



MünchenerHyp

Code of Conduct



Foreword by the Board of Management

Münchener Hypothekenbank eG (MHB) is a cooperative credit institution that specialises in residential and commercial property financing for private and commercial customers. As such, it is particularly concerned that the economy, the environment and society should develop in a future-oriented manner, and it takes responsibility for its own actions accordingly. Its business strategy is guided by considerations of sustainable business practices and is focused on a business model that is risk-aware and oriented towards the long-term. Our mission is to act reliably, transparently and fairly towards our customers, business partners, members and employees. We expect the same from everyone who does business with us.

This Code of Conduct constitutes a mutual guideline that sets out binding standards for lawful, responsible, ethical and sustainable business conduct, and it applies to all of our employees (including the boards of management of MHB and its subsidiaries) and external business partners.

This Code of Conduct is based on international agreements and guidelines, including the Universal Declaration of Human Rights, the conventions of the International Labour Organization (ILO) and the United Nations Global Compact.

This Code of Conduct does not attempt to provide instructions for every situation, but rather sets out a standard for all employees, members, customers and business partners to use as a guide for appropriate and responsible conduct. Its purpose is to ensure compliance with laws, regulations and internal guidelines, as well as providing a uniform awareness of risk to protect the Bank and its employees from harm.

We naturally respect and comply with the laws and regulations of the countries in which we operate. We rigorously investigate and deal with any violations. Specific instructions apply within the Bank and must be duly observed.

We wish you all the best.

Dr. Holger Horn
(CEO)

Ulrich Scheer

Markus Wirsén



Contents

Foreword by the Board of Management	2
--	----------

Employees	4
------------------	----------

Mutual respect and anti-discrimination	4
Fair working conditions	4
Occupational health and safety	4
Respect for human rights	5

Customers and business partners	6
--	----------

Dealing with customers and business partners	6
Outsourcing of services	6

Responsible corporate governance	7
---	----------

Corporate communications	7
Data protection	7
Handling confidential information	8
Managing conflicts of interest	8
Donations and sponsorship	9

Prevention of financial crime	11
--------------------------------------	-----------

Anti-money laundering, financial sanctions and embargoes	11
Bribery and corruption	12
Prevention of cartels and unfair competition	12
Market abuse and insider dealing	13
Whistleblowing system	14

Environment	15
--------------------	-----------

Compliance with this Code of Conduct	16
---	-----------

Compliance contacts	16
----------------------------	-----------



Employees

Mutual respect and anti-discrimination

MHB does not tolerate any form of discrimination, harassment, threats or other hostile or abusive behaviour in the workplace.

Employees and third parties must not be discriminated against or disadvantaged on the basis of their gender, race, skin colour, ethnic or social origin, genetic characteristics, language, religion or worldview, political or other beliefs, membership of a national minority, ownership of property, place of birth, disability, age or sexual orientation.

Nor is any form of verbal, non-verbal, physical or sexual harassment of employees or third parties acceptable.

Harassment is any verbal, non-verbal or physical behaviour that degrades a person or expresses hostility or dislike towards them. In the workplace, this can include behaviour that unreasonably impairs or disrupts an individual's work or creates an intimidating, hostile or insulting working environment.

Our sound corporate governance is in line with applicable laws and our internal guidelines. In addition, we signed the German Diversity Charter as early as 2014 and remain deeply committed to its content.



Things you must do?

- You must treat your fellows fairly and respectfully.
- You must make sure that you do not discriminate against, harass or bully any employees or third parties.
- You must promote diversity, wherever possible and relevant to your position, in accordance with our HR policy.

Fair working conditions

MHB ensures that its employees are fairly paid. It also ensures that there are equal opportunities in recruitment, career development, succession planning, access to training, and applications for vacancies within the company.

Occupational health and safety

We comply with the strict regulations regarding labour and occupational safety. Our employees' physical and mental health is particularly important to us, and we are committed to promoting and protecting it holistically. We also place great importance on a good work-life balance and ensuring that our employees' careers are compatible with their family lives.



