

# FAIR BUSINESS & COMPLIANCE

## **PART 1 - UNDERSTANDING THE ISSUE**

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 goes above and beyond what is legally required and expected and is reflective of our pledge to be a responsible organisation 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 instil these same values in our employees and business partners. From data protection to anti-discrimination, our roadmap aims to guide their everyday behaviours 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.

## PART 2 – MANAGING THE ISSUE

As Germany's largest listed commercial real estate company, 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 endeavour 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 behaviour 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 prioritise the prevention of compliance violations and misconduct outright through the implementation of corporate level policies and standards which are monitored through extensive internal audit 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, covering the full scope of the Company'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, and our development pro-

grammes for managers emphasise the tenets of professional leadership.

We review and update our processes on an ongoing basis to ensure optimal alignment with the evolution of our portfolio; the market and legal environments. GCP'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 harmonise all Company guidelines with the latest requirements relevant to our activities.

### Code of Conduct

Our Code of Conduct for employees and the Code of Conduct for Business Partners forms the backbone of our commitment to ethical behaviour. It is a mandatory component of all employment contracts which applies equally to staff in all levels of the organisation and contracts with business partners. It establishes behavioural 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 and procedures (including 'Know Your Customer' checks), Data Protection Declaration, User Policy for Dealing with Digital Content and Devices, and the Green Procurement Policy). These policies are available on the sustainability section of our website.

These policies provide all staff with extensive guidance on our standards of behaviour. 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 Compliance Management Team is charged with ensuring that all current legal and market requirements are reflected in Aroundtown's policies and structures. In 2020, the training was updated to reflect changes to the Code of Conduct including its focus areas and each employees' obligations and expectations (see 'Performance' below).

Aroundtown also maintains a Code of Conduct for Business Partners, which is included within all supplier contracts. Once our new enterprise resource management software is fully integrated, it will provide us with the functionality to track the signing of the Code by all of our business partners, further formalising their commitment to operating at the same high standards of compliance.

### Monitoring Compliance

Aroundtown's internal control systems have been designed to exceed 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 behaviour.

Employees and Supervisory Board members, for example, are required to register their membership of external industry organisations 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 2021 due to COVID-19), 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.

We are also finalising a Group-wide intranet site to make it easier for all employees, regardless of location, to access consistent information, guidelines, policies and procedures relating to compliance risks. When the site is launched in 2021 across the Group's German, Dutch and UK operations, it will include a reporting tool to enable employees to directly report conflicts of interests, including those concerning gifts and entertainment, to the compliance department.

### Whistle-blowing procedures

The standard internal reporting procedure via department and division heads to the Chief Compliance Officer is outlined in our Whistle-blowing Policy, which includes alternative routes to ensure employees feel empowered to register their concerns. A whistle-blowing service, operated via an external provider, is in place to enable both external and internal stakeholders to report any suspected or verified instance of non-compliance should it occur.

Whilst we encourage employees to address any concerns they might have about violations of the law, the Code of Conduct, or internal policies in person, they may also do so an-

anonymously. In 2020, reporting routes were expanded to an anonymous web-based whistle-blower reporting application where employees and business partners can report their concerns through email, post, a personal contact or a toll-free number. The service will be officially launched in 2021. 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 & 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.

Our contributions in 2020 supported a variety of initiatives undertaken by the ZIA and EPRA to promote the economic, legal, political, and fiscal interests of the German and European property sector. Given that much of the year was dominated by COVID-19, this included work by the ZIA to engage with national government on the impact of the pandemic on the real estate industry, how the industry can support the

recovery and the steps government can take to assist sectors such as retail and hospitality (including hotels). Through EPRA, we have supported engagement and consultation with the EU on the sustainable finance and Taxonomy Regulations as they apply to the real estate industry.

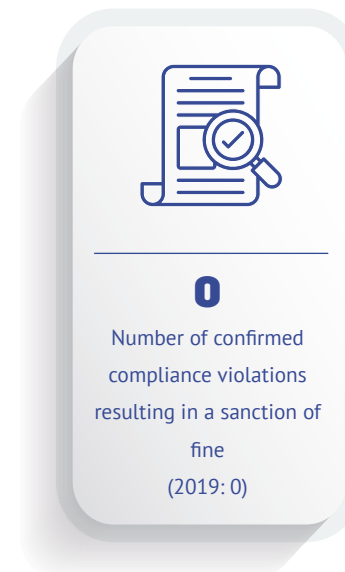
## PART 3 – PERFORMANCE

### Long-term Goals and 2020 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:

- Improve liability and transparency
- Maintain zero tolerance towards compliance violations

There are several key figures which we track on a yearly basis to monitor our performance and contribute to our long-term goals:



During 2020, we had zero compliance violations that resulted in a sanction or fine. As well as our KPIs, in 2020 we set targets to focus our efforts on compliance risk management and whistle-blowing procedures. Below, we have described the progress against these targets:

2020 Target	Status	Progress
Online compliance training	Achieved	Our updated compliance e-learning module was launched in March 2021 (see 'Significant activities' for more information).
Introduce web-based whistle-blower service	Achieved	Throughout 2020, we expanded our whistle-blower system to encompass several new methods of reporting including via email, post, personal contact and a toll-free number to provide a wider variety of ways that employees and business partners can access the system. The system will be launched as part of the centralised intranet in 2021.
Compliance Risk Assessment	Partially achieved	Due to COVID-19, we scaled-back our assessment and instead conducted a leadership review to understand the efficacy of our existing guidelines and policies. We organised a workshop and interviews to ensure our leadership team have the necessary knowledge, behaviours, and support mechanisms to reduce compliance risks. A larger Group-wide compliance risk assessment will be held during 2021.

## Significant activities

### Embedding a compliance culture

Empowering our employees to act responsibly is a vital part of our approach. In 2020, we introduced new measures to make it easier for employees to understand their obligations and responsibilities in upholding the Code of Conduct. We have created a Group-wide intranet site that will ensure the consistent application of our policies and procedures across all Aroundtown functions and countries, and updated our online compliance training covering topics such as corruption, money laundering, and anti-competitive behaviour. The training will be mandatory for all employees, regardless of contract type. Given the importance of this issue to our business, completion of the training will be monitored through an internal tracking tool.

### Priorities for 2021

To contribute to our long-term goal and focus our efforts in 2021, we will strengthen awareness of compliance across the business with the introduction of compliance awareness days. The days, which were originally planned for 2020 but postponed due to COVID-19, will inform employees about compliance and corporate governance, providing the necessary tools to address the risks that these topics present.

Secondly, we will introduce compliance ambassadors across Group functions and country operations. They will provide a point of contact between employees and the centralised compliance department, ensuring any compliance incidents and questions are raised and investigated appropriately.

We will also continue with the launch of our Group-wide compliance intranet in 2021, accompanied by the introduction of our enhanced whistle-blower system, compliance and Code of Conduct refresher training and conflict of interest reporting tool. As well as the centralised compliance site, we will provide a breakdown of compliance policies, guidelines and procedures by department to ensure compliance information is as easy to access as possible for our employees.

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 TABLES

Key figures	Unit	2018	2019	2020
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	51.435
Total political contributions and spending on public policy	€	0	0	0