

Module: Introduction**Page: Introduction****CC0.1****Introduction**

Please give a general description and introduction to your organization.

Aareal Bank Group, headquartered in Wiesbaden, Germany, is one of the leading international property specialists. With a staff comprising employees from 30 nations, it is represented across three continents: Europe, North America and Asia. Aareal Bank AG, whose shares are included in Deutsche Börse's MDAX index, is the parent company of the Group. Under its management, the Group companies are organised in two business segments: Structured Property Financing and Consulting/Services.

In its Structured Property Financing segment, Aareal Bank Group facilitates property projects for domestic and international clients on three continents. The Bank offers financings for commercial property – in particular, office buildings, hotel, retail, logistics and residential properties. The Bank's particular strength lies in its success in combining local market expertise and sector-specific know-how. Alongside local specialists, the Bank has expert teams for logistics properties, shopping centres and hotel financings at its disposal. This allows the Bank to offer financing concepts, tailored to specific requirements, anywhere in the world.

Aareal Bank Group's Consulting/Services segment offers services for clients in the housing and commercial property industries, as well as for the energy and waste disposal markets. These include specialised banking services, electronic banking, the automated settlement of mass payment transactions, and optimising of higher-level processes. It also concentrates on developing and providing IT services - an area in which it has almost 60 years' experience. Aareal Bank Group places particular emphasis on tailored advice and product design, to meet the specific requirements of individual clients.

Aareal Bank has built a reputation for itself on the capital markets as an active and reliable issuer of Pfandbriefe (German covered bonds), promissory notes and debt securities.

CC0.2**Reporting Year**

Please state the start and end date of the year for which you are reporting data.

The current reporting year is the latest/most recent 12-month period for which data is reported. Enter the dates of this year first.

We request data for more than one reporting period for some emission accounting questions. Please provide data for the three years prior to the current reporting year if you have not provided this information before, or if this is the first time you have answered a CDP information request. (This does not apply if you have been offered and selected the option of answering the shorter questionnaire). If you are going to provide additional years of data, please give the dates of those reporting periods here. Work backwards from the most recent reporting year.

Please enter dates in following format: day(DD)/month(MM)/year(YYYY) (i.e. 31/01/2001).

Enter Periods that will be disclosed

Fri 01 Jan 2016 - Sat 31 Dec 2016

CC0.3**Country list configuration**

Please select the countries for which you will be supplying data. If you are responding to the Electric Utilities module, this selection will be carried forward to assist you in completing your response.

Select country
Germany
Belgium
China
Singapore
France
Ireland
Italy
Netherlands
Poland
Russia

Select country
Spain
Sweden
Turkey
United Kingdom
United States of America

CC0.4

Currency selection

Please select the currency in which you would like to submit your response. All financial information contained in the response should be in this currency.

EUR(€)

CC0.6

Modules

As part of the request for information on behalf of investors, companies in the electric utility sector, companies in the automobile and auto component manufacturing sector, companies in the oil and gas sector, companies in the information and communications technology sector (ICT) and companies in the food, beverage and tobacco sector (FBT) should complete supplementary questions in addition to the core questionnaire.

If you are in these sector groupings, the corresponding sector modules will not appear among the options of question CC0.6 but will automatically appear in the ORS navigation bar when you save this page. If you want to query your classification, please email respond@cdp.net.

If you have not been presented with a sector module that you consider would be appropriate for your company to answer, please select the module below in CC0.6.

Further Information

Module: Management

Page: CC1. Governance

CC1.1

Where is the highest level of direct responsibility for climate change within your organization?

Board or individual/sub-set of the Board or other committee appointed by the Board

CC1.1a

Please identify the position of the individual or name of the committee with this responsibility

Group Sustainability Officer Julia Taeschner is responsible for the Sustainability Management within Aareal Bank Group. She heads the Sustainability Team and reports to CEO Hermann J. Merkens. At an organisational level, Aareal Bank Group has assigned responsibility of Sustainability Management to the chairman of the Management Board.

CC1.2

Do you provide incentives for the management of climate change issues, including the attainment of targets?

Yes

CC1.2a

Please provide further details on the incentives provided for the management of climate change issues

Who is entitled to benefit from these incentives?	The type of incentives	Incentivized performance indicator	Comment
Board/Executive board	Recognition (non-monetary)	Other: Recognition	The Management Board gains recognition for its implementation of a sustainability program. Sustainability is formally included in the individual targets of the Management Board; focussing on a sustainable future oriented business model and strategy.
All employees	Monetary reward	Emissions reduction project	Employees are obliged to pay 4€/0.1l if the chosen company car exceeds the EU fuel consumption guideline costs (7.0l/100km).
Buyers/purchasers	Other non-monetary reward	Environmental criteria included in purchases	Code of Conduct for Suppliers (https://www.aareal-bank.com/fileadmin/DAM_Content/Konzern/dokumente/Code_of_Conduct_Lieferanten_E.pdf) ; defining environmental protection and safety requirements
All employees	Other non-monetary reward	Other: Environmental Guidelines	Environmental Guidelines for Aareal Bank Group (see attached file Umweltleitlinien); setting out the framework for our responsible, careful approach to dealing with the environment and natural resources.

Further Information

Attachments

[https://www.cdp.net/sites/2017/97/97/Climate Change 2017/Shared Documents/Attachments/ClimateChange2017/CC1.Governance/Umweltleitlinien_Engl_Blue Book_2016-08-18.docx](https://www.cdp.net/sites/2017/97/97/Climate%20Change%202017/Shared%20Documents/Attachments/ClimateChange2017/CC1.Governance/Umweltleitlinien_Engl_Blue%20Book_2016-08-18.docx)
[https://www.cdp.net/sites/2017/97/97/Climate Change 2017/Shared Documents/Attachments/ClimateChange2017/CC1.Governance/Code_of_Conduct_Lieferanten_E.pdf](https://www.cdp.net/sites/2017/97/97/Climate%20Change%202017/Shared%20Documents/Attachments/ClimateChange2017/CC1.Governance/Code_of_Conduct_Lieferanten_E.pdf)

Page: CC2. Strategy

CC2.1

Please select the option that best describes your risk management procedures with regard to climate change risks and opportunities

Integrated into multi-disciplinary company wide risk management processes

CC2.1a

Please provide further details on your risk management procedures with regard to climate change risks and opportunities

Frequency of monitoring	To whom are results reported?	Geographical areas considered	How far into the future are risks considered?	Comment
Six-monthly or more frequently	Board or individual/sub-set of the Board or committee appointed by the Board	Group-wide	3 to 6 years	Aareal Bank's management procedures include climate change risks and opportunities when perceived necessary in the 3-year strategic planning.

CC2.1b

Please describe how your risk and opportunity identification processes are applied at both company and asset level

Company level

Assessment of climate risk is embedded in the overall risk management process of Aareal Bank. More specifically, assessing climate change risks is part of the overall operational risk management procedures. The bank defines operational risk as the threat of losses caused by inappropriate internal procedures, human resources and systems (or their failure), or through external events. External events can be climate change related in the form of natural disasters which can, for example, cause physical damage to the data centres. The bank uses three tools to manage operational risks: self-assessments, risk inventories and a loss database. Analyses conducted using these instruments employed have shown that the bank is not exposed to disproportionate operational risks. Obligatory insurances mitigate further risks to physical damage. In addition to that, climate change issues are also being monitored as potential risks for Aareal Bank's reputation. The management board is kept informed about the relevant reputational risks via a quarterly reporting system.

Asset level

Consequences resulting from climate change

- (i) such as flooding and storms, are considered in the lending process (extent depends on respective country where the loan is granted). Obligatory insurances mitigate those risks
- (ii) such as rising energy costs are addressed by financing more efficient use of energy to reduce cost of operations (business opportunity).

CC2.1c

How do you prioritize the risks and opportunities identified?

Operational risks are being prioritized in a so called risk matrix which reflects the frequency and expected loss. Some operational risks are climate change related risks and are being treated accordingly. If the operational risk analysis reveals risks with a high impact and/or probability, the relevant experts are looking for adequate economically feasible measure to reduce these risks (e.g. insurance, emergency work places or systems).

