

Supply Chain & Human Rights

Understanding the Topic

The core values in Aroundtown's Codes of Conduct of integrity, respect, performance, accountability and sustainability apply to all our stakeholders, from customers and employees to business partners and those further along our value chain. As such, Aroundtown's commitment to maintaining stringent standards of ethical behavior extends throughout our value chain as well as to our own operations. As a responsible employer, and one of Germany's leading real estate investors, we take all necessary precautions to ensure that labor laws are fulfilled and risks to human rights are prevented. Failure to do so could have significant negative impacts on our business, leading to a loss of trust among our shareholders, bondholders, tenants and other stakeholders, as well as sanctions and fines.

Aroundtown's supply chain comprises companies contracted for supply of goods, contractors and service providers engaged for construction, and facility management companies. These are collectively referred to as business partners. Although our supply chain does not involve any countries or activities typically considered to be high-risk, we nonetheless take a risk-based approach to ensure that core labor standards and individual liberties are upheld and protected.

Managing the Topic

To maintain our high standards for ethical behavior, we select business partners carefully, taking into account their corporate philosophy, values and ESG commitments. We also aim to develop long-term relationships with trusted partners who have a proven track record of operating to the same high ethical standards as Aroundtown itself.

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

Human Rights Policy

Our Human Rights Policy sets out our commitment to act in accordance with internationally recognized standards of human rights, including the UN Guiding Principles on Business and Human Rights, the Declaration of the International Labor Organization on Fundamental Principles and Rights at Work, and the International Bill of Human Rights. These principles cover equality, freedom of association, safe work environments, and education and development. The policy also sets out our expectations for suppliers, our process for monitoring and responding to violations and infringements, and requirements for reporting.

A key element of our business model is the refurbishment of underperforming properties. The building work this involves is carried out by construction companies and their subcontractors. Our Human Rights Policy controls the possibility for human rights violations in our procurement and contracting activity, and so the main risk area for human rights violations is with these subcontractors, who do not operate under our direct oversight.

Business Partner Code of Conduct

To manage this risk, and ensure that human rights violations are not tolerated at any point in our value chain, we have strong controls on our business partner selection. The Aroundtown Code of Conduct for Business Partners is a contractually binding part of all our relationships with business partners. In 2022, we undertook a comprehensive review process for this Code of Conduct, and the new Code will be brought into operation in 2023, enhancing our requirements around human rights. To ensure that our requirements are both practical and sufficiently thorough, we worked closely with our business partners to develop a robust system for reporting and monitoring which can be integrated into their operations smoothly.

The requirements imposed by the Code are flexible, depending on the materiality of the potential risks. This ensures that greater scrutiny is placed on companies whose operations are deemed to be a greater risk for human rights violations. Based on this continuous monitoring of their safety and compliance practices, we categorize our business partners internally according to their associated risk level, informing the level of attention required in future risk management.

For construction activities, each undertaking is managed by a dedicated Aroundtown project manager, who engages directly with the on-site contractors. These project managers evaluate compliance with the Code of Conduct during their site visits, such as inspections and acceptance of partial deliveries. We also conduct spot checks of business partners' compliance through our operational departments.

Where significant potential hazards are identified, such as in materials handling, business partners are required to provide evidence of corresponding certifications and permits. In addition, we perform regular checks during site visits, e.g., when materials are delivered, as well as inspections by our appointed health and safety coordinator or fire prevention officers. Through these on-site inspections and subsequent reporting, our internal project managers build up a comprehensive understanding of possible risks associated with different activities and plan accordingly to ensure these are identified and avoided in future projects.

Human Rights Due Diligence

By embedding the topic of Human Rights (HR) in our policies, including the HR Policy, the Employee and Business Partner Codes of Conduct, and by conducting annual HR online trainings with its employees, Aroundtown has set a good basis for Human Rights Due Diligence (HRDD) throughout our operations.

Taking into account adverse impacts on human rights in the Group's materiality assessments and risk management, Aroundtown has identified and addressed potential risks in the areas of construction and refurbishment/maintenance of the business through a number of measures and processes. For instance, Aroundtown's critical suppliers (those with a contract volume of >€500,000 per annum) are required to sign the Company's HR questionnaire and during project implementation, site visits are conducted by construction or operation departments on a quarterly basis. Through these on-site inspections and subsequent reporting, our internal project managers build up a comprehensive understanding of possible risks associated with different activities and plan accordingly to ensure these are identified and avoided in future projects. Where significant potential hazards are identified, such as in materials handling, business partners are required to provide evidence of corresponding certifications and permits. Furthermore, through Aroundtown's whistle-blowing system that is accessible to employees and externals, potential human rights violations may be reported.

Any reports are tracked and investigated by our compliance department, which is responsible for the HRDD overall. Following an internal investigation procedure as documented in

our Investigation Policy for handling potential violations, employees or business partners receive a warning, are fined, or banned from doing further business with the Group should the claim be confirmed. Aroundtown may also decide to consult with authorities if necessary.

Performance

To guide the implementation of our sustainability strategy and track our progress, we have developed several long-term goals that we continue to work towards:

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

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

Key performance indicator



In 2022, we recorded zero human rights violations in Aroundtown's operations, in our procurement activities, or otherwise in connection with our business activities.

Priorities for 2023

Our main priority in 2023 will be the alignment of our Group policies to the new supply chain law in Germany. The guiding principle of our compliance framework is to ensure that all policies and procedures are unified across our countries of operation to align with the highest standards. We will also finalize the distribution of our new Business Partner Code of Conduct, and integrate the corresponding monitoring processes into our practices.