Respect for human rights

MHB is committed to the United Nations Universal Declaration of Human Rights and the conventions of the International Labour Organization (ILO).

Acting in an ethically and socially responsible way has high priority within the Bank's corporate governance. The Bank also places importance on compliance with internationally recognised standards on human rights, environmental protection and decent working conditions and on the prohibition of child labour. This Code of Conduct and our Policy on Human Rights and Diversity reflect this stance and define what we expect of our employees, business partners and service providers. You can find this policy on our homepage.

In our daily business, we pay attention to the observance of human rights and take appropriate action if we suspect any violations.



Customers and business partners

Dealing with customers and business partners

MHB maintains trusting, reliable and long-term relationships with its customers and is committed to credibility and transparency.

In distributing our products, we work with our partners, the Volksbanken and Raiffeisenbanken, and independent financial brokers to ensure that our customers receive high-quality and responsible advisory services. Our customer service staff receive regular training on the features of our products and the risks inherent in them.

We take the financial situation of each target group of customers into account and do not link advertising with inappropriate incentives – to encourage high borrowing, for example.

We also take account of the legal requirements relating to consumer protection, in particular the EU Consumer Rights Directive, the EU Mortgage Credit Directive, the German Consumer Dispute Resolution Act (Verbrauchserstreitbeilegungsgesetz, VSBG) and the German Risk Limitation Act (*Risikobegrenzungsgesetz*, RisikoBegrG).

Outsourcing of services

We expect our service providers to adhere to this Code of Conduct.

To ensure the sustainable implementation of these guiding principles, we expect our service providers to act in accordance with this Code of Conduct and to ensure that their subcontractors (if any) do the same.

We expect them to act in an ethically and socially responsible manner and to comply with internationally recognised standards on human rights and decent working conditions – including ensuring freedom of association and the absence of forced and/or child labour, as well as any form of discrimination. We also expect them to perform their duty of care with regard to protecting the environment. See the section entitled “Environment” for further details.



Things you must do

- You must inform our service providers about this Code of Conduct and/or make it available to them.
- You must pay attention to any reports of possible violations of our guiding principles by our service providers and inform your manager about them.



Responsible corporate governance

Corporate communications

Our communications are transparent, timely and appropriate and are focused on their target audiences and on stimulating dialogue.

They comply with the currently applicable legal requirements and accounting standards.

Another goal of our communications is transparency towards the competent authorities and other public bodies. We cooperate with and support these bodies.

We have rules for monitoring our disclosures and our communications with external stakeholders and the competent authorities. These are set out in a framework document entitled "Monitoring by the management body of MHB's disclosures and its communications with external stakeholders and competent authorities".

Data protection

MHB complies strictly with the data protection regulations.

We only process and use personal data to the extent permitted by the laws and regulations, by our own rules on data processing, and by the data subjects themselves.

Processing includes storing, changing and/or erasing personal data.

We train our employees on the basic principles of data protection and information security in order to raise their awareness



Things you must do

- You must respect your colleagues' right to informational self-determination.
- You must ensure that third parties to whom we have delegated the collection, management and/or processing of personal data also comply with our principles and the legal requirements.
- You must process personal data in accordance with specified and documented procedures.



Things you must not do

- You must not process personal data without a legal basis. The relevant conditions can be found in Article 6(1) of the GDPR: these include the consent of the data subject and the need to perform a contract or to comply with a legal obligation.
- You must not share personal data or other customer data with any third parties unless one of the above legal bases applies.



Handling confidential information

Unauthorised sharing of information is prohibited.

You are never allowed to share confidential information with any family members, friends or any other persons who are external to MHB. Even if you are convinced that they will not misuse the information, you must remember that the information does not belong to you. Confidential data that is kept by business units is secured by information barriers and is not accessible by other units. If anyone attempts to obtain confidential information without authorisation, the relevant employees must promptly inform those responsible for corporate security and/or for compliance at the local level.