Due to the fact that the probability of material damages by climate related risks on our infrastructure (IT- and communication-system, buildings etc.) is very low, we have no special contingency measures for climate related risks. There is no difference for us, if e.g. a breakdown of the power supply is caused by a flash, a flood or an excavator blade, which destroy some cables. Our business contingency plans have to ensure that existing operations will continue.

Beside operational risks there are only very minor climate related risks in other categories. Market or insurance risks are not relevant for the bank because our business-strategy respectively product catalogue does not depend on goods/resources that would likely be affected, such as raw materials, energy or other resources. Indirect effects in line with credit risks (e.g. if a building financed by Aareal Bank would be seriously damaged due to a climate related risk) can also be excluded because all objects require a thorough assessment of the location prior financing. This specifically includes a check on what kind of insurances are necessary to negate location-specific risks. There will be no loan payment before the borrower is able to show us the corresponding insurance contracts.

CC2.1d

Please explain why you do not have a process in place for assessing and managing risks and opportunities from climate change, and whether you plan to introduce such a process in future

Main reason for not having a process	Do you plan to introduce a process?	Comment

CC2.2

Is climate change integrated into your business strategy?

Yes

CC2.2a

Please describe the process of how climate change is integrated into your business strategy and any outcomes of this process

- i. The Structured Property Financing segment provides property financing solutions for national and international clients. During the loan approval process we base our decisions, among others factors, on our country manuals which we review on an annual basis. These country manuals lay out concrete requirements for insurances. Insurances have to cover aspects such as destruction of the property and interruption of business operations (e.g. in a hotel) due to climate change related events such as flooding, tsunamis, earthquakes and storms. We do not to grant a loan without sufficient insurances. Furthermore our sustainability strategy is integrated into our business strategy.
- ii. Our strategy is influenced by the need for adaptation. Climate change related risks (costs) and catastrophes are rising. Thus an adaptation to these risks is necessary. Example: financing of green buildings to foster reduction of energy consumption.
- iii. Climate change has influenced our short-term strategy, e.g. we now use 100% green energy for our Headquarters in Wiesbaden and in Mainz as well as other national and international locations.
- iv. We don't do business in regions that are highly affected by risks related to climate change, e.g. coastal areas in Thailand.
- v. Our competitive advantage lies in our very risk adverse strategy and our sustainable business model. Thus, we have been able to realise positive quarterly results even during the financial crisis.
- vi. Expiring contracts that are based on the conventional German energy mix are replaced by 100% green energy.

Vii Aareal Bank has been taking part in the Wiesbaden energy Efficiency network as part of its activities in connection with the Ökoprofit-Initiative there, thus helping the federal government achieve its climate protection and energy policy goals. The Energy Efficiency Networks Initiative requires participating enterprises to define a common energy savings target. For 2017, this has been set at 1.5 % Recognised masures include switching lighting, insulating building. Our participation identify and challenges our internal target setting and - due to the exchange within peers - helps us to prioritize further opportunities.

CC2.2b

Please explain why climate change is not integrated into your business strategy

CC2.2c

Does your company use an internal price on carbon?

No, and we currently don't anticipate doing so in the next 2 years

CC2.2d

Please provide details and examples of how your company uses an internal price on carbon

CC2.3

Do you engage in activities that could either directly or indirectly influence public policy on climate change through any of the following? (tick all that apply)

Direct engagement with policy makers
Trade associations

CC2.3a

On what issues have you been engaging directly with policy makers?

Focus of legislation	Corporate Position	Details of engagement	Proposed legislative solution
Mandatory carbon reporting	Support	Statement via Bundesverband deutscher Banken (BdB) and its working group on sustainability.	Aareal Bank Group supports the proposal of the European Commission for a mandatory reporting on sustainability.
Climate finance	Neutral	Engagement via a working group of the Verband deutscher Pfandbriefbanken (VdP).	Aareal Bank Group's Sustainability Officer actively engages in discussions on the design of green and SRI bonds.
Climate finance	Neutral	Aareal Bank Group submitted a response to the EMF (European Mortgage Federation) - ECBC (European Covered Bond Council) Survey on "Green " Mortgage Funding Instruments	Aareal Bank Group actively engages in fostering transparency and standardisations within the "green" mortgage funding market.

CC2.3b

Are you on the Board of any trade associations or provide funding beyond membership?

Yes

CC2.3c

Please enter the details of those trade associations that are likely to take a position on climate change legislation

Trade association	Is your position on climate change consistent with theirs?	Please explain the trade association's position	How have you, or are you attempting to, influence the position?
Bundesverband deutscher Banken (BdB)	Consistent	The BdB is discussing several aspects of sustainability and climate change within its sustainability committee	Aareal Bank Group's sustainability Commissioner is part of the sustainability committee participating in debates and discussions.
Verband deutscher Pfandbriefbanken (VdP)	Consistent	The VdP is discussing several aspects of sustainability and climate change in its working group.	Aareal Bank Group's Sustainability Commissioner actively engages in discussions on the design of green and SRI bonds.
Verein für Umweltmanagement und Nachhaltigkeit in Finanzinstituten (VfU)	Consistent	The VfU's German, Swiss and Austrian members of the financial sector debate several aspects of sustainability and climate change in working groups	Aareal Bank's Sustainability Commissioner contributed in 2015 by issuing a comprehensive statement on the current CSR guideline. Furthermore, Aareal Bank Group's Sustainability Commissioner pushes forward to create a working group on real estates.

Trade association	Is your position on climate change consistent with theirs?	Please explain the trade association's position	How have you, or are you attempting to, influence the position?
Econsense	Consistent	In 2016, Aareal Bank became a member of "econsense" an association of leading German global enterprises and organisations that addresses the topics of sustainable development and corporate social responsibility (CSR). This initiative launched by the Federation of German Industries (BDI) defines itself as a platform for dialogue and a think tank that aims to drive forward sustainable business development and to take social responsibility together.	The Group Sustainability Officer is a member of the steering committee and participates in debates and discussions.
European Covered Bond Council	Consistent	The EMF -ECBC launched the Energy Efficient Mortgages initiative to increase transparency and identify best practice.	Aareal Bank Group submitted a response.

CC2.3d

Do you publicly disclose a list of all the research organizations that you fund?

CC2.3e

Please provide details of the other engagement activities that you undertake

CC2.3f

What processes do you have in place to ensure that all of your direct and indirect activities that influence policy are consistent with your overall climate change strategy?

Different units of the bank are involved in the preparation of our statements. Regular meetings and exchanges ensure the consistency of our overall strategy. Regular meetings with the sustainability committee and a dialogue between the Group Sustainability Officer and the management board guarantees further consistency. Official statements are coordinated by the head of the board office. Departments are contacted for thematic approval, before being handed over to the board.

CC2.3g

Please explain why you do not engage with policy makers

Further Information

CC2.2c further comment: First of all Aareal Bank Group aims to reduce and substitute Emissions.

Page: CC3. Targets and Initiatives

CC3.1

Did you have an emissions reduction or renewable energy consumption or production target that was active (ongoing or reached completion) in the reporting year?

Absolute target

CC3.1a

Please provide details of your absolute target

ID	Scope	% of emissions in scope	% reduction from base year	Base year	Base year emissions covered by target (metric tonnes CO2e)	Target year	Is this a science-based target?	Comment
Abs1	Scope 2 (market-based)	84%	100%	2013	3249	2020	No, but we anticipate setting one in the next 2 years	We are aim continued 100% green electricity consumption in Germany for Aareal Bank AG and Aareon AG as well as other national and international locations.

