

# Sustainability at MünchenerHyp

Munich, July 2017





# About the contents of this presentation

## Reporting period and content

The information and figures contained in the sustainability presentation mainly relate to the 2016 financial year but also include data from other financial years since 2010. The contents relate to Münchener Hypothekenbank eG. The Bank's head office is in Munich.

## Data collection and calculations

The data published in the report is sourced from the Accounting, Human Resources, Controlling, Facility Management and Treasury departments. Data was also requested from our external service providers, particularly in relation to business travel and the energy consumption of the Bank's building. The figures on our internal energy and resource consumption per employee also include external staff (auditors, supervisory authority, consultants, etc.). To calculate our greenhouse gas emissions, we used the systems of indicators of the Association for Environmental Management in Banks, Saving Banks and Insurance Companies (VfU), the German Business Travel Association (VDR), KlimAktiv and Umweltschutz-NEWS.de.

## Approach

The sustainability presentation is based on the fourth generation Sustainability Reporting Guidelines (GRI-G4) of the Global Reporting Initiative. An overview of the GRI indicators is provided on pages 94 to 98. The content of the presentation was prepared by MünchenerHyp's Sustainability Committee in collaboration with the responsible departments.

## Editorial notes

Great care has been taken in compiling the figures and information in the report. However, we accept no liability for the correctness or completeness of the information. The report has not been externally verified in its current form. However, the key content and figures have been checked externally in other forms. For example, all key financial figures and some of the social indicators were taken from the Annual Report, which has been audited by the Deutscher Genossenschafts- und Raiffeisenverband.

## Additional information

Additional information on the latest developments at MünchenerHyp in relation to sustainability can be found at [www.muenchenerhyp.de/nachhaltigkeit](http://www.muenchenerhyp.de/nachhaltigkeit)



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MünchenerHyp

# 1. MünchenerHyp's Identity as a Cooperative







MünchenerHyp

# General information about MünchenerHyp

- **Founded in 1896** as “Bayerische Landwirtschaftsbank”
- **Supported the Bavarian royal family, the House of Wittelsbach:** Ameliorated the precarious situation of Bavarian farmers by providing agricultural real estate loans
- **Today:** Independent Pfandbrief bank in the legal form of a registered cooperative with some 70,000 members
- **Member of the Cooperative Financial Network**
- **3 areas of business:** Residential real estate finance, commercial real estate finance, lending business with public sector borrowers and banks
- **Total assets of approximately EUR 38.5 bn**
- **New business 2016:**
  - Residential real estate finance: approx. EUR 3.3 bn
  - Commercial real estate finance: approx. EUR 1.7 bn
  - Lending business with public sector borrowers and banks: approx. EUR 0.1 bn
- **562 employees**
- **Subsidiary M-Wert GmbH** founded in 1999
  - Core area of business: Preparing mortgage lending value assessments for properties, primarily for bank financing purposes
  - 25 employees



Bavarian crown



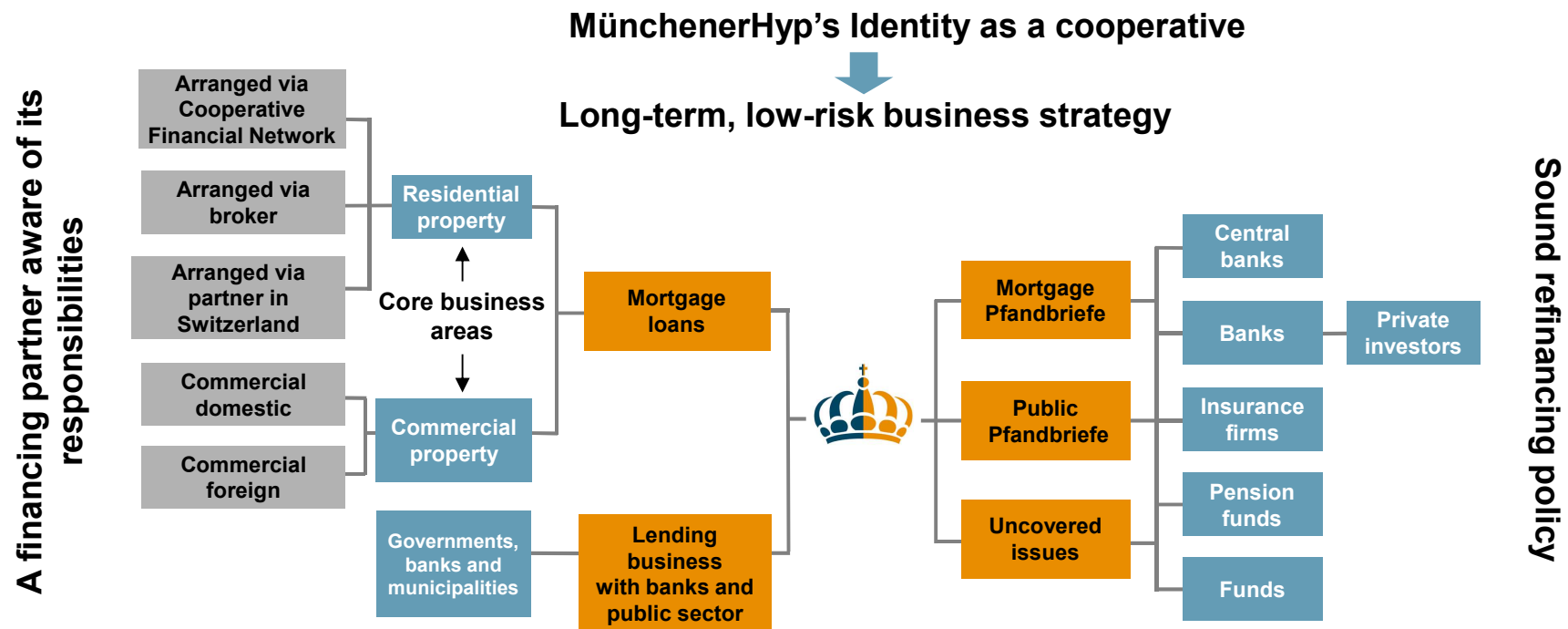
MünchenerHyp's head office



# Sustainable Business Model

MünchenerHyp's function in society is to serve as an intermediary between investors and borrowers

- The Bank makes mortgage loans to private households and corporate customers and also makes loans to banks and the public sector
- Refinancing is primarily via mortgage Pfandbriefe



# MünchenerHyp's Identity as a Cooperative



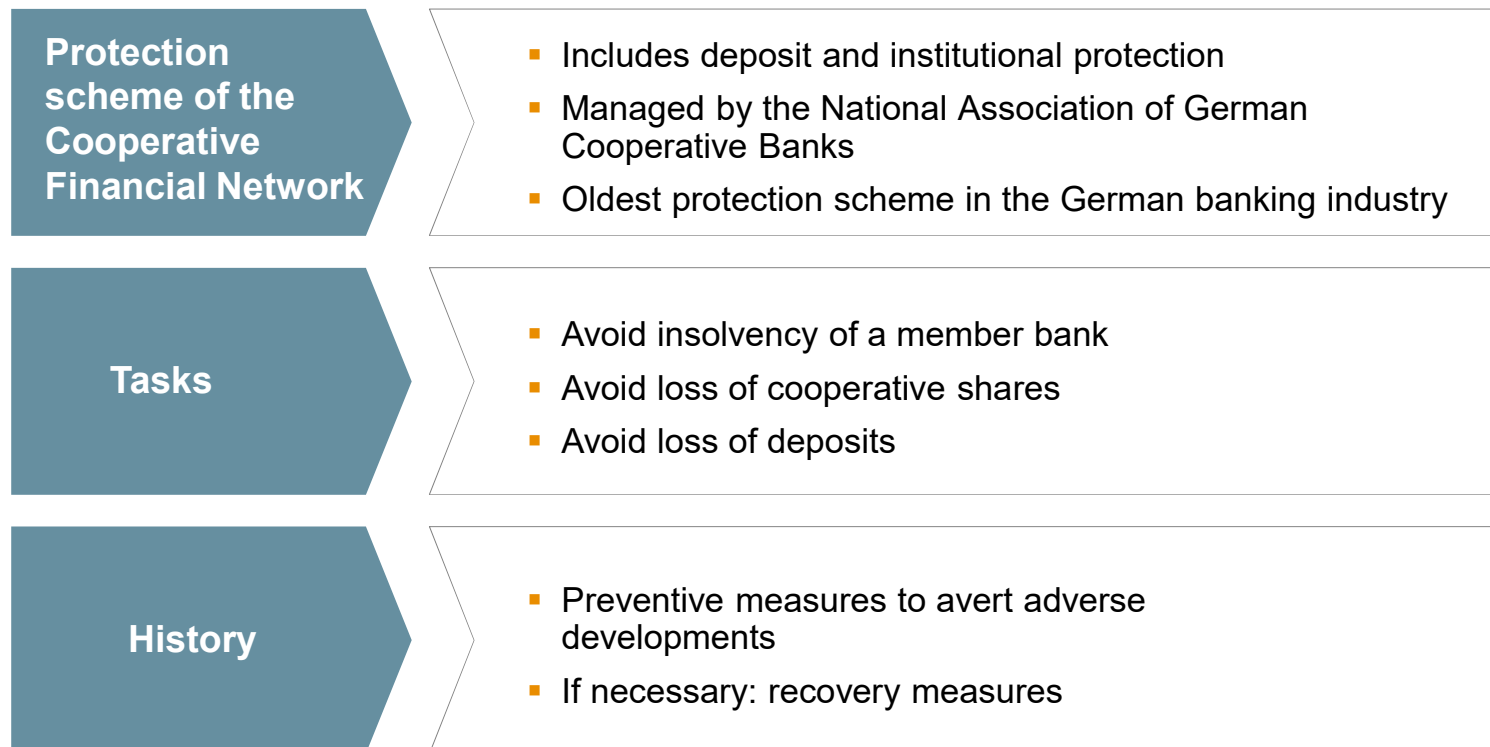
- MünchenerHyp is a member of the Cooperative Financial Network and a **subsidiary partner of the Volksbanken and Raiffeisenbanken in the area of property financing**
- The objective of cooperative banks is to **locally provide their members with high-quality financial services**. These banks **do not strive to maximise their profits**
- The Bank's close partnership with Volksbanken and Raiffeisenbanken contributes towards **strengthening local and regional economies**, even in areas with less availability of banking services than the major cities



MünchenerHyp's business activities go hand-in-hand with its **social obligations**



# Creditor protection in the Cooperative Financial Network







# Our Actions are Driven by Values

MünchenerHyp's business practices and relationships with all of its internal and external partners are based on the following values derived from the Bank's identity as a cooperative:

## Partnership

Close collaboration with all partners is of fundamental importance for the long-term oriented business of a mortgage bank

→ For this reason, MünchenerHyp places particular value on working together as equal partners with all of its members, employees, investors, with the Volksbanken and Raiffeisenbanken, and with customers and the general public

## Reliability

The Bank's 120 years of tradition as a reliable financing partner forms the foundation of the trust our partners have in us

→ MünchenerHyp is committed to earning this trust especially during difficult times. For example, by maintaining our financing offers to the Volksbanken and Raiffeisenbanken during the crisis in the financial markets. Other trust-building factors include the long-term orientation of our business model (and, in particular, our low-risk lending policy), our measures to ensure the high quality of our Pfandbriefe, and being known as a good employer

## Competence

The property financing market views MünchenerHyp as having above-average competency in this area

→ All of MünchenerHyp's partners benefit from the Bank's expertise. This includes providing high levels of sales service to assist brokers, intensive support for investors coupled with high transparency, and products that are clearly designed to meet the needs of our customers (flexible lending arrangements, innovative financial solutions)



## Mission of MünchenerHyp

As part of the ongoing stakeholder dialogue, we formulated a mission with our employees in 2016 and 2017 containing the following guiding principles:



### **Mission of MünchenerHyp**

- We want to be the number one in cooperative real estate finance.
- Quality determines our actions.
- We are committed to our brand.
- Everything we do is focused on stability and sustainability.
- Our employees make the difference.
- Systematic employee development and effective leadership are a matter of course for us.
- We all make a contribution to the whole.
- We work together for our customers and the future of MünchenerHyp.



# Sustainability Mission Statement

- Our guiding values determine the primary objective of our business: achieving **sustainable business performance**
- MünchenerHyp's **Sustainability Mission Statement** underlines the central importance to the Bank of all our internal and external partners, as well as our focus on economic, environmental and social aspects



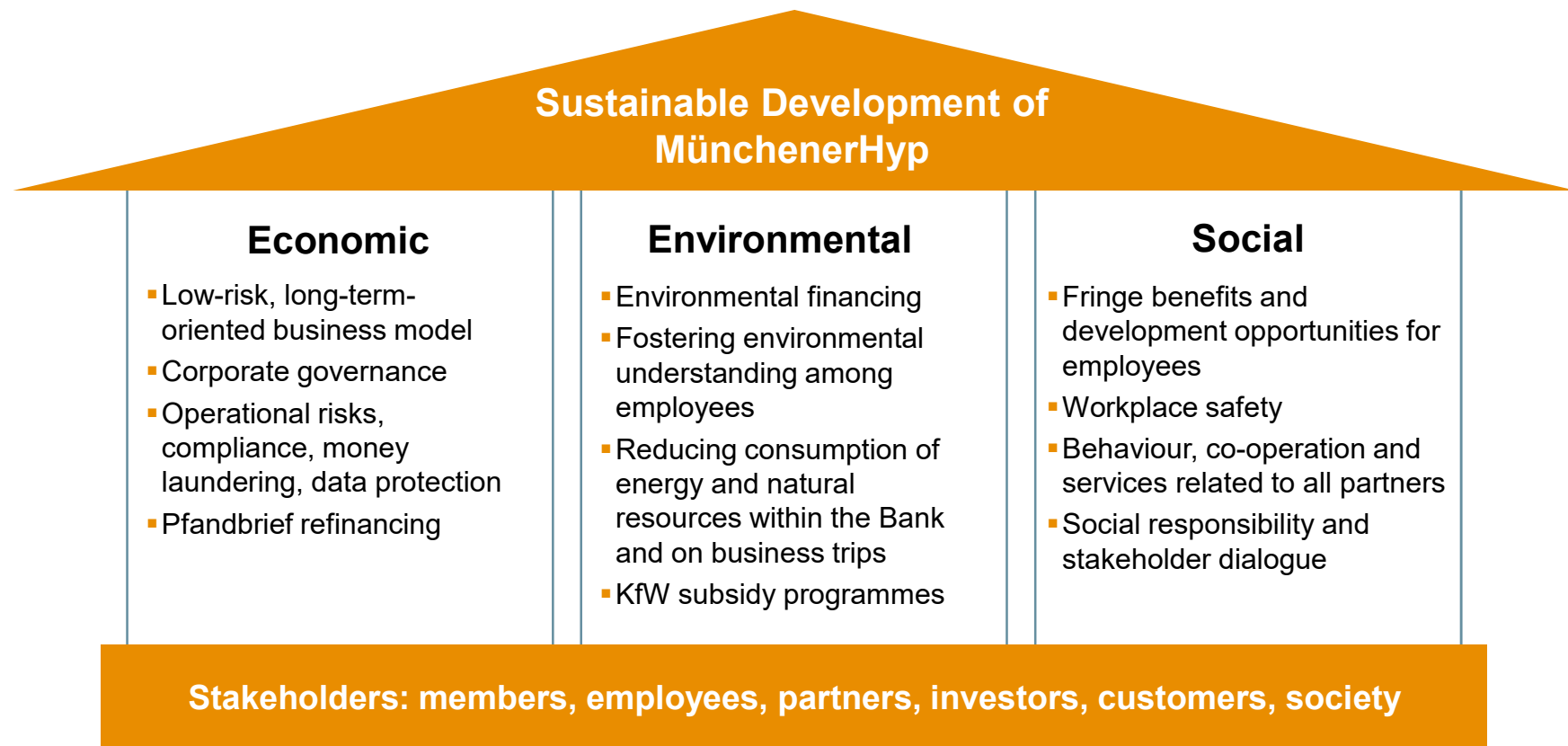
## MünchenerHyp's Sustainability Mission Statement

As a cooperative bank, Münchener Hypothekenbank feels especially obligated to support the sustainable development of the economy, the environment and society.

- Sustainability for us is a **business model oriented on the long term**. As a result, we place the highest priority on being fully aware of our risks and responsibilities when we agree to finance property. This also means that we pay particular attention to the environmental and social aspects involved in property financing.
- The **safety of investors** is always a key consideration for us when we issue securities – which is why the Pfandbrief is our most important refinancing instrument.
- We use **natural resources** very carefully and foster environmental awareness among our customers, business associates and investors.
- **Promoting our members** is a central element of how we do business.
- Our **relationships with customers, business associates, investors and society** are guided by fair and dependable collaboration based on partnership.
- We have a special responsibility towards our **employees**. Their health, professional development opportunities and satisfaction are vitally important to us.



## Three Pillars of Sustainability at MünchenerHyp





MünchenerHyp

## 2. Sustainability Management





# Embedded Within our Organisation

## MünchenerHyp's Sustainability Committee



Employees from the following departments: Controlling, Capital Markets, Treasury, Transaction Management Property Finance (private customers), Accounting, IT Application Delivery, the Office of the Board of Management and Board of Management Staff, Organisation, Human Resources.

### Committee tasks:

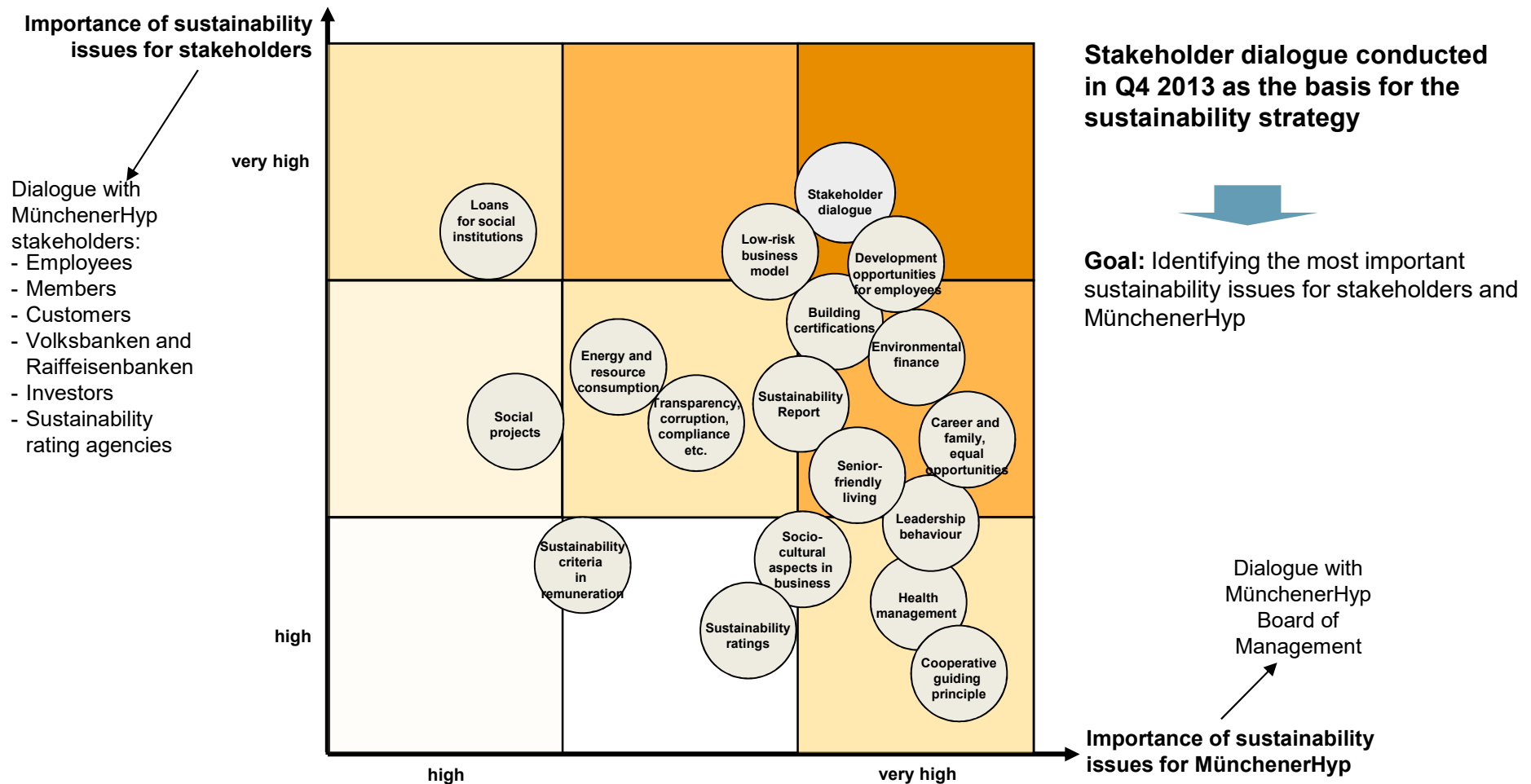
- Defining sustainability mission statement, sustainability strategy, sustainability objectives in collaboration with Board of Management
- Generating new ideas
- Managing the entire sustainability process
- Coordinating dialogue with partners
- Implementing sustainability measures in coordination with departments

### Role of the Board of Management:

- A sponsor that promotes sustainability issues in the Bank and supports sustainability measures
- Involved in strategic decisions on sustainability

