies related to the management of Individual, Business and Corporate conflicts of interests, such as the Gifts and Entertainment Policy, and Whistleblower Policy. The Unsolicited Ratings Policy, the Outsourcing Policy and Disclosure Requirement Policy were also updated.
- the introduction of a new CRA Compliance Investigations Policy and correspondent procedure and the Inside Information Policy and correspondent procedure.

³ SRUK is exempt from the obligation to maintain an analyst rotation policy.

All SRG employees acknowledged the policies and procedures that were in place and certified their adherence to SRG's policies and procedures for 2023. SRG regularly provided compliance training to new employees and conducted comprehensive annual compliance training for 2023 for all its employees and managers.

The Compliance function independently conducted surveillance controls and monitoring reviews over SRG's credit rating activities. Executive Management and, where relevant, the Administrative Board of SRG addressed potential issues identified as a result of such compliance controls or by way of notifications submitted to the Compliance department. Where the Compliance function identified or received a report of a relevant potential or actual breach of the EU Regulation, other applicable laws, or SRG's codes, policies and procedures, it addressed them by way of formal compliance investigations and brought them to the attention of SRG's management bodies. SRG fulfilled its reporting obligations to supervisory authorities in line with the EU Regulation and as per the Guidelines on the Submission of Periodic Information to ESMA by Credit Rating Agencies – 2nd Edition, issued on 5 February 2019. SRG is a category A credit rating agency with the obligation for scheduled reporting quarterly and on an ad-hoc basis. The surveillance controls and monitoring activities also included credit ratings issued by SRUK and endorsed by SRG.

The Internal Audit function conducted a review of the Compliance departments of SRG and SRUK as a part of its work plan in the fourth quarter of 2023. This review covered the activities and measures of the Compliance department with a focus on the areas of organisation and governance, policies and procedures, compliance monitoring plan, regulations, as well as communication and reporting.

VIII. Financial revenues

The table below provides an overview of SRG's revenues in 2023.⁴

2023 total revenues	EUR
Revenues originating from credit rating activities	19,004,455.38
Revenues originating from non-credit rating activities	3,267,747.31
Total	22,272,202.69

2023 revenues – credit rating activities	EUR
thereof: non-financial corporations/Sovereigns/Public Finance/Financial Institutions	8,585,921.44
thereof: Structured Finance/Project Finance	10,418,533.94
Total	19,004,55.38

2023 revenues – non-credit rating activities	EUR
Revenues originating from non-credit rating activities of business lines providing credit rating services	1,669,303.85
Revenues originating from other non-credit rating activities	1,598,433.46
Total	3,267,747.31

⁴ Unaudited numbers

IX. Governance statement

During the Reporting Period, SRG 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 2023, SRG is a 100% subsidiary of Scope⁵. Through their shareholdings in Scope SE & Co. KGaA, the following individuals/entities had significant (over 5%) indirect shareholdings in SRG:

- Florian Schoeller (via holding companies): 14.05%
- AQTON SE: 14.02%
- Michael C. Wisser (via holding companies): 7.79%
- AXA S.A. (via subsidiaries): 6.09%

Holdings of other minority shareholders (each one below 5%) totalled 58.05%.

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

Scope's Investor Relations team provides timely and regular information to SRG to enable SRG's Conflict of Interest team to identify, manage, eliminate and disclose any potential conflicts of interest related to Scope's shareholders.

SRG's Administrative Board oversaw SRG's business activities and the members of Executive Management. The Administrative Board met at least once per quarter.

Each member of the Administrative Board is sufficiently skilled to perform their respective functions. The INEDs have sufficient expertise in all relevant areas of financial services.

The INEDs were not involved in credit rating activities and are free of any business, family or other relationship with SRG, its controlling shareholders or its Executive Management that would create a conflict of interest that could impair their judgement. At least one of SRG's INEDs has in-depth knowledge at a senior level of structured finance markets.

Members of SRG's governance and management bodies such as the Administrative Board and Executive Management have adequate powers conferred to them by the applicable national law, articles of association and applicable bylaws. The articles of association of SRG 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 SRG.

