

What Drives Us

Creating Sustainable Living



Dear Readers,

☒ 102-14

In these difficult months for society, we are experiencing how important it is for everyone to pull together: science, business, politics and the public. We will only get the coronavirus under control by working together. This is also the case with the other issues that currently concern us: social cohesion and demographic change, the housing shortage in cities, and sustainability.

Our tenants can rest assured that they will not have to fear for their homes. This is included in our business philosophy. During the pandemic, we underlined this promise once again. We have waived rent increases for many months. We have stopped contract terminations. We continue to offer help when finances are tight. No one has to move out of their apartment because of the pandemic. Our hardship case management and our over-70 scheme are working.

And when the Federal Constitutional Court ruled a few weeks ago that Berlin's rent cap was unconstitutional, we demonstrated once again what we mean when we say we are a reliable and responsible landlord: In Berlin, Vonovia is waiving rent claims of up to € 10 million. There are a lot of tenants who did not follow the government's advice of putting aside the saved rent in the event the rent cap was overturned. We do not want to put our tenants in the situation of having to disclose their entire income situation.

Of course, the waiver on paying the additional rent does not solve the real problem – the housing shortage in metropolitan areas. That is why we are continuing to invest specifically in constructing affordable housing. Last year, despite the coronavirus pandemic, we were able to complete more than 2,000 apartments.

Politicians around the globe now agree that the issue of sustainability will determine the future viability of our planet and our society. And policymakers have responded to this realization, including in Europe – the EU Commission's Green Deal envisages Europe becoming the first continent to reduce greenhouse gas emissions to almost zero. In Germany, following the requirement by the Federal Constitutional Court in April for clearly measurable steps to be taken beyond 2030, we can expect further regulations to follow in the summer. For the economy, this is a clear mandate to act.

For our part, regardless of what is to come, we have accepted the task and defined a binding climate path for Vonovia, one that will lead us to a carbon-neutral building portfolio.

We will not achieve this goal with energy refurbishment alone, despite the significant savings we regularly achieve as a result. We are working with partners to develop innovative concepts to close the gap. In a pilot project in Bochum-Weitmar, we are demonstrating a building block with which we can make this work – using electricity from photovoltaic systems to generate green hydrogen. We store this on site for use in fuel cells. After all, an energy management system ensures that energy is available in the right place at the right time, as electricity or heat. Or for electric charging stations.

To make our progress in sustainability measurable, we introduced a key non-financial metric in 2020. Our Sustainability Performance Index, or SPI for short, measures specific target values that we have set ourselves for the areas of environment, social affairs and governance. In addition to carbon savings in our portfolio, these include progress in the areas of senior-friendly apartment conversion, customer and employee satisfaction, and the proportion of women in management positions. Since this year, the SPI has been a key performance indicator on an equal footing with our financial indicators and is directly linked to Management Board remuneration.

By directly anchoring them into our corporate management, we have once again thoroughly reviewed our sustainability-related topics and further sharpened our focus. In the course of this, our sustainability area has grown and the dovetailing with our corporate processes has further increased. I would like to expressly thank the sustainability team for their essential contribution to the results achieved.

This path is also important for us economically. Investors today only invest in companies that have a precise picture of what they want to contribute to society. We can proudly say that our work is being recognized. We have climbed up to the prestigious Dow Jones Sustainability Index Europe. And we have a top ranking in the sustainability ranking of the Sustainalytics rating agency.

However ... For us, no recognition through rankings can replace recognition by our customers in their daily interactions. And so, in 2020, we continued to expand our services, further develop our neighborhoods and participate in a wide range of projects to strengthen social coexistence.

Our employees continue to form the basis of our sustainable success. For them, we were also a reliable employer in 2020. Despite the crisis, we were able to bring more than 1,000 new people on board last year, plus 200 apprentices. They have all contributed to the many advances that have been made.

