



MünchenerHyp

Guideline governing human rights and diversity at MünchenerHyp

This guideline establishes the ethical framework for our interaction with employees, clients, business partners and suppliers. We expect all of our employees to comply with this guideline in letter and in spirit. The term „employee“ includes members of the Board of Management, members of the Supervisory Board, all management levels and all internal and external employees of MünchenerHyp.

A risk analysis of the potential impact on human rights was conducted internally. This involved several specialist departments and our own document research, with external expertise also called in. As the outcome of the analysis, this guideline focuses on the following two aspects rated as particularly relevant to the bank and stakeholders: the bank's own employees and its clients.

Employees and diversity

We believe that diversity enriches the bank and contributes towards our success. For this reason, we show our appreciation for each of our employees and treat them with respect, regardless of

- Race or ethnic origin
- Religion
- Political and other ideologies
- Gender
- Disability
- Age
- Sexual identity
- National or social origin, and
- Language.

We do not tolerate any form of discrimination within MünchenerHyp. We are committed to equal opportunities at all levels when selecting and developing our employees.

MünchenerHyp signed the Diversity Charter in 2014 to raise the visibility of this commitment externally.

The applicable legislation and all official regulations in Germany, where we conduct most of our core business, form the basis for putting human rights and diversity into effect at MünchenerHyp. This specifically includes:

- Article 1 (2) of the Basic Law for the Federal Republic of Germany („The German people therefore acknowledge inviolable and inalienable human rights as the basis of every community, of peace and of justice in the world.“)
- General Equal Treatment Act (*Allgemeines Gleichbehandlungsgesetz*, AGG)
- Part-Time and Fixed-Term Contract Act (*Teilzeit- und Befristungsgesetz*, TzBfG)
- Federal Parental Benefit and Parental Leave Act (*Bundeselterngeld- und Elternzeitgesetz*, BEEG)
- Transparency in Wage Structures Act (*Entgelttransparenzgesetz*, EntgTranspG)
- Act on Equal Participation of Women and Men in Executive Positions in the Private and the Public Sector (*Gesetz für die gleichberechtigte Teilhabe von Frauen und Männern an Führungspositionen in der Privatwirtschaft und im öffentlichen Dienst*).

In addition, MünchenerHyp only operates in jurisdictions in which respect for human rights, especially the principles relating to diversity, is observed by the legislator to an extent similar to that in Germany.

In addition, we are explicitly committed to compliance with international human rights standards, particularly the UN Universal Declaration of Human Rights, the Covenant on Economic, Social and Cultural Rights, the Covenant on Civil and Political Rights, and the core labour standards of the International Labour Organisation (ILO).

Protection of freedom of association and right to collective wage bargaining has a special status: in accordance with the German Works Constitution Act (Betriebsverfassungsgesetz, BetrVG), MünchenerHyp employees – both those covered by collective wage agreements and those not – have elected a works council (Betriebsrat). This acts as an important and trusted partner and point of contact for company management, particularly in relation to human rights and diversity. Münchener Hypothekbank is also a member of the Arbeitgeberverband des privaten Bankgewerbes, the employers' association for the private banking industry, and applies the collective wage agreements negotiated between the association and the relevant trade unions for those of its employees who are paid according to a collectively agreed pay scale.

In the event that employees feel discriminated against, they can confidentially contact the Management Board Staff | Organisation | Personnel department, or the works council

Clients and human rights

Münchener Hypothekbank's core business comprises private and commercial property financing with a focus on Germany. Risk Analysis A established that, due to the low-risk business model predominantly involving the financing of existing properties, it is rather unlikely that significant discrimination would occur, and the impact on human rights in relation to MünchenerHyp clients and their properties to be financed is quite small.

In the private client business, MünchenerHyp finances private residential properties solely in Germany and, via cooperation partner PostFinance, in Switzerland. The focus here is on financing existing properties, minimising the risk of impacting on human rights. In addition, loans to private clients are granted in line with MünchenerHyp's lending guidelines. These are subject to German or Swiss jurisdiction, covering all internationally recognised human rights.

We are also obliged to safeguard our clients' personal data. To this end, we have defined technical-organisational measures to assist us in protecting data security within the scope of legal requirements.

In commercial property financing, MünchenerHyp operates in the European market (Germany, Austria, Netherlands, Luxembourg, France and Spain) with a focus on Germany, and in the US. It mainly finances residential, office, retail, hotel and logistics properties. Once again, violations of human rights in relation to the property to be financed are unlikely. We also take ethical factors into account when granting loans. If MünchenerHyp has any evidence of human rights violations or discrimination on the part of a potential business associate, several exclusion criteria are in place for controversial fields of business that could have an indirect negative impact on human rights. After investigation, this could result in the business being declined.

MünchenerHyp has furthermore made an express commitment to combating money laundering, including terrorist financing. It also aims to actively manage its legal, regulatory and reputational risks in the company, by implementing a risk-based programme to counter money laundering as well as mechanisms to monitor the effectiveness of the approach.

Implementing the guideline

Responsibility for implementing the guideline governing human rights and diversity resides with the Board of Management of Münchener Hypothekbank.

Various operational requirements and agreements are in force to put the guideline governing human rights and diversity into operation, including:

- MünchenerHyp's Sustainability Mission Statement
- "Code of Conduct" management instructions
- The "Personnel Development" chapter in the Employee Handbook
- "Working Hours" company agreement
- The pre-retirement part-time arrangements for MünchenerHyp
- Occupational integration management
- The general organisational directive "Dealing with reputational risks in the lending business"
- "Prevention of other criminal offences" management instructions
- Management instructions on the Anti-Money Laundering Act (Geldwäschegesetz, GwG)
- Standard operating procedure on "Money laundering for the daily screening of partner base for entries in sanctions lists"
- Standard operating procedure on "Money laundering for the monitoring of cross-border credit transfers"
- The general organisational directive "Authorisation checks for money laundering"
- The general organisational directive "Recording of business partners to prevent money laundering"
- The general organisational directive "Automated retrieval of account information to prevent money laundering"
- Management instructions on the handling of data mishaps and information security incidents
- Information security guideline

We are also bound by the framework collective agreement for the private banking industry and public-sector banks. In this context, operational procedures were developed in accordance with Clause 9a "Equal opportunities, family and work" with the aim of promoting employment and opportunities for professional development, especially of women.

We seek to implement the guideline governing human rights and diversity in relation to our own employees and our clients through these voluntary company agreements and the legislation listed above.