CC3.1b

Please provide details of your intensity target

ID	Scope	% of emissions in scope	% reduction from base year	Metric	Base year	Normalized base year emissions covered by target	Target year	Is this a science-based target?	Comment
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CC3.1c

Please also indicate what change in absolute emissions this intensity target reflects

ID	Direction of change anticipated in absolute Scope 1+2 emissions at target completion?	% change anticipated in absolute Scope 1+2 emissions	Direction of change anticipated in absolute Scope 3 emissions at target completion?	% change anticipated in absolute Scope 3 emissions	Comment
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CC3.1d

Please provide details of your renewable energy consumption and/or production target

ID	Energy types covered by target	Base year	Base year energy for energy type covered (MWh)	% renewable energy in base year	Target year	% renewable energy in target year	Comment
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CC3.1e

For all of your targets, please provide details on the progress made in the reporting year

ID	% complete (time)	% complete (emissions or renewable energy)	Comment
Abs1	50%	100%	Current supplier contracts expire in 2018. Aareal Bank Group is checking on the viability of purchasing green electricity for offices outside Germany in addition to the aim of prolonging contracts in Germany. Stockholm and Warsaw already use green energy.

CC3.1f

Please explain (i) why you do not have a target; and (ii) forecast how your emissions will change over the next five years

CC3.2

Do you classify any of your existing goods and/or services as low carbon products or do they enable a third party to avoid GHG emissions?

Yes

CC3.2a

Please provide details of your products and/or services that you classify as low carbon products or that enable a third party to avoid GHG emissions

Level of aggregation	Description of product/Group of products	Are you reporting low carbon product/s or avoided emissions?	Taxonomy, project or methodology used to classify product/s as low carbon or to calculate avoided emissions	% revenue from low carbon product/s in the reporting year	% R&D in low carbon product/s in the reporting year	Comment
Product	Aareons offering of smart metering instruments. Housing companies can use smart metering to improve their energy efficiency by installing tools to monitor and measure electricity, heat and water consumption. Visualising user data on tenant portals makes individual behaviour transparent for the users concerned, allowing them to modify it if necessary, and to achieve savings.	Avoided emissions	Other:			please see Sustainability report 2015, page 40
Product	Europe-wide extention of Aareon's successful long-standing cooperation with the international energy service provider (ista): The aim of the cooperation is to increase digitalisation in the real estate industry and to implement the European Energy Efficiency Directive (EED). Under this directive, in the coming years the member states of the European Union must establish solutions and mechanisms for sustainable energy-saving. This includes the individual recording and billing of energy and water consumption in multi-family buildings to enable users to actively save energy as a result of this transparency.	Avoided emissions	Other:			https://www.aareon.com/Press/Aareon_and_ista_cooperate_throughout_Europe_for_greater_energy_efficiency.37093.html

CC3.3

Did you have emissions reduction initiatives that were active within the reporting year (this can include those in the planning and/or implementation phases)

Yes

CC3.3a

Please identify the total number of projects at each stage of development, and for those in the implementation stages, the estimated CO2e savings

Stage of development	Number of projects	Total estimated annual CO2e savings in metric tonnes CO2e (only for rows marked *)
Under investigation	2	
To be implemented*	2	
Implementation commenced*		
Implemented*	5	
Not to be implemented		

CC3.3b

For those initiatives implemented in the reporting year, please provide details in the table below

Activity type	Description of activity	Estimated annual CO2e savings (metric tonnes CO2e)	Scope	Voluntary/Mandatory	Annual monetary savings (unit currency - as specified in CC0.4)	Investment required (unit currency - as specified in CC0.4)	Payback period	Estimated lifetime of the initiative	Comment
Energy efficiency: Building fabric	Replacement of lightbulbs with LED at Aareal Bank Group's headquarters in Wiesbaden -outdoor area	7.5	Scope 2 (location-based)	Voluntary	1350	24000	1-3 years	6-10 years	
Energy efficiency: Processes	Identification of appliance (during the night) and implement actions to reduce the Base load	16.05	Scope 2 (location-based)	Voluntary	36500		1-3 years	Ongoing	
Energy efficiency: Building fabric	Modernisation/rebuilding of the conference area at Aareal Bank Group's headquarter in Wiesbaden - reduce energy consumption by using best available technology	42.48	Scope 2 (location-based)	Voluntary	15000		4-10 years	Ongoing	
Low carbon energy purchase	Purchase of green electricity of Aareal Bank AG and Aareon AG in Germany. Furthermore international locations: Warsaw and Stockholm added.	3800	Scope 2 (location-based)	Voluntary				6-10 years	Aareal Bank AG and Aareon AG expired contract of green electricity purchase in Germany in 2018. (As well Warsaw and Stockholm)
Energy efficiency: Processes	Use of climate-neutral copy paper and paper for financial report as well as for the sustainability Report at Aareal Bank and Aareon AG.	9		Voluntary				>30 years	

CC3.3c

What methods do you use to drive investment in emissions reduction activities?

Method	Comment
Other	In compliance with EU-norms, Aareal Bank AG and Aareon AG make use of energy audits in order to identify possible measures on energy efficiency at locations in Germany. Furthermore, both Groups voluntarily engaged with the 'Ökoprofit' initiative in Mainz and Wiesbaden, a local Project based on ecological optimisation and the identification of additional intervention points. Handover of Ökoprofit-certificates will follow. Regardless of the just-mentioned methods, both companies' internal processes ensure emission reduction activities through financial optimization.

CC3.3d

If you do not have any emissions reduction initiatives, please explain why not

Further Information

Page: **CC4. Communication**

CC4.1

Have you published information about your organization's response to climate change and GHG emissions performance for this reporting year in places other than in your CDP response? If so, please attach the publication(s)

Publication	Status	Page/Section reference	Attach the document	Comment
In voluntary communications	Complete	Sustainability Disclosures 2016 - environmental matters	https://www.cdp.net/sites/2017/97/97/Climate Change 2017/Shared Documents/Attachments/CC4.1/CO2_Emmissions_2016g.pdf	New version of our Sustainability Disclosures based on EU Directive 2014/95 is published every year. Data is updated continuously.
In voluntary communications	Complete	Sustainability Disclosures 2016 - environmental matters	https://www.cdp.net/sites/2017/97/97/Climate Change 2017/Shared Documents/Attachments/CC4.1/Environmental_Key_Indicators_2016g.pdf	New version of our Sustainability Disclosures based on EU Directive 2014/95 is published every year. Data is updated continuously.
In voluntary communications	Complete	26/27	https://www.cdp.net/sites/2017/97/97/Climate Change 2017/Shared Documents/Attachments/CC4.1/07E_NHB_2016g.pdf	New version of our Sustainability Report is published every year. Data is updated continuously.
In voluntary communications	Complete			New Website 'Environmental and climate protection' within the area 'Responsibility'. Data is updated continuously. https://www.aareal-bank.com/en/responsibility/implementing-solutions/environmental-and-climate-protection/
In voluntary communications	Complete	Sustainability Disclosures 2016; Chapter 6 Environmental matters		Sustainability Disclosures 2016 is part of the Sustainability Report 2016; https://www.aareal-bank.com/en/responsibility/reporting-on-our-progress/sustainability-disclosures-2016/

Further Information

In addition, further information about the group-wide emissions and carbon footprint are available online at: <https://www.aareal-bank.com/en/responsibility/reporting-on-our-progress/sustainability-disclosures-2016/>

Module: Risks and Opportunities

Page: **CC5. Climate Change Risks**

CC5.1

Have you identified any inherent climate change risks that have the potential to generate a substantive change in your business operations, revenue or expenditure? Tick all that apply

- Risks driven by changes in regulation
- Risks driven by changes in physical climate parameters
- Risks driven by changes in other climate-related developments