Our employees are instructed not to share any information that they have gained from previous employers (including any information that they have gained from clients or customers of previous employers) with MHB and/or its employees, because this also constitutes confidential information.



Things you must do

- You must protect your own trade secrets adequately and ensure that they are only made available to employees who need to know them.
- You must ensure that any information that is entrusted to us is stored securely.



Things you must not do

- You must not share any confidential information about our products, business model or internal strategic thinking with any third parties.

Managing conflicts of interest

Conflicts of interest must be avoided or resolved.

A conflict of interest arises when an employee's personal or financial interests conflict with those of MHB, its customers or business partners, putting their ability to act objectively and in accordance with their obligations and duties at risk. This could damage MHB's reputation and credibility and result in civil and/or regulatory sanctions. A conflict of interest arises as soon as there is a risk of influence, not just when such influence actually applies. Secondary employment at, participations in, personal relationships with and/or previous jobs with competitors, customers or business partners must not pose the risk of a conflict of interest. You must promptly report any actual or potential conflict of interest to your manager. This rules out concealment and prevents dependencies from developing. You must promptly make the report and inform your manager about any matters that could lead to, or have already led to, the conflict of interest. You can do this formlessly, verbally, over the phone, in writing or by email.

Your manager must then assess whether the reported situation could result in a conflict of interest in the business and, if so, counteract it through appropriate organisational measures (e.g. by changing employees' responsibilities). For lending and property valuation, we have defined rules for the structured assessment of conflicts of interest in an internal manual.

In exceptional cases, where it is not possible to counteract conflicts of interest through organisational measures, managers must report them to the Compliance Department. Line managers must take extra care to ensure that the Bank's interests are protected in such situations.



Managers must document their reports of conflicts of interest, and the decisions they take, in a comprehensible manner.

If, upon assessing the overall circumstances, a manager cannot rule out the possibility that business decisions have already been taken in the context of existing conflicts of interest, they must involve the Compliance Department in a joint review.



Things you must do

- You must promptly inform your manager about any potential or existing conflict of interest that is influencing, or could influence, your decisions or actions.
- You must promptly inform your manager about any position, participation or financial interest in an organisation that is a competitor, customer, supplier or other business partner of MHB, if your position would enable you to influence the business relationship with them.
- You must promptly inform your manager about any previous employment (within the last three years) with an organisation that is a competitor, customer, supplier or other business partner of MHB, if your position would enable you to influence the business relationship with them.
- You must promptly inform your manager if a previously mentioned conflict of interest exists with a third party.
- You must not accept any gifts or entertainment if this could give the impression that something would be required or expected in return.



Things you must not do

- You must not disclose confidential information to any internal or external third parties, especially not with the aim of concluding personal account transactions indirectly via a third party.
- You must not accept, offer or give any gifts or entertainment if this could give the impression that something would be required or expected in return.
- You must not fail to disclose any actual or potential conflicts between your own interests and those of the Bank.

Donations and sponsorships

Donations

MHB participates in social and community life by making donations for charitable, social, cultural, sporting and scientific purposes to the extent customary in business. Recipients of our donations must therefore meet our ethical values.

To avoid accusations of political influence or favouritism, we do not donate to any political parties or organisations that are affiliated with political parties. Nor do we permit any donations to private individuals.

We only permit donations if and to the extent that the recipients meet the tax law criteria for recognition as "charitable", "benevolent" or "for ecclesiastical purposes". The Compliance Department monitors compliance with these internal requirements.



Sponsorships

Donations of monetary benefits, benefits in kind and/or services are permitted with the aim of promoting culture, sport, health, environmental protection, education, science or the Cooperative Financial Network in order to obtain an advertising or other public relations advantage (i.e. for sponsorships). This includes payments to Volks- und Raiffeisenbanken as part of sales competitions or for participation in joint marketing initiatives with the network partners.