Before I recommend further reading, I would like to express once again my personal dismay at the strokes of fate that the pandemic is currently bringing us. I can assure you that I personally and everyone else at Vonovia take every case we hear about as a reminder of our central mission: to be there for people.

Bochum, May 2021

Yours,

A handwritten signature in black ink, appearing to read 'Rolf Buch', with a stylized flourish at the end.

Rolf Buch

Sustainability at Vonovia

Our Seven Action Areas at a Glance

As part of the materiality analysis we conducted in 2020, we identified eleven material topics in seven action areas. In the Environment and Climate action area, we have set ourselves the goal of operating in a carbon-neutral manner by 2050. Within the action area of Future Viability and Capital Market, we are ensuring our long-term sustainable success. We take responsibility at every point and verify this through various measures in the action area Governance and

Responsible Business Practices. In the action area Homes and Customers, the focus is on our tenants – we offer housing for all. We ensure that this living space is designed sustainably in the Sustainable Construction and Development action area. This is supported by our diverse and creative workforce, which is taken into account in the action area Corporate Culture and Employees. Together, we create livable neighborhoods in which coexistence is worthwhile and enjoyable. This is our last action area, Society and Contribution to Urban Development.



We create neighborhoods for harmonious coexistence.

We will be climate-neutral by 2050.

We are committed to diversity, team spirit and new ways of thinking.

We use increasingly sustainable construction methods.

We are on track for long-term success.

We offer housing for all.

We take responsibility – every one of us, wherever we are, at all times.

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Vonovia acts in the interests of society for a sustainable future in the housing industry and the provision of affordable housing. In doing so, we rely on holistic measures that keep our environment and each individual with their unique needs in mind. From renewable energies and a healthy corporate culture to future viability on the capital market.

REFERENCES

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Website
📄 www.vonovia.de/en

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Vonovia in the Context of Current Trends and Developments

☒ 102-1, 102-2, 102-3, 102-4, 102-5, 102-6, 102-7

We will forever remember 2020 as the year of the coronavirus pandemic. The pandemic negatively impacted global economies, resulting in a pronounced recession. The coronavirus crisis and the associated lockdowns have also left their mark on the European economy more clearly than was assumed in spring 2020. Both the EU and the German government launched historic aid packages as countermeasures over the course of the year, but reliable statements on the planned economic recovery are not possible at this stage.

The housing industry has shown itself to be a stable sector during the crisis, as there has been little change in the basic conditions of the housing market, e.g., in metropolitan areas. However, we are convinced that the dynamic realignment of many people's working lives and, consequently, their housing situation will bring about long-term changes. This is because it became clear during the pandemic that digital work environments and extensive online work could help contain even more serious consequences of the pandemic on national economies.

In addition, our company was also preoccupied in the 2020 fiscal year with extreme global weather phenomena, mostly caused by man-made global climate change. Heat, drought and fire on the one hand, and heavy rain, flooding, glacier melt and rising sea levels on the other, are causing or exacerbating negative economic developments and associated global migratory movement. The popularity that the Fridays for Future movement is receiving in society and politics, for example, shows us at Vonovia that companies can no longer just look at purely maximizing profit. Instead, they must address multiple demands directed at companies as players in society. The shareholder value approach is increasingly developing into the stakeholder value approach, which integrates not only shareholders in the capital market into the entrepreneurial license to operate, but also other groups such as employees, suppliers, customers and many others.

In addition to climate change, the other megatrends of urbanization and housing shortages, as well as demographic change, represent future determinants of the entrepreneurial activities at Vonovia. Against this backdrop, the integration of sustainability into corporate processes is an important task for us, and we continued to advance this throughout the Group in 2020.

Vonovia SE at a Glance

Vonovia operates around 355,000 apartments (December 31, 2020) in almost all of Germany's attractive cities and regions as well as around 22,000 apartments in Austria and approximately 38,000 in Sweden. This makes Vonovia one of the leading residential real estate companies in these three countries.

