

Group Anti-Corruption Guidelines

1 Preliminary Remarks

1.1 Aims and Objectives of the Guidelines

These Guidelines provide further information on the background to, and the framework for, the prevention and detection of corruption as implemented in the following Guidelines:

- > Code of Conduct
- > KR 01 Compliance Guidelines
- > KR 02 Group Procurement Guidelines
- > Business Partner Code
- > KR 14 Internal Control System
- > KR 22 Donations and Sponsorship
- > KR 28 Approval Thresholds and Decision-Making Power
- > KR 35 Money Laundering
- > KR 36 Whistleblowing
- > Rules of Procedure for Internal Audit

1.2 Scope

These Guidelines apply directly to all Vonovia Group companies that have their registered headquarters in Germany. Alongside the holding company, Vonovia Group companies are all companies in which Vonovia holds a majority share, whether directly or indirectly, or over which it can exert a controlling influence.

Individual companies may – by way of a resolution passed by the Management Board – be temporarily exempted from the application of some or all Group Guidelines in order to manage special situations, such as recent acquisitions or fundamental organizational changes.

These Guidelines are particularly relevant to all employees who are authorized to prepare or update regulations.

Foreign Subsidiaries:

Vonovia Group companies that have their registered headquarters abroad must adopt these Guidelines. Adjustments can be made to reflect country-specific differences in terms of organizational structure and country-specific legal requirements.

2 Background

First of all, it is important to note that there is no definition of corruption that applies across the board. Transparency International describes corruption in general terms as the abuse of public power for private benefit. In most legal systems, active and passive acts of bribery are considered forms of corruption in both the public and private sectors.

In German criminal law, corruption is sanctioned based on the definition of various criminal offenses in the German Criminal Code (StGB). Corruption offenses are split into offenses committed by the party accepting the benefit in question (passive bribery: accepting benefits, taking bribes) and those committed by the party granting the benefit (active bribery: granting benefits, giving bribes). The authorities pursue all corruption offenses ex officio. In serious cases, the courts can impose fines and long-term prison sentences, and in cases involving companies, the “profit” gained as a result of the offense can also be confiscated. In individual cases witnessed in recent years, this has involved the confiscation of amounts running into the three-digit millions.

Both preventative and repressive elements are used to reduce the risk of corruption.

One element that is essential in preventing corruption is the performance of a risk assessment, which is used as a first step in order to identify the specific corruption risks associated with one’s own company. The risk of corruption tends to be higher if the company is awarded contracts from the public sector, if business is conducted via sales intermediaries or if the company operates in countries with a high score on the Corruption Perceptions Index.

For Vonovia, the main risks in this regard relate to service provision and procurement.

As a result, preventative measures include clear requirements and guidelines on the sort of behavior that Vonovia expects (for example, on how to deal with gifts, invitations, donations and sponsorship arrangements), as well as training and awareness-raising measures for specific target groups and ensuring that the Compliance department is on hand to provide advice to employees with questions that need to be clarified.

The repressive elements include a whistleblowing portal that employees, customers and suppliers can use to report identified or suspected breaches without having to worry about reprisals.

Any breaches are systematically investigated and sanctioned, no matter who they involve.

The “tone at the top” is of the utmost importance.

Management behavior must be consistent with all of the measures implemented within the company to prevent corruption, as this is what shapes how the measures are perceived in the minds of employees.

1. Risks associated with the conclusion and execution of the sponsorship agreement:
 - a) The sponsorship decision is based on the personal sporting/cultural interests of, for example, the head of Marketing instead of being geared toward the company's objectives, or the product and its target group
 - b) Support is provided to an association in which an employee of the sponsor is personally involved (conflict of interest)
 - c) Usual risks associated with contracts (bribery, embezzlement, etc.)
2. Risks on the side of the contractual partner:
 - a) Lack of professionalism, e.g., shortcomings in the governance of a sports club or cultural association
 - b) Misconduct on the part of certain individuals, e.g., doping, drugs, etc. Detailed requirements are set out in "Guidelines KR 22 Donations and Sponsorship"

Hospitality – Conflicts of Interest Relating to Events

A ticket for a football match, an invitation to a music festival or to a trade fair event – invitations have always been part and parcel of business life. This can easily lead to a dilemma in a professional environment – both for the person extending, and for the person receiving, the invitation. An invitation can be considered either a favor or an unfair advantage. Often, a scenario that even just appears to be a way of exerting influence is enough to jeopardize a company's reputation.

As a result, dealing with hospitality is a key aspect when it comes to combating corruption risks, preventing embezzlement and protecting a company's assets in the process.

This is why Vonovia has laid down corresponding regulations in its Code of Conduct. The Business Partner Code also sets out provisions governing the most important aspects in relations between the principal and the contractor.

Business Partner Compliance

People with integrity keep their promises. Others do not. This is the simple answer to the question as to why business partner integrity checks are much more than just a compliance issue. They are, however, also an important compliance issue.

Business relationships entail specific risks, covering areas ranging from product quality and contractual compliance to integrity, for which the company can ultimately be held responsible and which play a key role in determining commercial success.

Therefore, various functions in the company – Accounting, Controlling, Legal, Compliance, etc. – assess the potential risks when business relationships are entered into.

This process is used to clarify questions such as:

1. Who is my business partner? – Question regarding identity
2. Can my business partner keep their promises? – Question regarding quality
3. Is my business partner financially reliable? – Question regarding credit standing
4. Can I rely on my business partner sticking to the law? – Question regarding integrity
5. Can I do business with this business partner? – Question regarding sanctions or similar restrictions

A clarification of these questions is set out in "Guidelines KR 02 Group Procurement Guidelines" and "KR 14 Internal Control System." In cases involving business relationships that are relevant from a money laundering perspective, the regulations set out in KR 35 Money Laundering also apply.

Clarification of “Gray Areas”

Compliance refers to compliance with statutory provisions, as well as in-house requirements and guidelines. However, compliance with the law requires legal clarity.

This means that, in cases of doubt, the aim may have to be to obtain sufficient certainty, or to have asked all of the relevant questions and obtained satisfactory answers. Nevertheless, even after extensive checks and answers that do not point toward corruption, individuals may still be left with doubts or an uneasy feeling.

The Legal and Compliance department is on hand to support the individual departments in clarifying specific scenarios.

Internal Investigations

Internal investigations are the appropriate response to potential infringements of the law. These involve clarifying the facts of the case, investigating the root causes of the infringement and identifying the parties involved.

Essentially, an investigation always consists of the following steps:

- i) Initial assessment of the allegations
- ii) Planning of the investigation
- iii) Execution of the investigation
- iv) Reporting
- v) Eliminating any weak points relating to processes in the compliance or internal control system as well as consequences under labor, civil and, where appropriate, criminal law

Details are set out in “KR 01 Compliance Guidelines” and in the Rules of Procedure for Internal Audit.