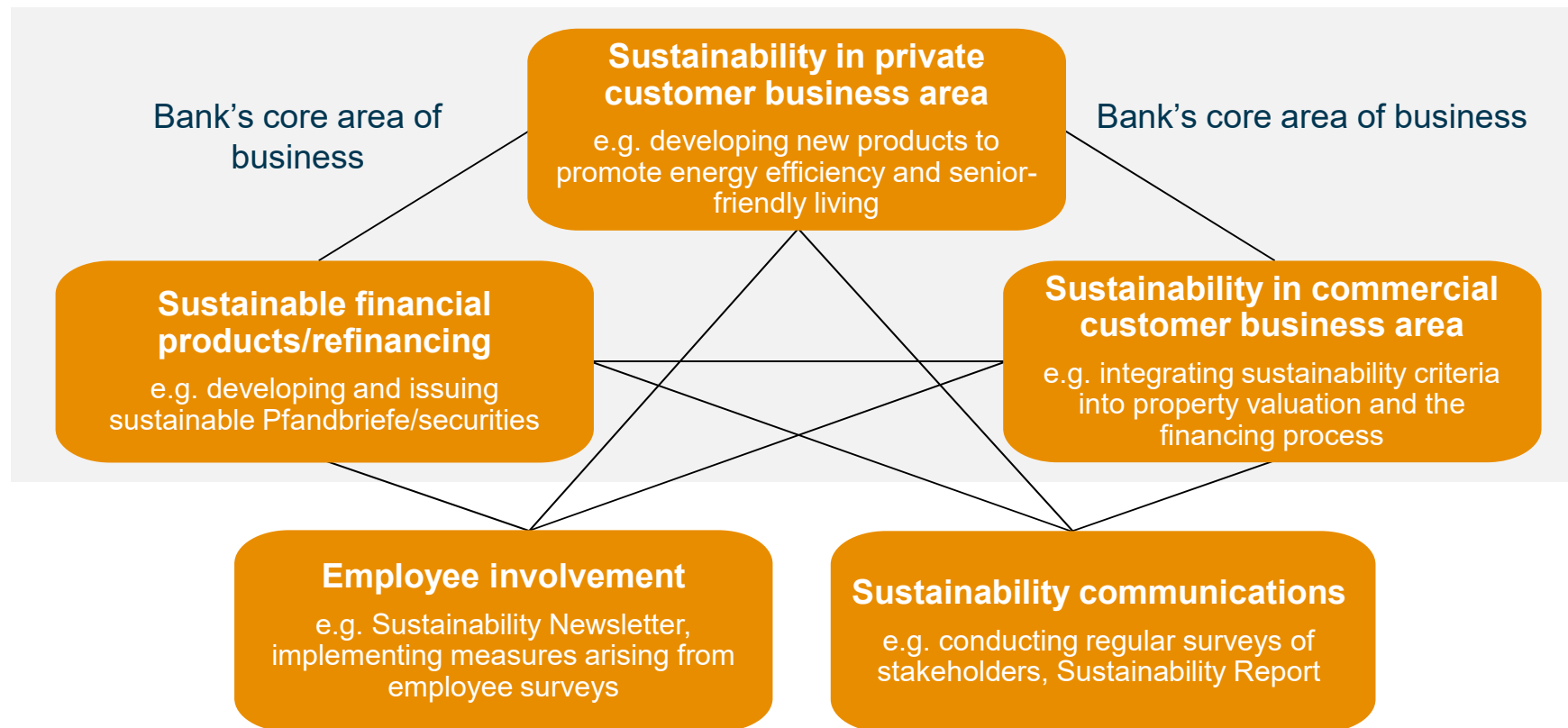


# Comprehensive Stakeholder Dialogue



# Strategic Action Areas

Five overarching action areas drawn from the results of the stakeholder dialogue



# Sustainability Vision, Strategy, Measures

## Sustainability vision

“By the year 2020 we want to take a pioneering role in the area of sustainable property financing. Sustainability is to become an integral part of our business model and thus make a major contribution to our business success. This will involve our employees putting sustainability into practice and our stakeholders perceiving sustainability as one of our defining features.”



## Sustainability strategy

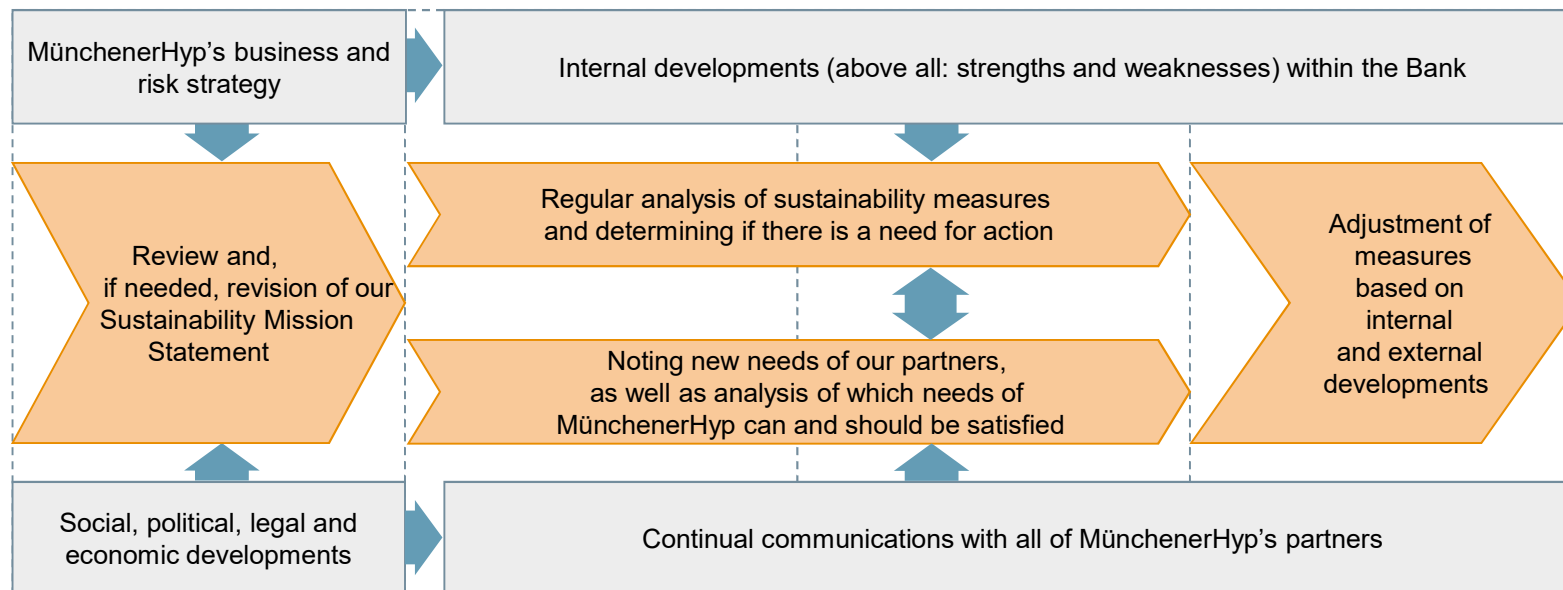
“We aim to achieve our vision by consistently embedding environmental and social aspects in property finance, the core business of the Bank, and aligning our internal core processes accordingly. By motivating employees and enabling them to help shape the changes, we aim to enthuse them about sustainability and ensure that thinking and acting sustainably grows strong roots within our Bank. From the public perspective, we want to position ourselves in the market as a sustainable property financier with transparent communication of our sustainability activities and stakeholder engagement.”



## Goals and measures

- Embedding sustainability in private customer business
- Embedding sustainability in commercial customer business
- Embedding sustainability in refinancing
- Enthusing employees about sustainability
- Communicating sustainability to the public

# Sustainability Management Process



- Annual process that is **firmly embedded within the organisation**
- Development of sustainability measures in relation to **business model, corporate governance, environmental aspects and all internal and external partners**
- Constant analysis of the **social, political, legal and economic developments** and regular dialogue with all partners concerning the subject of sustainability



# Key Opportunities and Risks relating to our Sustainability Activities

## Opportunities




- Real estate accounts for more than a third of greenhouse gas emissions in the EU: **Market opportunities** for all involved in the industry, e.g. offering and financing energy-efficient properties
- **Growing environmental awareness among the public** and uncertain development of energy prices
- Growing need for financing for senior-friendly, barrier-free properties due to **demographic change**
- Growing importance of **certification standards for sustainable buildings**, such as DGNB, LEED, BREAM
- **Growing health awareness:** Issues such as pollutants in buildings, effectiveness of ventilation systems, etc.
- **New refinancing potential** (e.g. foundations, churches, pension funds): sustainability activities a factor in investment decisions on the capital market
- **Employees identify more strongly** with sustainable companies: attracting new employees, employee retention
- Opportunity to gain **trust among the public and customers** with sustainability activities

## Risks

- **Reputational damage** of neglecting the issue, e.g. among partner cooperative banks, customers, investors
- **Competitive disadvantages** compared to “more sustainable” competitors if we do not finance certified buildings, low-energy houses, senior-friendly living, etc.
- **More difficult refinancing conditions**, e.g. restricted credit lines, unused investor potential in the event of poor sustainability ratings
- **Accusation of greenwashing** resulting from poor handling of sustainability, e.g. if the issue is only used for promotional/marketing purposes
- Difficulty in **recruiting new employees** as a non-sustainable employer and lost potential to motivate and retain employees
- **Increasing number of new legal regulations** (e.g. stricter rules on energy consumption, CO<sub>2</sub> emissions): failure to engage early with these issues at an early stage brings risks



## Development of our Sustainability Ratings

	2014	2015	2016
	<b>C*</b>	<b>C*</b>	<b>C+*</b>
	Public Pfandbriefe: very positive Mortgage Pfandbriefe: neutral Uncovered bonds: neutral	Public Pfandbriefe: positive Mortgage Pfandbriefe: neutral Uncovered bonds: neutral	Public Pfandbriefe: very positive Mortgage Pfandbriefe: positive ** Uncovered bonds: positive
	<b>47 out of 100 points</b>	<b>57 out of 100 points</b>	<b>57 out of 100 points</b>

MünchenerHyp is one of the three "industry leaders" in Financials/Mortgage & Public Sector Finance (59 firms); status as of 13 June 2016

\*\* Münchener Hypothekenbank eG ranked in first place among all the German mortgage Pfandbrief issuers assessed (30 companies), status: January 2017

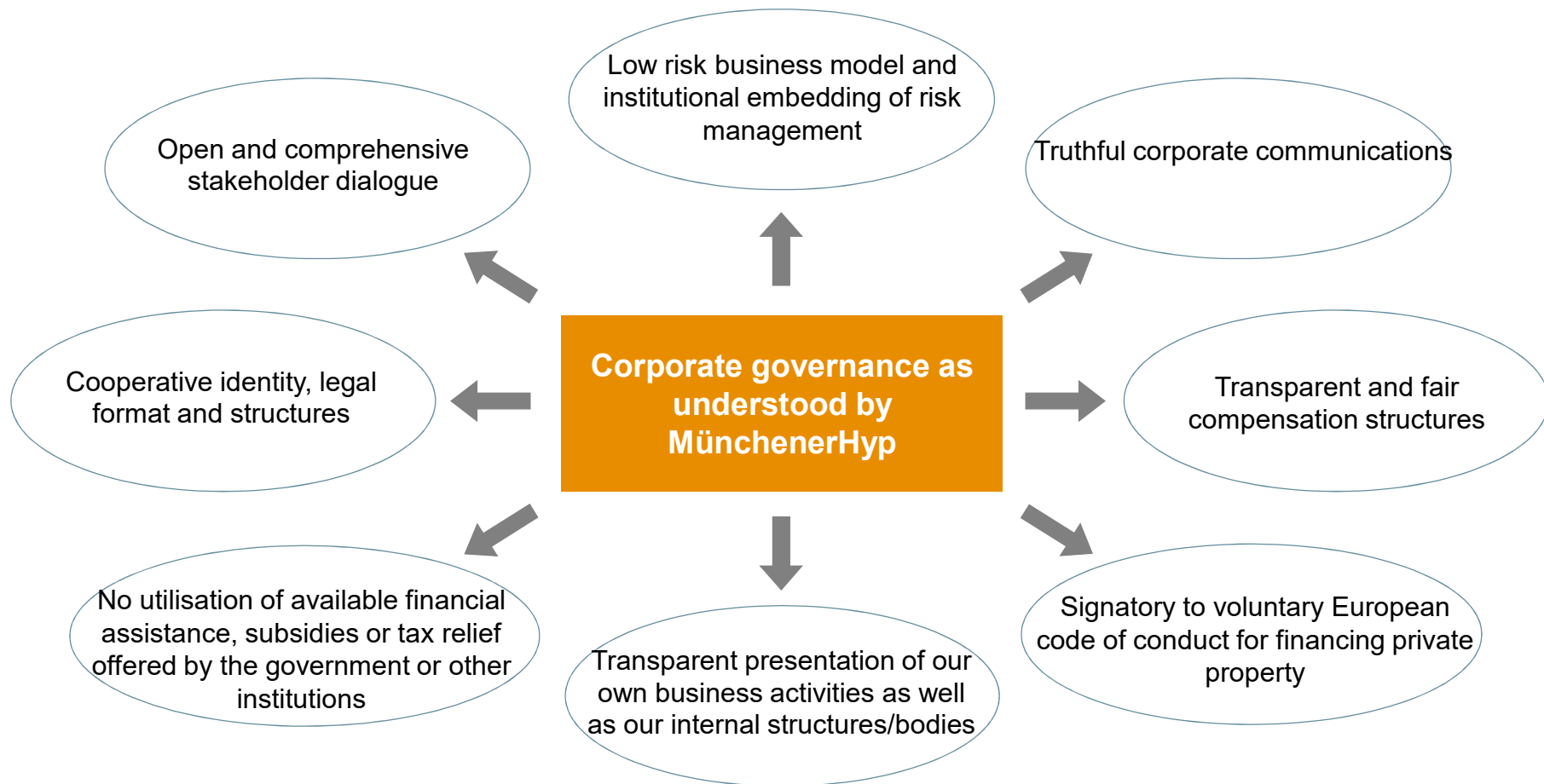


MünchenerHyp

### 3. Corporate Governance



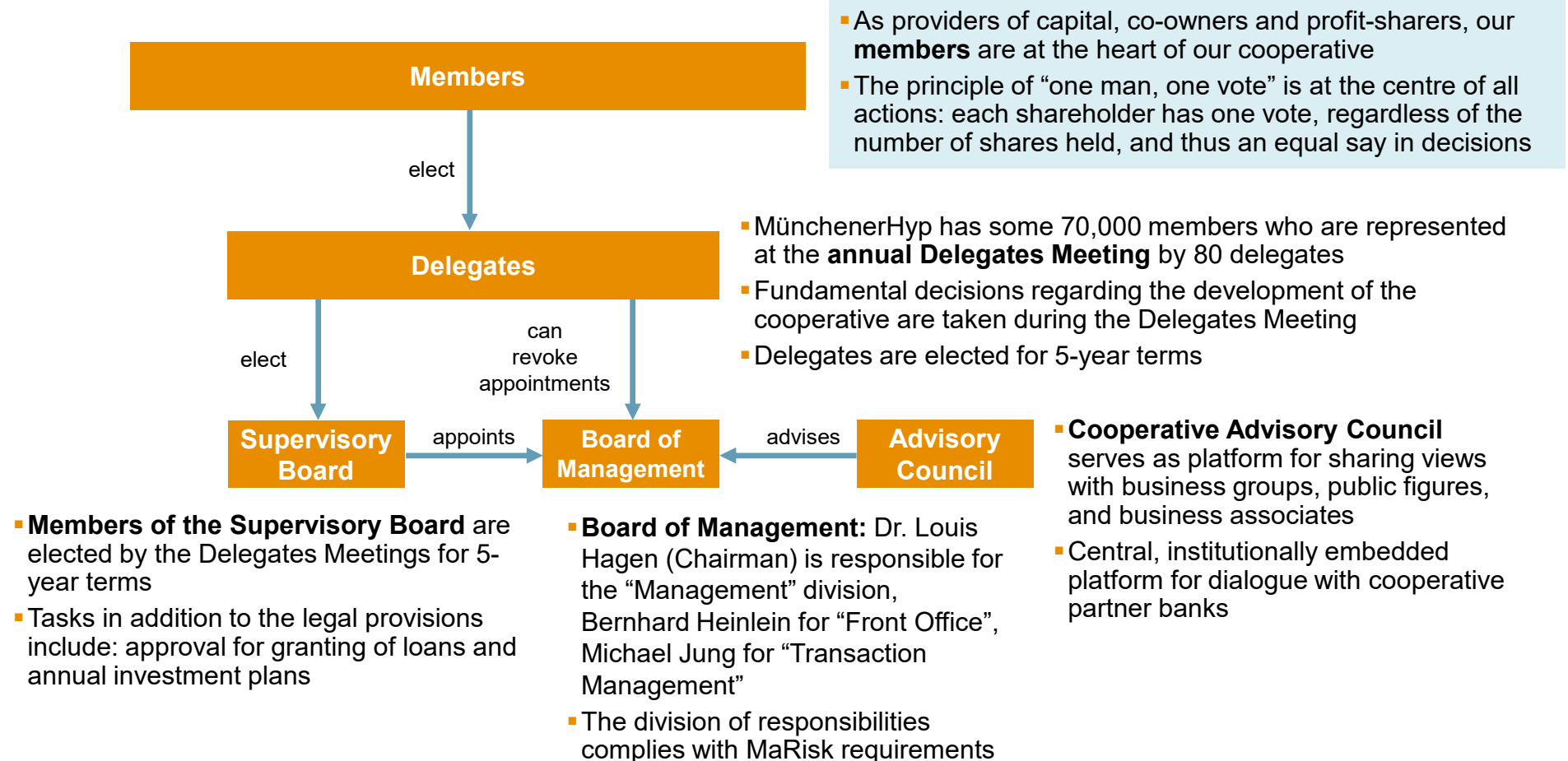
# Principles of Corporate Governance





# MünchenerHyp Corporate Bodies

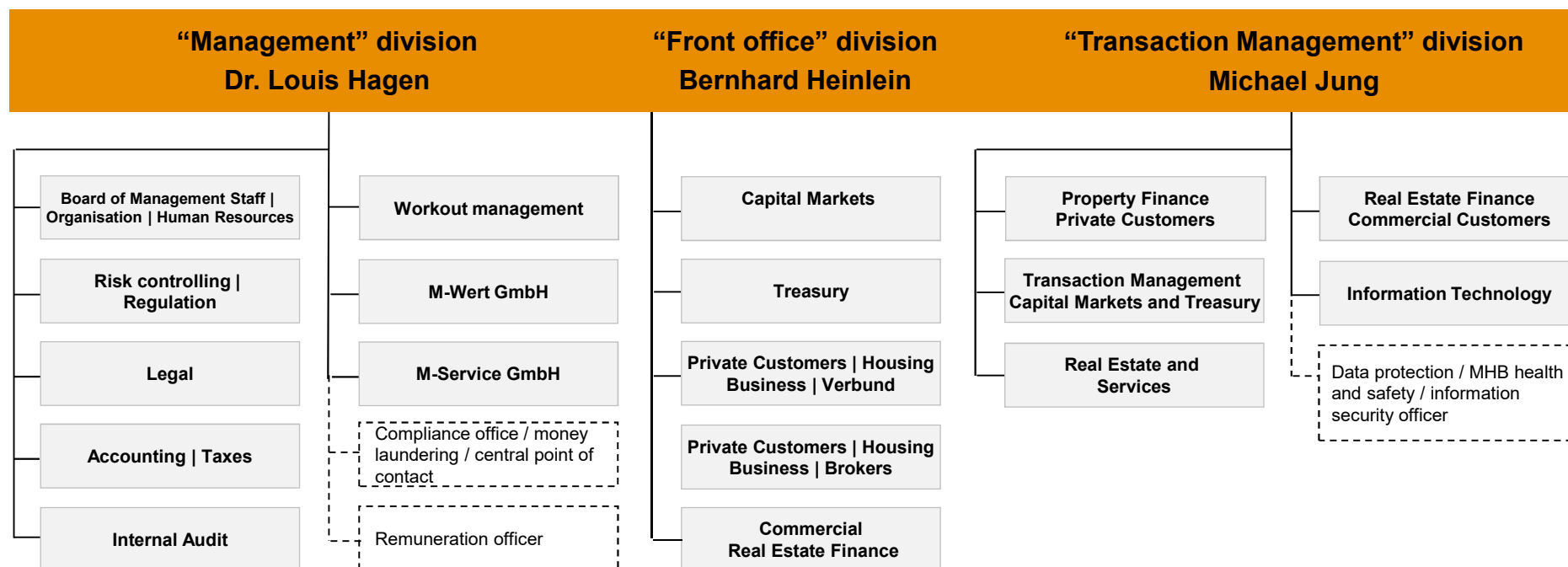
Members are at the centre of our corporate governance







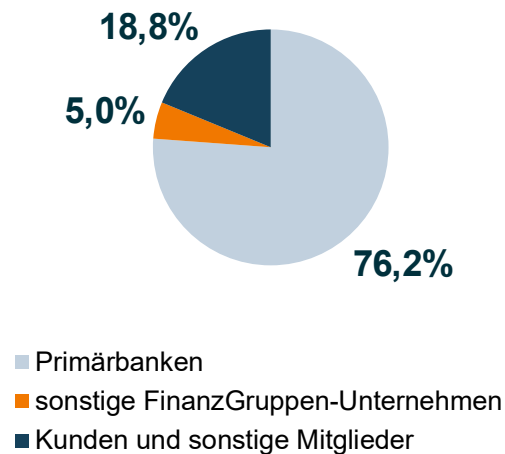
# Organisational Chart Münchener Hypothekenbank eG





# Members are the Owners of the Cooperative

## Ownership structure



Status: 31 December 2016

- Around 70,000 Members hold approximately **13.5 million shares**
- **Broadly based ownership structure**
  - not part of any corporate group, no dominant shareholders who could force the Bank to pursue a riskier (e.g. based on expectations of a certain return on investment) business policy
- MünchenerHyp **shares** are non-tradable
- “**One man, one vote**”: every member has one vote, regardless of the number of shares held
- These **democratic structures** strengthen the economic independence of MünchenerHyp and enable it to pursue a sustainably oriented business policy
- **Service to our members** by the Member Services Group
  - Every member is assigned a central contact person for all issues and questions



# Conservative Risk Policy

## Aims of our low-risk business policy

- **Long-term stable property financing for customers;** includes protecting less creditworthy potential borrowers from the risk of overindebtedness
- **Reliable financing partner** for our brokerage partners: Volksbanken and Raiffeisenbanken, PostFinance and other brokers
- **Responsible employment of the paid-up capital** of our members
- **Secure jobs** for our employees
- **High-quality, safe Pfandbriefe** and other investment products for our investors
- **Use of derivatives transactions** (especially interest rate swaps) to hedge our financing activities, not for speculative purposes
- Contribution to the **high level of stability in the German property market**

## High importance attached to risk management

- **Board of Management** bears responsibility for business and risk strategy
- **Supervisory Board** informed quarterly on the Bank's risk profile as part of its oversight role
- **Basis for risk management** is analysing existing risks and comparing them to the available risk cover potential (risk bearing capacity)
- Differentiation between **counterparty, market price, liquidity and operational risks** when analysing existing risks (reputational and business risks are included within these)
- Sophisticated **(risk) monitoring process** implemented
- **Auditing** independent from the Bank's processes with internal control function

# Arrangements to Protect investors, Customers, Employees, Members and the Public (1)

## Internal audit

- Monitoring proper conduct of operations/business processes
- Checking the effectiveness and appropriateness of risk management and control systems, reporting, information systems, finance and accounting
- Checking compliance with legal requirements, the Articles of Association and other regulations and instructions
- Monitoring the business organisation (allocation of work, responsibilities, flow of information and work processes)
- Scheduled audits and special audits with unlimited right to information

## Information security

- Role of the information security officer: responsibility for all information security matters within the Bank and with respect to third parties
- Updating of MünchenerHyp's IT security policy in 2016: basis for developing a framework of rules and measures in relation to information security when using IT, mandatory for all (internal and external) staff
- Measures to achieve the security level: defined by international set of standards IEC/ISO27000

## OpRisk coordinator

- The roles, responsibilities and competencies are based on the requirements stemming from MaRisk and other relevant publications (e.g. by the EBA).