Vonovia SE has its registered headquarters in Germany. Since 2017, its registered office has been located in Bochum.

Vonovia SE, the parent company of the Vonovia Group, is organized in the legal form of a dualistic European company (SE). The parent company performs the function of the management holding company for the Group. As such, it is responsible for determining and pursuing the overall strategy and implementing it in the form of the company's goals. It performs property management, financing, service, and coordination tasks for the Group. Furthermore, it is responsible for the management, control and monitoring system as well as risk management.

Vonovia manages its business via the four segments: Rental, Value-add, Recurring Sales and Development.

Further information on Vonovia SE and its corporate structure can be found in the 2020 Annual Report.

📄-📄 AR 2020, p. 48 et seqq.

Vonovia in Figures

(December 31, 2020) 102-8

415,688

own apartments

€ 4.4 billion

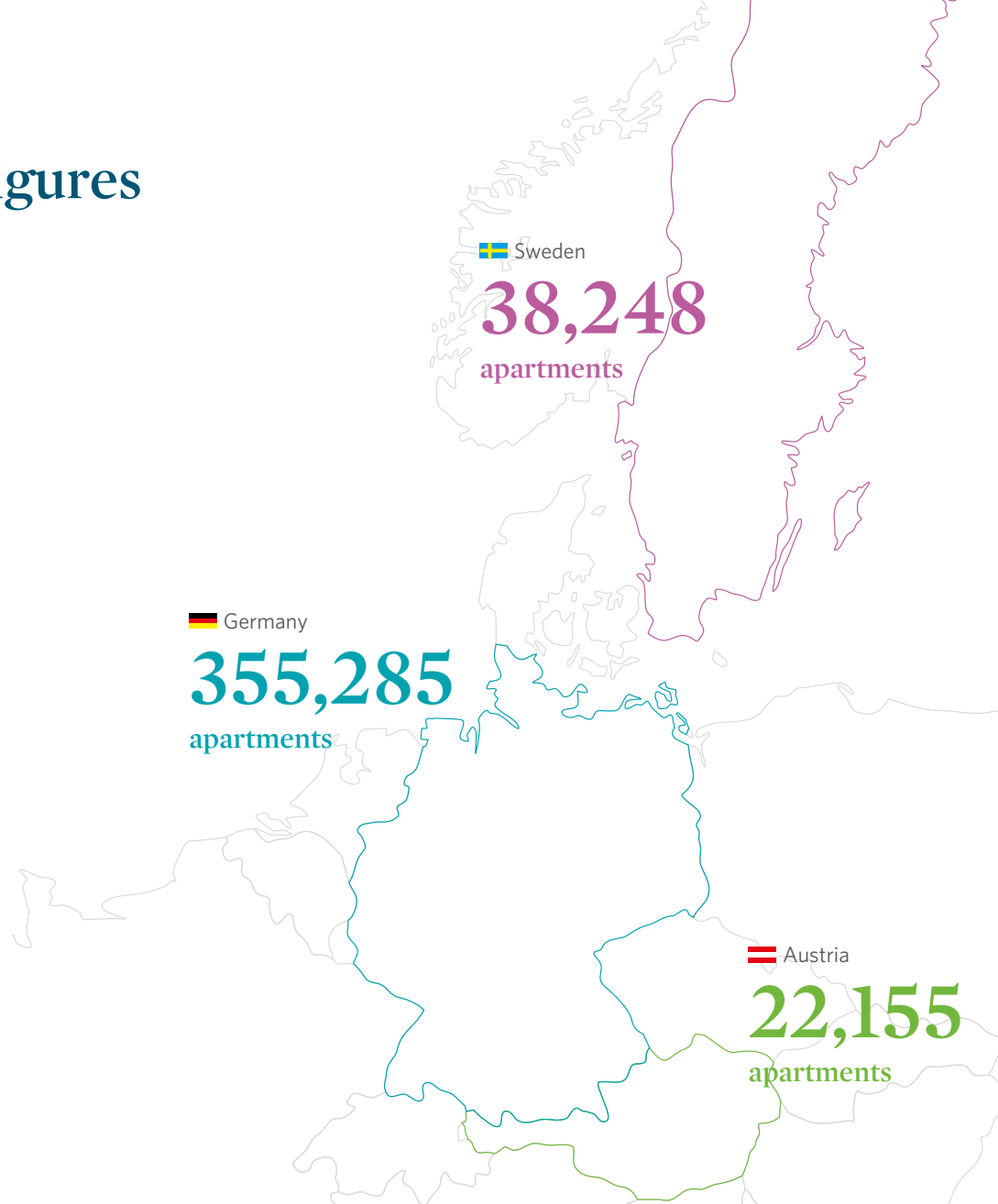
Total Segment Revenue

€ 1,910 million

adj. EBITDA

10,622

employees



Newly completed apartments in 2020

Total: 2,088
DE: 1,508 / AT: 383 / SE: 197



Average rent

€ 7.16/m²



Average apartment size

DE: approx. 62 m² / AT: 74 m² / SE: 72 m²



Total living area

25,560,000 m²



Commercial

Total: 6,564
DE: 3,786 / AT: 606 / SE: 2,172

DE: Germany
AT: Austria
SE: Sweden

