

MSPA Compliance

Task Force on Climate-Related Financial Disclosures (TCFD) Report

September 2024



Loan Servicer of the Year:
Europe

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Overview

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TCFD Report

This is MSPA GmbH's 2024 TCFD report addressing the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD). This report supplements the Mount Street Group Corporate Environmental, Social and Governance (ESG) Statement and the Mount Street Group Risk Appetite Statement in relation to sustainability risk.

MSPA GmbH as part of the Mount Street Group realises that climate change is a significant issue facing our society and environment today. It also notes that the potential impact on MSPA business needs to be analysed and incorporated into the strategic planning. Mount Street Group and its affiliates including MSPA (together Mount Street) are committed to creating a culture and workplace that reflects the importance of environmental and climate related considerations.



TCFD Report

Mount Street believes that taking these factors into understanding, among other things, can positively impact their client's long-term investment risk and economic performances as well as positively impact the organisation and local communities. Therefore, recommendations of the TCFD are addressed and climate change scenario analysis and risk opportunities assessments were undertaken. However, as MSPA is new to climate scenario analysis and reporting, as it is for many other companies, MSPA believes that methodologies, tools and analyses will evolve and change over time as the aim is to constantly improve our understanding of climate related risks, challenges and opportunities.





Governance

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MSPA's board of directors sets the direction of the Corporate Responsibility Strategy and business alignments and goals. The senior leaders from the key business areas of MSPA are working with the management to ensure that Mount Street's Corporate Responsibility Strategy and related objectives are embedded throughout MSPA's business decisions, processes and activities. Mount Street has formed a dedicated ESG committee to focus on business practices and identify related opportunities. An annual programme of targets and actions is agreed by the ESG committee and disseminated within the business and reviews and measured on a bi-monthly basis. It also ensures that the climate change and the risks and opportunities it may present, are considered in the strategic planning.

Mount Street is committed to ensuring that the board of directors and executive management support the ESG goals of the business and remain dedicated to conducting the business with integrity, respecting human rights and protecting the environment.





Strategy

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Mount Street and respectively MSPA is committed to accomplishing what is right for their people, communities, stakeholders and the environment. This includes implementing environmentally responsible and sustainable practices, which are right for society, business and stakeholders. Because they understand that now one of the most decisive decades in human history has begun. As global citizens, what is done between now and 2030, arguably will either push the planet past an irreversible tipping point in terms of climate change or preserve a relatively stable climate for centuries to come. MSPA believes that collective actions have the power to reshape our planet and create a sustainable future for all. It is more important than ever that companies look at sustainability and climate relation from every angle. Apart from legal obligations, Mount Street and with it MSPA proactively endeavour to protect the environment and mitigate the impact the business has upon it.

Mount Street is focused on servicing and managing their clients' investments and understands the climate related considerations may be impactful on these investments' decisions and that the management of ESG and Climate related tasks will help their clients manage risk and invest in a safe and ethical manner.



The company strives to promote sustainability and environmentally friendly practices in their daily operation in the following ways (1/2):

Climate and Carbon

Mount Street is working towards carbon neutrality. This involves assessment and benchmarking of our activities and actively seeking to reduce our carbon footprint. Business travel is therefore reduced to minimum requirements and replaced by video calls as much as possible. When travelling is required, employees are encouraged to use means of transportation with the lowest CO² emission possible i.e. train instead of plane.

Printing & Material Reduction

Printing has become less relevant, and it is Mount Street's goal to avoid printing as much as possible. Using suppliers like DocuSign for electronic signing avoids a material volume of printing on the one hand as well as transportation requirements on the other hand. All employees are asked to give best efforts to save and to reduce stationary and unnecessary printing waste.

Hybrid Working

During the Covid-19 pandemic Mount Street established a hybrid working concept for all office locations which allows more flexibility to all employees and assists in the reduction of CO² emissions due to less travel to and back from work.



The company strives to promote sustainability and environmentally friendly practices in their daily operation in the following ways (2/2):

Community Commitment

Projects are supported globally with donation on an ongoing basis. To decide on projects that shall receive donations, the company has established a Charity Committee. Members rotate on a bi-annual basis.

People Commitment

People are at the heart of Mount Street. Each employee plays a vital role in furthering the legacy of innovation and strengthening the culture of performance excellence. The company is committed to attracting, developing and retaining the best people by hiring a diverse and inclusive workforce which truly represents the environments in which we live and work.





