

## Introduction

MÜNCHENSTIFT is a non-profit organization and a wholly owned subsidiary of the City of Munich. It is the largest service provider for seniors in Munich, with nine care and nursing homes, five supported residences, five ambulatory care services and two day care centers.

For years, the management of MÜNCHENSTIFT has been taking measures to make the company more sustainable. MÜNCHENSTIFT and all its employees are particularly committed to environmental protection. That is why we have consistently focused our business activities on avoiding environmental pollution and conserving resources. Sustainability and environmental protection are unshakable values for us - as a non-profit organization.

As a municipal subsidiary, MÜNCHENSTIFT naturally applies the sustainability and climate goals of the state capital. For example, the state capital has signed the 2030 Agenda, has been a Fair Trade City since 2013, and is aiming for climate neutrality by 2035.

Sustainability and environmental protection are immovable values for MÜNCHENSTIFT. Since 2020, sustainability has been an explicit corporate goal and is therefore anchored in the company's canon of values. With this canon of values, MÜNCHENSTIFT ensures responsible, forward-looking and respectful action within the company, based on shared values. The Charter of Rights for People in Need of Long-Term Care and Assistance, developed by the Federal Ministry for Family Affairs, Senior Citizens, Women and Youth, is the guiding principle of our care and nursing concept.

In line with the EU's 1997 Amsterdam Treaty, MÜNCHENSTIFT understands sustainability as a link between environmental

protection, the economy and social and societal benefits, such as democratic structures or fair income distribution.

MÜNCHENSTIFT is firmly convinced that it complies with the standards of the German Corporate Due Diligence Obligations in Supply Chains Act (LkSG) within its own business area. However, violations can be reported immediately and without delay.

The ILO's core labor standards, based on five fundamental principles, serve as a fundamental benchmark for respecting human rights, including with respect to suppliers:

- Freedom of association and the right to collective bargaining
- Abolition of forced labor
- Abolition of (exploitative) child labor
- Elimination of discrimination in respect of employment and occupation
- Occupational health and safety

It also condemns all forms of slavery and (modern) human trafficking.

It implements applicable laws, respects internationally recognized human rights and environmental obligations, and takes care to prevent human rights abuses and environmental pollution in the course of its business activities. It is also committed to complying with the occupational health and safety regulations applicable at the respective place of employment, to paying appropriate wages and to protecting the freedom of association of its employees. This is also reflected in its membership of the Bavarian Municipal Employers' Association.

MÜNCHENSTIFT expects corresponding commitments from its suppliers and contractors and communicates these expectations regarding human rights and environmentally friendly behavior in the context of awarding contracts and in tenders by the contracting authority. Even before the

## Human rights policy

according to § 6 Corporate Due Diligence Obligations in Supply Chains Act (LkSG)



law came into force, MÜNCHENSTIFT attached great importance to fairly traded products. It also expects its employees to observe the principles of ecological, social and ethical behavior and thus actively incorporate them into the corporate culture.

MÜNCHENSTIFT would like to see the LkSG explicitly address the issues of gender equality, indigenous peoples' participation, biodiversity and climate protection. MÜNCHENSTIFT therefore regards the LkSG as an important milestone in the fur-

ther development of social and environmental standards in international trade. However, the goal of comprehensive social and environmental standards in international trade has not yet been achieved. The MÜNCHENSTIFT therefore welcomes the announcement by the German government to evaluate the effectiveness of the law in 2026 and to amend it if necessary.

*This policy begins to apply beginning January 1, 2024.*

## Procedure for implementing the due diligence obligations of the LkSG

MÜNCHENSTIFT complements its existing risk management organization with LkSG-specific risk management and integrates it into all relevant business processes.

The Risk Manager is responsible for the central coordination and operational management of the risk management system. In this function, the processes of risk identification and updating, risk assessment and risk management are reviewed for plausibility. Risk Owners in the respective business units are responsible for identifying, updating, assessing and managing risks, independently taking countermeasures to prevent damage and monitoring the risk situation in their business area. They add the risks identified in the risk identification process to the risk inventory and prepare an assessment that is validated by the Risk Manager as part of the dual control principle. The business units are supported by a software-based workflow for risk description.

They discuss what the risk is in the event and process, and what the main causes and main effects or consequences are if the risk materializes.

As part of its risk management, MÜNCHENSTIFT conducts an annual and event-driven risk analysis to identify human rights and environmental risks along its supply chain, paying particular attention to those risks that, in MÜNCHENSTIFT's experience, are prevalent in the long-term care sector. For the LkSG-specific risk analysis, direct suppliers are prioritized according to purchasing volume, business area and country of origin of the goods. The audit strategy is to start with the suppliers with the highest risk potential in the supply chain.

If the company's risk analysis reveals human rights or environmental risks in its supply chain, it immediately takes preventive measures. This applies to MÜNCHENSTIFT's own operations as well as to its supplier relationships:

With respect to supplier relationships, it systematically focuses on identifying actual violations and working in partnership to improve them. It takes preventive measures, in particular by developing and implementing appropriate procurement policies.

## Human rights policy

according to § 6 Corporate Due Diligence Obligations in Supply Chains Act (LkSG)



MÜNCHENSTIFT will seek contractual assurances from suppliers where a risk has been identified that they will comply with legal human rights and environmental requirements and that these will be appropriately addressed along the supply chain. In addition, appropriate contractual monitoring mechanisms will be agreed with these suppliers.