Further key figures can be found in the management report of the current Annual Report [AR 2020, p. 45 et seqq.](#)

and in the section The Company and Its Shares. [AR 2020, p. 11 et seqq.](#)

Our Approach to Sustainable Development in Detail

☒ 102-15, 102-18, 102-31, 102-32

Integration of Sustainability into the Corporate Strategy

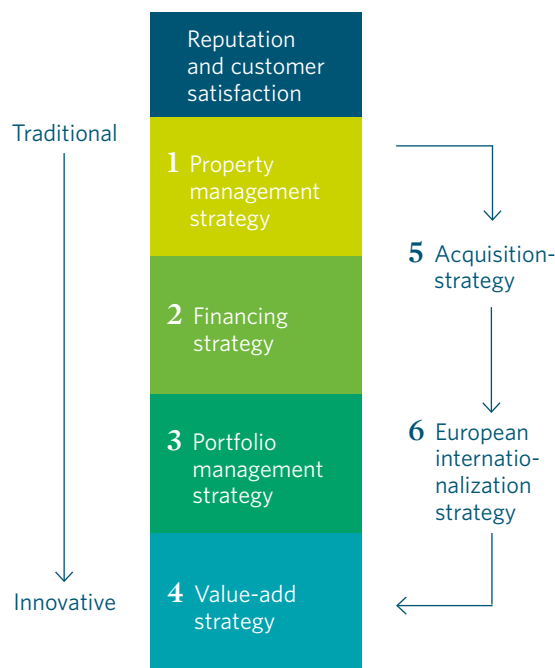
For us, sustainability is not merely an end in itself, but a core component of our corporate self-image, which we have anchored even further into our corporate strategy in 2020. For us, translating strategic objectives into our corporate processes is a task that can only be successfully implemented with the cooperation of all Vonovia employees. That is why we are involving numerous divisions and departments in this project.

In our view, corporate strategy at Vonovia has reached a high level of maturity and has proven its viability and flexibility in recent years. We were able to sustainably improve customer satisfaction, address new requirements and successfully establish new business models. This strategy continues to consist of the four basic approaches of the Property Management strategy, the Financing strategy, the Portfolio Management strategy and the Value-add strategy. The two strategic approaches of opportunistic acquisitions and internationalization reinforce and complement the four basic approaches (4+2 strategy).