The tasks of the OpRisk coordinator include:

- Identifying, evaluating and monitoring operational risks
- Maintaining the central loss database (recording losses), analysing causes of significant losses
- Communicating operational risk, reporting as part of quarterly MaRisk reports
- Monitoring/identifying early warning indicators

## Outsourcing coordinator

- Independent measurement, monitoring and reporting of outsourcing risk
- Identification, assessment and classification of outsourcing activities in collaboration with the departments
- Assessment of operational risks relating to outsourcing measures

## Arrangements to Protect Investors, Customers, Employees, Members and the Public (2)

### Compliance office

#### Policies and management approach

- Support for Board of Management/business areas to identify and prevent staff infringements of rules and regulations
- Guidelines and policies
  - Written compliance code of conduct (guidelines for dealing with conflicts of interest in the form of a management directive)
  - Insider policy (governs handling of insider information and proprietary transactions by executives)
  - Management directive on what to do in cases of fraud or suspected fraud (written process to prevent and examine other unlawful actions, i.e. fraud and suspected fraud, corruption, money laundering)
  - Policy on gifts setting out how to handle gifts, invitations, events; monetary benefits and other gifts to public officials are not permitted, nor are political donations
- Clear message that corruption or unfair business practices by employees, the Board of Management, the Supervisory Board or third parties working on behalf of the Bank will not be tolerated

#### Due diligence processes

- Implementation of processes to comply with these rules: compliance training for bank staff, briefing of new employees and written declaration at time of appointment (since 2015), annual compliance training for apprentices
- Documentation of benefits is carried out by staff and monitored by the compliance office; in some cases, approval is required from Compliance before giving or accepting benefits
- Internal control system (ICS) with the aim of implementing effective procedures for working in line with regulations
  - Principle of three lines of defence: 1. Double-check principle (working with standardised contracts, legal check); 2. Materiality and risk analysis to review whether processes are suitable for preventing infringements; 3. Monitoring, complaint management and evaluation of the ICS
- Documentation and checks take place along the three lines of defence
- Annual compliance report to the Supervisory Board and supervisory authority





## Arrangements to Protect Investors, Customers, Employees, Members and the Public (3)

### Whistle-blowing

- Tip-offs about unlawful behaviour may be submitted by employees, managers or external parties (e.g. customers, business associates, other institutions)
- The person giving the tip-off has the option of reporting confidentially to a central point of contact within MünchenerHyp
- Whistle-blowers' identities are protected through anonymisation – they remain anonymous until they agree to disclose their identity

### Compliance officer (money laundering)

- Measures and rules on preventing money laundering and terrorist financing
- Early identification of possible money laundering cases, reporting of suspicions and supporting law enforcement
- Training on money laundering for all employees
- Preventing financing of terrorism
- Business associate data checked daily against sanctions lists
- Risk analysis on money laundering, terrorist financing and other unlawful acts (e.g. blackmail, fraud, corruption, tax evasion) updated annually

### Corruption

- Raising employees' awareness of potential corruption risks and appropriate prevention measures
- Affects all employees, the Board of Management and the Supervisory Board
- Information and training of employees as required on new fraudulent practices and ways of preventing them
- Procedure in case of fraud or suspected fraud

### Data protection officer

- The data protection officer works towards compliance with the Federal Data Protection Act and other data protection regulations (Section 4g (1) sentence 1 Federal Data Protection Act)
- Tasks include:
- Monitoring proper use of computer programs used to help process personal data (e.g. employee data in the HR department, data on customers and prospective customers)
  - Using suitable measures to inform and train individuals working with personal data on the provisions of the Federal Data Protection Act and other data protection regulations
  - Ensuring new employees undertake to maintain data secrecy



# Compensation System

## Structure:

Identical compensation system in all of the Bank's areas of business

### ▪ **Significant compensation parameters:**

- Requirements based on tasks and position description
- Individual performance while taking individual departmental goals into consideration
- Overall success of the Bank

## Composition of remuneration:

**Employees covered by collective pay agreement:** Basic salary + in individual cases performance bonus/special payments (max. 7% of fixed salary)

▪ **Employees not covered by collective pay agreement:** Basic salary + success bonus; variable element of compensation increases with rising level of responsibilities

## Adjustment/increase of compensation:

▪ **Employees covered by collective pay agreement:** Increases in accordance with collective pay agreement for private banking sector and public sector banks + voluntary raises (pay scale reclassification, granting of allowances)

▪ **Employees not covered by collective pay agreement:** Fixed salary is adjusted once a year based on cost of living, banking pay scale and personal performance

## Management Board and Supervisory Board

▪ Supervisory Board is responsible for setting salaries and other compensation received by Board of Management

▪ **Total compensation paid to the three members of the Board of Management in 2016:** €1,785,000; the 12 members of the Supervisory Board received €302,000

▪ Sustainability objectives relating to long-term perspective and sustainable earnings increases form part of the Board of Management's variable remuneration targets



MünchenerHyp

## 4. Environmental Responsibility





# Environmental Awareness at MünchenerHyp

## MünchenerHyp was already committed to the environment at an early stage

- 1996** ■ Participation in the **Munich Financial Institutions Working Group**, which has the goal of fostering sustainable business practices: Measures regarding product-related, in-house and social aspects in companies  
→ The Working Group won the City of Munich's Environmental Prize



- 2002** ■ Official opening of **MünchenerHyp's new main office building**, which was built in accordance with the City of Munich's catalogue of environmental criteria



## Today

### Environmental financing

We take environmental aspects into consideration (in particular, the level of modernisation) when granting loans and defining terms; MünchenerHyp gives customers opportunities to benefit from KfW housing subsidy programmes that are primarily focused on environmentally responsible modernisation measures and building new resource-efficient houses

### Reduction of energy consumption by optimising use of energy

Examples: optimising service life of insulation systems and ventilation facilities, reducing use of power for IT services (improved utilisation of capacities by using virtualisation methods)

### Business travel

Use of most environmentally friendly mode of transport possible (e.g. train instead of car) to reduce CO<sub>2</sub> emissions generated during business travel



# Climate Strategy

## MünchenerHyp's climate strategy

“Buildings consume more than 40% of the energy used in the European Union and thus have an important role to play in environmental protection and tackling climate change. For us as a property financier, this is both a responsibility and an opportunity. With our actions, we can make a contribution to protecting the climate.”

### Our climate strategy is based on three pillars:

- **Environmental financing**

For us, doing business in an environmentally friendly way means, first and foremost, consciously considering environmental aspects when granting loans. By integrating environmental criteria into our property financing, we aim to give our customers in private and commercial real estate finance an incentive to invest in environmentally friendly buildings.

- **Making our own activities environmentally friendly**

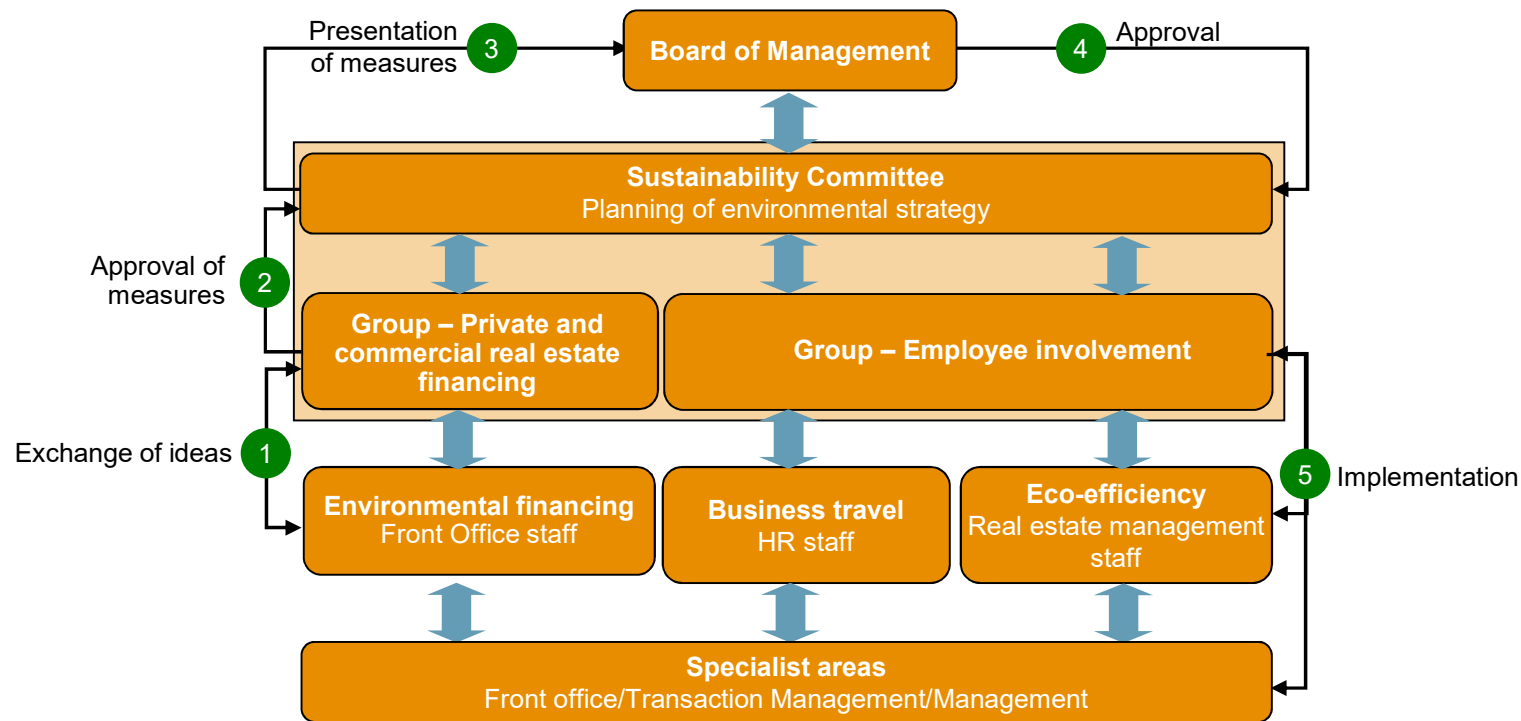
We are committed to continuously reviewing our own energy and resource consumption to identify where we can make potential savings. By strengthening environmental awareness among our employees and reducing our CO<sub>2</sub> emissions, we aim to contribute to the health of the environment while also reducing energy and resource costs.

- **Climate ambassador**

Raising environmental awareness among our stakeholders is important to us. By sponsoring events such as the energy conference organised by the Federal Association of Private Real Estate and Housing Companies (BFW), we aim to promote protection of the climate and environment.



# MünchenerHyp's environmental management



## Environmental management process:

- Development of suitable measures with the relevant departments
- Board of Management decides on implementation in the case of more extensive measures
- Implementation of measures in collaboration with departments

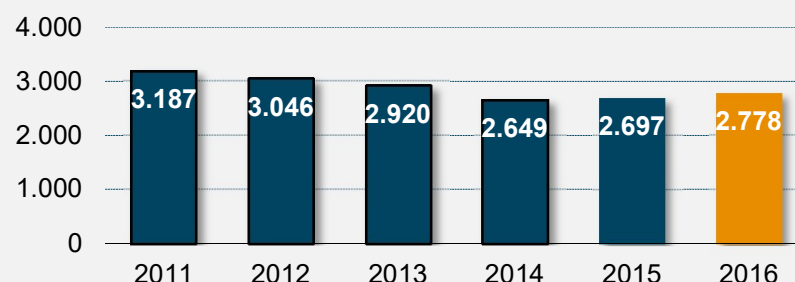




# Consumption of Power and Heating

\* Employees in the MünchenerHyp building including external staff

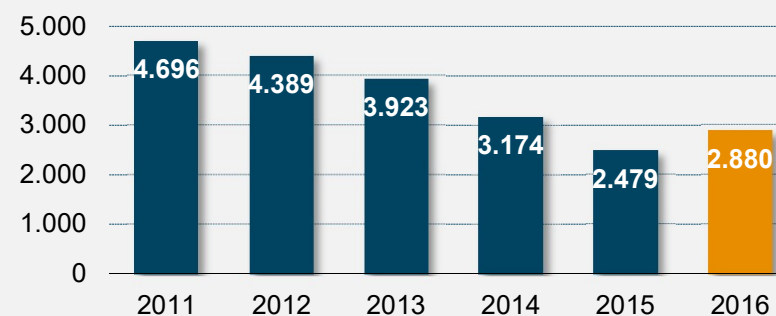
Power consumption in kWh per employee\*



- Power consumption per employee has been **reduced** since 2011
- In order to further reduce negative effects on the environment caused by our own consumption of electricity, 100% of the Bank's electricity has come from **renewable hydroelectric sources in Germany** since January 2013

- District heating** provides MünchenerHyp with heating and hot water from modern power-heat co-generation plants
- District heating is known for its high efficiency and **thereby avoids emitting CO<sub>2</sub>**

Heating consumption in kWh per employee

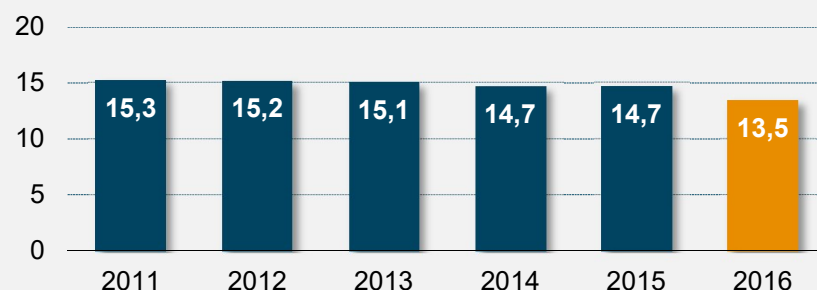




## Consumption of Water and Paper

\* Employees in the MünchenerHyp building including external staff

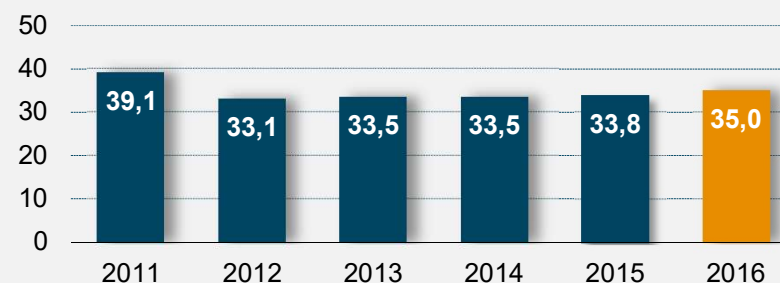
Consumption of water in m<sup>3</sup> per employee\*



- Water consumption per employee has been continuously reduced since 2011.
- Our objective for the future is to seek ways of further **reducing our consumption of water**.

- Paper is disposed of in our own building: the resulting briquettes are disposed of in an **environmentally responsible way and then recycled**.
- The **digitised recording of vacation and working hours** that began in 2012 along with the project to **introduce an electronic document processing system**, which was completed in 2016, have helped to further reduce consumption of paper.
- The paper we use for office and customer communications is obtained from **responsible sources**. We only use paper certified by the Forest Stewardship Council® (FSC®) or with the EU Ecolabel.

Consumption of paper per employee\*





## Additional Measures

### Impact of processing data electronically

- Outgoing post only has to be printed once (considerable savings of paper, toner and electricity)
- 500 to 600 e-mails a day no longer printed
- Print-outs no longer required for processing/deciding on applications, idle time (trips to the printer, etc.) reduced
- Saving of storage space due to gradual reduction of physical files in the building and at our storage provider's premises; resultant reduction in CO<sub>2</sub> emissions due to less transport
- Reduction in working steps/workload takes pressure off employees
- Increased competitiveness thanks to faster processes

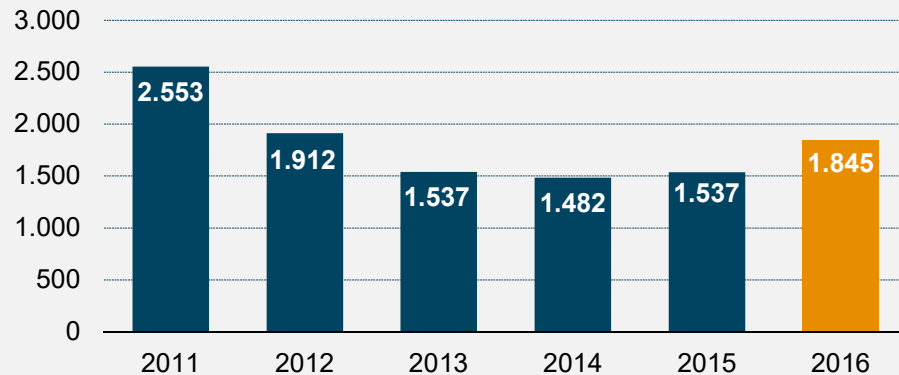
### Sustainable procurement

- Concentration on local suppliers and service providers
- Enables reduction in transport and cuts CO<sub>2</sub> emissions
- Procurement primarily relates to office equipment and furniture: desks, chairs, stationery, laptops, PCs, printers
- Sustainability activities factored into supplier selection and evaluation
- Almost all companies from which MünchenerHyp purchases products are actively engaged in sustainability/CSR/environmental protection and provide transparent information about this on their websites



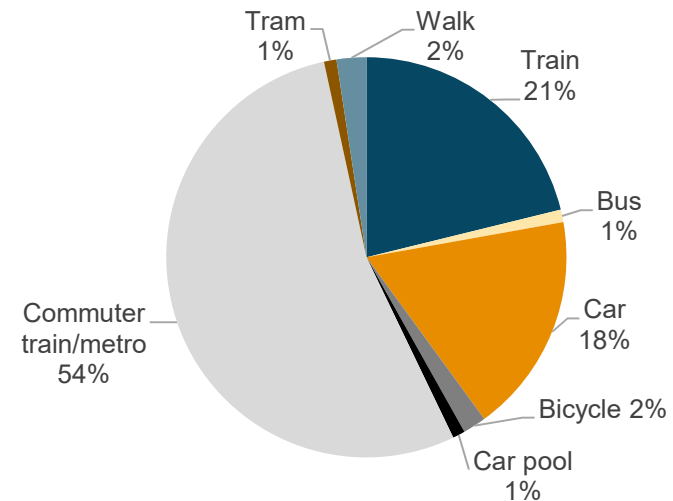
## Air and Train Travel, Daily Commute

Air travel in kilometres per employee



### Daily commute to work:

Primary mode of transport used by MünchenerHyp employees\*



- Since 2011, there has been a reduction in air travel per employee
- The vast majority of employees use public transport
- Fewer than one in five employees travel to work by car