Risk Management Metrics & Targets

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Risk Management

Risk Management is integrated into everything MSPA and Mount Street does and is set out in the Group Risk Appetite Statement (RAS). The Board has the overall responsibility for the development, implementation and approval of the RAS and is supported by the CRO (Chief Risk Officer). The RAS provides a comprehensive summary of risk appetite of Mount Street Group Limited, its subsidiaries and affiliates. Its main purpose is to facilitate concise presentation and informed periodic review of the amount of risk Mount Street is prepared to



Metrics and Targets

Mount Street is committed to sustainability and has been implementing measures to reduce the environmental footprint for many years. Sustainability risk are environmental, social or governance events or conditions, which, if they occur have or may potentially have significant negative impacts on Mount Street assets, financial and earnings situation or reputation. It is distinguished between physical sustainability risks which can arise from climate and weather-related events, such as heatwaves, floods, sea level rise, storms etc. and physical sustainability risks which can potentially result in large financial losses impairing asset values and creditworthiness of borrowers. This could be triggered by changes in policy, technology etc. All individual risk types are identified within the Mount Street risk register and are susceptible to sustainability risk to a certain degree. There are measures already in place which are currently considered sufficient to enable Mount Street to identify early warning signs and manage sustainability related risks should they materialize. The sustainability risk analysis, including measures in place, is reviewed at least on an annual basis or ad hoc if the risk situation changes.



Credentials

Mount Street has been awarded Loan Servicer of the year for the seventh time in the last eight years.

Awards & Regulatory Approvals

- Mount Street awarded **Loan Servicer of the Year** by the readers of Real Estate Capital in **2016 - 2019, 2021, 2022 and 2023**.
- Mount Street and HSBC awarded **Best Outsourced Provider** by the HFM European Services Awards in **2024**.



Regulatory Approvals

- Mount Street Portfolio Advisers GmbH (MSPA), is authorised as a MiFID II investment firm by the BaFin in Germany and passports its services throughout Europe.
- The firm is regulated by the FCA for its UK business with the same scope of permitted services as in Europe.
- Mount Street Portfolio Advisers LLC, is registered as an Investment Adviser with the SEC in the US.
- In addition, a number of Mount Street entities are registered with the competent authorities in Frankfurt to provide debt collection services in Germany.



Servicer Accreditations & Other Recognition

- Mount Street is the only servicer to be rated/approved by six major rating agencies.

Mount Street Mortgage Servicing Limited (Europe)

- Rated "Above Average" by S&P as UK Primary and Special Servicer.
- Approved in Europe by KBRA, DBRS and Moody's.

Mount Street US (Georgia) LLP (US)

- Rated Commercial Primary Servicer 'CPS2-', Commercial Special Servicer 'CSS3' by Fitch.
- DBRS Morningstar Credit Ratings 'CS2' commercial mortgage primary-servicer and 'CS3' special-servicer.
- On S&P Select Servicer list for Primary and Special Servicing in the US.
- Approved in the US by Kroll Bond Rating Agency (Primary and Special Servicing).



A Broad and Diverse Client Base



Banks



Fund managers, insurance companies, alternative lenders and other investors





Mount Street Team



Paul Lloyd – Chief Executive Officer

Paul has a 30 year career in servicing European debt products, including corporate loans, CRE loans, export credits, CDOs, CLOs and numerous other structured credit products. In 1997 Paul launched Morgan Stanley Mortgage Servicing, then Europe’s first CMBS servicer. In 2005 Paul founded Deutsche Bank’s CMBS servicing and special servicing platforms and prior to founding Mount Street, Paul was Head of European Servicing at CBRE.



Stephan Plagemann – Chief Financial Officer and Head of Portfolio Management

Stephan joined Mount Street in 2017 to drive the groups expansion into advisory and portfolio management and across the different credit sectors and became CFO in May 2021. He has 20 years’ experience in both trading and investment across credit and structured credit. Prior to Mount Street, Stephan held senior roles at BW Bank, Landesbank Baden-Württemberg and finally WestLB, where he was part of the core team to establish Germany’s first wind-down entity post the 2008 financial crisis.



Serenity Morley – Global Chief Operating Officer

Serenity moved to Mount Street to head up the Primary Servicing Team following 10 years at Capita where she managed the securitisation and facility agent performing loan team and was also responsible for restructuring and business development. Serenity has extensive knowledge of the Real Estate Finance industry having also worked on NPL, Renewables and Infrastructure portfolios.



Erwin Hennenberg – Head of Germany and Portfolio Advisory

Erwin has 20 years of experience in debt and equity products and services. Prior to Mount Street, Erwin was responsible for managing a €12bn portfolio of former WestLB credit assets. He also worked in private equity and mergers & acquisitions at WestLB. Since joining Mount Street in 2017, he has been responsible for the company’s Portfolio Advisory business. In May 2021 he additionally became responsible for the overall activities of Mount Street in Germany. Erwin is one of the Managing Directors of the regulated MSPA business within the group. Erwin holds Masters degrees in Electrical Engineering from Northeastern University (USA) and University of Siegen (Germany) and a MBA from IESE Business School (Spain).