More detailed explanations of the 4+2 strategy can be found in the 2020 annual report. [📄-📄 AR 2020, p. 50 et seqq.](#)

In 2020, we analyzed and further developed the corporate strategy in light of the megatrends and stakeholder expectations described above, assessed its impact on the business model of the future, and realigned it in terms of content and organization with regard to sustainability. In doing so, we specifically address the current sustainability requirements of the Sustainable Development Goals (SDGs) of the United Nations as well as the concrete ESG (Environment, Social and Governance) targets of European and national regulations.

The 4+2 Pillars of our Strategy



- 1 Management platform/Austrian client/digitalization.
- 2 LTV/financing strategy/financial risk management.
- 3 Portfolio management/recurring sales and non-core disposals/investment strategy/development and new construction.
- 4 Housing and property-related services/business development/digitalization.
- 5 Opportunistic acquisition strategy, Germany.
- 6 Austria/Sweden/France.

Dimensions of Sustainability at Vonovia



In concrete terms this means for us:

E: With the climate plan developed in 2020, we are committing to the goal of a climate-neutral building portfolio by 2050.* This requires both a more consistent level of refurbishment than in the past and increased, decentralized use of renewable energies for heating and powering neighborhoods (see action area Environment and Climate, → p.21 and action area Sustainable Construction and Development, → p.38).


S: We assume social responsibility for our tenants and employees. In doing so, we rely on a socially responsible, reliable rent policy and see the expansion of a social infrastructure incorporating innovations and new technologies in our neighborhoods as an integral part of community development projects in order to shape urban, ecological and affordable housing in a socially responsible manner. We offer our employees an attractive working environment characterized by diversity and personal scope for development (see action area Homes and Customers, → p.57, action area Society and Contribution to Urban Development, → p.47, and action area Corporate Culture and Employees, → p.70).

G: We are committed to governance that is reliable, transparent and trustworthy, and based on the international practice of good corporate governance. Compliance with applicable laws and internal and external guidelines is an absolute prerequisite for us to be perceived as a reliable and trustworthy partner (see action area Governance and Responsible Business Practices, → p.83, and action area Future Fitness and the Capital Market, → p.92).

We also want to create transparency and reliability through our sustainability reporting. We have therefore had this Sustainability Report externally certified with a limited assurance engagement (see Auditor’s Report, → p.135).

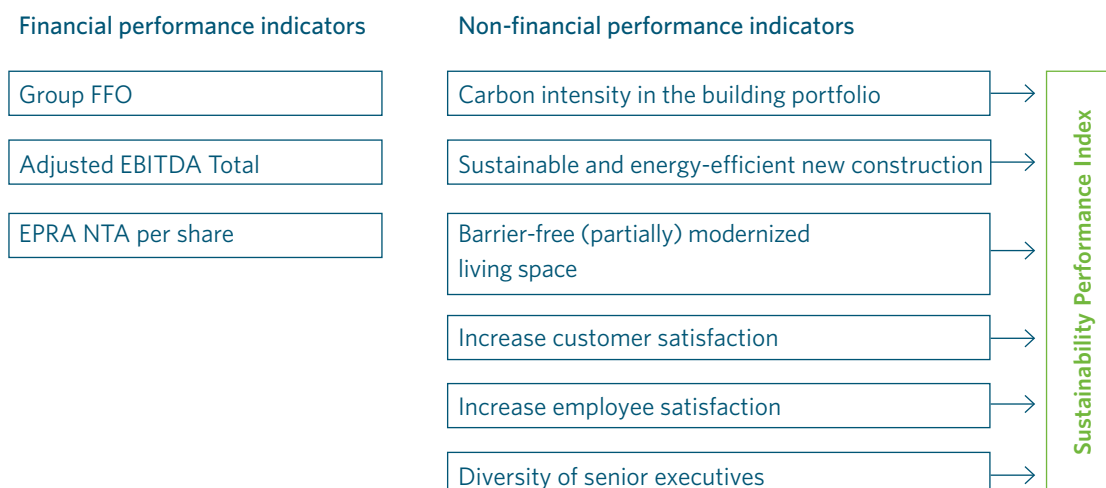
A key element of strategy development is establishing the Sustainability/Strategy department, which is directly attached to the CEO of Vonovia in organizational terms. We have also established a sustainability committee in which both the full Management Board and other relevant decision-makers in the company are represented. The committee has a managerial function and enables us to bring sustainability issues directly into the company via the Management Board in line with our strategic objectives (see section Organizational Establishment in the Company, → p.12).