\* Data from 2013



# Environment – Key Figures

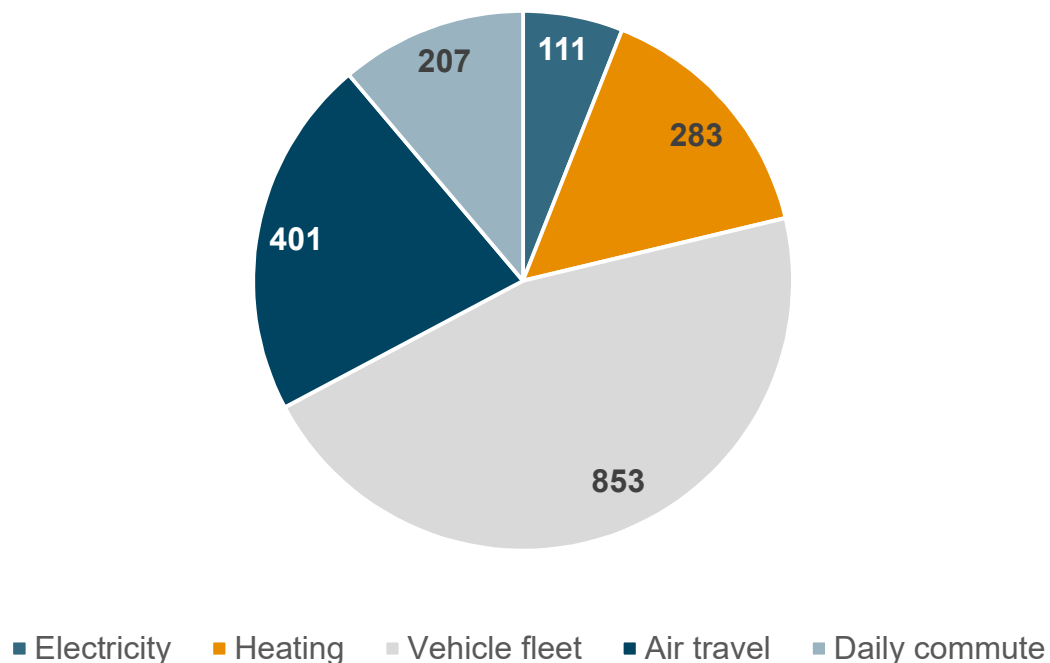
		2011	2012	2013	2014	2015	2016
Business travel	Air travel						
	Total kilometres	1,130,807	910,168	788,571	814,872	857,406	1,036,639
	Kilometres per employee	2,553	1,912	1,537	1,482	1,537	1,845
	Total CO <sub>2</sub> emissions in tonnes	222	203	177	174	132	225
	CO <sub>2</sub> emissions per employee in kg	501	426	346	316	236	401
	Vehicle fleet						
	Total kilometres		2,114,000	2,050,000	2,064,958	2,520,330	2,104,243
	Kilometres per employee		4,441	3,996	3,754	4,517	3,744
	Total CO <sub>2</sub> emissions in tonnes		452	486	441	520	479
	CO <sub>2</sub> emissions per employee in kg		950	947	802	933	853
	Daily commute to work						
	Total kilometres			510,840	510,840*	510,840*	510,840*
	Kilometres per employee			996	996*	996*	996*
	Total CO <sub>2</sub> emissions in tonnes			106	106*	106*	106*
	CO <sub>2</sub> emissions per employee in kg			207	207*	207*	207*
Consumption of energy and resources within the Bank's building	Paper						
	Total kg	18,800	17,290	19,000	20,800	21,600	22,220
	kg per employee	39.1	33.1	33.5	33.5	33.8	35.0
	Water						
	Total m <sup>3</sup>	7,347	7,958	8,565	9,147	9,410	8,557
	m <sup>3</sup> per employee	15.3	15.2	15.1	14.7	14.7	13.5
	Electricity						
	Total kWh	1,533,040	1,593,316	1,658,576	1,645,270	1,723,345	1,763,864
	kWh per employee	3,187	3,046	2,920	2,649	2,697	2,778
	CO <sub>2</sub> emissions in tonnes	61.3	63.7	66.3	65.8	68.9	70.6
	CO <sub>2</sub> emissions per employee in kg	127	122	117	106	108	111
	Heating						
	Total kWh	2,259,013	2,295,299	2,228,418	1,970,855	1,583,799	1,828,555
	kWh per employee	4,696	4,389	3,923	3,174	2,479	2,880
	CO <sub>2</sub> emissions in tonnes	222	226	219	194	156	180
	CO <sub>2</sub> emissions per employee in kg	462	432	386	312	244	283

\* No new data collected in 2015/16



## MünchenerHyp CO<sub>2</sub> Emissions in 2016 per Employee and Type of Consumption

CO<sub>2</sub> emissions in kg per employee 2016







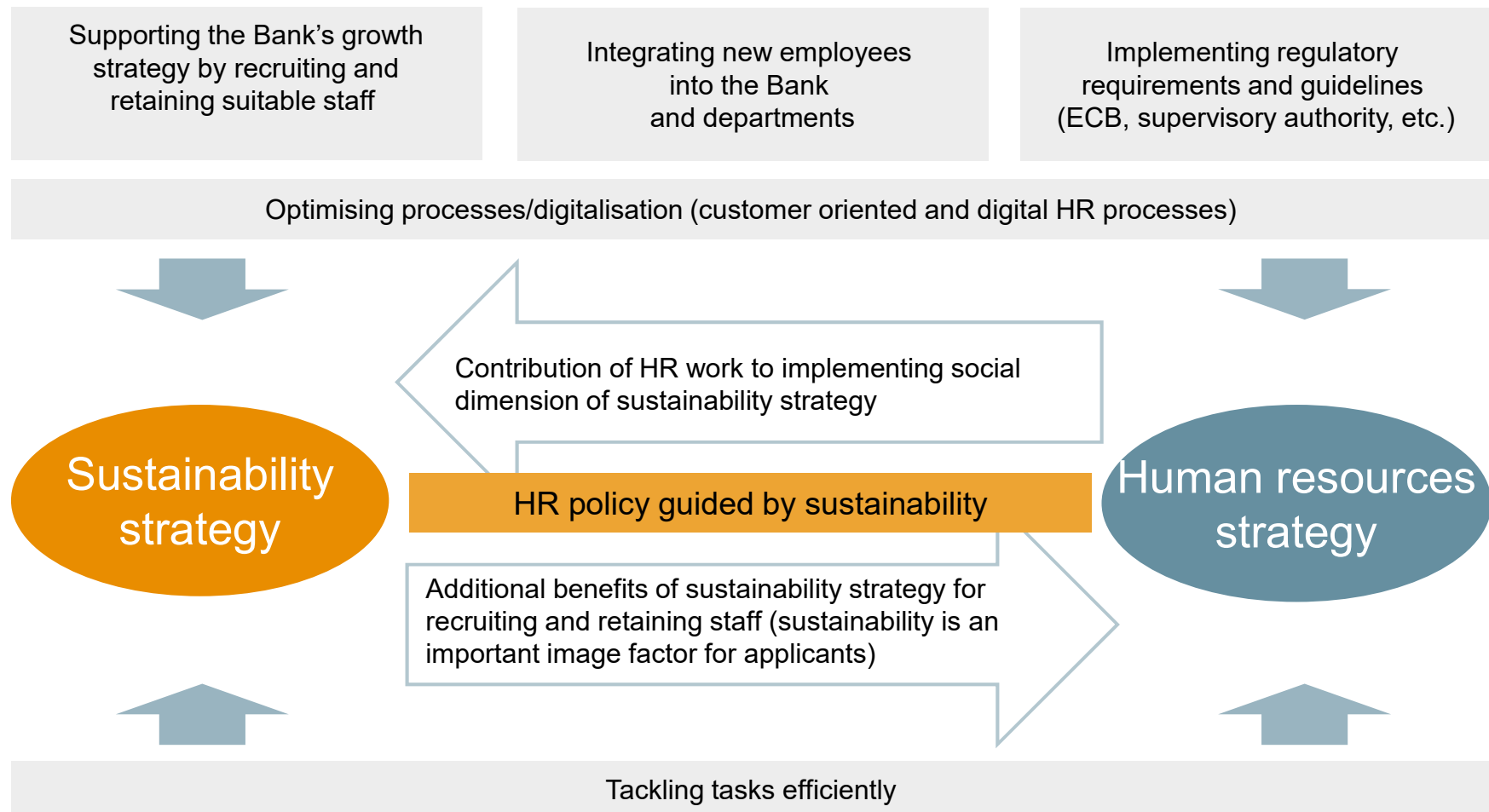
MünchenerHyp

## 5. Responsibility towards Employees



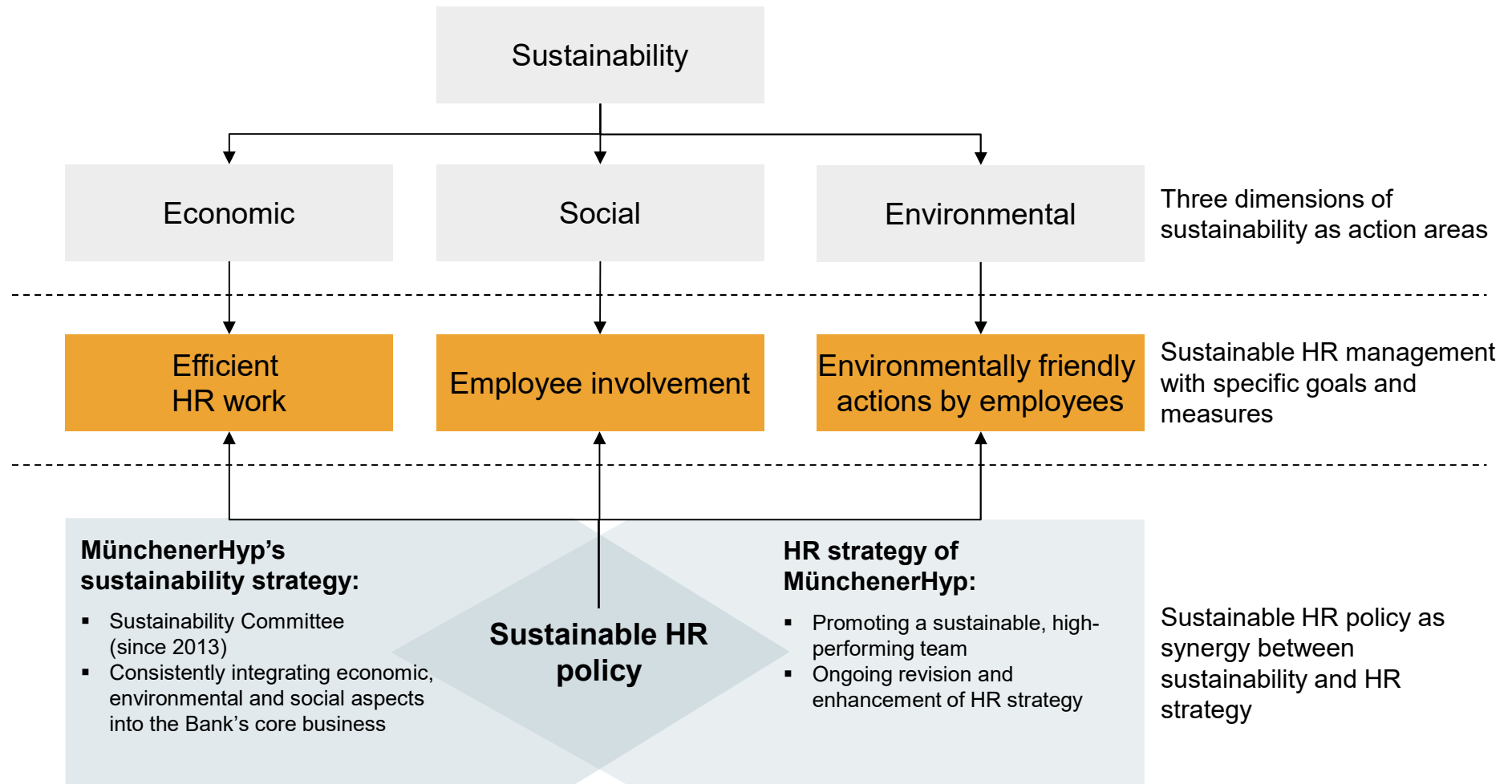


# Challenges of Human Resources Policy





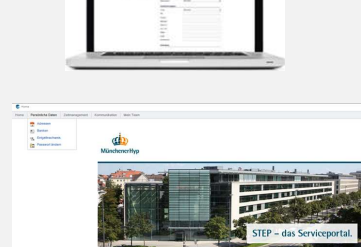
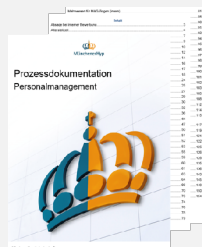
# HR Policy Closely Linked to Sustainability



# Sustainable HR Management to Dovetail Sustainability and HR Strategies

## Personnel development

- Enhancement of an e-recruitment tool (online applicant management)
- Internal process documentation in HR
- Policy decision not to employ temporary workers as they do not meet the required profile for our highly qualified work



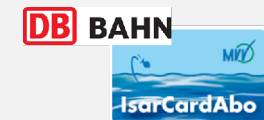
## Employee Involvement

- Health management: tailor-made personal fitness programmes
- Flexible working hours and part-time working, home office
- Voluntary fringe benefits
- Integration of new employees through special workshops and events



## Environmentally friendly behaviour

- Tickets for public transport in cooperation with MVV and Deutsche Bahn
- Sustainability Newsletter
- Environmental guide







# Regular Sustainability Newsletter for Employees



## Heute: Beidseitiger Druck

### Warum Papier sparen?

#### Blatt für Blatt – Papierkonsum in Deutschland sowie in der MHB

- Jeder Deutsche verbraucht Jahr für Jahr rund 250 kg Papier. Damit verbraucht Deutschland so viel Papier wie Afrika und Südamerika zusammen.
- Am meisten wird im Arbeitsalltag verbraucht. Viele Dokumente müssen jedoch nicht drucken, sie lassen sich sogar besser am PC bearbeiten.
- Eine gute Möglichkeit Papier zu sparen ist, das Papier beidseitig zu nutzen.
- Jährlich können wir in der Bank durch beidseitiges Drucken allein bei unseren Kompaktbriefen ca. 12 TEUR Portokosten und 500 kg CO<sub>2</sub>-Emissionen einsparen!

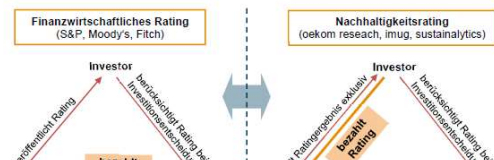


## Heute: Nachhaltigkeitsratings

Im August haben wir den zweiten Nachhaltigkeitsbericht der MünchenerHyp veröffentlicht und im Anschluss daran von der Nachhaltigkeitsratingagentur oekom research das sog. „Prime“-Rating (Beste einer Branche) erhalten. Doch was steckt überhaupt hinter so einem Nachhaltigkeitsrating? In unserem Newsletter geben wir Antworten auf die wichtigsten Fragen.

### Was sind Nachhaltigkeitsratings?

- Unternehmen werden von speziellen Nachhaltigkeitsratingagenturen in Bezug auf ökonomische, ökologische und soziale Aspekte bewertet
- Die drei bekanntesten Ratingagenturen in Deutschland sind oekom research, sustainalytics und imi
- Nachhaltigkeitsratings unterscheiden sich von traditionellen Ratings hinsichtlich der Beauftragung



### Was bedeutet Nachhaltigkeit?

Nachhaltigkeit wird häufig unterteilt in drei Säulen:

- **Ökologie:**  
z.B. Energie- und Ressourcenverbrauch in unserem Gebäude
- **Soziales:**  
z.B. gesellschaftliches Engagement, Mitarbeiterverantwortung
- **Ökonomie:**  
z.B. langfristig ausgerichtetes Geschäftsmodell, Corporate Governance



Die ökonomische Säule wird oft vernachlässigt, ist jedoch für Unternehmen die wichtigste Dimension. Ein Unternehmen kann dort am meisten bewirken, wo es täglich sein Geld verdient: im **Kerngeschäft!**

### Warum beschäftigen wir uns mit Nachhaltigkeit?

#### Refinanzierung

- Nachhaltigkeit als Anlagekriterium für Investoren
- Verbreiterung der Investorenbasis ermöglicht mehr Geschäft in der Immobilienfinanzierung

#### Marktpotenziale

- Megatrends Demografie und Klimawandel
- Neue Marktchancen: Immobilienfinanzierungen mit ökologischem und sozialem Nutzen

#### 4 Gründe für unser Nachhaltigkeitsengagement

#### Mitarbeiterbindung

- Nachhaltigkeit zur Steigerung der Attraktivität als Arbeitgeber
- Identifikation vieler Mitarbeiter mit sozialen und ökologischen Zielen

#### Reputation

- Neue Erwartungshaltung unterschiedlicher Stakeholder bzgl. Nachhaltigkeit
- Nichterfüllen von Erwartungen gefährdet Reputation

# Personnel Development (1)

## Personal development offering

- Transparent options for individual personal development for all employees and managers
- Since 2016: new feedback tool for reflecting on and evaluating training measures immediately after the event and again after 3-6 months, enabling further need to be identified

## Advanced professional training offering

- Consultation to clarify employee's aims and potential
- Standardised rules for supporting (providing time and funding) off-the-job training (e.g. paying 50% of tuition fees, providing leave for exam attendance)

**Personnel development at MünchenerHyp means systematically designing HR processes to identify and maintain employees' potential and skills, and to promote these based on business requirements**

## Home office

- Employees can choose between fixed and flexible (at short notice if necessary) home office
- The option of working from home is particularly popular among employees who live a long way from the office or who have challenging family circumstances
- Employee satisfaction is increased and stress reduced

## Trainee policy

- Training in banking and office management
- Part-time option for mothers
- Eight trainees completed their course in 2016 and four new trainees began



## Personnel Development (2)

### Personnel Development within the Bank

- “General training” on topics such as “decision making” or “brain-friendly presentations” and communication training for parents to reduce stress (course lasting several weeks)
- Talks and in-house training sessions, including: the ergonomic workstation, compliance, MS Office, labour law, language course, project management, active lunch break

### Individual support

- Annual employee talks between employee and supervisor: identification of strengths and areas for further development as well as individual needs for further training
- Systematic successor planning and promotion of high-potential individuals  
→ Definition of individual action plans

**Personnel development at MünchenerHyp means systematically designing HR processes to identify and maintain employees' potential and skills, and to promote these based on business requirements**

### Trainee programmes

- for core areas of business to develop young talent from within our own ranks
- Programmes in the following areas: information processing, private property finance, commercial property finance, controlling, corporate development, treasury

### Collaboration with universities

- Supporting interns, bachelor's and master's theses
- Prof. Dr. Dierolf from Munich University of Applied Sciences visited MünchenerHyp in May 2016 with 35 business studies students; heads of department discussed entry opportunities and processes in private property finance



# Diversity



charta der vielfalt



## Diversity means the following for MünchenerHyp:

- We are convinced that diversity enriches the Bank and contributes towards our success
- Appreciation and respect shown towards every employee regardless of their origin, religion, gender, disabilities, age and sexual orientation
- Zero tolerance of any kind of discrimination within MünchenerHyp
- Equal opportunities at all levels, especially when filling positions and in terms of executive responsibilities and compensation

## Percentage of women at each level of hierarchy

Level	Number of employees	Men	Women	Share of women
Board of Management	3	3	0	0.0%
1st executive level	18	16	2	11.1%
2nd executive level	38	32	6	15.8%
3rd executive level	25	17	8	32.0%
Other employees	478	226	252	52.7%
	<b>562</b>	<b>294</b>	<b>268</b>	<b>47.7%</b>

- Explicit recognition of international human rights standards, particularly the UN Universal Declaration of Human Rights
- Training of employees in equality law
- Establishment of an internal, centralised complaints office to prevent discrimination
- No known cases of discrimination at MünchenerHyp in 2016

## Days of further training 2013 per employee and by gender

Level	Spending on training	Total days	Share at level	Days men	Days women	Share of women
1st executive level and Board of Management	€ 32,344	65	4.89%	60	5	7.34%
2nd executive level	€ 41,599	101	7.60%	87	13	13.34%
3rd executive level	€ 22,912	127	9.56%	79	48	37.87%
Other employees	€ 204,380	1036	77.95%	583	453	43.70%
<b>Total</b>	<b>€ 285,859</b>	<b>614</b>	<b>100.00%</b>	<b>810</b>	<b>519</b>	<b>39.06%</b>



# Health Promotion, Fringe and Other Benefits (1)

## Health promotion

- Physiotherapeutic advice at work station
- Eyesight tests
- Active lunch break offered
- Comprehensive occupational health and safety measures
- Company sports, e.g. MünchenerHyp football team, Cooperative Winter Games, B2Run corporate run
- Stress management provision: mindfulness training, Shiatsu ShenDo exercises
- Tailor-made personal fitness programmes: company covers 75% of the health care costs incurred by employees  
→ Courses and other offers involving exercise programmes, nutrition, preventing addiction, coping with stress

## Child care

- €350 assistance when baby is born
- Reintegration into workplace following parental leave
- Part-time working and variable working hours
- Option for young mothers to complete training on a part-time basis
- Parenting classes offered for improved work-life harmony