We have transparent internal processes in place for handling sponsorships, and these are monitored by the Compliance Department.



Prevention of financial crime

Anti-money laundering, financial sanctions and embargoes

We do not allow our company to be misused for money laundering or terrorist financing.

Our measures to prevent the inflow of criminally obtained funds implement national and international requirements for the prevention of money laundering and terrorist financing and are subject to ongoing monitoring and adjustment. At the same time, we ensure compliance with existing financial sanctions and embargoes in accordance with applicable legal requirements with the help of technical support and ongoing monitoring.

In cases of suspected criminal activity, we actively involve the relevant unit within the Compliance Department. The Bank promptly reports well-founded suspicious cases to the competent reporting office. This does not constitute external communication of suspicious activity reports.

We enquire actively and appropriately about the purpose and intended development of business relationships with our customers, following clear rules and procedures. We consider information about the transactions that underly the engagements and analyse it carefully when making our decisions.

Our employees are made aware of this topic through regular training.



Things you must do

- You must know your business partners and customers and understand their business models.
- You must validate the information provided by your customers and business partners with appropriate evidence and only enter into business relationships in accordance with the Compliance Department's internal requirements.
- You must at all times keep accurate and complete records of all your business activities for the Bank.
- If you suspect money laundering or terrorist financing, you must consult with the Compliance Department on the next steps.



Things we/you must not do

- We must not enter into any business relationships without knowing the identity of our customers and contractual partners (this is called "Know your customer" or "KYC").
- You must not discuss suspicious cases with anyone other than the contacts that are required internally for the process.
- You must not delay in reporting your suspicions of money laundering – still less fail to report them at all.
- You must not ignore or conceal information that could help to identify or assess a suspicious case.
- You must not, through active or passive behaviour, contribute to sanctions violations, money laundering or terrorist financing.



Bribery and corruption

We do not tolerate corruption or unfair business practices by our employees or any third parties commissioned by us.

Protecting the trust of our customers, business partners and members in the fair and ethical conduct of our Bank and employees is important to us. We therefore make our decisions independently, taking account of economic, regulatory, legal, social and environmental considerations. We do not tolerate offering or accepting bribes, granting or accepting advantages, or any other form of corruption under German law or comparable prohibitions under foreign law, either within our own organisation or at affiliates, business partners or other third parties.

We have implemented a Gifts and Entertainment Policy to provide our employees with a reliable framework for their conduct. This ensures that they comply with legal and market standards when offering or accepting gifts or extending or accepting invitations to meals or events. The Compliance Department monitors compliance with the Gifts and Entertainment Policy.



Things you must do

- You must report any gifts and entertainment to the Compliance Department in accordance with the Gifts and Entertainment Policy.
- You must report any attempted bribery that you become aware of to the Compliance Department.



Things you must not do

- You must not offer or accept any gifts or entertainment except in accordance with the Gifts and Entertainment Policy.
- You must not offer or accept any bribes.

Prevention of cartels and unfair competition

MHB supports fair competition.

We treat other institutions and our business partners fairly, respectfully and professionally, and we do not engage in unfair business practices. We comply with the law when dealing with our competitors and avoid any activities that could result in unlawful restrictions on competition.



Things you must do

- You must always speak fairly and respectfully about our competitors.
- You must not participate in price fixing with our competitors.



Things you must not do

- You must not ask customers or service providers to break any existing agreements with our competitors.
- You must not exchange any competition-related information with our competitors in violation of competition law, for example in the context of association work.



Market abuse and insider dealing

We protect inside information and never use it for our own or others' benefit.

In the course of our business activities, we may gain access to confidential information about our customers, the Bank or other companies. This may include inside information about securities issuers, which is subject to specific rules on conduct.

This involves information that is not yet public and could have a significant impact on the price of a financial instrument if it became public. Using such information is a criminal offence.

