

SUPPLY CHAIN & HUMAN RIGHTS

1. UNDERSTANDING THE TOPIC

Aroundtown is committed to maintaining stringent standards of ethical behavior throughout our operations and in our supply chain. Our core values of integrity, respect, performance, accountability and sustainability apply to customers, business partners and employees alike. As a responsible employer, and one of Germany's leading real estate investors, we take all necessary steps to assure that labor laws are being fulfilled, and every precaution to prevent risks of human rights violations. Failure to do so could have significant negative impacts on our business, leading to a loss of trust among our shareholders, bondholders, tenants and other stakeholders, as well as sanctions and fines.

Maintaining these standards throughout our supply chain is a priority, and through the consistent application of the Aroundtown Code of Conduct, we hold our business partners responsible to the same standards of performance. Aroundtown's supply chain comprises companies contracted for supply of goods, contractors and service providers engaged for construction, and facility management companies. They are collectively referred to as business partners. Although our supply chain is not typically associated with 'high-risk' activities or countries, we nonetheless take a risk-based approach to ensure that core labor standards and the rights of individuals are upheld and protected.

2. MANAGING THE TOPIC

Supply Chain Management

To maintain our high standards of ethical behavior, fair business practices and transparency, it is essential that we ensure our business partners fulfil these same expectations. As such, we carefully select business partners, taking into account their corporate philosophy and values and their ESG commitments, and aim to develop long-term relationships with trusted partners who have a proven track record of operating to the same high ethical standards as Aroundtown itself.

We clearly communicate our expectations in invitations for bids, and an open dialogue about our commitment to sustainability plays an important role when beginning a relationship with a new business partner. Although we have no formal policy to prioritize smaller local and regional business partners, we pay close attention to these characteristics and welcome tenders from such companies, recognizing the benefits in terms of reduced procurement risk, as well as the opportunity to support local businesses and boost regional economic development.

All relationships with business partners are founded on an explicit commitment to upholding the Aroundtown Business Partner Code of Conduct. The ESG standards stipulated within the Code are contractually binding, and we may terminate the relationship with immediate effect should any violations be identified. We also reserve the right to subsequently ex-

clude the contractor concerned from the awarding of future contracts.

In general, risks related to responsible procurement activities are reduced by the fact that all business partners contracted by Aroundtown operate within central Europe. This means that, like Aroundtown itself, they are subject to the EU's comprehensive legal framework. We select and monitor our business partners based on ESG criteria laid out in our Business Partner Code of Conduct. This enables us to categorize our business partners based on their associated risk level, similar to a traffic light system. In 2021, we began to review our selection and audit process with the intention to strengthen it further and to give our procurement managers the required framework to address potential risks and initiate counter measures.

Our monitoring of business partners' activities will be strengthened in 2022 as we have begun to consolidate some of our procurement activities for common facilities management services, which has also enabled us to focus more on responsible procurement.

Where significant potential hazards are identified, such as in materials handling, business partners are required to provide evidence of corresponding certifications and permits. In addition, we perform regular checks during site visits, e.g., when

materials are delivered, as well as inspections by our appointed health and safety coordinators or fire prevention officers. Through these on-site inspections and subsequent reporting, our internal project managers build up a comprehensive understanding of possible risks associated with different activities and plan accordingly to ensure these are identified and avoided in future projects.

During 2021, our checks continued to include heightened requirements regarding the implementation of COVID-19 secure measures for construction and facilities management activities. Furthermore, we have included additional guidance and requirements on COVID-19 as part of our discussions with potential bidders to ensure that service providers and construction companies are aware of the need to comply with hygiene regulations, and that these are also adhered to in subsequent operations and on the construction site.

