

General principles for sustainable investments

(abridged version in accordance with the internal policy)

Responsible Investment Policy

The policy on sustainable investments applies to all of Münchener Hypothekenbank's own investments (Depot A investments) in securities and promissory note loans, as well as a special fund. It is consistent with Münchener Hypothekenbank's business, sustainability and risk strategy.

Depot A

Münchener Hypothekenbank invests in public and liquid assets in its own portfolio, i.e. Depot A. These include securities and promissory note loans from governments, local and regional governments (LRGs), development banks, covered and uncovered bank bonds, and publicly guaranteed investments.

Münchener Hypothekenbank uses these securities and promissory note loans for liquidity, cover pool, collateral management and other purposes.

Both economic and sustainability factors influence its investment decisions. Münchener Hypothekenbank has defined strict criteria for its own investments.

These relate to the following criteria:

- **Respect for human rights and the rule of law**
- **Democratic structures** in the respective countries
- **Political participation** of the citizens in decisions that go beyond the mere act of voting
- **Protection of civil rights**

Exclusions

Münchener Hypothekenbank does not purchase any public or liquid investments whose respective seats (the decisive factor being the main seat or, in the case of publicly guaranteed investments, the seat of the guarantor) are in countries that are:

- high-risk in terms of money laundering (the money laundering reporting officer compiles and regularly updates a list of these countries);
- subject to financial sanctions (embargoed countries and countries with human rights, chemical weapons or other issues) according to the [EU sanctions list](#);
- classified as undemocratic because they restrict human rights or freedom of belief.

- In the case of banks, Münchener Hypothekenbank also checks the institutions' ratings by established and recognised ESG rating agencies. It specifies a minimum rating for each selected agency. If this minimum rating is not met, it will perform a case-specific assessment and this may result in it rejecting the investment. It only makes exceptions for development banks with explicit development mandates.

Responsible Investment Committee (RIC)

The RIC comprises representatives from the Treasury department and Sustainability Management. It meets once a year but can also be convened during the year if necessary. It reviews all of Münchener Hypothekenbank's own investments at its annual meeting. If it finds that an investment no longer meets the above criteria, it can decide on appropriate measures. These can range from postponing a new investment to reducing the invested value by the entire investment amount.

The policy is reviewed annually by the RIC.