CC5.1a

Please describe your inherent risks that are driven by changes in regulation

Risk driver	Description	Potential impact	Timeframe	Direct/ Indirect	Likelihood	Magnitude of impact	Estimated financial implications	Management method	Cost of management
International agreements	Aareal Bank Group can face the regulatory changes of international agreements affecting it's core business.	Increased operational cost	3 to 6 years	Direct	About as likely as not	Low	We regard this risk to be of low relevance for our business model. Nonetheless, international agreements can affect contract formation.	Assessment of risks is embedded in the overall risk management process of Aareal Bank. More specifically, assessing regulatory risks is part of the overall operational risk management procedures. External events such as international agreements can be one of them. Analyses have shown that the bank is not exposed to regulatory risks of international agreements as of now.	The methods we are using do not cause additional costs as they are part of operating costs.
Voluntary agreements	Aareal Bank Group could experience pressure when a majority of the financial sector signs certain voluntary climate change agreements.	Increased operational cost	3 to 6 years	Direct	Unlikely	Low	We regard this risk to be of low relevance for our business model. Aareal Bank Group's core business is unlikely to be targeted directly. However, suppliers of the Group's daily business can be.	Assessment of risks is embedded in the overall risk management process of Aareal Bank. More specifically, assessing regulatory risks is part of the overall operational risk management procedure. External events such as voluntary agreements can be one of them. Analyses have shown that the bank is not exposed to regulatory risks of international agreements as of now.	The methods we are using do not cause additional costs as they are part of operating costs.
General environmental regulations, including planning	Aareal Bank Group might face upcoming regulatory changes. However, being part of the service industry environmental regulation is of little importance when it comes to affecting core business.	Increased operational cost	3 to 6 years	Direct	Unlikely	Low	There will be a new EU-wide regulation in 2017 to report on corporate social responsibility which the Group has been doing for the past years. However, Aareal Bank Group can be hit indirectly if suppliers are targeted like-wise. Being part of the service industry, the financial impact remains low.	Assessment of risks is embedded in the overall risk management process of Aareal Bank. More specifically, assessing regulatory risks is part of the overall operational risk management procedures. External events such as environmental regulations can be one of them. Analyses have shown that the bank is not exposed to these.	The methods we are using do not cause additional costs as they are part of operating costs.
Uncertainty surrounding new regulation	The financial sector is a highly regulated part of the global economy. Aareal Bank Group is always and will always have to be aware of potentially new regulations as they can affect everyday business.	Increased operational cost	3 to 6 years	Direct	More likely than not	Low	The financial sector is a highly regulated part of the global economy. Aareal Bank Group is always and will always have to be aware of potentially new regulations. The management ensures that upcoming financial implications can be met by reserves.	Assessment of risks is embedded in the overall risk management process of Aareal Bank. More specifically, assessing regulatory risks is part of the overall operational risk management procedures. Analyses have shown that the bank is not exposed to high uncertainties surrounding new regulation.	The methods we are using do not cause additional costs as they are part of operating costs.
Other regulatory drivers	Aareal Bank Group can possibly face the regulatory changes on international as well as national level. Drivers include changes to auditing, financing, contract formation etc.	Increased operational cost	3 to 6 years	Direct	About as likely as not	Low	The financial sector is a highly regulated part of the global economy. Aareal Bank Group is and will continue to be aware of new potential regulations. The management ensures that upcoming financial implications can be met by reserves.	Assessment of risks is embedded in the overall risk management process of Aareal Bank. More specifically, assessing regulatory risks is part of the overall operational risk management procedures. Analyses have shown that the bank is not exposed to regulatory risks as of now.	The methods we are using do not cause additional costs as they are part of operating costs.

CC5.1b

Please describe your inherent risks that are driven by changes in physical climate parameters

Risk driver	Description	Potential impact	Timeframe	Direct/ Indirect	Likelihood	Magnitude of impact	Estimated financial implications	Management method	Cost of management
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Risk driver	Description	Potential impact	Timeframe	Direct/ Indirect	Likelihood	Magnitude of impact	Estimated financial implications	Management method	Cost of management
Change in temperature extremes	As an international real estate specialist, Aareal Bank Group finances properties on three continents. Building materials can be damaged through temperature extremes.	Increased operational cost	>6 years	Direct	Unlikely	Low	For our Business, financial implications may be related to an increase in insurance costs or increased costs due to damages to buildings we financed. The financial implications vary based on the extent that business is affected (below € 1 million).	Aareal Bank Group has enhanced monitoring programs and employs robust insurance programs to manage those risks. We do not finance a object if we regard the risks of a natural disaster as being too high to manage. Insurance must be validated prior to contract formation.	Costs are hard to report, as they are integrated into other management costs or are covered by the client margin.
Change in precipitation extremes and droughts	As an international real estate specialist, Aareal bank Group finances properties on three continents. Building materials can be damaged through precipitation extremes.	Increased operational cost	>6 years	Direct	Unlikely	Low	Financial implications for our business may be related to an increase in insurance costs or increased costs due to damages to buildings we financed. The financial implications vary based on the extent that business is affected (below € 1 million).	Aareal Bank Group has enhanced monitoring programs and employs robust insurance programs in order to manage those risks. We do not finance a property if we regard the risks of a natural disaster as being too high to manage. Insurance must be validated prior to contract formation.	Costs are hard to report, as they are integrated into other management costs or are covered by the client margin.

CC5.1c

Please describe your inherent risks that are driven by changes in other climate-related developments

Risk driver	Description	Potential impact	Timeframe	Direct/ Indirect	Likelihood	Magnitude of impact	Estimated financial implications	Management method	Cost of management
Reputation	There is an increased awareness of stakeholders regarding climate change issues and the way a company deals with those issues. An insufficient handling of climate change issues can have a negative impact on our company's reputation and stakeholder perception. Not to initiate carbon projects if the Group's Performance would go down is likely to affect the confidence of our stakeholders and our reputation.	Other: Reduction of stakeholder confidence	3 to 6 years	Direct	Unlikely	Low-medium	Our reputation risk management is part of our overall risk management. A negative impact on reputation can result in the refusal of clients to do business with us. However, we regard this risk as being rather unlikely to have an impact on our business relations as we have multiple initiatives in place to reduce our carbon emissions.	Monitoring of current relevant climate change issues and consultation of research papers to identify important topics.	There are no additional costs as they are part of our daily business.

CC5.1d

Please explain why you do not consider your company to be exposed to inherent risks driven by changes in regulation that have the potential to generate a substantive change in your business operations, revenue or expenditure

CC5.1e

Please explain why you do not consider your company to be exposed to inherent risks driven by changes in physical climate parameters that have the potential to generate a substantive change in your business operations, revenue or expenditure

CC5.1f

Please explain why you do not consider your company to be exposed to inherent risks driven by changes in other climate-related developments that have the potential to generate a substantive change in your business operations, revenue or expenditure

Further Information

Page: CC6. Climate Change Opportunities

CC6.1

Have you identified any inherent climate change opportunities that have the potential to generate a substantive change in your business operations, revenue or expenditure? Tick all that apply

- Opportunities driven by changes in regulation
- Opportunities driven by changes in physical climate parameters
- Opportunities driven by changes in other climate-related developments

CC6.1a

Please describe your inherent opportunities that are driven by changes in regulation

Opportunity driver	Description	Potential impact	Timeframe	Direct/Indirect	Likelihood	Magnitude of impact	Estimated financial implications	Management method	Cost of management
Product efficiency regulations and standards	Many countries see regulations in place regarding the energy efficiency of buildings. In Germany there is the EnEV, for example. Building regulations concerning energy efficiency are likely to become binding in more countries in the coming years. We are a reliable partner for our clients and offer the financing of energy efficient or so called green buildings. We see this development as an opportunity as there will be an increased demand for our financing services.	Increased demand for existing products/services	3 to 6 years	Direct	Unlikely	Medium	There might be an increased demand for those assets (energy efficient buildings and their financing) but at the same time competition for the financing of these assets will rise accordingly.	The likelihood of this opportunity is positively influenced by the following management actions: Monitoring of latest developments in regulations and standards, research and exchange with industry experts and constant training of our staff.	No additional costs as monitoring of latest changes in regulations is linked to our business.
International agreements	Internationally binding agreements on climate change are likely to become more important in the future. Buildings that are energy efficient and low carbon intense will see increased demand in the future. We are a reliable partner for our clients offering the financing of energy efficiency and energy efficient modernisation of buildings. We see this development as an opportunity as there will be an increased demand for our financing services.	Increased demand for existing products/services	>6 years	Direct	About as likely as not	Low-medium	International agreements on climate change become more important in the future. Buildings remain a great contributor to GHG emissions and therefore might be targeted within voluntary agreements on the reduction of GHG. We see this development as an opportunity as there will be an increased demand for our financing services.	The likelihood of this opportunity is positively influenced by the following management actions: Monitoring of latest developments in regulations and standards, research and exchange with industry experts and constant training of our staff.	No additional costs as monitoring of latest changes in regulations is linked to our business.
Emission reporting obligations	The EU will make emission reporting obligatory by 2017.	Other: Gain of stakeholder confidence	Up to 1 year	Direct	Virtually certain	Low	Aareal Bank Group has been reporting on it's emissions since 2011 and is therefore well prepared. There are no further financial implications.	Aareal Bank Group has successfully implemented a sustainability management for a couple of years. The voluntary reporting has been on-going since then.	No additional costs as monitoring of latest changes in regulations is linked to our business.
Product labeling regulations and standards	Binding agreements on the labelling of products are perceived a potential opportunity driver. Energy efficient and low carbon intense buildings will be of greater demand in the future. We are a reliable partner for our clients offering the financing of energy efficiency and energy efficient	Increased demand for existing products/services	3 to 6 years	Direct	More likely than not	Low-medium	There will likely be an increased demand for those assets, but at the same time competition for the financing of these assets will rise accordingly.	The likelihood of this opportunity is positively influenced by the following management actions: Monitoring of latest developments in regulations and standards, research and exchange with industry	No additional costs as monitoring of latest changes in regulations is linked to our business.