## Other benefits

- Additional company pension scheme: MünchenerHyp pays 50% of the contributions (two-thirds for those who joined before 2011)
- Anniversary payments paid in the 10th, 25th, 40th and 50th year of employment
- Special terms for property loans, insurance policies and investments with firms within the Cooperative Financial Network
- Commuter costs allowance
- Subsidised social activities e.g. the Cooperative Winter Games, company runs, company excursions
- Generously subsidised meals available in the company restaurant

## Health Promotion, Fringe and Other Benefits (2)

### Workplace reintegration management

- **Changes to individual working hours** when illness affects an employee's ability to work
- **Changes to workstation configuration:** technical aids, aids to assist use of PC, lifting aids, height-adjustable desks, ergonomic office chairs
- **Solutions to existing conflicts** that can lead to psychological stress
- **Financial support:** measures outside the company such as medical services (e.g. back training) or professional training
- **Gradual reintegration** into work following a period of incapacity
- **Preventive measures** as part of reintegration

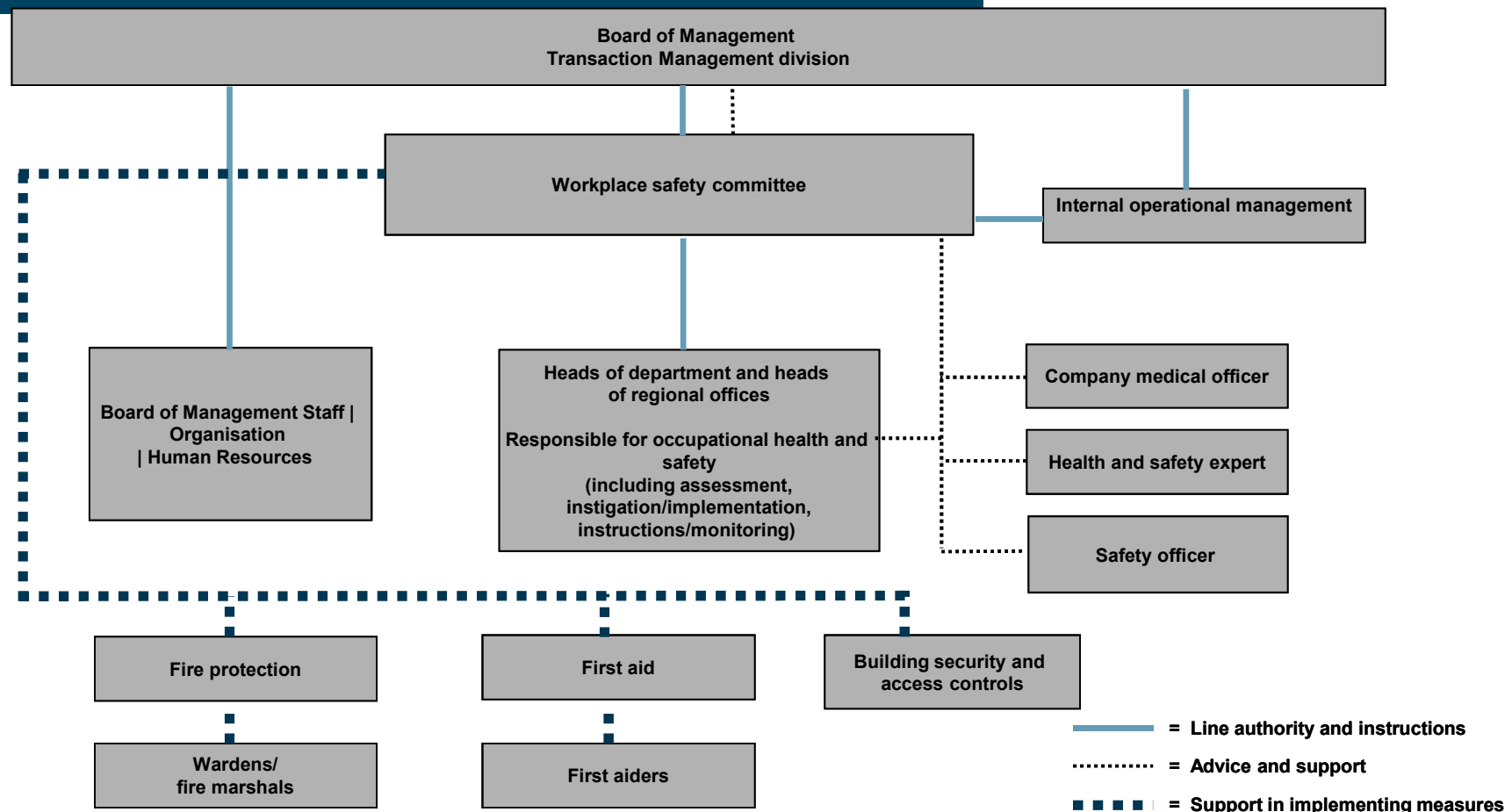
### Work-life balance

- Full-time employees are entitled to **30 days' holiday a year**, collectively agreed **working time is 39 hours a week**
- 57.5% of employees (M-Wert: 32%) are covered by the **collective agreement** (collective pay agreement for private banking sector and public sector banks)
- **More flexible working models and hours** 2012: core working hours abolished, flexitime hours extended, trust-based working time introduced
- Variable **part-time and variable working hours** wherever operationally feasible
- 21.8% of employees are **part-time** (M-Wert: 4%)
- Option for employees to **take an extended leave of absence** (in the form of an unpaid sabbatical) if required
- Various voluntary **partial retirement models**, depending on age and time at the company (partial retirement of up to 8 years possible)
- Home office



# Employee Safety

## Organisation of Workplace Safety at MünchenerHyp





## Selected Key Employee Figures

Employees	31 Dec. 2011	31 Dec. 2012	31 Dec. 2013	31 Dec. 2014	31 Dec. 2015	31 Dec. 2016
MünchenerHyp employees	382	412	444	485	497	497
M-Wert employees	18	18	20	20	21	25
Total	400	430	464	505	518	522
Apprentices	14	17	19	21	22	15
Total	414	447	483	526	540	537
Parental leave	10	10	15	12	10	14
Early retirement	2	1	1	1	1	1
Partial retirement	10	11	10	6	3	7
Long-term sick leave	4	4	1	2	1	0
Total	440	473	510	547	555	559
Board of Management	3	3	3	3	3	3
<b>Overall</b>	<b>443</b>	<b>476</b>	<b>513</b>	<b>550</b>	<b>558</b>	<b>562</b>

Years of employment	2011	2012	2013	2014	2015	2016
< 2 years	13.5%	21.1%	23.1%	20.3%	16.1%	11.6%
2-5 years	24.4%	17.1%	11.4%	16.8%	23.4%	25.2%
5-10 years	14.0%	16.5%	23.3%	20.9%	20.3%	21.0%
10-20 years	29.4%	26.6%	22.2%	21.5%	21.6%	23.1%
> 20 years	18.7%	18.7%	20.0%	20.5%	18.6%	19.1%
Average years employed	11.3 years	10.8 years	10.6 years	10.5 years	10.4 years	11.4 years
Average age	42.1 years	41.6 years	41.8 years	41.5 years	41.8 years	42.9 years

- Percentage of **temporary jobs**: 5.75% (31 Dec. 2016)
- **Illness rate** 2016: 3.6%
- **Very long periods of service** reflect job satisfaction
- **Turnover** of 5.9% (31 Dec. 2016) well below industry average
- No temporary workers (policy decision)



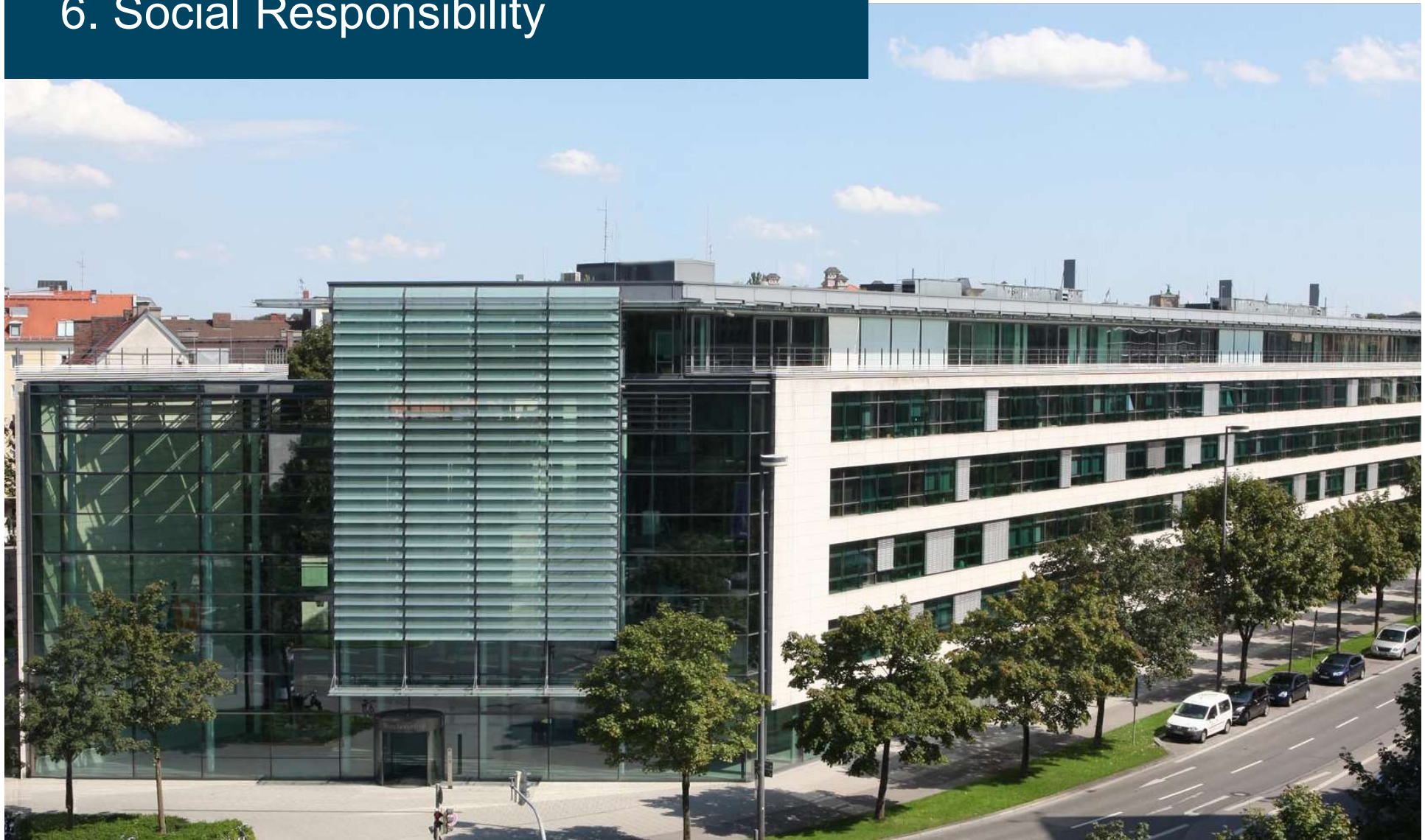
A comprehensive **Personnel and Social Report** is prepared every year for transparency purposes





MünchenerHyp

## 6. Social Responsibility





# Corporate Citizenship

MünchenerHyp is a member and sponsor of around 70 business, educational, environmental, cultural and social associations – the Bank also provides employees unpaid leave to undertake voluntary work

## Politics and business

- **Committed to fostering sustainable development in the financial sector and real estate industry** through associations: National Association of German Cooperative Banks (BVR), regional cooperative associations, Association of German Pfandbrief Banks (vdp)
- **Publications** in specialist magazines (increasingly on topic of sustainability), participation in **discussion rounds**, participant in the **Finanzplatz München Initiative** (promoting Munich as a place for financial services companies to do business)
- **No direct, systematic lobbying** to influence politicians or others

## Culture and society

- **Support of social organisations, especially in the Munich area and in Bavaria**, e.g. Munich Chamber Orchestra and the Bavarian Cooperatives Historical Society
- **Support for socially engaged organisations** like Aktive Bürgerschaft e.V. (Cooperative Financial Network's centre of expertise for civic engagement)
- **Support for social engagement by staff**; employees released from duties for voluntary work, e.g. for the German Life Saving Association (DLRG) during flooding disasters, support for fundraising campaigns across the bank

## Educational

- **Support for institutions researching cooperatives**, e.g. at Humboldt University
- **Collaboration with departments of information systems and management and business management at the Munich University of Applied Science**, including a joint project on sustainability at MünchenerHyp

## Environmental

- Given its own history as a lender to farmers, MünchenerHyp today still **supports numerous environmental and agricultural organisations**, e.g.: Schutzgemeinschaft Deutscher Wald (protecting German forests), Agrarsoziale Gesellschaft (improving living and working in agricultural areas), Bayerische Akademie Ländlicher Raum (promoting the interests of rural areas in Bavaria)

## Donations to “Geld mit Sinn” and Kreisjugendring München as part of ESG Pfandbrief Issuance



From left to right: Daniel Tolle, Patrick Wellas, members of staff at MünchenerHyp, Andreas Giebel, patron of “Hilfe für Kids”, Bernhard Heinlein, CEO of MünchenerHyp, Marina Lessig, executive director of Kreisjugendring München and member of staff of the Kreisjugendring

- The second part of the donation went to the **“Geld mit Sinn” initiative**, which focuses on ethically and environmentally aware financial education
- Support for a **series of online talks “Mein faires Finanzleben”**
- The talks on “my fair financial life” are aimed at people interested in investing for sustainability

- **Syndicate banks supporting the issuance of the ESG Pfandbrief** forego part of their commission to donate to social causes
- The first part of the donation went to the **“Hilfe für Kids”** (help for kids) project initiated by the **Kreisjugendring München**, which helps children growing up in poverty, e.g. with free lunches, homework tutors, language courses, exercise programmes



From left to right: Bernhard Heinlein, CEO of MünchenerHyp, Birte Pampel, executive director and Nicole Rupp, deputy executive director of “Geld mit Sinn”, Daniel Tolle, member of staff at MünchenerHyp





# Responsibility Towards Our Customers (1)

## Commitment to responsible marketing in the interests of our customers and members



- Customer relationship starts by addressing the customer: It is of key importance to MünchenerHyp that **marketing and advertising measures are aimed at creditworthy customers**, i.e. no one should be enticed to overextend themselves financially by taking out a loan
- This is set out in our guidelines on responsible marketing in private real estate financing, which include:
  1. The laws and standards with which we comply
  2. Our marketing principles
  3. Compliance with our marketing principles

### 1. Following laws and standards

- Clear legal rules for marketing activities in real estate finance in Germany, especially regarding truth, clarity and transparency of information
- Provisions of the German Federal Data Protection Act and EU General Data Protection Regulation
- European Commission code of conduct for mortgage lenders
- MünchenerHyp's compliance guidelines



## Responsibility Towards Our Customers (2)

### Commitment to responsible marketing in the interests of our customers and members

#### 2. MünchenerHyp's marketing principles

- Information and statements about our financing products are accurate, clear and transparent. This ensures that customers recognise and understand the nature and risks of the desired financing product.
- Promotional messages by MünchenerHyp are consistent across all communication and marketing channels.
- We take into account the financial situation of the target customer groups and do not offer incentives to take on excessive debt.
- We do not engage in aggressive promotional activities or link advertising to inappropriate incentives.

#### 3. Monitoring marketing activities

As MünchenerHyp acts as a subsidiary product provider in private real estate financing, we attach particular importance to ensuring that our marketing principles are followed not only by us but also by our sales partners when marketing and selling our financing solutions. The following measures ensure this:

- We regularly inform and train staff at our sales partners to familiarise them with the features and risks of our financing products.
- We regularly analyse the content and message of our advertising in respect of its compliance with legislation and our principles.
- If the assessment of content, message and risks shows that a change is necessary, we implement this accordingly.



## Responsibility Towards Our Private Customers (1)

**MünchenerHyp is committed to offering customers maximum safeguards throughout the entire term of their property loans**



Signatory to the **voluntary European code of conduct for private real estate finance**: extensive pre-contractual information for home loans; before the contract is signed, customers receive brochures and an information sheet about the main content of the contract; information is presented clearly and transparently

### **Responsible sales practices:**

Our business model involves working with subsidiary partners in property financing – the Volksbanken and Raiffeisenbanken – who excel with their close proximity to customers and high quality standards. Together with our associates, we value accurate, high-quality advice. The following measures are in place to ensure we work responsibly for our private customers:

- No variable compensation systems that would encourage the taking of excessive risks, i.e. no incentive systems for advisers (commission goes to Bank, not individual advisers)
- Advisers regularly trained on process and product





## Responsibility Towards Our Private Customers (2)

**MünchenerHyp is committed to offering customers maximum safeguards throughout the entire term of their property loans**



Dealing responsibly with customers who have repayment difficulties:

- Current consumer protection legislation is fully applied in our business with private customers. Key legislation includes the Consumer Rights Directive, the Mortgage Credit Directive, the Consumer Dispute Resolution Act (Verbraucherstreitbeilegungsgesetz) and the Risk Limitation Act (Risikobegrenzungsgesetz). The legal options in the current regulatory environment are applied in the customer's favour:
  - The aim of our workout management in dealing with loans in arrears is to support the customer wherever possible and avoid compulsory measures
  - Examples of support measures: Agreements on instalments and temporary standstill agreements, notification of ombudsperson (required under Consumer Dispute Resolution Act)
- Long-standing guarantee that **customer loans serviced in accordance with the contract will not be sold**. No extra charge for this guarantee; customers enjoy added certainty



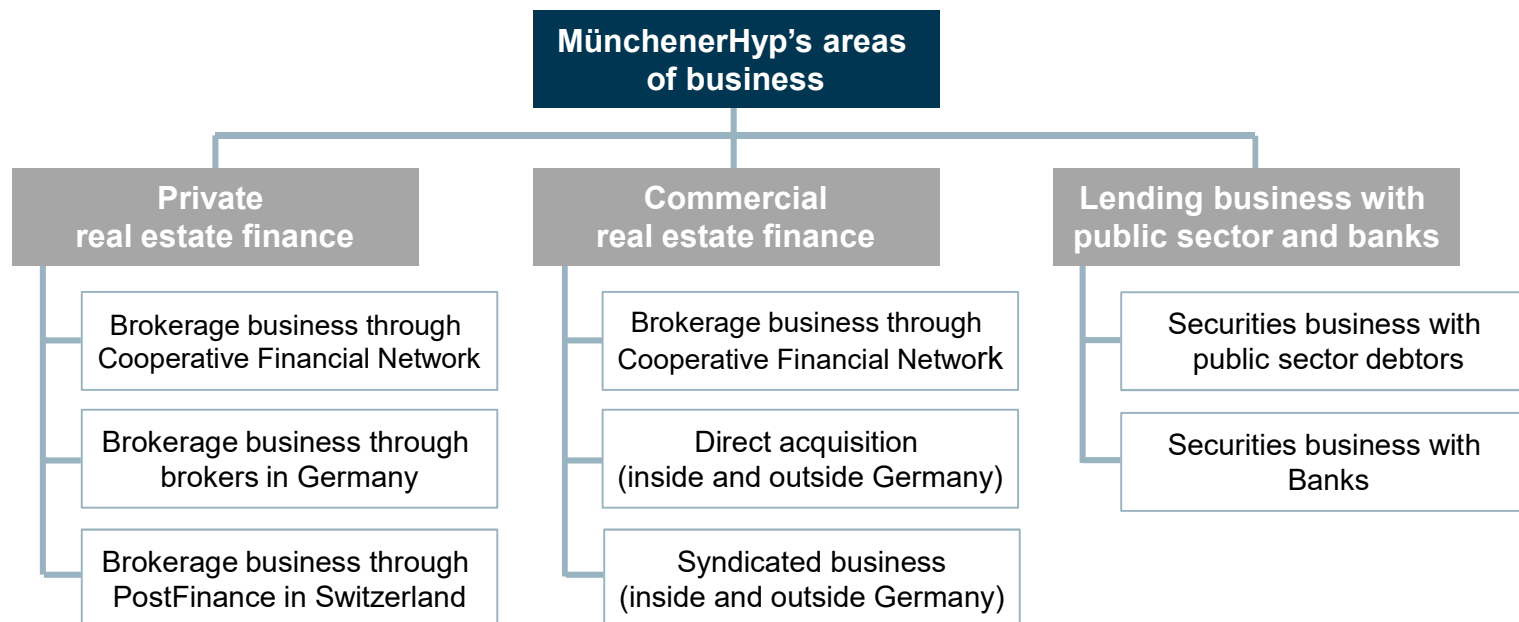
MünchenerHyp

## 7. Sustainable Financing





# MünchenerHyp's Areas of Business



- **Residential property financing:** Lending to private customers in Germany via Volksbanken and Raiffeisenbanken and independent brokers, cooperation in Switzerland with PostFinance
- **Commercial property financing:** Financing of commercial real estate in Germany, partly through Volksbanken and Raiffeisenbanken, majority in Germany and abroad through direct and syndicated business
- **Lending to public sector and banks:** Non-core business with supporting role, securities transactions with public sector debtors and banks



# Responsible and Low-Risk Granting of Loans to Finance Property

- **Responsible handling of risks** has the highest priority for MünchenerHyp
- That is why MünchenerHyp focuses on **senior financing with moderate loan-to-value ratios** when financing private residential property and commercial property