Ingo Wichelhaus – Co-Head of Business Development, MSPA

Ingo has over 20 years of experience in investment banking and financial advisory from Citibank and WestLB where he originated new business in debt financing across multiple asset classes and co-founded WestLB’s Re/Insurance Assets Lending platform. He has developed an extensive network of relationships with institutional clients, heads the Asset Based Loans Team in MSPA and provides proficient experience in Insurance, Infrastructure, Shipping & Aviation Finance for clients.

Contacts

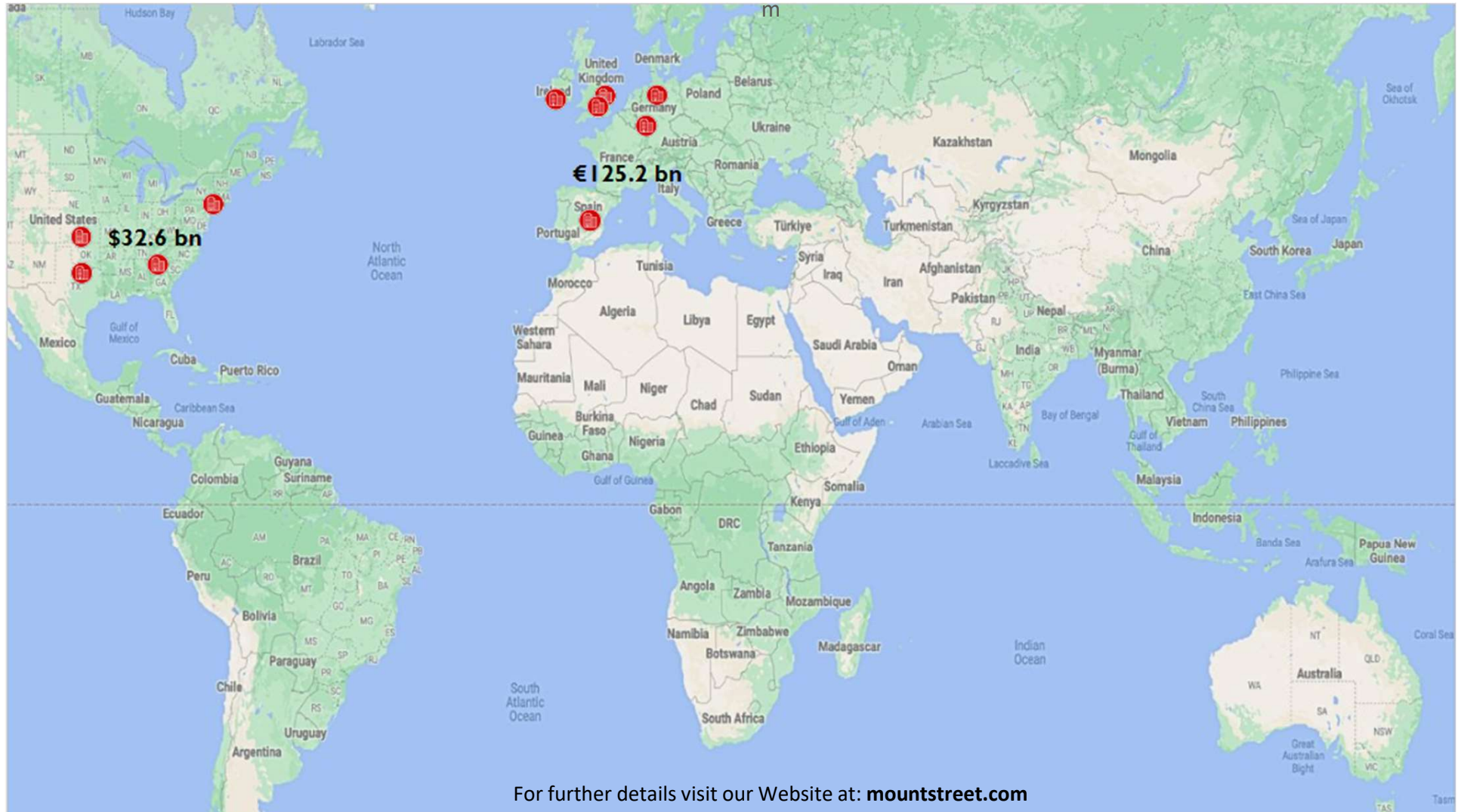


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