

Human Rights and Environmental Policy Statement of Aareal Bank AG

as at November 2024

1. Responsibility

Aareal Bank acknowledges its responsibility under the German Supply Chain Due Diligence Act (SCDDA/ Lieferkettensorgfaltspflichtengesetz). The Management Board of Aareal Bank resolved this Policy Statement on 14 November 2024.

This Policy Statement is Aareal Bank's overarching human rights policy document and sets out how Aareal Bank as a global enterprise lives up to its duty to protect human and environmental rights within its sphere of influence. In addition to complying with the national laws in the jurisdictions in which we operate, we at Aareal Bank encourage voluntary engagement.

The Policy Statement integrates and replaces Aareal Bank's former Human Rights Guidelines, which were first published on 1 August 2019.

2. Commitment to protecting human rights

In 2012, Aareal Bank's Management Board signed the United Nations Global Compact, publicly pledging that Aareal Bank would respect and maintain human rights. The UN Global Compact is the world's largest and most important corporate responsibility initiative. We have supported its Ten Principles, which cover the areas of human rights, labour, the environment and anti-corruption, in our business process for many years now. In addition, we base our activities on core charters and initiatives such as the Universal Declaration of Human Rights, the conventions issued by the International Labour Organization (ILO) and the OECD Guidelines for Multinational Enterprises.

Aareal Bank focuses on the first six of the UN Global Compact's Ten Principles. These explicitly require companies to live up to their responsibility to protect human rights and to take steps to prevent both direct and indirect infringements. They also reiterate a number of internationally recognised human rights such as freedom of association, the prohibition of forced labour and child labour, and the elimination of discrimination.

While we naturally respect all internationally recognised human rights, some play more of a role in our business than others. Other examples in addition to the areas already mentioned include the right to appropriate and fair working conditions and to receive adequate payment for work.

We submit annual modern slavery statements under the UK Modern Slavery Act.

Since 2024, we have also taken a range of measures to implement the human rights and environmental due diligence obligations set out in the SCDDA in our own operations and in our supply chain. In addition, Aareal Bank's Management Board has appointed a Human Rights Officer to monitor our due diligence obligations under the SCDDA. This officer is assisted in the work by the Compliance organisation.

2.1 Our responsibility as an employer

Aareal Bank and its respective group companies ("Aareal Bank Group") have a particular responsibility towards their staff. They can directly influence the well-being of, and protection afforded to, the individuals whom they employ.

Aareal Bank's human resources work is based among other things on the core labour standards issued by the International Labour Organization (ILO), and on stricter national labour and social standards. In addition, Aareal Bank regularly commissions recognised audits of its human resources work and the quality of its processes and measures, which also act as an early warning system.

What is more, we believe that cultural diversity both enriches our corporate culture and is a success factor in reaching our strategic goals. It goes without saying that we respect all people regardless of their ethnic or national origin, religion, ideology, disability, sexual identity, gender or age, and that we value individual uniqueness. The aim is equal opportunities at all levels and avoid discrimination of all kinds. One particularly clear indication of this commitment to diversity and equity is the fact that Aareal Bank has signed up to Germany's Diversity Charter ("Charta der Vielfalt").

Aareal Bank Group also has a health and safety policy that aims to ensure a safe, healthy working environment on the basis of the applicable labour protection laws, as amended. In addition, the Company Health Management programme of Aareal Bank comprises health promotion offerings featuring a mix of information, risk prevention measures, exercise and ergonomics, nutrition, mental health and relaxation, which are consistently tailored to employees' current needs.

2.2 Our responsibility as a global enterprise

Just as we respect our employees' human rights, we also live up to our human rights and environmental standards towards our business partners and external stakeholders. This starts with responsible, transparent corporate governance, which is a core priority at Aareal Bank Group. Sustainability management – defined as comprising environmental, social and governance topics – is embedded in almost all areas of Aareal Bank Group. Among other things, this includes anchoring quantitative and qualitative ESG goals at Group level and including ESG aspects in risk management.