## Mortgage Portfolio of MünchenerHyp

BELEIHUNGS-AUSLAUF	31.12.2016	
	€	relativ
bis 60 %	13.728.296.351,62	46,2 %
60,01 % bis 70 %	5.677.718.196,80	19,1 %
70,01 % bis 80 %	6.311.223.356,12	21,2 %
80,01 % bis 90 %	2.154.390.691,97	7,3 %
90,01 % bis 100 %	1.106.925.787,91	3,7 %
über 100 %	711.366.203,19	2,4 %
ohne	25.419.250,26	0,1 %
Summe	29.715.339.837,87	100,0 %

## The Bank only commits to loans if the following strict risk criteria are met:

- Creditworthiness of the borrower
  - Property valuation
  - Financing Structure
  - Location of the property
- } The limitations on potential new business posed by these criteria are deliberately accepted

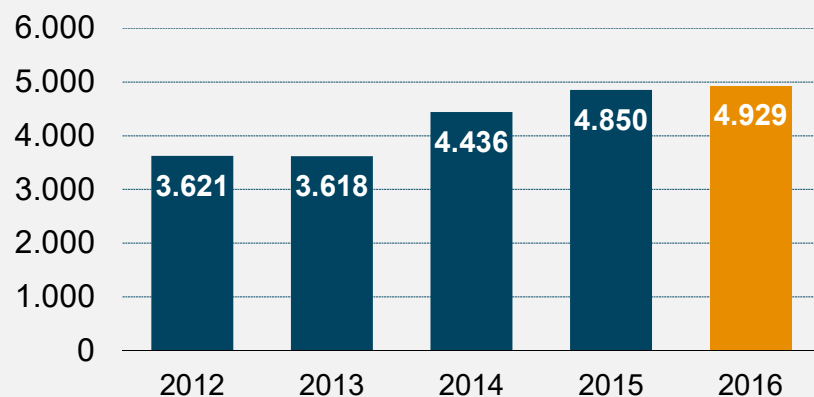
## Low-risk lending assures:

- Responsible employment of paid-up capital of members
- Protects less creditworthy potential borrowers against risks of debt
- Contributes towards the high level of stability in the German property market



# Mortgage Loan Business – Private and Commercial Real Estate Financing

**New mortgage business 2012-2016**  
Commitments in € millions



## Mortgage portfolio:

### Volume:

- 84.9% private real estate financing
- 14.1% commercial real estate financing

### Average size:

- Approx. €128,000 private financing
- Approx. €3,000,000 commercial financing

### Average loan-to-value ratio:

- 59.5% residential property financing
- 72.7% commercial property financing

### Geographic distribution:

- 46.8% Bavaria, Baden-Wuerttemberg, Hesse and North Rhine-Westphalia
- 25.5% other Federal States
- 5.6% Berlin
- 21.1% other countries

Status: 31 Dec. 2016





## Services for Private Customers

Numerous customers are members of MünchenerHyp and thus the heart of the cooperative

- The Bank offers a broad range of **products and financing options** which can be tailored to meet **customers' individual needs**
  - e.g.: **fixed-interest rates for up to 40 years, free selection of repayment rate, special repayment options** of 5%, 10%, as well as up to 100% of the amount borrowed annually

### *Münchener Reverse*

Bank will pay back amount of unscheduled capital repayments received in event that the borrower needs funds during term of loan

Helps customers – especially in case of unforeseen developments – avoid termination of property loan due to tight financial situation

### *Münchener Forward*

Assures favourable interest rates for roll-over financing up to five years before current term of fixed interest ends

Enables customers to plan safely for their future with guaranteed terms

### *Münchener Freiheit*

Option to make unscheduled repayments of capital to fully repay loan any time after third year of the loan

Allows customers with unexpected liquidity to flexibly repay their outstanding debt thereby reducing remaining term of loan and interest burden

## Awards for mortgage lending



**Quality leadership with attractive terms**







# Environmental Financing

## Property valuation

- **The following environmental factors are some of the important considerations when it comes to property valuation:** Roof renovation, installation of collective or self-contained heating system, building age, modernisation, improvements to pipes and cables (electricity, gas, water, sewage), heat insulation of external walls, condition of windows

## KfW programmes

- **Customers can take advantage of KfW programmes through MünchenerHyp**
- **Energy-Efficient Construction (153):** Promoting new construction and first purchase of KfW Efficiency Houses
- **Energy-efficient Refurbishment (151+152):** Promoting energy-efficient refurbishment of residential buildings or individual energy-saving measures, e.g.: insulation, modernisation of heating systems, ventilation systems
- **KfW Home Ownership Programme (124):** Promoting construction or purchase of houses/apartments for owner occupancy, includes costs for energy adviser, maintenance costs, conversion, modernisation
- KfW loans include, in particular, **low interest rates and repayment bonuses** → incentive for customers to invest in environmentally friendly properties or modernisation measures
- **Other KfW programmes in MünchenerHyp's portfolio:** CO<sub>2</sub> Building Rehabilitation Programme (130), Housing Modernisation (141,143), Ecological Construction (144,145), KfW CO<sub>2</sub> Reduction Programme

## MünchenerHyp sustainability criteria

- Granting of loans targeted at buildings constructed to environmental criteria
- Promotion of modernisation measures to improve energy efficiency
- Improved customer terms for financing projects that meet certain environmental criteria



MünchenerHyp

# The MünchenerHyp Sustainability Loan

- Promoting properties with a **low annual primary energy requirement** or that meet the **criteria of KfW programme 153 “Energy-Efficient Construction”**
- **Possible uses:**
  - Constructing a new property
  - Purchasing an existing property
  - Planned or already implemented modernisation/rehabilitation
  - Follow-up financing for existing energy-efficient property
- **Annual primary energy requirement of max. 70 kilowatt hours per m<sup>2</sup> of floor space** cannot be exceeded
- **Energy performance of the building envelope** (H value) must be stated
- **Financial promotion of the loan** with an interest rebate
- Customers can use Sustainability Loans for the entire financing of their property as (unlike promotional loans issued by the state) the loan is **not limited to a specific loan amount**
- **Combination with all fixed interest rates/modules/KfW loans** possible

MünchenerHyp  
Die Krone der Baufinanzierung

nachhaltig finanzieren  
nachhaltig bauen  
nachhaltig planen  
nachhaltig leben

**Aller guten Dinge sind Vier.**

- Nachhaltige Finanzierung bei Neubau, Kauf, Modernisierung oder Anschlussfinanzierung
- Für Gebäude mit niedrigem Energiebedarf
- Bis zu 30 Jahre Zinssicherheit

Wir beraten Sie gern.

Genossenschaftliche FinanzGruppe  
Volksbanken Raiffeisenbanken

Aus Liebe zur Zukunft.

www.muenchenerhyp.de

# Complaint Management

## Key objectives of complaint management

- Raising awareness of the issue among all staff
- Handling complaints professionally
- Increasing service quality by swiftly resolving customers' concerns
- Avoiding the need for complaints

## The measures put in place to achieve these

- Standardised procedure established with local handling of all complaints (process, responsibilities, competencies, communication channels)
- Central system established to record complaints (transparent database) as well as a centralised information and analysis system (feedback, controlling, reporting)

## Service levels

- The customer making the complaint should receive an initial response on the same day, stating who is responsible for handling the complaint
- Complaints should be answered as quickly as possible, ideally through personal contact
- The aim is to send the final response within ten working days. If this is not possible, the customer should receive a further preliminary response with an explanation and an indication of the date by which the matter should be resolved



## Partnership with the Volksbanken and Raiffeisenbanken

MünchenerHyp views itself as a subsidiary partner of the Volksbanken and Raiffeisenbanken in the area of property financing; it supports its partner banks in meeting their obligations to the economy, society, customers and members

### The mission of MünchenerHyp:

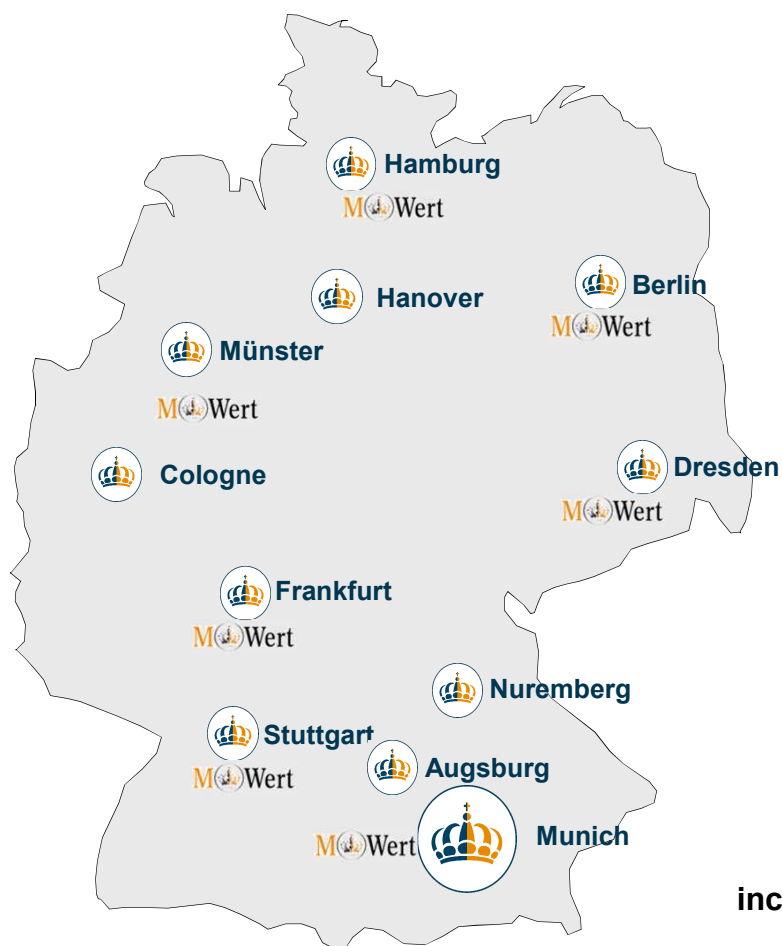
Volksbanken and Raiffeisenbanken that work together with MünchenerHyp in the property financing business should achieve lasting success, outperforming other banks

Support for partners in those areas where it makes sense for the Volksbanken and Raiffeisenbanken to use MünchenerHyp's know-how and experience

The objective is to work together with the Volksbanken and Raiffeisenbanken to ensure that we will continue to be one of the best providers of property financing in the future



## Regional Proximity



**Close proximity to  
customers and  
local expertise**

=

**Proximity to the market**

**Proximity to our partners**

**Proximity to our customers**

**11 regional offices across Germany  
including 7 locations with M-Wert branches**



# Our Services for Partners within the Cooperative Financial Network

## MünchenerHyp provides comprehensive support to its partner banks

- **Regional offices in 11 German cities** provide network partners with competent counterparts at local level → **Close proximity to partners, market and customers**
- Long-term fair commissions for partner banks

- Comprehensive **sales and marketing support** – especially via online offers (including presentation of information about products and terms)
- **Provision of advertising materials:** Ads, web banners, mailing templates, supplying partner banks with POS materials such as posters, stand-up displays, information brochures

### Regular exchange of experience

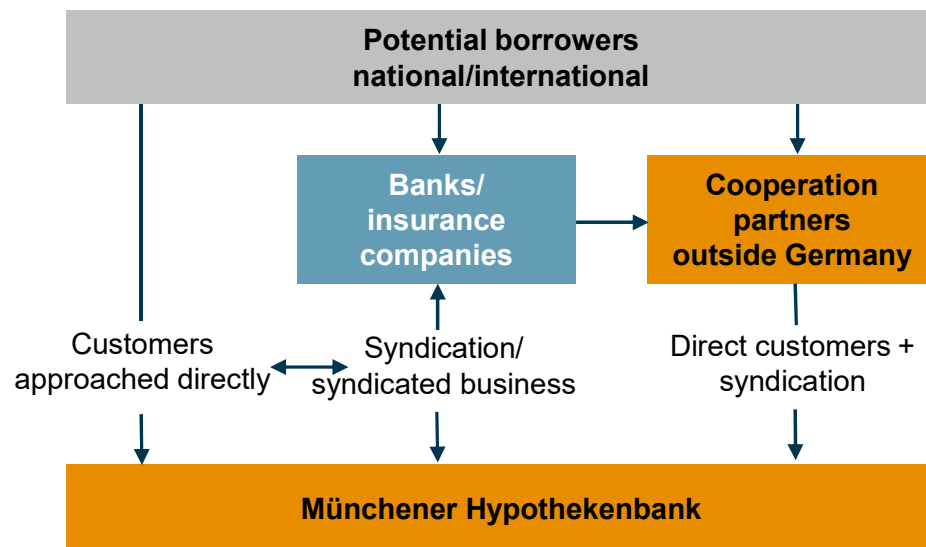
- Participants from banks in our Cooperative Advisory Committee
- Mutual exchange of best practices to generate ideas for mutual success
- Discussions focus on: regional marketing and sales approaches, integration of IT systems, quality of advice given to customers, product ideas, processing standards

- Systematic support in handling loan applications, loan review, sales coaching. Bank trainers advise on products and systems
- Bank offers **user-friendly IT front-end systems** that are compatible with the individual processes used by the partner banks





# Responsible Lending in Commercial Real Estate Financing



- Financing especially of **office buildings, apartment buildings** and **retail properties**
- MünchenerHyp offers customers **highly flexible products** and **expertise even in difficult areas of property finance** → Bank decides quickly and reliably

- **Responsible lending means setting strict conditions for obtaining finance**

- Long-term rental agreements with creditworthy tenants
- Sustainably achievable rents must comfortably cover interest and principal payments
- Maximum loan-to-value ratio of 80%
- Properties in Germany valued very cautiously by valuers from M-Wert GmbH (MünchenerHyp subsidiary)
- Valuations of properties outside Germany by external valuers; subsequent plausibility check by M-Wert



# Commercial Customers and Markets



## Customers in commercial real estate financing:

- Open- and closed-ended real estate funds
- Private professional real estate investors
- Housing companies
- Property companies
- REITs (real estate investment trusts)
- German real estate stock corporations

## ■ MünchenerHyp's risk strategy leads to **concentration on highly developed core markets**

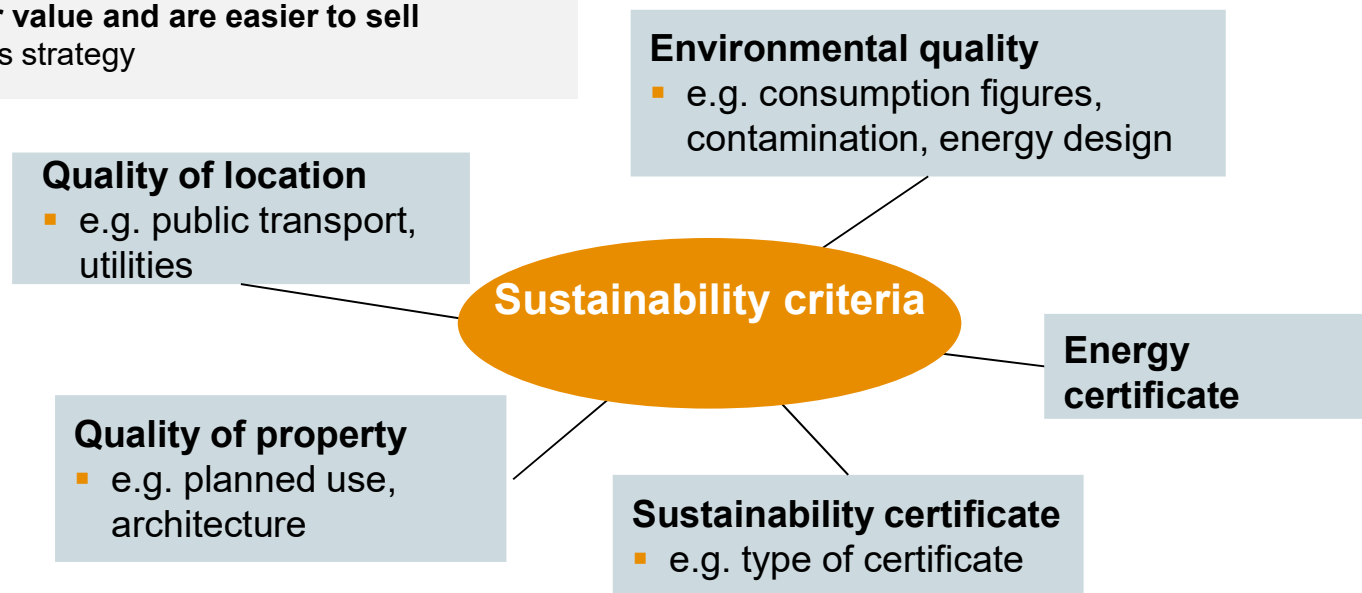
→ Germany and economically strong regions of the UK and France

## ■ **Close and trusting cooperation with partners** in France, the UK, Austria, Spain, the Benelux countries and Switzerland

# Embedding Sustainability Criteria in Commercial Property Valuation

## M-Wert's sustainability criteria

- Integration of **environmental, social and economic criteria in the valuation** of property by M-Wert GmbH
- Use of sustainability criteria in property valuation can have a **positive impact on calculation of the loan-to-value ratio**
- **Properties that maintain their value and are easier to sell** contribute to a low-risk business strategy





# Lending to Public Sector and Banks

## Government and municipal loan portfolio

- **€4.8bn cover pool** for public Pfandbriefe
- **Categories of borrowers in accordance with section 28 of the Pfandbrief Act**
  - 0.0% Federal Republic of Germany
  - 67.8% German Federal States
  - 8.2% German municipal authorities
  - 6.6% Banks with guarantor's liability
  - 17.5% European sovereigns and sub-sovereigns

Status: May 2017

- **Focus on:** Central and regional governments, municipal authorities and Western European banks
- **Regional focus:** Germany and Western Europe
- **Caution exercised in the business area** due to government debt crisis
- **Moderate portfolio** of bonds from countries/banks affected by the debt crisis
- **Lending solely to governments/banks from countries with:** Democracy, rule of law, human rights, fair working conditions
- **Financing of projects with sustainable benefit, e.g. loans to:**
  - Publicly owned housing company of the Walloon government to support construction of social housing
  - Irish state-owned company that provides municipalities with capital for water treatment, waste management and environmental projects
  - Icelandic energy supplier specialising in renewable energies
  - Portuguese state-owned company for rail infrastructure
  - European Investment Bank for a climate awareness bond



# Sustainable Public Sector Financing

- Countries financed by MünchenerHyp score highly in both the **Democracy Index** and the **Freedom House index**

## Country portfolio rated using the Democracy Index

Position Democracy Index	Country	Total points	Electoral process + pluralism	Functioning of government	Political participation	Political culture	Civil liberties	Category	Number of partners	Financing in euros
8	Switzerland	9.09	9.58	9.29	7.78	9.38	9.41	Full democracy	1	27,533,040
9	Finland	9.03	10	8.93	7.78	8.75	9.71	Full democracy	1	109,579,109
12	Netherlands	8.80	9.58	8.57	8.33	8.13	9.41	Full democracy	0	0
13	Germany	8.63	9.58	8.57	7.78	7.50	9.71	Full democracy	14	3,346,200,000
14	Austria	8.41	9.58	7.86	8.33	6.88	9.41	Full democracy	2	170,555,560
17	Spain	8.30	9.58	7.14	7.22	8.13	9.41	Full democracy	3	53,000,000
21	Italy	7.98	9.58	6.43	7.22	8.13	8.53	Flawed democracy	1	17,177,680
24	France	7.92	9.58	7.14	7.78	6.25	8.82	Flawed democracy	2	201,922,464
35	Belgium	7.77	9.58	8.57	5.00	6.88	8.82	Flawed democracy	3	237,865,126
52	Poland	6.83	9.17	5.71	6.67	4.38	8.24	Flawed democracy	1	65,888,399
	Average	8.28	9.58	7.82	7.39	7.44	9.15	Total	28	4,229,721,378

## Country portfolio rated using the Freedom House index

Country	Freedom status	Political rights	Civil liberties	Number of partners	Financing in euros
Belgium	Free	1	1	3	237,865,126
Germany	Free	1	1	14	3,346,200,000
Finland	Free	1	1	1	109,579,109
France	Free	1	2	2	201,922,464
Italy	Free	1	1	1	17,177,680
Netherlands	Free	1	1	0	0
Austria	Free	1	1	2	170,555,560
Poland	Free	1	2	1	65,888,399
Switzerland	Free	1	1	1	27,533,040
Spain	Free	1	1	3	53,000,000
Total				28	4,229,721,378