We have implemented organisational and technical measures to prevent market manipulation and insider dealing, and we ensure that these measures are effective through appropriate controls. These measures aim to protect the integrity of the market. Our employees' personal account transactions must always comply with the prohibition of insider dealing and must not be based on the misuse or unlawful disclosure of confidential information.



Things you must do

- You may only disclose inside information to another person if they have a legitimate interest (a "need to know") within the scope of the Bank's usual processes and their official duties.
- If you have access to inside information, you must inform the relevant departments of the Bank, so that they can ensure that the legal and regulatory requirements are complied with.
- You must also inform the competent department if you suspect that inside information is being misused.



Things you must not do

- You must not use inside information to pursue the interests of yourself, any third parties or the Bank.
- You must not make securities recommendations based on inside information.



Whistleblowing system

We have an internal whistleblowing system.

All MHB employees are encouraged to raise any concerns that they may have relating to fraud. Employees should speak up if they suspect any potential misconduct or if they encounter any behaviour or situations that could give rise to ethical, legal or regulatory concerns. We cannot exclude the risk of MHB employees acting contrary to the Bank's principles, this Code or applicable laws, regulations and/or ordinances. They are obliged to report any imminent damage without delay. They must do so even if such damage is caused by the conduct of their colleagues.

They can make their reports in writing, by telephone, email or fax, or in person to the Compliance Department. A whistleblower's anonymity will be guaranteed unless the Compliance Department is obliged by law to disclose the person's identity. No disciplinary or other adverse measures will be taken against a whistleblower, except in the case of demonstrably intentional abuse of the whistleblower system. Any discrimination, retaliation or other type of unfair treatment of a whistleblower is prohibited.

Misuse of the internal whistleblowing system – for example, by making false allegations in a deliberate or grossly negligent manner – would constitute a serious disturbance of the industrial peace at MHB. Depending on the severity of the breach of duty, this could result in a warning or dismissal.



Environment

MHB recognises its responsibility towards the environment.

Our core business and our contribution to promoting a sustainable property industry offer the greatest leverage for minimising negative impacts on the environment and helping to tackle climate change.

Our sustainability strategy sets out our goal of making a positive contribution to the Paris Agreement on climate change. MHB has set clear targets and developed appropriate programmes regarding climate change. We are striving to promote environmentally friendly construction, particularly through the green products in our core business. We expect our employees and business partners to support these ambitions.

We are also aware of our responsibility at our own location and will establish an appropriate environmental management system at MHB to reduce our impact on the environment so far as possible. We are also encouraging our business partners and suppliers to use or establish environmental management systems. This includes regular employee training and other appropriate measures to raise awareness and optimise resource consumption.

We expect our employees, subsidiaries and business partners to share our basic approach to protecting the environment. It is crucial in this respect that all of the relevant legal regulations and applicable standards are complied with, and that any necessary approvals are obtained and adhered to.



Things you must do

- You must take environmental concerns into account in your business decisions and everyday conduct, balancing them with social and economic concerns.
- You must inform yourself about current and locally applicable laws and comply with them.



We undertake to ...

- support environmental behaviour in others as well, and
- make a significant contribution to achieving our environmental targets through our decisions and conduct in our own business area.



Compliance with this Code of Conduct

The Compliance Department acts as a central point of contact for reports regarding actual, imminent or planned violations of internal rules, this Code of Conduct or applicable laws and legal standards.

Employees receive a copy of this Code when they are first hired, and it can also be consulted internally at a central location.

Any intentional violation of this Code may result in serious consequences, including disciplinary measures such as termination of employment.

Compliance contacts

If any employees of MHB, its subsidiaries or its business partners have any questions about this Code, the Compliance Department should be their first point of call. You can contact the Compliance Department via the following email address: compliance@muenchenerhyp.de.



Volksbanken Raiffeisenbanken
cooperative financial network

Münchener Hypothekenbank eG
Karl-Scharnagl-Ring 10
80539 Munich

+ 49 89 5387 - 0

+ 49 89 5387 - 770

info@mhb.de

www.mhb.de