Opportunity driver	Description	Potential impact	Timeframe	Direct/Indirect	Likelihood	Magnitude of impact	Estimated financial implications	Management method	Cost of management
	modernisation of buildings. We see this development as an opportunity as there will be an increased demand for our financing services.							experts and constant training of our staff.	
Voluntary agreements	Voluntary agreements on climate Change (e.g. climate efficiency network) on both national and international level can become more important in the future. Buildings remain a great contributor to GHG emissions and therefore might be targeted within voluntary agreements on the reduction of GHG. We see this development as an opportunity as there will be an increased demand for our financing services.	Increased demand for existing products/services	>6 years	Direct	About as likely as not	Low	Voluntary agreements on climate change might become more important in the future. Aareal Bank Group perceives the impact of these to remain low.	The likelihood of this opportunity is positively influenced by the following management actions: Monitoring of latest developments in regulations and standards, research and exchange with industry experts and constant training of our staff.	No additional costs as monitoring of latest changes in regulations is linked to our business.
General environmental regulations, including planning	Environmental regulations are likely to target the real estate sector as buildings remain a great contributor to GHG emissions. We see this development as an opportunity as there will be an increased demand for our financing services.	Increased demand for existing products/services	>6 years	Direct	About as likely as not	Low-medium	There will likely be an increased demand for those assets. Financial implications are assumed to not touch upon Aareal Group's core business.	The likelihood of this opportunity is positively influenced by the following management actions: Monitoring of latest developments in regulations and standards, research and exchange with industry experts and constant training of our staff.	No additional costs as monitoring of latest changes in regulations is linked to our business.
Other regulatory drivers	As buildings remain a great contributor to GHG emissions on various levels other than environment, upcoming regulations on e.g. energy and health can be related to our core business. We see this development as an opportunity as there will be an increased demand for our financing services.	Increased demand for existing products/services	>6 years	Direct	More likely than not	Low-medium	Regulatory drivers can always hit Aareal Bank Group's operation as the financial industry is highly regulated. There will likely be an increased demand for certain assets, but at the same time competition for the financing of these assets will rise accordingly. Aareal Bank Group perceives the impact of these to remain low-medium.	The likelihood of this opportunity is positively influenced by the following management actions: Monitoring of latest developments in regulations and standards, research and exchange with industry experts and constant training of our staff.	No additional costs as monitoring of latest changes in regulations is linked to our business.

CC6.1b

Please describe your inherent opportunities that are driven by changes in physical climate parameters

Opportunity driver	Description	Potential impact	Timeframe	Direct/Indirect	Likelihood	Magnitude of impact	Estimated financial implications	Management method	Cost of management
Change in mean (average) temperature	Increases in global mean surface air temperature are expected to continue over the 21st century according to numerous studies and sources. Buildings will have to keep up with this development: more comfortable buildings with better cooling and heating systems and a higher efficiency on energy will become more attractive. We are a reliable partner for our clients and offer energy efficient modernisation of buildings. We perceive this development as an opportunity as there will be an increased demand for our financing services.	Increased demand for existing products/services	3 to 6 years	Direct	More likely than not	Medium	There will likely be an increased demand for those assets (energy efficient buildings and their financing), but at the same time competition for the financing of these assets will rise accordingly.	The likelihood of this opportunity is positively influenced by the following management actions: Monitoring of latest developments in regulations and standards, research and exchange with industry experts and constant training of our staff.	The managing of opportunities is part of our general tasks and does not cause additional costs.

CC6.1c

Please describe your inherent opportunities that are driven by changes in other climate-related developments

Opportunity driver	Description	Potential impact	Timeframe	Direct/ Indirect	Likelihood	Magnitude of impact	Estimated financial implications	Management method	Cost of management
Reputation	There is an increased awareness of stakeholders regarding climate change issues and how a company deals with those issues. A positive perception around our carbon performance will benefit our reputation as a responsible company.	Other: Gain of stakeholder confidence	>6 years	Direct	More likely than not	Low-medium	Potential financial implications are hard to quantify for this case. Yet, it is true that a positive stakeholder perception may also lead to more stable client relationships. As this is more a qualitative aspect, a quantitative estimation is not possible and would not be reliable.	We have started multiple initiatives in order to reduce our carbon emissions. Additionally, we are in constant exchange with our stakeholders.	The managing of opportunities is part of our general tasks and does not cause additional costs.

CC6.1d

Please explain why you do not consider your company to be exposed to inherent opportunities driven by changes in regulation that have the potential to generate a substantive change in your business operations, revenue or expenditure

CC6.1e

Please explain why you do not consider your company to be exposed to inherent opportunities driven by changes in physical climate parameters that have the potential to generate a substantive change in your business operations, revenue or expenditure

CC6.1f

Please explain why you do not consider your company to be exposed to inherent opportunities driven by changes in other climate-related developments that have the potential to generate a substantive change in your business operations, revenue or expenditure

Further Information

Module: GHG Emissions Accounting, Energy and Fuel Use, and Trading

Page: CC7. Emissions Methodology

CC7.1

Please provide your base year and base year emissions (Scopes 1 and 2)

Scope	Base year	Base year emissions (metric tonnes CO2e)
Scope 1	Tue 01 Jan 2013 - Tue 31 Dec 2013	2090
Scope 2 (location-based)	Tue 01 Jan 2013 - Tue 31 Dec 2013	3852
Scope 2 (market-based)	Tue 01 Jan 2013 - Tue 31 Dec	3852

Scope	Base year	Base year emissions (metric tonnes CO2e)
	2013	

CC7.2

Please give the name of the standard, protocol or methodology you have used to collect activity data and calculate Scope 1 and Scope 2 emissions

Please select the published methodologies that you use

The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Revised Edition)

CC7.2a

If you have selected "Other" in CC7.2 please provide details of the standard, protocol or methodology you have used to collect activity data and calculate Scope 1 and Scope 2 emissions

CC7.3

Please give the source for the global warming potentials you have used

Gas	Reference
CO2	IPCC Second Assessment Report (SAR - 100 year)

CC7.4

Please give the emissions factors you have applied and their origin; alternatively, please attach an Excel spreadsheet with this data at the bottom of this page

Fuel/Material/Energy	Emission Factor	Unit	Reference

Further Information

In the attached file you find emissionfactors and sources.