3. SCDDA risk management and risk analyses

Risk management in both Aareal Bank's own operations and its supply chain is a continuous process. The objective is to use transparent, appropriate processes to identify human rights and environmental risks. In addition, Aareal Bank includes insights gained from the risk assessments and the established grievance procedure, and continuously enhances its processes.

The SCDDA risk assessment, which was performed for the first time in 2024, starts by using "country" and "sector" risk factors to look at abstract risks. The nature of the risks at the country and sector level is determined by selecting appropriate indices from the risk database published by Germany's Federal Office for Economic Affairs and Export Control (Bundesamt für Wirtschaft und Ausfuhrkontrolle). Then, the concrete assessment uses negative news screening (suppliers) and Aareal Bank's own insights and experience (suppliers and own division) to evaluate the results of the abstract assessment.

The abstract risk assessment determined that risk factors existed for the following indices:

- Environmental Performance Index
- Global Rights Index
- Global Slavery Index
- BMAS Index (a report by Germany's Federal Ministry of Labour and Social Affairs entitled „Achtung von Menschenrechten entlang globaler Wertschöpfungsketten“ ("Respect for human rights along global value chains").

Following further investigation in the course of the concrete assessment, concrete risks were found to exist in the following two SCDDA risk categories:

- Prohibition on disregarding occupational health and safety duties
- Prohibition on causing soil, water or atmospheric pollution

4. SCDDA preventive measures and remedial action

Preventive measures and remedial action are based on the results of the risk assessment described above, and are implemented in line with the requirements of the SCDDA.

More specifically, these include the following:

- Publication and implementation of this Policy Statement
- Internal training and information
- Checks on whether risk assessments have been performed
- Inclusion of human rights and environmental aspects in the procurement process
- Agreement of human rights and environmental expectations with direct suppliers
- Agreement of appropriate contractual control mechanisms with direct suppliers
- Additional checks on direct suppliers where risks are found during the risk assessment, plus implementation of any follow-up measures, if applicable (contractual assurances, plans for remedial action, etc.).

5. SCDDA documentation and reporting

Aareal Bank complies with its duty of documentation under the SCDDA. Aareal Bank will be required to report externally under the SCDDA for the first time in 2025 for the 2024 financial year.

6. Human rights and environmental expectations

Aareal Bank has taken precautions to ensure that it respects and upholds human rights in its business processes, both at the level of the workforce and in its supply chain.

a. Employees

Within Aareal Bank Group, we use our Code of Conduct – which applies enterprise-wide to all staff and governing bodies – to address human rights issues, with the aim being to promote and maintain a culture of integrity and mutual trust throughout the group. The Code of Conduct is one element of Aareal Bank Group's responsible corporate governance activities; it defines the framework for lawful and ethical conduct towards clients, business partners and colleagues by all employees, regardless of their function or role.

b. Suppliers

We expect our suppliers and business partners to comply with the same standards of ecological and social responsibility as we ourselves do.

This is why we introduced our Code of Conduct for Suppliers throughout Aareal Bank Group in 2016. The Code serves as the basis of business relationships with our suppliers and ensures that our high standards are also observed in the direct supply chain. By signing up to and agreeing to abide by our Code of Conduct, our suppliers undertake to comply with the laws and official regulations applicable in the jurisdiction concerned and to behave in an ethically correct manner. In addition, we address irregular or unusual behaviour at our business partners using the monitoring procedure established by our purchasing department. Violations by suppliers of the Code of Conduct can result in measures up to and including the termination of the business relationship.

7. Grievance procedure

Aareal Bank has established reporting channels for all internal and external stakeholders in the form of its SpeakUp whistleblower system. This allows them to report concerns relating to human rights and environmental risks both in Aareal Bank's own division and in its supply chain. Potential grievances are treated impartially and in strict confidence, and can also be submitted anonymously.

Aareal Bank conducts this procedure as follows, in line with its publicly available rules of procedure for the grievance procedure:

- Confirmation of receipt of reports within 7 Bank working days
- Offer of an exploratory discussion of the issues involved
- Provision of information on the status of and estimated time frame for the investigation within three months
- Quarterly status updates in the case of longer procedures

Additional information on reporting channels and a basic outline of the grievance procedure under the SCDDA is available on Aareal Bank's website.

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