We have implemented a Green Procurement Policy which defines the basis on which contracting decisions should be made and is communicated to all employees with responsibility linked to procurement of goods and services. We educate our staff accordingly to enhance awareness of how purchasing decisions affect environmental impact and other sustainability issues in the supply chain and as much as possible, we purchase services and materials from local organizations. Business partners are expected to mitigate negative environmental impacts wherever possible and orient their operations toward the ISO 14001 environmental management standard. Moreover, we work together with suppliers to assess various aspects of sustainability and discuss where improvements can be made.

Human rights

Aroundtown views upholding recognized standards of decent work and respect for human rights to be non-negotiable components of our business premise. As we operate mainly within central Europe, our operations are governed by the strict regulations and legal framework of the European Union. These laws provide extensive human rights protection at a local level, meaning concrete human rights violations are not a substantial risk in our operations.

Nevertheless, we strengthened the process of identification, and wherever required, management of human rights within our operations and throughout our supply chain with the creation of our Human Rights Policy. The policy details Aroundtown's commitment to fully respect and uphold human rights in accordance with the UN Guiding Principles on Business and Human Rights and international standards including the Declaration of the International Labor Organization on Fundamental Principles and Rights at Work and the International Bill of Human Rights, covering topics such as equality, freedom of association, safe work environment, and education and development. In addition, it lays out the expectations of suppliers, the monitoring and control of violations and infringements, and reporting requirements.

Accordingly, we avoid the possibility of human rights violations in our procurement and contracting activities. A key element of our asset repositioning strategy involves creating long-term value through the refurbishment of formerly underperforming properties. The building work required by

these activities is carried out by construction companies and their subcontractors. The main area for possible human rights violations lies with subcontractors, as these are not under our direct oversight. There is also a risk of human rights violations occurring in relation to the migrant workers potentially employed by large construction firms.

Human rights violations of any kind are not tolerated, and all business partners are mandated to commit to providing decent standards of work by signing of the Business Partner Code of Conduct. Child labor and forced labor are explicitly renounced. We equally expect all business partners to foster workplaces free of discrimination and harassment.

Effective controls of business partner selection have been implemented. All business partners, who are primarily local medium-sized enterprises, are required to sign Aroundtown's Code of Conduct for Business Partners, which details a firm commitment to human rights.

In the case of construction activities, each undertaking is managed by a dedicated Aroundtown project manager, who deals directly with the on-site contractors. Project manager visits at all sites - during acceptance of partial deliveries of services or within the scope of inspections - evaluate contractors' compliance with the Code. We also conduct spot checks of business partners' compliance through our relevant operational departments.

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 continue to work towards:

- » Increase the number of business partner audits
- » Maintain zero human rights violations in the supply chain

To monitor our performance and contribute to our long-term goals, we track human rights violations on a yearly basis



In 2021, we recorded zero human rights violations in Aroundtown's operations and throughout our procurement activities, or otherwise connected to our business operations.

Below, we have described the progress against our goals in 2021:

| 2021 Target | Status | Progress |
|--|---------|--|
| All construction project processes to be monitored according to an internal "traffic light" system | Ongoing | We have launched a review of our business partner selection and auditing processes in 2021. We will continue in to do so in 2022 with the intention to strengthen these further and create the required framework for our procurement managers to address potential risks and initiate counter measures. |
| Increase the number of supplier audits and maintain zero human rights violations in the supply chain | Ongoing | We have conducted audits of Aroundtown's largest facility management companies in 2021 based on recent changes to our process and confirmed their compliance with our ESG standards for business partners. In the upcoming year, we will continue our audits of material business partners. We continued to maintain zero reported human rights violations in our supply chain. |

Priorities for 2022

To contribute to these long-term goals and focus our efforts in 2022 and beyond, we will continue to consolidate and optimize the procurement of our goods and services. For example, we will consolidate the procurement of key services and pool the combined experience across Aroundtown departments and companies with a greater focus on managing ESG risks. Furthermore, we are working on strengthening the selection, monitoring and auditing processes of our business partners with regards to ESG criteria in the upcoming year.