Attachments

<https://www.cdp.net/sites/2017/97/97/Climate Change 2017/Shared Documents/Attachments/ClimateChange2017/CC7.EmissionsMethodology/Aareal Bank Group emissisonfactors 2016.xlsx>

CC8.1

Please select the boundary you are using for your Scope 1 and 2 greenhouse gas inventory

Financial control

CC8.2

Please provide your gross global Scope 1 emissions figures in metric tonnes CO₂e

3962

CC8.3

Please describe your approach to reporting Scope 2 emissions

Scope 2, location-based	Scope 2, market-based	Comment
We are reporting a Scope 2, location-based figure	We are reporting a Scope 2, market-based figure	

CC8.3a

Please provide your gross global Scope 2 emissions figures in metric tonnes CO₂e

Scope 2, location-based	Scope 2, market-based (if applicable)	Comment
5950	2955	across the group

CC8.4

Are there any sources (e.g. facilities, specific GHGs, activities, geographies, etc.) of Scope 1 and Scope 2 emissions that are within your selected reporting boundary which are not included in your disclosure?

No

CC8.4a

Please provide details of the sources of Scope 1 and Scope 2 emissions that are within your selected reporting boundary which are not included in your disclosure

Source	Relevance of Scope 1 emissions from this source	Relevance of location-based Scope 2 emissions from this source	Relevance of market-based Scope 2 emissions from this source (if applicable)	Explain why the source is excluded
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CC8.5

Please estimate the level of uncertainty of the total gross global Scope 1 and 2 emissions figures that you have supplied and specify the sources of uncertainty in your data gathering, handling and calculations

Scope	Uncertainty range	Main sources of uncertainty	Please expand on the uncertainty in your data
Scope 1	More than 5% but less than or equal to 10%	Data Gaps Assumptions Extrapolation No Sources of Uncertainty	Aareal Bank has a high data coverage and data quality for direct energy consumption within the selected reporting boundary; data quality can vary slightly for few activities (e.g. fuel consumption, company cars).
Scope 2 (location-based)	More than 5% but less than or equal to 10%	Data Gaps Assumptions Extrapolation Metering/ Measurement Constraints No Sources of Uncertainty	Aareal Bank has a high data coverage and data quality for direct energy consumption within the selected reporting boundary; data quality can vary slightly for few activities (e.g. fuel consumption, company cars).
Scope 2 (market-based)	More than 5% but less than or equal to 10%	Data Gaps Assumptions Extrapolation Metering/ Measurement Constraints No Sources of Uncertainty	Aareal Bank has a high data coverage and data quality for direct energy consumption within the selected reporting boundary; data quality can vary slightly for few activities (e.g. fuel consumption, company cars).

CC8.6

Please indicate the verification/assurance status that applies to your reported Scope 1 emissions

Third party verification or assurance process in place

CC8.6a

Please provide further details of the verification/assurance undertaken for your Scope 1 emissions, and attach the relevant statements

Verification or assurance cycle in place	Status in the current reporting year	Type of verification or assurance	Attach the statement	Page/section reference	Relevant standard	Proportion of reported Scope 1 emissions verified (%)
Annual process	Complete	Limited assurance	https://www.cdp.net/sites/2017/97/97/Climate Change 2017/Shared Documents/Attachments/CC8.6a/CDP Verification Template_AarealBank 2016.pdf		ISAE3000	100
Annual process	Complete	Limited assurance	https://www.cdp.net/sites/2017/97/97/Climate Change 2017/Shared Documents/Attachments/CC8.6a/CO2_Emissions_2016g.pdf	1/2	ISAE3000	100

CC8.6b

Please provide further details of the regulatory regime to which you are complying that specifies the use of Continuous Emission Monitoring Systems (CEMS)

Regulation	% of emissions covered by the system	Compliance period	Evidence of submission

CC8.7

Please indicate the verification/assurance status that applies to at least one of your reported Scope 2 emissions figures

Third party verification or assurance process in place

CC8.7a

Please provide further details of the verification/assurance undertaken for your location-based and/or market-based Scope 2 emissions, and attach the relevant statements

Location-based or market-based figure?	Verification or assurance cycle in place	Status in the current reporting year	Type of verification or assurance	Attach the statement	Page/Section reference	Relevant standard	Proportion of reported Scope 2 emissions verified (%)
Location-based	Annual process	Complete	Limited assurance	https://www.cdp.net/sites/2017/97/97/Climate Change 2017/Shared Documents/Attachments/CC8.7a/CDP Verification Template_AarealBank 2016.pdf		ISAE3000	100
Location-based	Annual process	Complete	Limited assurance	https://www.cdp.net/sites/2017/97/97/Climate Change 2017/Shared Documents/Attachments/CC8.7a/CO2_Emissions_2016g.pdf	1/2	ISAE3000	100
Market-based	Annual process	Complete	Limited assurance	https://www.cdp.net/sites/2017/97/97/Climate Change 2017/Shared Documents/Attachments/CC8.7a/CDP Verification Template_AarealBank 2016.pdf		ISAE3000	100
Market-based	Annual process	Complete	Limited assurance	https://www.cdp.net/sites/2017/97/97/Climate Change 2017/Shared Documents/Attachments/CC8.7a/CO2_Emissions_2016g.pdf	1/2	ISAE3000	100

CC8.8

Please identify if any data points have been verified as part of the third party verification work undertaken, other than the verification of emissions figures reported in CC8.6, CC8.7 and CC14.2

Additional data points verified	Comment
Year on year change in emissions (Scope 1 and 2)	Limited Assurance of the Scope 1 and 2 emissions 2015 and 2016.
Emissions reduction activities	

CC8.9

Are carbon dioxide emissions from biologically sequestered carbon relevant to your organization?

No

CC8.9a

Please provide the emissions from biologically sequestered carbon relevant to your organization in metric tonnes CO2

Further Information

CC9.1

Do you have Scope 1 emissions sources in more than one country?

Yes

CC9.1a

Please break down your total gross global Scope 1 emissions by country/region

Country/Region	Scope 1 metric tonnes CO2e
Europe	3915.78
North America	36.41
Asia Pacific (or JAPA)	9.99

CC9.2

Please indicate which other Scope 1 emissions breakdowns you are able to provide (tick all that apply)

CC9.2a

Please break down your total gross global Scope 1 emissions by business division

Business division	Scope 1 emissions (metric tonnes CO2e)

CC9.2b

Please break down your total gross global Scope 1 emissions by facility

Facility	Scope 1 emissions (metric tonnes CO2e)	Latitude	Longitude

CC9.2c

Please break down your total gross global Scope 1 emissions by GHG type

GHG type	Scope 1 emissions (metric tonnes CO2e)
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CC9.2d

Please break down your total gross global Scope 1 emissions by activity

Activity	Scope 1 emissions (metric tonnes CO2e)
----------	--

Further Information

The total gross global Scope 1 emissions can not be broken down by any given choice in 9.2. Currently, the best we can do is to break down the emissions by region, as done in 9.1a. Moreover we calculate the emissions per employee since 2015 (attached file, p.2).

Attachments

[https://www.cdp.net/sites/2017/97/97/Climate Change 2017/Shared Documents/Attachments/ClimateChange2017/CC9.Scope1EmissionsBreakdown\(1Jan2016-31Dec2016\)/CO2_Emissions_2016g.pdf](https://www.cdp.net/sites/2017/97/97/Climate Change 2017/Shared Documents/Attachments/ClimateChange2017/CC9.Scope1EmissionsBreakdown(1Jan2016-31Dec2016)/CO2_Emissions_2016g.pdf)

Page: CC10. Scope 2 Emissions Breakdown - (1 Jan 2016 - 31 Dec 2016)

CC10.1

Do you have Scope 2 emissions sources in more than one country?

Yes

CC10.1a

Please break down your total gross global Scope 2 emissions and energy consumption by country/region

Country/Region	Scope 2, location-based (metric tonnes CO2e)	Scope 2, market-based (metric tonnes CO2e)	Purchased and consumed electricity, heat, steam or cooling (MWh)	Purchased and consumed low carbon electricity, heat, steam or cooling accounted in market-based approach (MWh)
Europe	5891.42	2896.32	18835.40	8089
North America	41.86	41.86	83.98	0
Asia Pacific (or JAPA)	16.32	16.32	30.62	0

CC10.2

Please indicate which other Scope 2 emissions breakdowns you are able to provide (tick all that apply)

CC10.2a

Please break down your total gross global Scope 2 emissions by business division

Business division	Scope 2, location-based (metric tonnes CO2e)	Scope 2, market-based (metric tonnes CO2e)

CC10.2b

Please break down your total gross global Scope 2 emissions by facility

Facility	Scope 2, location-based (metric tonnes CO2e)	Scope 2, market-based (metric tonnes CO2e)

CC10.2c

Please break down your total gross global Scope 2 emissions by activity

Activity	Scope 2, location-based (metric tonnes CO2e)	Scope 2, market-based (metric tonnes CO2e)

Further Information

The total gross global Scope 2 emissions can not be broken down by any given choice in 10.2. Currently, the best we can do is break down the emissions by region, as done in 10.1a.

