



Business model of Aareal Bank Group

Aareal Bank Group is a leading provider of smart financing, software products and digital solutions for the property sector and related industries. With a staff base comprising employees from 30 nations, it is represented across three continents: in Europe, North America and Asia. Aareal Bank AG, whose shares are listed in Deutsche Börse's MDAX index, is the Group's parent entity 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 very seriously 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. Our Group-wide sense of who we are and our fundamental commitment as a corporate citizen are consistent with this goal.

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 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 signatory to the United Nations Global Compact, we are committed to respecting and protecting international human rights and to incorporating in our business processes precautions to prevent any breach of these.

- Sustainability reporting

In our non-financial Report published according to the German CSR Directive Implementing Act (CSR-Richtlinie-Umsetzungsgesetz), we also report on the aspect Respect for human rights. It includes the relevant risks for Aareal Bank Group, as well as our goals, precautions and results to minimize these risks. Additionally, an external audit of our Group is given through rating agencies, e.g. oekom, which include controversies in the area of human rights in their assessments.

- Comprehensive review process prior to establishing new business relations

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.

UK Modern Slavery Act Declaration for financial year 2017



Aareal Bank

- 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 hotline.

- Code of Conduct – binding requirements for employees and suppliers

The Group-wide Code of Conduct forms part of responsible corporate governance and contains binding rules requiring all employees to act in a lawful and ethical manner towards clients, business partners and colleagues regardless of their function and role. The requirements are based on the standards set by the International Labour Organization (ILO) and the United Nations Global Compact. 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 a contractual volume > 10,000 euro 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. For new joint ventures/equity investments, our Acquisitions & Subsidiaries division carries out financial and legal due diligence.

Results of the review for the financial year 2017

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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Hermann J. Merkens,

Chairman of the Management Board