



Business model of Aareal Bank Group

Aareal Bank Group is a leading international provider of smart financing, software products, digital solutions and payment transaction applications in the property sector and related industries. Aareal Bank AG is the Group's parent company with registered offices in Wiesbaden.

As a Group operating in the United Kingdom, we are required to report in detail on the measures that we take to prevent and suppress any forms of modern slavery in our own area of influence. Aareal Bank Group takes the requirements of the UK Modern Slavery Act 2015, and its mission of preventing potential forms of modern forced labour and human trafficking in its supply chain, very seriously. Our Group-wide sense of who we are and our fundamental commitment as a corporate citizen are consistent with this goal.

Sustainable management and promoting the protection of human rights

We consider respect for human rights to be an inalienable part of our responsibility as a global enterprise with sustainable management practices. This is why we have undertaken not only to strictly comply with all applicable legal requirements but also to uphold human rights within our sphere of influence.

Risk potential and precautions taken

Our business model and our Group-wide business practices help to ensure that the potential risk of Aareal Bank AG being involved in forced labour, human trafficking, child labour or any similar activities that abuse basic human rights can be considered to be relatively small. In order to further reduce this already low risk potential, we have taken a series of precautions:

- **Public commitment to the protection of international human rights**

As a participant in the United Nations Global Compact since 2012, we have made a public commitment to respect and uphold human rights. We have taken appropriate precautions in our business processes to ensure that these rights are not breached.

- **Code of Conduct with binding requirements for employees**

The Code of Conduct is an integral part of Aareal Bank Group's responsible corporate governance.

It contains binding rules requiring all employees, regardless of their role and work responsibility, to act in a lawful and ethical manner towards clients, business partners and co-workers. The Code of Conduct is based on international Agreements and guidelines such as the Universal Declaration of Human Rights, the conventions drawn up by the International Labour Organization (ILO), and the UN Global Compact. Examples and practical tips help implement the rules in practice.

- **Human Rights Guidelines adopted by the Management Board**

1 August 2019 saw the publication of the Group-wide Human Rights Guidelines, which detail our responsibilities as an employer and a global enterprise. The overarching Human Rights Guidelines resolved by the Management Board detail how Aareal Bank Group lives up to its duty to protect human rights by summarising the requirements and principles that apply throughout the Group. The guidelines serve as a benchmark for measuring what we do and are intended to help promote global human rights above and beyond the Company as well.

- **Mandatory compliance training for all employees**

As part of their induction, newly recruited employees attend a classroom-based training course on the Company's compliance and fraud prevention requirements and the

potential consequences of breaching the rules. In addition, they are required to complete web-based training programmes and, where necessary, more in-depth classroom courses on compliance and criminal acts. If any dubious circumstances – including abuses of human rights – become known, employees are able and under a duty to report these via an anonymous whistle-blower channel.

▪ **Comprehensive review processes prior to establishing a new business relationship**

We use standardised “know your customer” and “know your customer’s business” procedures to gather information on our clients and, where appropriate, other economic beneficiaries, their ownership and control structure, their business models and the source of their equity capital etc. This enables us to evaluate the level of risk associated with the business relationship and define the scope of the due diligence required.

▪ **Code of Conduct for Suppliers and Business Partners**

The Code of Conduct for suppliers ensures that our high standards are also observed in our immediate supply chain. We perform regular audits/assessments of our suppliers to avert potential risks arising from a failure to observe environmental or social standards.

New suppliers and service providers with an order volume in excess of € 100,000 are checked using commercial credit agency reports. Primary suppliers are examined regularly using a supplier evaluation system that assesses their reliability and compliance with the terms and conditions of their contracts, among other things. Enterprises and equity interests are only acquired following a positive review headed by Group Strategy.

▪ **Transparent reporting on human rights issues**

In Aareal Bank AG's separate summarised non-financial report for 2022, we describe the risks our company faces in this respect, as well as our objectives, measures and results with regard to minimising these risks, under the heading "Respect for human rights" (section 4, p. 25 et seq.). Moreover, our measures to ensure respect for human rights are externally audited by rating companies such as ISS-ESG, which include controversies in the area of human rights in their assessment.

Results of the review for the 2022 financial year

No instances of forced labour, human trafficking or any involvement in or encouragement of such activities were identified anywhere in the Group.



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Jochen Klösger

Chairman of the Management Board