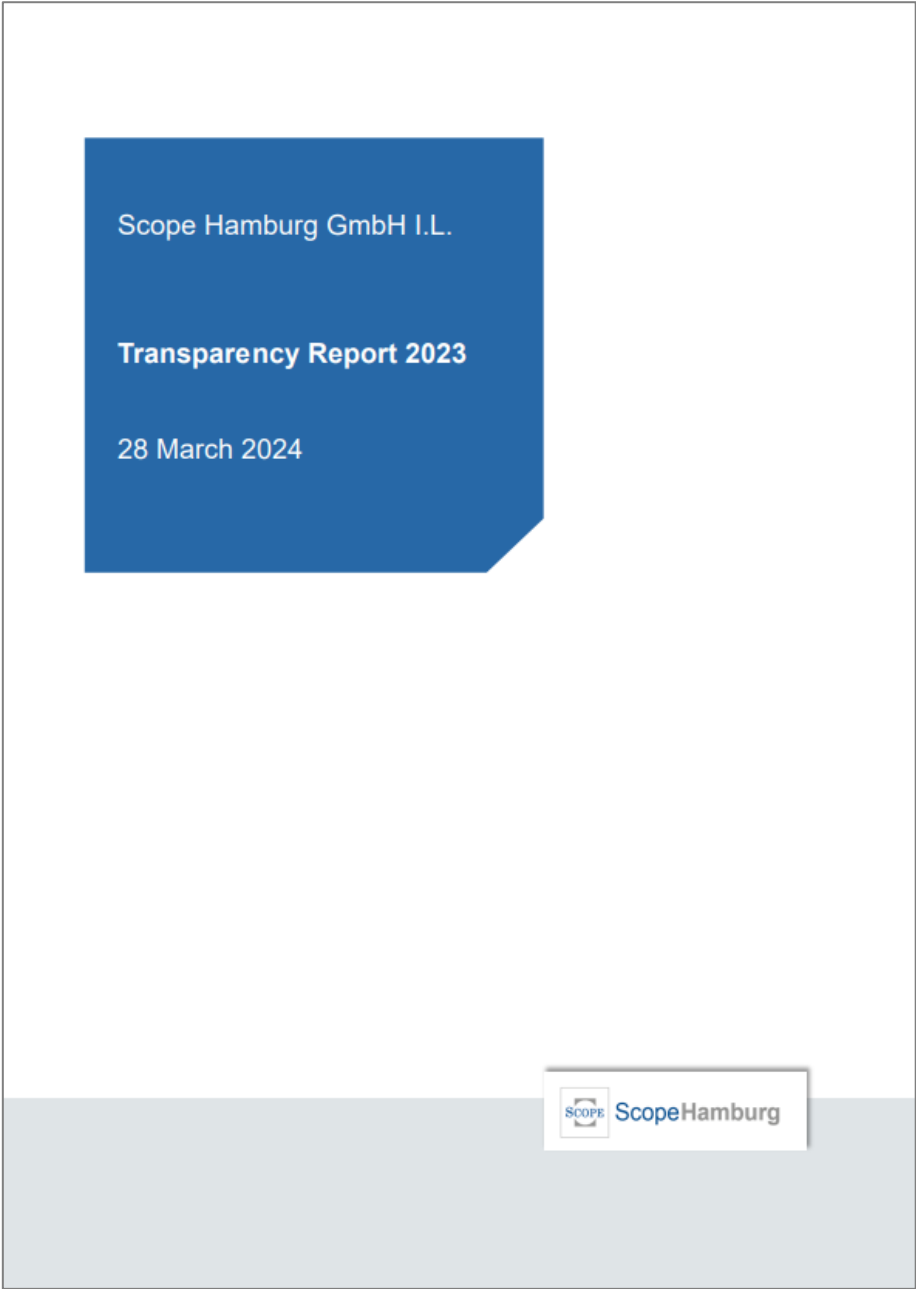
⁵ Scope, the group holding company, is a limited partnership on shares (KGaA) and combines the rules and set-up of a public limited company (*Aktiengesellschaft*) with the corporate structure of a limited partnership (*Kommanditgesellschaft* or Co. KG). The acronym Co. KGaA reflects the dual character of this corporate structure.

Appendix I Scope Hamburg GmbH I.L. Transparency Report 2023


The 2023 Transparency Report for Scope Hamburg GmbH I.L. (Scope Hamburg) is found below.

On 7 February 2023, Scope Hamburg expressed to ESMA its intention to renounce its registration as a credit rating agency under the CRA Regulation. ESMA formally notified the renouncement of the registration as a rating agency for Scope Hamburg effective as of 24 March 2023.

Scope SE & Co. KGaA, the sole shareholder of Scope Hamburg, resolved to cease operations and liquidate Scope Hamburg with effect from 31 March 2023. Scope SE & Co. KGaA is the parent entity of Scope Ratings GmbH.