Page: CC11. Energy

CC11.1

What percentage of your total operational spend in the reporting year was on energy?

More than 0% but less than or equal to 5%

CC11.2

Please state how much heat, steam, and cooling in MWh your organization has purchased and consumed during the reporting year

Energy type	MWh
Heat	4012
Steam	0
Cooling	0

CC11.3

Please state how much fuel in MWh your organization has consumed (for energy purposes) during the reporting year

16525

CC11.3a

Please complete the table by breaking down the total "Fuel" figure entered above by fuel type

Fuels	MWh
Natural gas	3449
Diesel/Gas oil	12209
Motor gasoline	334
Residual fuel oil	203

CC11.4

Please provide details of the electricity, heat, steam or cooling amounts that were accounted at a low carbon emission factor in the market-based Scope 2 figure reported in CC8.3a

Basis for applying a low carbon emission factor	MWh consumed associated with low carbon electricity, heat, steam or cooling	Emissions factor (in units of metric tonnes CO2e per MWh)	Comment
Contract with suppliers or utilities, supported by energy attribute certificates	8089	0	Since 2014 we purchase green electricity at all our German sites of Aareal Bank AG and Aareon AG. Our main sites in Wiesbaden (Aareal Bank AG) and Mainz (Aareon AG) were adapted in 2014. Moreover we purchase green electricity at some of our sites in Sweden and Poland

CC11.5

Please report how much electricity you produce in MWh, and how much electricity you consume in MWh

Total electricity consumed (MWh)	Consumed electricity that is purchased (MWh)	Total electricity produced (MWh)	Total renewable electricity produced (MWh)	Consumed renewable electricity that is produced by company (MWh)	Comment
11937	11937	0	0	0	Actually we are not producing any electricity by ourselves.

Further Information

Attached you receive the official certificates of our green energy procurement at our sites in Wiesbaden (Aareal Bank AG), Mainz (Aareon), Hamburg, Warsaw. The certificates were issued by our supplier ENTEGA headquartered in Darmstadt, Germany.

Attachments

- [https://www.cdp.net/sites/2017/97/97/Climate Change 2017/Shared Documents/Attachments/ClimateChange2017/CC11.Energy/Ökostrom_Polen_2016.pdf](https://www.cdp.net/sites/2017/97/97/Climate%20Change%202017/Shared%20Documents/Attachments/ClimateChange2017/CC11.Energy/Ökostrom_Polen_2016.pdf)
- [https://www.cdp.net/sites/2017/97/97/Climate Change 2017/Shared Documents/Attachments/ClimateChange2017/CC11.Energy/Oekostrom_TUEV_A3_aareal.pdf](https://www.cdp.net/sites/2017/97/97/Climate%20Change%202017/Shared%20Documents/Attachments/ClimateChange2017/CC11.Energy/Oekostrom_TUEV_A3_aareal.pdf)
- [https://www.cdp.net/sites/2017/97/97/Climate Change 2017/Shared Documents/Attachments/ClimateChange2017/CC11.Energy/Ökostrom_TUEV_A3-aareal8.pdf](https://www.cdp.net/sites/2017/97/97/Climate%20Change%202017/Shared%20Documents/Attachments/ClimateChange2017/CC11.Energy/Ökostrom_TUEV_A3-aareal8.pdf)

Page: CC12. Emissions Performance

CC12.1

How do your gross global emissions (Scope 1 and 2 combined) for the reporting year compare to the previous year?

Decreased

CC12.1a

Please identify the reasons for any change in your gross global emissions (Scope 1 and 2 combined) and for each of them specify how your emissions compare to the previous year

Reason	Emissions value (percentage)	Direction of change	Please explain and include calculation
Emissions reduction activities	1.01	Decrease	Emission reduction activities have been thoroughly explained in CC3. Two examples are LED-installations and reduction of base load at our headquarter in Wiesbaden, Germany. Please find the calculation in the attached document.
Divestment			
Acquisitions			
Mergers			
Change in output			
Change in methodology			
Change in boundary			
Change in physical operating conditions			
Unidentified	6.82	Decrease	We assume that unidentified changes are caused through variability of our business and influence of weather.
Other			

CC12.1b

Is your emissions performance calculations in CC12.1 and CC12.1a based on a location-based Scope 2 emissions figure or a market-based Scope 2 emissions figure?

Market-based

CC12.2

Please describe your gross global combined Scope 1 and 2 emissions for the reporting year in metric tonnes CO2e per unit currency total revenue

Intensity figure =	Metric numerator (Gross global combined Scope 1 and 2 emissions)	Metric denominator: Unit total revenue	Scope 2 figure used	% change from previous year	Direction of change from previous year	Reason for change
0.0000077371	metric tonnes CO2e	894000000	Market-based	0.35	Decrease	

CC12.3

Please provide any additional intensity (normalized) metrics that are appropriate to your business operations

Intensity figure =	Metric numerator (Gross global combined Scope 1 and 2 emissions)	Metric denominator	Metric denominator: Unit total	Scope 2 figure used	% change from previous year	Direction of change from previous year	Reason for change
2.52	metric tonnes CO2e	full time equivalent (FTE) employee	2741	Location-based	2.74	Decrease	Actually, we are not able to convert employees in part-time into employees in full-time. Therefore in our calculations we considered all employees of the Aareal Bank Group as FTE employees.

Further Information

In the attached Excel-Sheet you find the detailed calculations of our emissions value (percentage).

Attachments

https://www.cdp.net/sites/2017/97/97/Climate Change 2017/Shared Documents/Attachments/ClimateChange2017/CC12.EmissionsPerformance/Calculations CC 12.1a_2016.xlsx

Page: CC13. Emissions Trading

CC13.1

Do you participate in any emissions trading schemes?

No, and we do not currently anticipate doing so in the next 2 years

CC13.1a

Please complete the following table for each of the emission trading schemes in which you participate

Scheme name	Period for which data is supplied	Allowances allocated	Allowances purchased	Verified emissions in metric tonnes CO2e	Details of ownership

CC13.1b

What is your strategy for complying with the schemes in which you participate or anticipate participating?

CC13.2

Has your organization originated any project-based carbon credits or purchased any within the reporting period?

Yes

CC13.2a

Please provide details on the project-based carbon credits originated or purchased by your organization in the reporting period

Credit origination or credit purchase	Project type	Project identification	Verified to which standard	Number of credits (metric tonnes CO2e)	Number of credits (metric tonnes CO2e): Risk adjusted volume	Credits canceled	Purpose, e.g. compliance
Credit purchase	Energy efficiency: industry	Energieeffizienz Nordrhein-Westfalen, Deutschland	Jl (Joint Implementation)	3.56	3.56	Not relevant	Voluntary Offsetting

Further Information

Attachments

<https://www.cdp.net/sites/2017/97/97/Climate Change 2017/Shared Documents/Attachments/ClimateChange2017/CC13.EmissionsTrading/Urkunde CO2 Kompensation Aareal Geschäftsbericht 2016.pdf>

Page: CC14. Scope 3 Emissions

CC14.1

Please account for your organization's Scope 3 emissions, disclosing and explaining any exclusions