Due to the integration of BUWOG’s property development business and our ongoing internationalization in Austria and Sweden, we have revised our materiality analysis. With the involvement of all relevant stakeholder groups, we implemented this process in the summer of 2020 and reviewed the key strategic sustainable action areas of our sustainability activities (see section Key Topics, → p.14).

In order to successfully operationalize our corporate strategy, we are expanding our management system to include non-financial performance indicators as of the 2021 fiscal year. In the future, the Sustainability Performance Index (SPI) will serve as a key performance indicator throughout the Group on an equal footing with financial indicators. It consists of six key figures derived from the material topics at Vonovia, and for which specific targets have been defined up to 2024. The key figures are recorded quarterly by Controlling and used in our external reporting and for communication with the capital market. The SPI will also be incorporated into the long-term remuneration of Management Board members and senior executives. This was approved by the  **Annual General Meeting** in April 2021.

* Current legal status; we will review the amendments to the German Climate Protection Act planned for this year once they have been passed and incorporate these into our strategy.

Vonovia's Financial and Non-financial Key Performance Indicators



Implementation of the TCFD Recommendations 102-15, 201-2

We have taken a further major step by integrating sustainability risks into risk management. This enables us to take a holistic view of the risks relevant to our company and include sustainability risks in the process of semi-annual risk

assessment (see section Management of Opportunities and Risks, → p. 98 et seq. and the section Opportunities and Risks in the 2020 Annual Report, ☒-☒ AR 2020, p. 124 et seqq.). In this context, we have established reporting in line with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) in order to shed special light on the climate-related risks of our business.

Implementation of the TCFD Recommendations at Vonovia

Content of the recommendations	Implementation at Vonovia	Further information	Page
Governance			
	<ul style="list-style-type: none"> > Overall Board of Management bears responsibility for sustainability and climate protection as well as climate-related risks and opportunities. It decides on strategy and targets and monitors progress > The central Sustainability/Strategy unit, which reports to the CEO, coordinates and drives the measures and their implementation > Risk Management (in Controlling) collects and evaluates sustainability-related risks every six months as part of the Group risk management process. The Management Board makes the final decision on risk assessment > The Chief Rental Officer (CRO) is responsible for energy modernization in the portfolio > The Value-add unit is responsible for technically implementing and using new technologies > The central non-financial performance indicator Sustainability Performance Index (SPI) includes the carbon intensity of the building portfolio > Climate risks are part of the remuneration of the Management Board and management via the SPI 	<p>2020 Annual Report</p> <ul style="list-style-type: none"> > The Company > Corporate Structure > Sustainability Management at Vonovia > Management System > Environmental Issues <p>2020 Sustainability Report</p> <ul style="list-style-type: none"> > Environment and Climate > Managing Opportunities and Risks 	<ul style="list-style-type: none"> → p. 47 et seq. → p. 48 et seq. → p. 58 → p. 83 et seqq. → p. 61 et seqq. → p. 21 et seqq. → p. 98 et seq.
Strategy			
	<ul style="list-style-type: none"> > Climate protection and carbon reduction is a fundamental component of the corporate strategy as a key driver of long-term business success > Scenario-based, binding climate path defined along with scientific support > Average refurbishment rate of approx. 3% p.a.; increase in energy efficiency as well as use of neighborhood solutions with renewable energies > Risks: Currently, transitory rather than physical risks are expected, among other things via legislation in Germany (carbon pricing) and the European Union; risk of lack of economic viability of energy-efficient modernization and the development of renewable energy generation (particularly with regard to affordable housing) > Opportunities: Generation and marketing of green electricity by residential real estate companies 	<p>2020 Annual Report</p> <ul style="list-style-type: none"> > Strategy > Sustainable Business Model > Environmental Issues <p>2020 Sustainability Report</p> <ul style="list-style-type: none"> > Material Topics > Environment and Climate > Sustainable Construction and Development 	<ul style="list-style-type: none"> → p. 49 et seqq. → p. 57 → p. 61 et seqq. → p. 14 et seqq. → p. 21 et seqq. → p. 38 et seqq.
Actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning			