MünchenerHyp

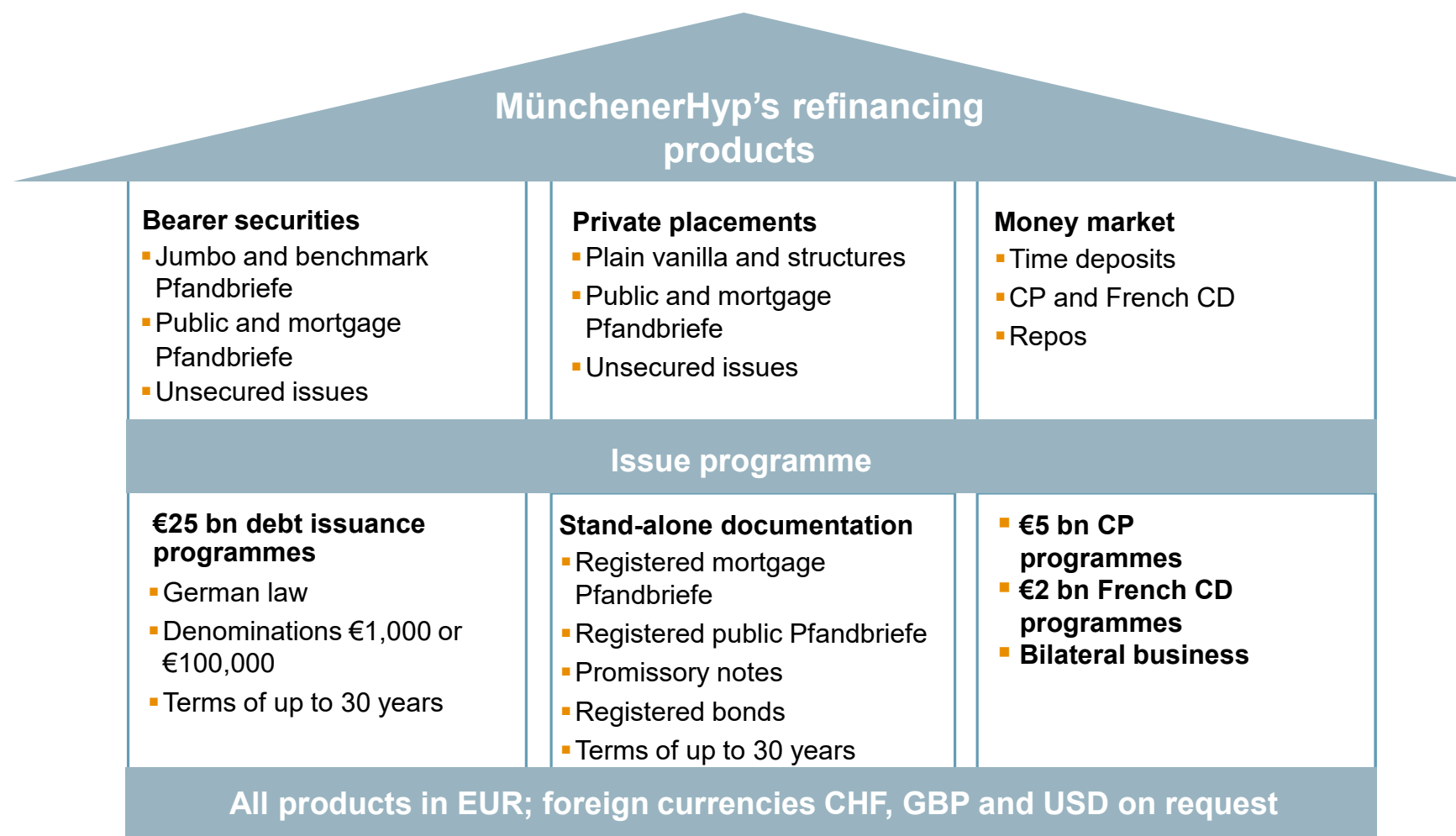
## 8. Sustainable Financial Products







# Refinancing Products





# Sustainable Financial Products

## Refinancing via Pfandbriefe

Outstanding quality of the German Pfandbrief stands for sustainable refinancing in the capital markets

The legal requirements of the Pfandbrief Act are just the minimum requirement for MünchenerHyp

- **Pfandbrief Act with key emphasis on investor protection**
- **Strict requirements on loans that can serve as cover:**
  - Public Pfandbriefe:** only claims against public sector borrowers may serve as cover assets → tight restrictions regarding acceptable counterparties in Germany and abroad
  - Mortgage Pfandbriefe:** secured by liens on property such as mortgages and land charges
- **Mortgage Pfandbrief: mortgage lending value as conservative basis for credit**  
Only the long-term characteristics of a property are taken into consideration; no more than 60% of the mortgage lending value of a property may be used for coverage purposes
- **Pfandbrief holders have preferential rights in case of insolvency:** claims of Pfandbrief holders will be satisfied from the cover pool ahead of all other creditors

- Strict risk standards used to make loans and extend credit, as well as the professionalism of the Bank's risk management, result in **high quality of the Bank's own cover pools**



### Confirmed by external ratings:

- Best rating of Aaa (Moody's) given for public Pfandbriefe as well as mortgage Pfandbriefe
- Moody's Rating A1 for unsecured liabilities



- Pfandbrief holders and other investors in MünchenerHyp securities can trust in the quality and stability of their investments over the long term (even in difficult times)



## High Importance attached to Investors

Reliability and transparency, as well as regular and comprehensive information provided to investors, are key factors behind the success of the Bank's lasting and trustful business relationships with capital market partners

- Regular **investor presentations, road shows, one-to-one discussions and investor meetings** in Germany and abroad, including on the topic of sustainability
- **Intensive support** to investors, not just in the run-up to issues but continuously
- Participation in **podium discussions and conferences**, regular **contact with international industry press**, increasingly on issues relating to sustainable refinancing
- Initiation of standards to **develop an ESG Pfandbrief market**
- Issue of the **world's first ESG Pfandbrief** in 2014



### Awards as an issuer





# Sustainable Refinancing

## Issue of the World's First ESG Pfandbrief

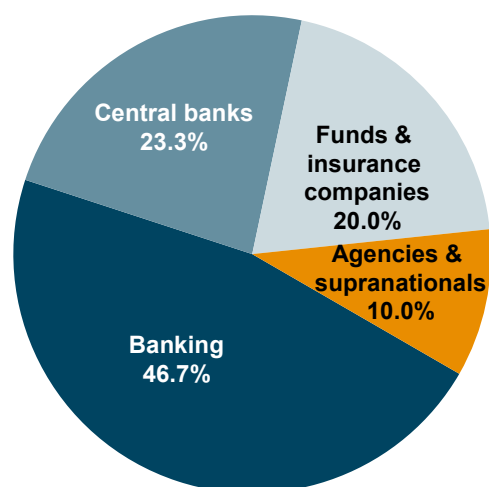
### Issue of 5-year sustainable mortgage Pfandbrief, EUR 0.30 bn, MS - 10bp

- Term 24 Sep. 2014 – 24 Sep. 2019
- Order book around EUR 0.5 bn
- 48 orders from 7 countries
- 32% to new, ethical investors

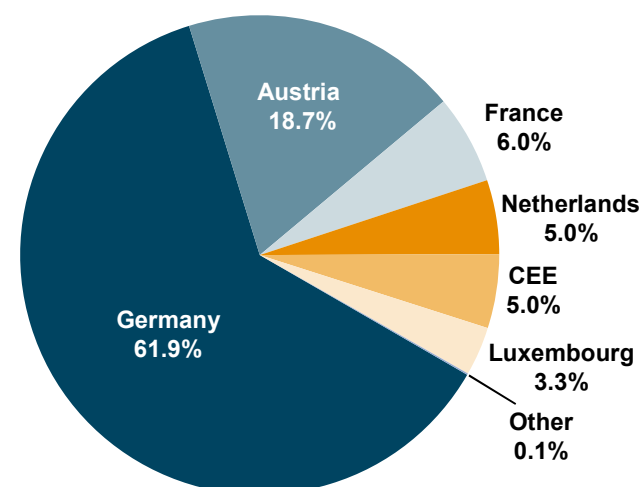
#### Press comments

The Cover: "One of the most important milestones in development of the SRI bond market"

Investors



Geographic split





# Use of Issue Proceeds

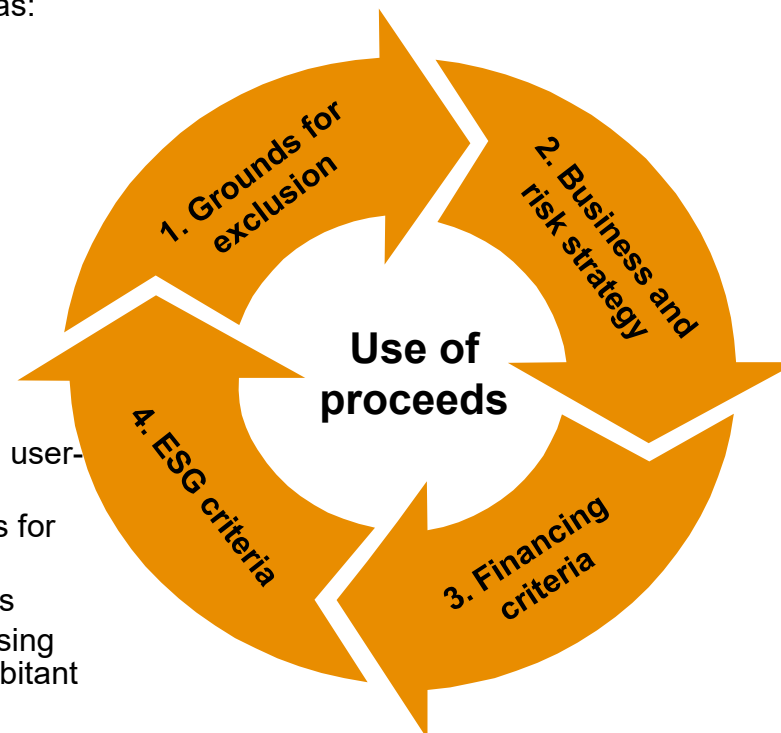
## ESG Pfandbrief

### Grounds for exclusion

- Controversial business areas:
  - Alcohol
  - Gambling
  - Pornography
  - Armaments
  - Tobacco
  - Uranium mining

### Possible ESG criteria

- Social benefit of affordable, user-friendly housing
- Long-term occupancy rights for tenants
- Democratic rental structures
- Avoidance of speculation using residential property, of exorbitant rents and empty properties
- Sustainable construction and energy-efficient refurbishment to KfW standards



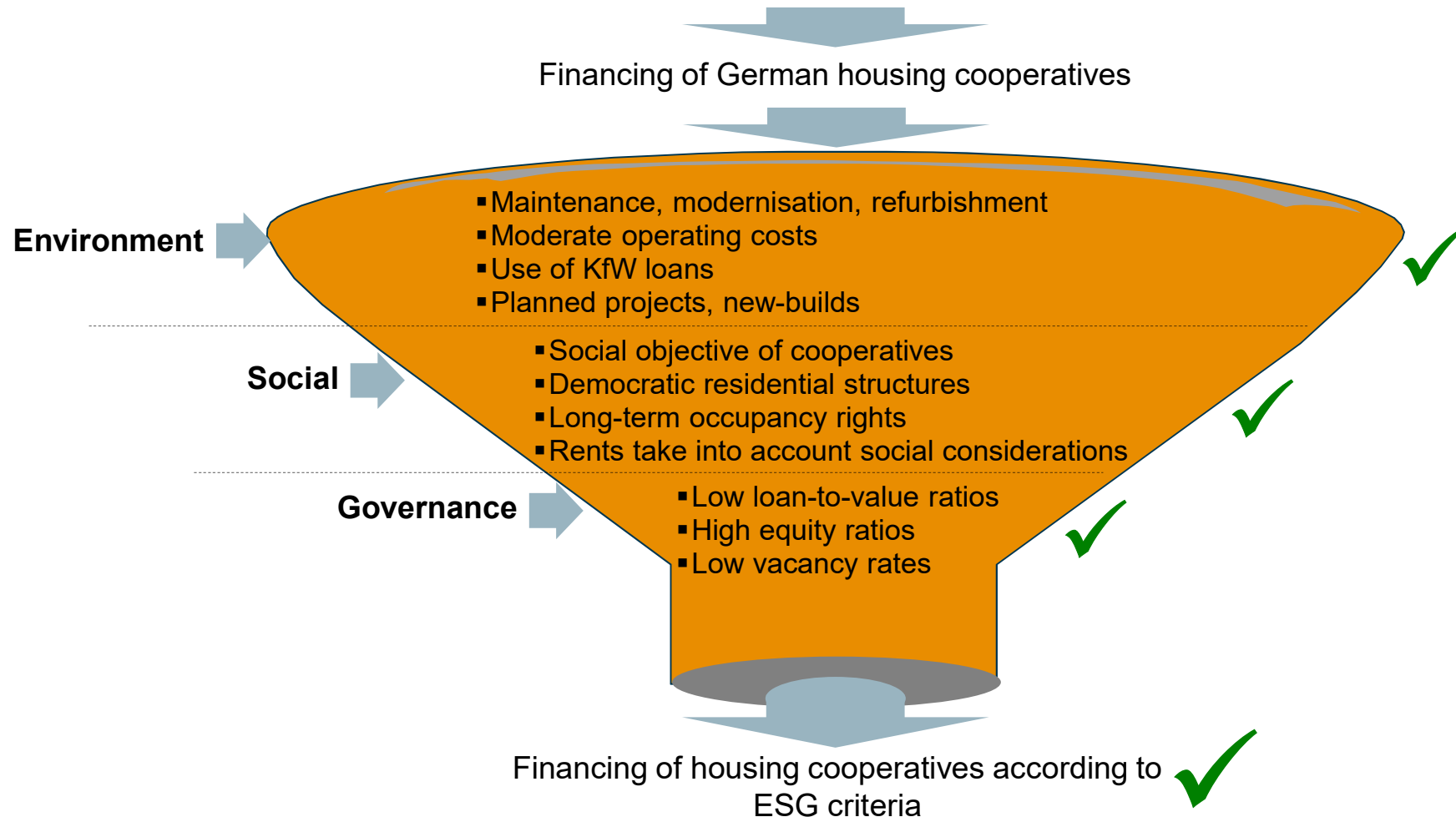
### MünchenerHyp's business and risk strategy

- Partner to Volksbanken and Raiffeisenbanken for financing of residential and commercial property
- Analysis and presentation of counterparty, market price, credit spread, liquidity, model and operational risks

### Financing criteria for commercial real estate finance:

- Finished, well-maintained properties
- Good location with good future prospects
- Sustainable income from property
- Suitable property for alternative uses
- Senior mortgage loans

The idea: Develop a Pfandbrief with sustainable cover assets for the first time







# Social Criteria

## Social purpose

- The purpose of the housing cooperatives, as set out in the articles of association, is to provide good, secure, socially responsible housing to the cooperative members
- Not profit-oriented, avoidance of speculation using residential properties

## Socially compatible rental structures

- Housing prices should be appropriate to achieving the cooperative mission
- Average rents of housing cooperatives are considerably lower than the regional averages; overall: (€5.32/m<sup>2</sup> compared to €6.73/m<sup>2</sup>)\*

**Social mission of  
housing cooperatives  
embedded in articles of association**

## Long-term occupancy rights

- Provision of a cooperative house/apartment usually gives the member a long-term right of occupancy
- Lifetime right of occupancy goes beyond statutory protections

## Democratic residential structures

- Cooperatives use a “one man, one vote” system: every member has one vote, regardless of the number of shares held
- No one member can dominate and impose profit-oriented housing policies, for example

\* Calculated based on figures from the ten housing cooperatives with the largest MünchenerHyp financing volumes



# Economic Criteria

## Low vacancy rates

Average vacancy rate of housing cooperatives financed by MünchenerHyp: 1.15%\*



Very low vacancy rates compared to Germany-wide average: 3.3%\*\*

## High equity ratios

High equity ratios (average 36.2%) of housing cooperatives: low-risk and responsible business policies



Compatible with MünchenerHyp's business and risk strategy: low-risk financing

## Low loan-to-value ratios

Loan-to-value ratio bands			
Loan-to-value ratio	< 30%	30% - 60%	>60%
Coverage capital €	54,245,186	417,408,099	106,315,970

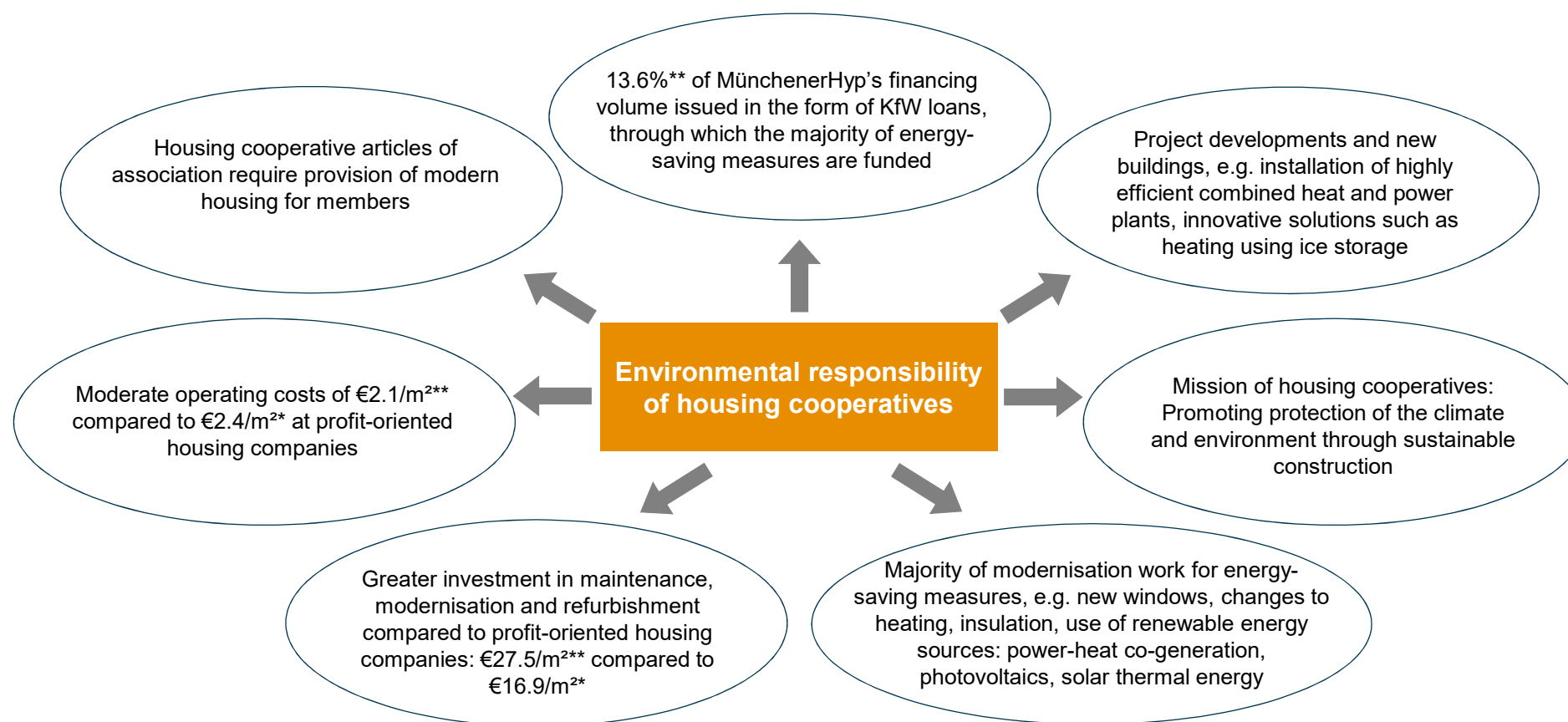


Security for housing cooperatives, MünchenerHyp and investors thanks to sound long-term financing structure

\* Calculated based on figures from the ten housing cooperatives with the largest MünchenerHyp financing volumes

\*\* Source: empirica ag

# Environmental Criteria

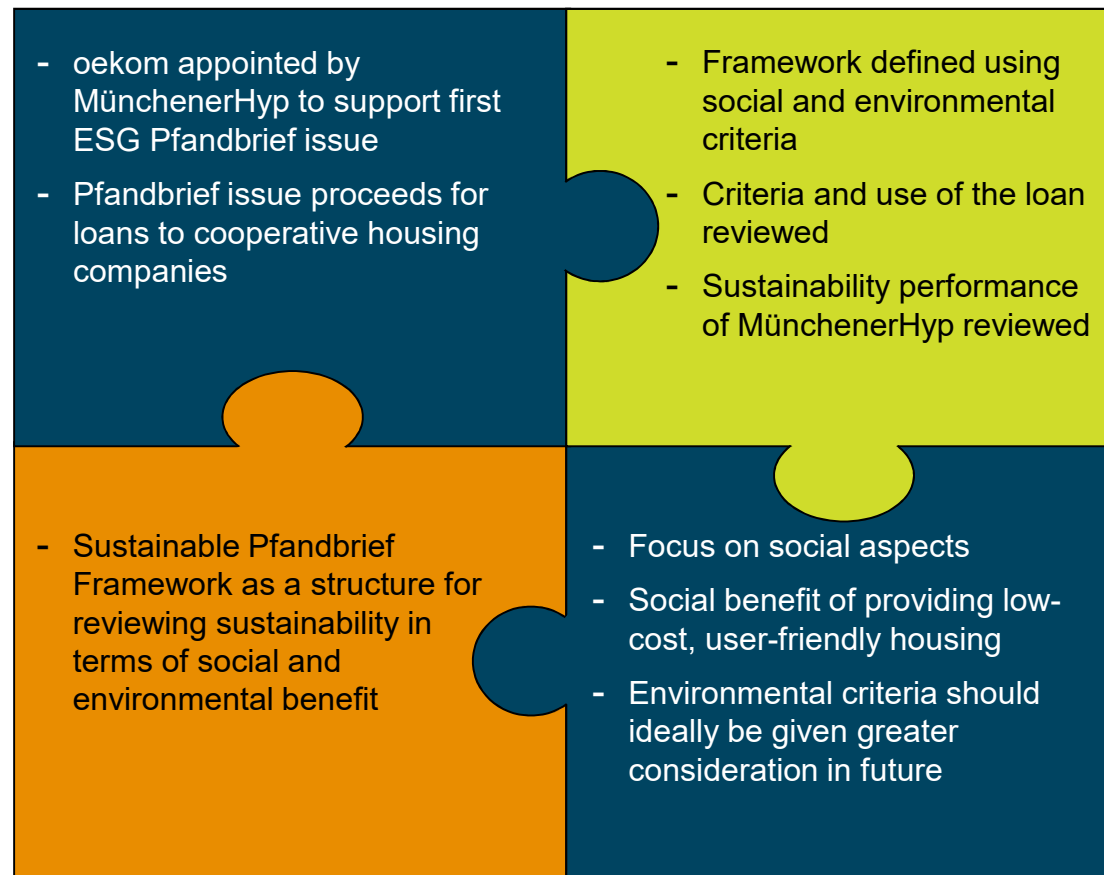


\* Calculated based on figures from the three largest housing companies (in legal form of GmbH, AG or SE) in Germany