Appendix I: Scope Hamburg GmbH I.L. Transparency Report 2023

Scope Hamburg GmbH I.L. Transparency Report for the year 2023 28 March 2024		
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Appendix I: Scope Hamburg GmbH I.L. Transparency Report 2023

Introduction

Scope Hamburg GmbH i.L. (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 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 formally notified the renouncement of the registration as a rating agency for Scope Hamburg effective as of 24 March 2023. Scope Hamburg's renouncement of its registration as a credit rating agency and its effect is explained in section 9 on page 5.

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 Lennéstraße 5, D-10785 Berlin.

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

Scope SE & Co. KGaA has resolved as the sole shareholder to cease operations and liquidate Scope Hamburg with effect from 31 March 2023.

Scope Hamburg does not hold any investments in companies.

2. Internal control mechanisms

Scope Hamburg implemented several internal control mechanisms during the reference period:

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. 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

Appendix I: Scope Hamburg GmbH I.L. Transparency Report 2023

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. KGaA'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. 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.

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Risk Reporting and Risk Management

Scope SE & Co. KGaA, Scope Hamburg's group-level holding entity, oversees risk reporting and risk management via an outsourcing agreement. Scope Group discusses potential financial, strategic, legal, regulatory, and operational risks 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 standardised risk reporting to Scope's Risk Committee, which makes recommendations to the management board of Scope Hamburg.

3. Allocation of personnel

Scope Hamburg employed 8.55 permanent staff (FTE) at the start of the reference period, of which 4.6 FTE were responsible for tasks relating to ratings, review, and monitoring of ratings as well as methods and model evaluation. 0.75 FTE in admin. Scope Hamburg maintained appropriate staffing levels throughout the reference period to ensure full regulatory compliance with its obligations.

Regarding management, see section 6 on page 3.

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. Considering the renouncement of the registration as a rating agency, Scope SE & Co. KGaA will ensure that Scope Hamburg's obligations as to record keeping are satisfied and fulfilled. Effective as of 01 April 2023, and for a period of at least eight (8) years thereafter, Scope SE & Co. KGaA shall keep Scope Hamburg's records according to all applicable legal and regulatory requirements.

5. Compliance report

The Compliance Function contributed to a controlled and compliant de-registration process and dialogue with the regulator.

Scope Hamburg's employees fully adhered to Scope Hamburg's existing policies and procedures for 2023. Compliance training was provided to all employees of Scope Hamburg.

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 was managed until 31 March 2023 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. With effect from 1 April 2023, Christian Werner, Vincent Wald, and Werner Stäblein were appointed as Liquidators. As of 30 June 2023, Christian Werner and Vincent Wald were the sole Liquidators.

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

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7. Financial revenues

SHG generated negative income for the reference period.

2023 - Total Revenues	EUR
Revenues originating from credit rating services	-42,943
Revenues originating from ancillary services	-1,050
Total:	-43,993
2023 Turnover - Geographical Allocation	EUR
European Union (EU)	-43,993
Worldwide (non-EU)	0
Total:	-43,993
2023 Revenues – credit rating services	EUR
thereof: Non-financial corporations / Sovereigns/Public Finance/ Financial Institutions	-42,943
thereof: Structured finance/project finance	0
Total:	-43,993
2023 Revenues - Ancillary Services	EUR
Revenues originating from ancillary services provided to clients without credit rating services	-1,050
Total:	-1,050

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 2023, Scope Hamburg is a 100% subsidiary of Scope SE & Co. KGaA. Through their shareholdings in Scope SE & Co. KGaA, the following individuals/entities had significant (over 5%) indirect shareholdings in Scope:

Florian Schoeller (via holding companies): 14.05%
 AQTON SE: 14.02%
 Michael C. Wissler (via holding companies): 7.79 %
 AXA S.A. (via subsidiaries): 6.09%

Holdings of other minor shareholders (each one below 5%) were in total at 58.05%.

Scope Management SE is the general partner of Scope SE & Co. KGaA. The Executive Board of Scope Management SE manages the business of Scope SE & Co. KGaA and thereby of Scope Group. In addition to their shareholdings in Scope SE & Co. KGaA, 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 KGaA and the main function of the foundation is to preserve the European identity of the shareholder structure of Scope Group.

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Members of Scope Hamburg's management board (Geschäftsführung, since 1 April 2023 the Liquidators) 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 with an effective date in March 2023.

Further information is available via the following link: <https://scopehamburg.com/esma-formally-notified-the-renouncement-of-the-registration-as-a-rating-agency-for-scope-hamburg-gmbh/>

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