MÜNCHENSTIFT has taken precautions and established regulations in its own business area that help it to fulfill its duty of care. Examples of this include its commitment to collective bargaining, company

### Complaints office

Independently of the risk analysis and the risks identified, MÜNCHENSTIFT has established an internal complaints procedure that enables all affected persons to report human rights and environmental risks as well as violations of human rights and environmental obligations. MÜNCHENSTIFT has a vested interest in receiving such reports, which it views as an aid to identifying potential risks and fulfilling its obligations.

It therefore also accepts anonymous information in this context, but expressly prefers non-anonymous information. The reason for this is that the clarification of the matter and the containment of a specific risk or the elimination of a violation are generally more effective if communication with the whistleblower is possible. MÜNCHENSTIFT has integrated the complaints office into its human resources department. The responsible employees process the information received in accordance with the requirements of the Corporate Due Diligence Obligations in Supply Chains Act and, in particular, maintain confidentiality. This includes consulting with other departments as necessary.

agreements on working hours, occupational health and safety support services, and preventive environmental protection measures.

If, in the course of its risk analysis, MÜNCHENSTIFT determines that a violation of a human rights or environmental obligation has occurred or is imminent, it discusses with management, the Risk Manager and the Risk Owners possible appropriate remedial measures and implements them to remedy the violations.

If the report was not anonymous, the whistleblower will receive feedback on the status of the proceedings as required by law.

The complaint procedure is publicly accessible via MÜNCHENSTIFT's whistleblower system.

The effectiveness of the complaints procedure will be reviewed and developed by MÜNCHENSTIFT on an ongoing basis, but at least once a year.

# Human rights policy

according to § 6 Corporate Due Diligence Obligations in Supply Chains Act (LkSG)



## Reporting

MÜNCHENSTIFT will document its efforts to effectively implement its due diligence obligations on an ongoing basis. In addition, starting in the first quarter of 2025, it will publish an annual report on the fulfillment of its due diligence obligations. This

will be published on our website no later than four months after the end of our financial year and will be available free of charge for a period of seven years.

Munich, December 2023

A handwritten signature in black ink, appearing to read 'Renate Binder', is positioned above the printed name.

**Renate Binder**  
Managing Director

# Complaint procedure

according to § 8 Corporate Due Diligence Obligations in Supply Chains Act (LkSG)



## Preamble

Compliance with human rights and environmental due diligence obligations is also a top priority for MÜNCHENSTIFT. Violations can have serious consequences for the company, its employees, our business partners and other affected parties and must therefore be identified at an early stage in order to initiate appropriate countermeasures and avert potential damage.

To this end, we have established an effective complaints procedure that can be used to report human rights and environmental risks or violations. The system is based on standardized, rapid procedures and confidential, professional handling of reports.

The most important information about the complaint procedure is presented below in a clear, understandable and transparent manner.

## Complaint Procedure

### **Receipt Confirmation**

Once a report is received, its receipt is documented internally and the person making the report receives an acknowledgement of receipt within one week.

The Complaints Office will treat the information confidentially and in accordance with the provisions of the LkSG.

### **Complaint Review**

The Complaints Office will first determine whether sufficient information is available to review and investigate the reported facts.

If not, the Complaints Office will contact the whistleblower, if possible, to request additional information. If there is insufficient information or if it is not possible to contact the whistleblower, the case is closed.

## Right to Complain

Any person who becomes aware of risks or violations of human rights and environmental concerns within the meaning of the LkSG may file a complaint. This also applies to associations of persons such as NGOs. It is also possible to submit a complaint anonymously.

## Whistleblower system

The whistleblower system is open to all employees, business partners, customers or other third parties to report specific or potential legal violations and complaints. It is free of charge and available 24 hours a day.

### **Facts Clarification**

The Complaints Office will conduct a full investigation of the matter itself or will refer the matter to the appropriate body, e.g. within the company for investigation, while respecting confidentiality and data protection. If necessary, and to the extent possible in the case of anonymous reports, the Complaints Office or the responsible office will discuss the facts of the case with the person making the report and may request further information.

If, after fact-finding, discussion and investigation, the Complaints Office or Responsible Entity is satisfied that there are no human rights or environmental risks or violations in its own operations or those of its suppliers, the case will be closed.

## Complaint procedure

according to § 8 Corporate Due Diligence Obligations in Supply Chains Act (LkSG)

Assessing the admissibility of the appeal and clarifying the facts insofar as this is necessary to assess admissibility.

### ***Solution Development***

If, in the opinion of the Complaints Office or Responsible Entity, the investigation confirms human rights and environmental risks or violations of human rights or environmental obligations in its own operations and those of its suppliers, a proposal for further action (in particular preventive and remedial measures) will be prepared. Where possible and appropriate, the whistleblower will be involved in this process.

### ***Implementation***

Finally, the implementation of the proposed solution is followed up by the Complaints Office or Responsible Entity.

### ***Closing the Case***

The whistleblower will be notified of the completion of the complaint process, if there is a way to contact the whistleblower.

The processing time is highly case-specific and may take anywhere from a few days to several months. However, we strive to complete the investigation in a timely manner.

### ***Miscellaneous***

The effectiveness of the procedure is reviewed annually and on an ad hoc basis. If necessary, the procedure will be adjusted or corrective action will be taken.

Throughout all of the above steps, transparent communication with the whistleblower regarding the course and progress of the complaint or report will be maintained to the extent possible. The whistleblower will be kept regularly informed.

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