Sources of Scope 3 emissions	Evaluation status	metric tonnes CO2e	Emissions calculation methodology	Percentage of emissions calculated using data obtained from suppliers or value chain partners	Explanation
Purchased goods and services	Relevant, calculated	241.11	Paper: GHG Protocol Scope 3, October 2011 / indicator 3.1: Production of paper purchased including distribution and supply chain / Conversion factors from Eco-Invent 2.1: 1203 kg CO2 per metric tonne for new fibre paper (ECF/TCF) / VfU Indicators 2013. Data quality: exact measurements. Water: GHG Protocol Scope 3 October 2011 / Indicator 3.1: Purchased water / treatment of drinking water before delivery, conversion factors from Eco-Invent 2.1: 0.749 Kg / m3 / VfU Indicators 2013. Data quality: data based on calculation; exact measurement.	0.00%	Major domestic emissions sources other than Scope 1 and Scope 2 remain paper and water consumption. Further insignificant sources are not quantified.
Capital goods	Not relevant, explanation provided				Aareal Bank Group is a leading property specialist in the financial sector. Therefore, we do not manufacture products. Emissions of our daily business are included in our energy consumption.
Fuel-and-energy-related activities (not included in Scope 1 or 2)	Not relevant, explanation provided				Aareal Bank Group is a leading property specialist in the financial sector. There are no further relevant fuel- and energy-related activities.
Upstream transportation and distribution	Not relevant, explanation provided				Aareal Bank Group is a leading property specialist in the financial sector. Since we are not part of the manufacturing sector, upstream transportation and distribution does not represent a relevant position in our carbon footprint.
Waste generated in	Not relevant,				Aareal Bank Group is a leading

Sources of Scope 3 emissions	Evaluation status	metric tonnes CO2e	Emissions calculation methodology	Percentage of emissions calculated using data obtained from suppliers or value chain partners	Explanation
operations	explanation provided				property specialist in the financial sector. Since we are not part of the manufacturing sector, waste generated in our operations does not represent a relevant position in our carbon footprint. We generate mostly paper and organic waste that can be recycled.
Business travel	Relevant, calculated	1941.89	(i) CO2 emissions from business travel include air travel, rail travel and rental cars of the German Aareal Bank Group entities; activity data is provided by our travel agent; the following emission factors are applied: Flight travel: DEFRA EF for domestic, short-haul and long-haul flights. Rail travel: EF provided by German railway company Rental Cars: EF provided by travel agent. (ii) data quality is good as all travel activities are sourced via our travel agent. (iii) Calculations are based on GHG Protocol methodology.	100.00%	
Employee commuting	Relevant, not yet calculated				Due to privacy law in Germany, Aareal Bank Group cannot require its employees to provide information on their commuting patterns. In the reporting year we started to develop a procedure, which might enable us to determine the emissions of employee commuting to our headquarter in Wiesbaden.
Upstream leased assets	Not relevant, explanation provided				Aareal Bank Group is a leading property specialist in the financial sector. Since we are not part of the manufacturing sector, upstream leased assets do not represent a relevant position in our carbon footprint.
Downstream transportation and distribution	Not relevant, explanation provided				Aareal Bank Group is a leading property specialist in the financial sector. Since we are not part of the manufacturing sector, downstream transportation and distribution does not represent a relevant position in our carbon footprint.
Processing of sold products	Not relevant, explanation provided				Aareal Bank Group is a leading property specialist in the financial sector. Since we are not processing any manufactured products, this Scope 3 category does not represent a relevant position in our carbon footprint.
Use of sold products	Not relevant, explanation provided				Aareal Bank Group is a leading property specialist in the financial sector. Since we are a service company, the use of our sold products does not represent a relevant position in our carbon footprint.
End of life treatment of sold products	Not relevant, explanation provided				Aareal Bank Group is a leading property specialist in the financial sector. Since we are not part of the manufacturing sector, this Scope 3 category does not

Sources of Scope 3 emissions	Evaluation status	metric tonnes CO2e	Emissions calculation methodology	Percentage of emissions calculated using data obtained from suppliers or value chain partners	Explanation
					represent a relevant position in our carbon footprint.
Downstream leased assets	Not relevant, explanation provided				Aareal Bank Group is a leading property specialist in the financial sector. Since we do not grant licences to other entities as a franchiser, it is not relevant to our carbon footprint.
Franchises	Not relevant, explanation provided				Aareal Bank Group is a leading property specialist in the financial sector. Since we do not grant licences to other entities as a franchiser, it is not relevant to our carbon footprint.
Investments	Relevant, not yet calculated				At the moment we do not calculate CO2 emissions for our financial products. It is planned to develop a standard together with the VfU (Verein für Umweltmanagement und Nachhaltigkeit in Finanzinstituten e.V.) to evaluate financed emissions of the financial sector.
Other (upstream)	Not evaluated				
Other (downstream)	Not evaluated				

CC14.2

Please indicate the verification/assurance status that applies to your reported Scope 3 emissions

No third party verification or assurance

CC14.2a

Please provide further details of the verification/assurance undertaken, and attach the relevant statements

Verification or assurance cycle in place	Status in the current reporting year	Type of verification or assurance	Attach the statement	Page/Section reference	Relevant standard	Proportion of reported Scope 3 emissions verified (%)

CC14.3

Are you able to compare your Scope 3 emissions for the reporting year with those for the previous year for any sources?

Yes

CC14.3a

Please identify the reasons for any change in your Scope 3 emissions and for each of them specify how your emissions compare to the previous year

Sources of Scope 3 emissions	Reason for change	Emissions value (percentage)	Direction of change	Comment
Business travel	Change in physical operating conditions	4.15	Increase	Due to the increase of our worldwide business activities, we aren't almost able to avoid all emissions caused of business traveling. Whenever it's possible, we try to prefer eco-friendly means of transportation.
Purchased goods & services	Change in boundary	73.7	Increase	In the reporting year we corrected a calculation inaccuracy in our data collection for paper in the past. Therefore we made all necessary adjustments in the calculation method. The result is an extension of the boundary in our data collection.

CC14.4

Do you engage with any of the elements of your value chain on GHG emissions and climate change strategies? (Tick all that apply)

Yes, our suppliers

CC14.4a

Please give details of methods of engagement, your strategy for prioritizing engagements and measures of success

CC14.4b

To give a sense of scale of this engagement, please give the number of suppliers with whom you are engaging and the proportion of your total spend that they represent

Type of engagement	Number of suppliers	% of total spend (direct and indirect)	Impact of engagement
Compliance	100	18%	During the reporting period we introduced our Supplier Code of Conduct. Suppliers signing it acknowledge their obligation to comply with legal regulations and to behave in an ethically appropriate manner. A responsible approach to the environment plays a particularly important role here. Suppliers are required at all times to conserve natural resources and to find and prioritise environmentally friendly solutions as far as possible. The Code of Conduct is publicly available on our website and forms part of our General Business Conditions. Existing business partners are also signing the Code, in a gradual process that initially focuses on partners with whom master agreements exist. Currently, these business partners are covered by our general terms and conditions which require them to comply with our code of conduct as well. In the case of new business partners or service providers, the Code of Conduct forms the basis of the business relationship. https://www.aareal-bank.com/fileadmin/DAM_Content/Konzern/dokumente/Code_of_Conduct_Lieferanten_E.pdf

CC14.4c

Please explain why you do not engage with any elements of your value chain on GHG emissions and climate change strategies, and any plans you have to develop an engagement strategy in the future

Further Information

Please find the calculation for CC14.1 scope 3 - water and paper

Attachments

[https://www.cdp.net/sites/2017/97/97/Climate Change 2017/Shared Documents/Attachments/ClimateChange2017/CC14.Scope3Emissions/Calculations CC 14.1 Verteilung Scope 3 aus Wasser und Papier.xlsx](https://www.cdp.net/sites/2017/97/97/Climate%20Change%202017/Shared%20Documents/Attachments/ClimateChange2017/CC14.Scope3Emissions/Calculations%20CC%2014.1%20Verteilung%20Scope%203%20aus%20Wasser%20und%20Papier.xlsx)

CC15.1

Please provide the following information for the person that has signed off (approved) your CDP climate change response

Name	Job title	Corresponding job category
Daniela Thyssen	Sustainability Manager	Environment/Sustainability manager

Further Information

CDP