

FAIR BUSINESS & COMPLIANCE

1. UNDERSTANDING THE TOPIC

Our long-term value creation strategy is underpinned by our commitment to ethical business conduct, robust corporate governance and high levels of transparency. Our approach to fair business and compliance is founded in complete adherence with legal requirements whilst being reflective of our pledge to be a responsible organization and employer. Our pursuit of strong, secure cash flows and exceptional shareholder value is systematically supported by a risk mitigation philosophy that reduces and hedges risk exposure through a values-based approach.

Our Code of Conduct is the foundation of our business and culture, which embeds our principles of integrity, respect, performance, accountability, and sustainability firmly into our business activities. From the outset, our training and employee engagement activities seek to instill these same values in our employees and business partners. From data protection to anti-discrimination, our roadmap aims to guide their everyday behaviors while enhancing Aroundtown's reputation for integrity.

Protecting our reputation as a responsible business is vital for continuing to attract and retain today's top talent as well as safeguarding our long-term relationships with our communities, customers, business partners and shareholders.

2. MANAGING THE TOPIC

As one of Europe's third largest listed real estate companies, we seek to lead by example in upholding the highest standards of responsible business practice. Compliance with all applicable laws and regulations is fundamental to this endeavor and a prerequisite for maintaining our ability to attract shareholders and bondholders; secure and retain tenants and safeguard our reputation for transparency and trust within the marketplace and society at large.

We have developed a comprehensive compliance framework including ethical policies and guidelines, which outline our commitments to transparency, fair business and zero tolerance of non-compliance, enabling us to navigate increasingly complex legal frameworks, safeguard our business against unethical behavior and its associated risks and uphold our reputation vis-à-vis our stakeholders.

Our compliance framework covers all stages of the property investment process, from acquisition through to asset and property management, as well as all administrative and operative functions. It is designed to prioritize the prevention of compliance violations and misconduct outright through the implementation of corporate level policies and standards. These are monitored through regular review procedures and by promoting timely, complete, and fault-free disclosures of conflicts of interest and other sources of controversies. A management structure is in place to support these policies, cov-

ering the full scope of the Group's activities and enabling our management team to have full oversight of our operations.

Employees are strengthened in their ability to take decisions through clear guidelines and internal regulations as well as ongoing access to CREA, our e-learning tool that provides online self-study compliance courses. Our development programs for managers emphasize the tenets of professional leadership. In addition, zero tolerance towards compliance violations is continually communicated in meetings and mentorship and coaching programs.

We review and update our processes on an ongoing basis to ensure optimal alignment with the evolution of our portfolio, the market and legal requirements. Aroundtown's annual risk review feeds into our regular update of all compliance-related policies and procedures, taking account of any changes in the external regulatory context. This enables us to harmonize all Company guidelines with the latest requirements relevant to our activities.

Codes of Conduct

Our Code of Conduct for employees forms the backbone of our commitment to ethical behavior. It is a mandatory component of all employment contracts, and applies equally to staff in all levels of the organization. It establishes behavioral standards in relation to various ethical risks including bribery, corruption and discrimination and is additionally supplemented by specific policies on key issues (Anti-corruption Policy; Anti-discrimination Policy; Whistle-blowing Policy; Anti-money Laundering Policy, Data Protection Declaration, User Policy for Dealing with Digital Content and Devices, and the Green Procurement Policy). The Compliance Management Team is charged with ensuring that all current legal and market requirements are reflected in Aroundtown's policies and structures. These policies are available in the sustainability section of our website.

These policies provide all staff with extensive guidance on our standards of behavior. All new employees receive training on the Code of Conduct when they join the company as part of the onboarding process, and existing employees are required to complete an annual refresher training module on compliance awareness, which ensures they regularly reaffirm their familiarity with these policies and make a personal pledge to abide by them. The annual refresher training is mandatory for all employees, regardless of contract type, and completion of the module is monitored through an internal tracking tool, informing managers informed when the training has not been completed by staff.

Aroundtown also maintains a Code of Conduct for Business Partners, which is included within all contracts with Business Partners. Similar to our Employee Code of Conduct, it outlines

the ethical behavior expected from our Business Partners making reference to relevant national regulations, as well as international laws and standards. With the integration of SAP almost complete, it provides us with the functionality to track the signing of the Code by all our business partners and ensure a consistent documentation thereof.

Internal control mechanisms

Aroundtown's internal control systems have been designed to comply with legal requirements and market expectations, and as such, the Company considers them to be thorough and effective. We have a rigorous internal risk monitoring system, which includes regular risk assessments to identify instances of non-compliance in relation to activities such as bribery, corruption, and anti-competitive behavior.

Employees and Supervisory Board members, for example, are required to register their membership of external industry organizations and institutions to track conflicts of interest, and any membership fees must be approved by the compliance department. Relevant employees are also obliged to undertake anti-trust e-learning training modules and receive guidance on competition law and risks.

As part of the annual risk assessment (which was postponed to 2022), we will implement a company-wide questionnaire to measure the understanding of compliance risks across the business, including familiarity with our policies. This will allow us to track key performance indicators such as employees' awareness of reporting lines, procedures, and legal obligations on an annual basis.