\*\* Calculated based on figures from the ten housing cooperatives with the largest MünchenerHyp financing volumes



## Second Party Opinion by oekom research



oekom research

***“This ESG Pfandbrief is a product which can be assessed as positive from a sustainability point of view”***



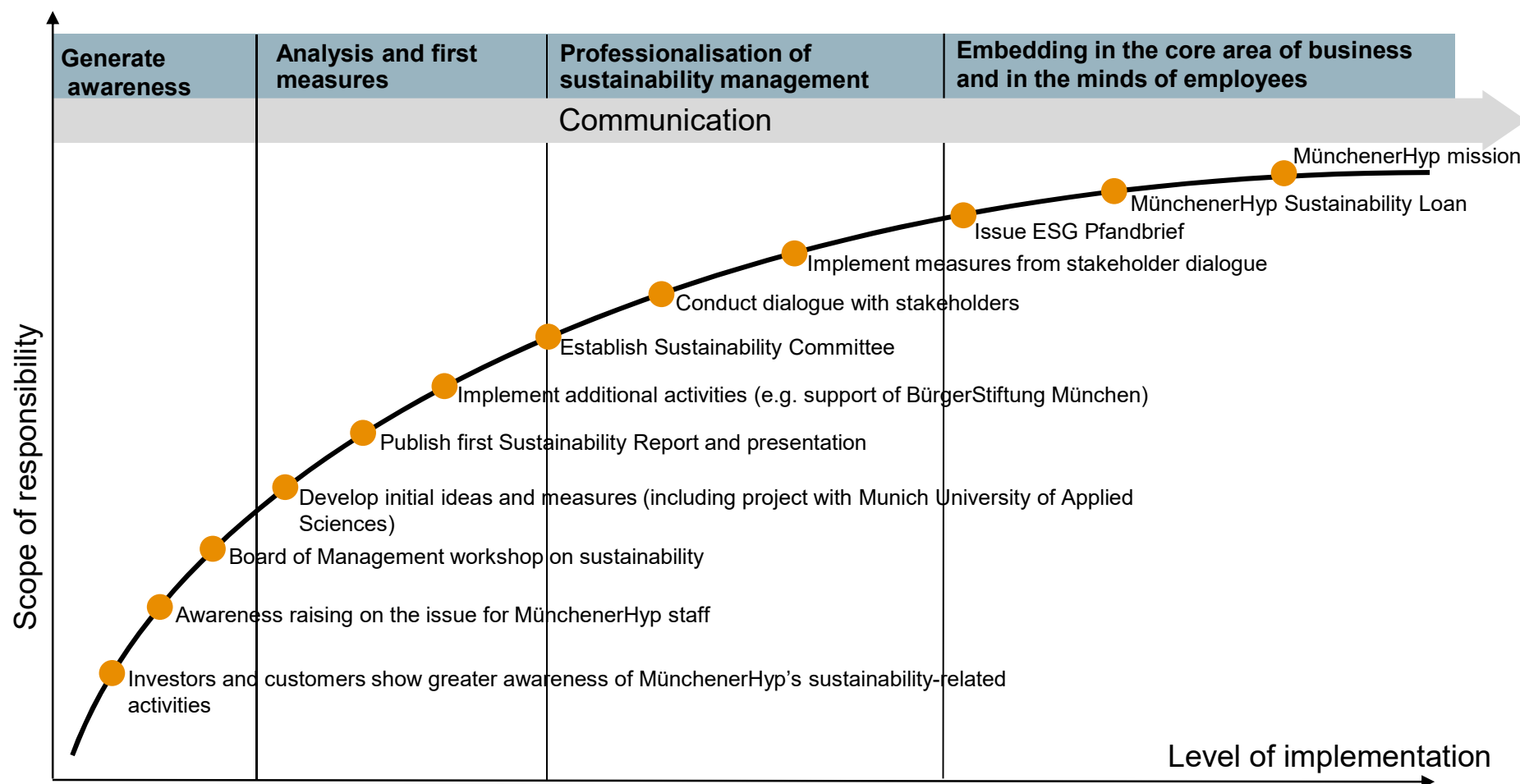
MünchenerHyp

## 9. Outlook





# Progress in sustainability at MünchenerHyp

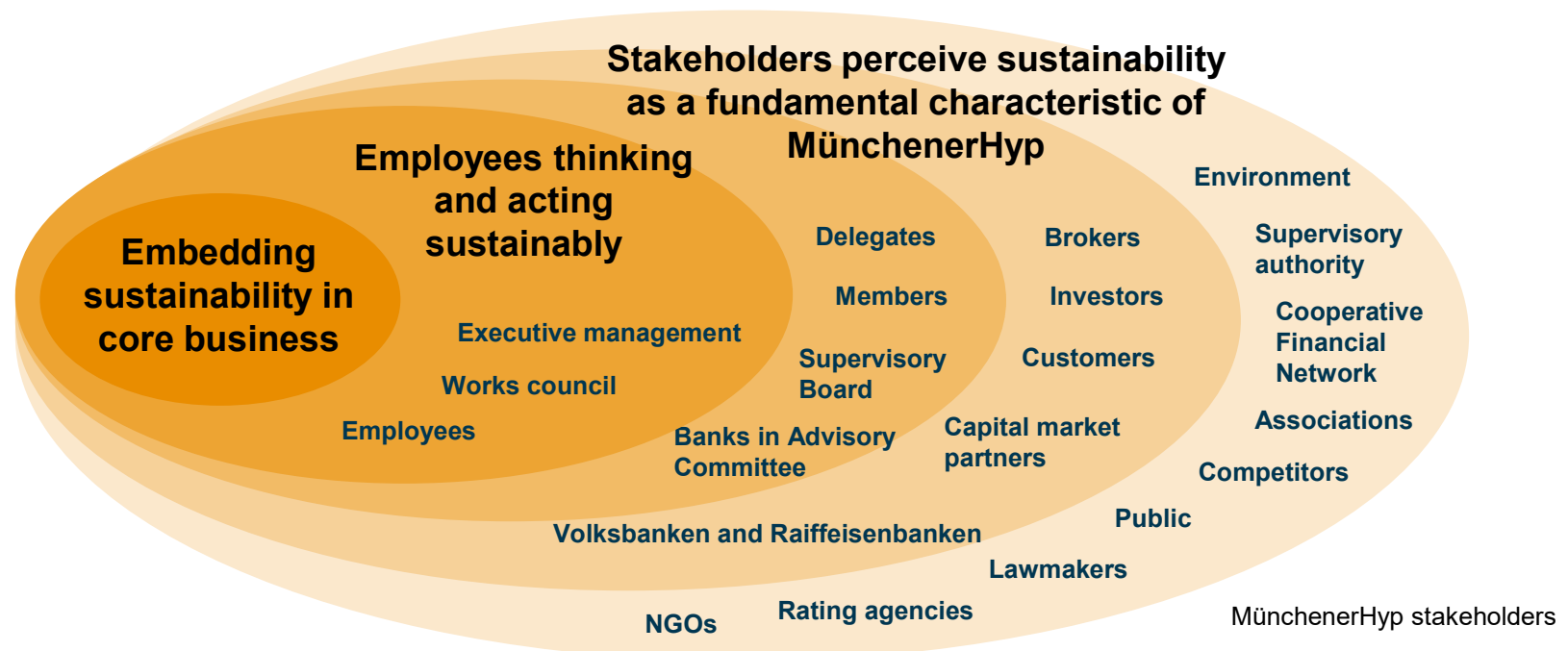






## Principle Objectives

- **Core area of business:** Deeply embed sustainability in MünchenerHyp's core area of business. Make sustainability an integral element of the Bank's business strategy, as well as all of its core processes
- **Employees:** Generate enthusiasm among employees for the subject of sustainability, foster sustainable ways of thinking and acting among all employees
- **Stakeholders:** Cement awareness of sustainability as a fundamental characteristic of MünchenerHyp in the minds of all stakeholders; engage in continuous dialogue with our stakeholders



# Further embedding sustainability in the core area of business





# Sustainability Programme 2017/18 (1)

Area	Objective	Measures	Date	Target achievement
<b>Financing and finance products</b>	Laying technical foundations	Improving ability to analyse sustainability aspects of financing in IT systems	December 2016	Completed
		Definition of sustainability KPIs for reporting	June 2018	Not yet started
		Expansion of technical options for gathering sustainability data	Ongoing	Not yet started
	Embedding sustainability in private real estate financing	Development of environmental and social financing products	Ongoing	Implementation underway
		Further development of support for Volksbanken and Raiffeisenbanken	Ongoing	Implementation underway
	Embedding sustainability in commercial real estate financing	Further integration of sustainability criteria in procedures for commercial financing and loan processing	Ongoing	Implementation underway
		Increased financing of commercial property certified for sustainability	Ongoing	Implementation underway
	Sustainable refinancing	Preparing ESG Pfandbrief for issue	December 2017	Implementation underway
		Expansion of MünchenerHyp ESG cover pool	Annually	Implementation underway
<b>Social responsibility</b>	Human rights policy	Preparation of a guideline on human rights	December 2017	Implementation underway
<b>Communication on sustainability</b>	Publication of a sustainability report in accordance with the CSR Directive Implementation Act	Further professionalisation of data management	September 2017	Implementation underway
		Preparation of sustainability report to GRI Standard	April 2018	Started
	Intensive external communication on sustainability issues	Consolidation of stakeholder dialogue	Ongoing	Implementation underway
		Preparation and regular updating of sustainability presentation 2016	July 2017	Completed
		Increased communication and publications in newspapers/other press	Ongoing	Implemented with publication of an article in the Börsenzeitung, for example, on sustainability in private real estate finance



## Sustainability Programme 2017/18 (2)

Area	Objective	Measures	Date	Target achievement
Responsibility towards employees	Generating enthusiasm among employees for sustainability, regular information on the topic of sustainability	Newsletter on the topic of MünchenerHyp's mission	May 2017	Completed
		Networking event for new employees with information on sustainability management at MünchenerHyp	May 2017	Completed
		Preparation of further sustainability newsletters for employees	September 2017	Not yet started
	Employee involvement	Regular employee surveys and implementation of the resulting measures	December 2017	Implementation underway (qualitative employee survey completed)
		Further development of home office options	Ongoing	Implementation underway
Environmental responsibility	Reduction of energy and resource consumption in own building	Implementation of measures with reference to MünchenerHyp's new mission	July 2017	Completed
		Employee awareness raising for environmentally friendly working	Ongoing	Implementation underway
		Expansion of environmental financing	Ongoing	Implementation underway
	Reduction of indirect CO <sub>2</sub> consumption	Introduction of electronic data processing	November 2016	Completed
		Ensuring sustainable procurement and raising stakeholder awareness of environmental protection	Ongoing	Implementation underway
Corporate governance	Enhancement of risk management	Fulfilment of new regulatory requirements as early as possible	Ongoing	Implementation underway
	Increasing transparency of business activities	Extensive reporting on issues such as compliance	Ongoing	Implementation underway
Sustainability management	Deeper integration of sustainability into organisational processes	Dovetailing of sustainability strategy with business and risk strategy	Ongoing	Implementation underway
		Integration of sustainability into all core processes, e.g. increasinlrv into IT processes	Ongoing	Implementation underway



MünchenerHyp

## 10. GRI Indicators





# GRI Indicators

<b>GRI 4 – General Standard Disclosures</b>		
<b>Abbreviation</b>	<b>Short description</b>	<b>Page reference</b>
<b>Strategy and Analysis</b>		
G4-1	Statement by the Board of Management	10, 11, 17, 33
G4-2	Key sustainability impacts, risks, and opportunities	17-19
<b>Organisational Profile</b>		
G4-3	Name of organisation	2
G4-4	Primary brands, products and services	5, 6–7, 61, 71
G4-5	Location of organisation's headquarters	2
G4-6	Number and names of main countries where the organisation operates	61, 72, 74, 75
G4-7	Nature of ownership and legal form	5, 23, 25
G4-8	Markets served	61, 72, 74, 75
G4-9	Scale of the organisation	5
G4-10	Personnel structure	48, 52
G4-11	Employees covered by collective bargaining agreements	50
G4-12	Description of supply chain	61, 72
G4-13	Significant changes to the organisational and ownership structure during the reporting period	25
G4-14	Precautionary approach	18, 19, 27, 28, 29
G4-15	Externally developed initiatives to which the organisation subscribes or which it endorses	54, 55
G4-16	Membership in associations and advocacy organisations	54
<b>Reporting Scope/Boundaries</b>		
G4-17	Boundary of the report	2
G4-18	Process for defining report content	2
G4-19	Main topics of the report	2
G4-20	Reporting boundaries within the organisation	2
G4-21	Reporting boundaries outside the organisation	2
G4-22	Restatements of information from previous reports	2
G4-23	Changes to the reporting boundaries compared to previous reports	2
<b>Stakeholder Engagement</b>		
G4-24	Stakeholder groups engaged	15
G4-25	Identification of stakeholders relevant to the organisation	15
G4-26	Approaches to stakeholder dialogue	15
G4-27	Concerns of stakeholders and response of the organisation	15

n.d. = no data; n.a. = not applicable



# GRI Indicators

GRI 4 – General Standard Disclosures		
<b>Report Profile</b>		
G4-28	Reporting period	2
G4-29	Date of previous report	2
G4-30	Reporting cycle	2
G4-31	Contact point	99
G4-32	“In accordance” GRI core/comprehensive option	2
G4-33	External assurance	2
<b>Management Approach</b>		
G4-34	Governance structure, including responsibility for sustainability	14, 23, 24
G4-35	Delegation of sustainability issues by the governance bodies	14
G4-36	Appointment of a position for sustainability topics	14
G4-37	Dialogue between stakeholders and governance bodies on sustainability topics	14-15
G4-38	Composition of governance bodies	23-24
G4-39	Information on whether the Chair of the highest governance body is also an executive officer	23
G4-40	Appointment of members of governance bodies	23
G4-41	Dealing with conflicts of interest in the governance bodies	27-29
G4-42	Responsibilities of governance bodies and development and implementation of sustainability goals	14
G4-43	Expertise of the board members on sustainability topics	n.d.
G4-44	Processes for evaluating the Board of Management’s performance	n.d.
G4-45	Responsibilities of the Board of Management regarding impacts, risks and opportunities of sustainability management	14
G4-46	Responsibilities of the Board of Management regarding risk management for sustainability topics	14
G4-47	Frequency of review of sustainability management by the Board of Management	14
G4-48	Highest management level that inspects sustainability report	2
G4-49	Processes for communicating critical issues to the governance bodies	n.d.
G4-50	Critical issues communicated to the governance bodies and their solutions	None
G4-51	Remuneration policies for the governance bodies	30
G4-52	Determining remuneration	30
G4-53	Stakeholder engagement in setting remuneration	None
G4-54	Ratio of highest remuneration to average salary in operating countries	n.a.
G4-55	Comparison of salary increases by employee category in operating countries	n.a.
<b>Ethics and Integrity</b>		
G4-56	Mission and values statement and code of conduct	7, 9, 10, 11, 28, 58
G4-57	Mechanisms for seeking advice on integrity	27-29
G4-58	Reporting mechanisms in relation to unethical or unlawful behaviour	27-29

n.d. = no data; n.a. = not applicable

# GRI Indicators

GRI 4 – Specific Standard Disclosures			
<b>ECONOMIC</b>			
<b>Economic Performance</b>			
EC-1	Direct economic value generated and distributed		5
EC-2	Financial implications and other risks/opportunities for the organisation due to climate change		19, 33
EC-3	Coverage of the organisation's defined benefit plan obligations		n.d.
EC-4	Financial assistance received from government		None
<b>Market Presence</b>			
EC-5	Ratio of standard entry level wage by gender compared to local minimum wage at significant locations of operation		n.d.
EC-6	Proportion of senior management hired from the local community at significant locations of operation		n.a.
<b>Indirect Economic Impacts</b>			
EC-7	Development and impact of infrastructure investments and services supported		n.a.
EC-8	Significant indirect economic impacts, including the extent of impacts	7, 9, 33, 62, 65, 78	
<b>Procurement Practices</b>			
<b>ENVIRONMENTAL</b>			
<b>Materials</b>			
<b>Energy</b>			
EN-3	Energy consumption within the organisation		35-40
EN-4	Energy consumption outside of the organisation		35-40
EN-5	Energy intensity		n.a.
EN-6	Reduction of energy consumption		32-40
EN-7	Reductions in energy requirements of products and services		n.a.
<b>Water</b>			
<b>Biodiversity</b>			
<b>Emissions</b>			
EN-15	Direct greenhouse gas (GHG) emissions (scope 1)		39
EN-16	Energy indirect greenhouse gas (GHG) emissions (scope 2)		n.d.
EN-17	Other indirect greenhouse gas (GHG) emissions (scope 3)		n.d.
EN-18	Greenhouse gas (GHG) emissions intensity		n.a.
EN-19	Reduction of greenhouse gas (GHG) emissions		32-40
EN-20/21	n.a.		n.a.
<b>Effluents and Waste</b>			
<b>Products and Services</b>			
EN-27	Extent of impact mitigation of environmental impacts of products	65, 66, 73, 80-86	
EN-28	Reclaimed products		n.a.
<b>Compliance</b>			
EN-29	Fines and sanctions for non-compliance with environmental laws		None
<b>Transport</b>			
EN-30	Significant environmental impacts of transport		38-40
<b>Aspect: Overall</b>			
EN-31	Total environmental protection expenditures and investments		n.d.
<b>Supplier Environmental Assessment</b>			
<b>Environmental Grievance Mechanisms</b>			

# GRI Indicators

<b>SOCIAL</b>		
<b>Employment</b>		
LA-1	Rates of new employee hires and employee turnover	52
LA-2	Benefits only provided to full-time employees	n.d.
LA-3	Return to work rates after parental leave	n.d.
<b>Labour/Management Relations</b>		
LA-4	Minimum notice periods regarding operational changes, including whether these are specified in collective agreements	n.d.
<b>Occupational Health and Safety</b>		
LA-5	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor occupational health and safety programmes	51
LA-6	Type of injury and rates of injury, occupational diseases, lost days and absenteeism	52
LA-7	Workers with high incidence of disease	None
LA-8	Health and safety topics covered in formal agreements with trade unions	n.a.
<b>Training and Education</b>		
LA-9	Average hours of training and education per year per employee	48
LA-10	Programmes for skills management and lifelong learning	46-47
LA-11	Percentage of employees receiving regular performance and career development reviews	100%
<b>Diversity and Equal Opportunity</b>		
LA-12	Composition of governance bodies and breakdown of employees by category	48
<b>Equal Remuneration for Women and Men</b>		
LA-13	Ratio of basic salary and remuneration	n.d.
<b>Supplier Assessment for Labour Practices</b>		
<b>Labour Practices Grievance Mechanisms</b>		
<b>HUMAN RIGHTS</b>		
<b>Investment</b>		
<b>Non-discrimination</b>		
HR-3	Total number of incidents of discrimination and corrective actions taken	48
<b>Freedom of Association and Collective Bargaining</b>		
<b>Child labour</b>		
<b>Forced or Compulsory Labour</b>		
<b>Security Practices</b>		
<b>Indigenous Rights</b>		
<b>Assessment</b>		
<b>Supplier Human Rights Assessment</b>		
<b>Human Rights</b>		
<b>Grievance Mechanisms</b>		

n.d. = no data; n.a. = not applicable

# GRI Indicators

<b>SOCIETY</b>		
<b>Local Communities</b>		
SO-1	Locations where local community engagement measures have been implemented	15, 54, 55
SO-2	Operations with significant negative impacts on local communities	none
<b>Anti-corruption</b>		
SO-3	Assessment for risks related to corruption and the risks identified	27-29
SO-4	Communication and training on anti-corruption policies and procedures	28, 29
SO-5	Confirmed incidents of corruption and actions taken	none
<b>Public Policy</b>		
SO-6	Political contributions	28
<b>Anti-competitive Behaviour</b>		
SO-7	Legal actions for anti-competitive behaviour, anti-trust and monopoly practices	none
<b>Compliance</b>		
SO-8	Significant fines and sanctions for non-compliance with laws	none
<b>Supplier Assessment for Impacts on Society</b>		
<b>Grievance Mechanisms for Impacts on Society</b>		
SO-11	Number of grievances	none
<b>Product Responsibility</b>		
<b>Customer Health and Safety</b>		
<b>Product and Service Labelling</b>		
<b>Marketing</b>		
PR-6	Sale of banned or disputed products	56, 58, 59
PR-7	Non-compliance with regulations concerning advertising, promotion, etc.	none
<b>Customer Privacy</b>		
PR-8	Number of complaints regarding breaches of customer privacy and losses of customer data	n.d.
<b>Compliance</b>		
PR-9	Fines for non-compliance with laws concerning the provision of products	none

n.d. = no data; n.a. = not applicable



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