

EXTERNAL REVIEW

Sustainability quality of the ESG selection criteria - MünchenerHyp Family Loans



MünchenerHyp

EVALUATION

ISS ESG considers the MünchenerHyp Family Loans to have a positive social benefit thanks to the reduced interest rate for lower and middle-class income groups.



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ISS ESG KPIs

ISS ESG's KPIs help demonstrate the sustainability quality and environmental and social added value of the Family Loans of MünchenerHyp. They define the eligibility of project categories and contain specific criteria to verify the sustainability performance of the social loan. Quantitative indicators make it possible to measure sustainability performance, set ambitious goals and carry out meaningful reporting.

In addition, impact indicators provide specific information on the social added value of the loans.

USE OF PROCEEDS

MünchenerHyp Family Loans

MünchenerHyp has launched a loan program that grants loans with preferential conditions to families with children or those part of lower and middle income classes. The mortgage loans can be used to finance new buildings as well as for purchase, modernization and follow-up financing if the following criteria are met:

- At least one child lives in the borrower's household.
- Only families with a net income of up to € 60,000 p.y. with one child are eligible (increase the income limit by € 10,000 for each additional child).
- The loan may only be used for real estate that the borrower uses himself.

The social benefit of the MünchenerHyp Family Loans lies in the reduced interest rate for lower and middle-class income groups.

However, it should be ensured that the significant positive effects are not diminished by adverse effects in other areas. It is therefore necessary to consider possible risks, e.g. in relation to possible repayment difficulties for private borrowers and negative environmental effects such as insufficient energy / resource efficiency.

SUSTAINABILITY CRITERIA AND QUANTITATIVE INDICATORS

Responsible treatment of customers with debt repayment problems

- Percentage of assets that provide for pre-emptive actions to prevent client debt repayment problems (e.g. covenants limiting indebtedness, conservative loan-to-value ratios, long-term fixed interest rates).
- Percentage of assets that provide for sustainable solutions for customers with debt repayment problems (e.g. debt counselling, foreclosure as a last resort).
- Percentage of assets for which the creditor excludes the selling of contractually serviced loans or has implemented measures to ensure clients do not face unfavourable conditions as a result of the sale (e.g. required customer consent in case of sale, written confirmation of non- detrimental conditions).

Social standards during construction

- Percentage of assets that provide for high labour and health and safety standards (e.g. ILO core conventions).

Energy efficiency of the buildings

- Percentage of loans that are used for residential buildings that achieve at least EPC label "B" (on a scale from H to A+) and therefore belong to the top 15% energy efficient buildings in Germany.