In 2021, we created a Group-wide intranet page to make it easier for all employees, regardless of location, to access consistent information, guidelines, policies and procedures on topics such as bribery, corruption and ethics along with links to CREA (our e-learning tool). The site also includes reporting tools to utilize digital convenience and remove some barriers of reporting. For example, employees will be able to directly report conflicts of interests with internal and external stakeholders, including those concerning gifts and entertainment, to the compliance department, supporting a robust monitoring approach. The intranet page will be fully launched in 2022.

Whistle-blowing procedures

Our Whistle-blowing Policy outlines the standard internal reporting procedure: employees report to department and division heads, who inform the Chief Compliance Officer. Alternative routes are offered to ensure that employees feel empowered to register their concerns, free from fear of repercussions. Employees and business partners can report their concerns through email, post, a personal contact or a tollfree number.

Through our "Speak up" approach, employees are encouraged to address any concerns they might have about violations of the law, our Code of Conduct or internal policies anonymously through a web-based reporting application. The system is operated via an external provider, giving both external and internal stakeholders the ability to report, 24/7, using secure communication, any suspected or verified instance of non-compliance or misconduct. The service will be officially launched in 2022.

We have established a Compliance Unit, with representatives from the legal, HR and compliance teams, which is responsible for monitoring non-compliance reports and assessing these for both impact and severity. Where further investigation is required, management and the Compliance Unit will consult on the appropriate procedure. In the event an incident is reported, the Chief Compliance Officer is tasked with initiating an appropriate investigation of the circumstances, conducting discussions with the parties affected, and documenting a formal report. All reports are tracked and measured in line with our internal procedures, including the types of misconduct and any subsequent measures taken. The informant and witnesses are updated by the Compliance Department as needed. Disciplinary sanctions are taken should the preconditions for such measures be met.

Public policy and political donations

As a rule, we do not pursue any political lobbying activities or make donations to political parties. However, Aroundtown does participate in public policy debates through its membership of the German Property Federation (ZIA) (where we sit on its CSR and Diversity Committee), the European Public Real Estate Association (EPRA), and the German Sustainable Building Council (DGNB) – a non-profit association with a goal of supporting the sustainable construction and operation of real estate in Germany. For example, through EPRA - which promotes sustainability reporting for the transition to a sustainable built environment – we have previously supported engagement and consultation with the EU on the Sustainable Finance and Taxonomy Regulations as they apply to the real estate industry.

3. PERFORMANCE

Long-term Goals and 2021 Performance

To guide the implementation of our sustainability strategy and track our progress, we have developed several long-term goals that we are continuing to work towards:

- » Reduce liability and improve transparency
- » Maintain zero tolerance towards compliance violations through our embedded „Speak-up“ approach“

To monitor our performance and contribute to the achievement of our long-term goals, we track the following KPI.



During 2021, five potential compliance cases were reported within the Group. However, internal audits did not identify sufficient enough evidence that confirmed any of them. All cases were closed, and none resulted in a sanction or fine.

In 2021, we also set targets to focus our efforts on compliance risk management and awareness. Below, we have described the progress against these targets:

2021 Target	Status	Progress
Compliance Risk Assessment	Postponed	We postponed the 2021 Group-wide compliance risk assessment to 2022 to focus on implementing our whistle-blower system. Nevertheless, a risk assessment conducted in 2021 under the leadership of the Sustainability Department and an Internal Audit covered a significant number of compliance topics that are related to ESG.
Launch a Group-wide compliance intranet site	Achieved	Guidelines, regulations, policies and procedures by department have been made readily available to employees through the creation of a compliance intranet page in 2021, where information on topics such as bribery, corruption and ethics can be easily accessed by all. A reporting tool has also been added to the site to enable employees to directly report conflicts of interest to the compliance department, including those concerning gifts and entertainment. The intranet page will be officially launched in 2022.

Priorities for 2022

Moving forward, we will continue to strengthen awareness of compliance across the business with the introduction of compliance awareness days and compliance ambassadors. Both initiatives have been postponed to 2022 due to restrictions on in-person meetings because of COVID-19. The compliance awareness days will inform employees about compliance and corporate governance, providing the necessary tools to address the risks that these topics present. The ambassadors will provide a point of contact between employees and the centralized compliance department, ensuring any compliance incidents and questions are raised and investigated appropriately. In addition, we will also put in place a virtual welcome day to create a coherent onboarding process for all new employees to ensure they are equipped with the information and tools they need to comply with our robust compliance culture.

To remain vigilant to the potential risks and opportunities posed by a dynamic external and internal context, we will undertake our postponed Group-wide compliance risk assessment in 2022. We will also roll-out a new Code of Conduct to all employees, so they remain up to date with compliance-related policies and procedures and understand what is expected and update our business partner evaluation process through SAP. This will be coupled by the official launch of our compliance intranet page.

These measures will support our longer-term goal to achieve external certification to the IDW (Institute of Public Auditors in Germany) PS 980 Standard for our compliance management system. The PS 980 standard provides a best-in-class framework for the content and structural requirements of a compliance management system in line with legal and regulatory requirements in Germany.

DATA TABLE

Key figures	Unit	2019	2020	2021
Monetary contribution on lobbying and interest representation	€	0	0	0
Monetary contributions to local, regional or national political campaigns/ organizations/ candidates	€	0	0	0
Monetary contributions to trade associations	€	51,435	51,435	41,750
Total political contributions and spending on public policy	€	0	0	0