Implementation of the TCFD Recommendations at Vonovia

Content of the recommendations	Implementation at Vonovia	Further information	Page
Risk management			
How the organization identifies, assesses, and manages climate-related risks	<ul style="list-style-type: none"> > Climate risks fully integrated into company-wide risk management, semi-annual assessment of all risks by management > Physical risks will be assessed on the basis of regularly updated risk maps in the future > No material risks currently identified for Vonovia's building portfolio 	<p>2020 Annual Report</p> <ul style="list-style-type: none"> > Risk Assessment Based on Sustainability Aspects → p. 58 > Opportunities and Risks → p. 124 et seqq. <p>2020 Sustainability Report</p> <ul style="list-style-type: none"> > Managing Opportunities and Risks → p. 98 et seq. 	
Metrics and targets			
Metrics and targets used to assess and manage relevant climate-related risks and opportunities	<ul style="list-style-type: none"> > Comprehensive and complete carbon footprint for building portfolio and business operations in accordance with GHG emission protocol and Initiative Wohnen.2050 > CO₂e in 2020 portfolio: 1.02 million tons (Scope 1, 2 and 3) > Targets: Climate-neutral building stock by 2050; reduction of carbon intensity from current 39.5 kg to 30 kg CO₂e/m² of rentable area in Germany by 2030 > Expansion of renewable energies with photovoltaic systems: 424 plants with 15.9 MWp nominal output and 7,324 MWh of generated energy in 2020 > Reduction in average primary energy demand in new construction to 33 kWh/m² by 2024 	<p>2020 Annual Report</p> <ul style="list-style-type: none"> > Strategy → p. 49 et seqq. > Management System → p. 83 et seqq. > Environmental Issues → p. 61 et seqq. > Forecast Report → p. 138 et seqq. <p>2020 Sustainability Report</p> <ul style="list-style-type: none"> > Environment and Climate → p. 21 et seqq. > Environmental Key Figures → p. 108 et seqq. 	

Organizational Establishment in the Company

102-20, 102-30, 102-31, 102-32

Sustainability is a top management task at Vonovia: The Chairman of the Management Board, Rolf Buch, is responsible for the topic within the company. On the Supervisory Board side, the Audit Committee has a particular responsibility for sustainability.

A sustainability committee meets three to four times a year – as required – to discuss the overall strategic direction and to evaluate the company's sustainability performance. The committee comprises the entire Management Board as well as the heads of Sustainability, Investor Relations, Corporate Communications, Controlling, Accounting and Business Innovation. This allows us to ensure the systematic implementation of our sustainability strategy in all business areas right down to our local neighborhoods.

In the year under review, Vonovia created the Sustainability/Strategy area as a direct line to the Chairman of the Management Board, which coordinates sustainability issues within the framework of the strategy and business model and is responsible for sustainability reporting. These include further developing the sustainability strategy and roadmap, defining and monitoring sustainability objectives and implementing sustainability projects. The department is also responsible for driving initiatives and providing impetus. Its remit also includes preparing reports, including in the area of sustainability, and actively processing and participating in ESG ratings. The Head of Sustainability/Strategy regularly

exchanges views with the CEO and the sustainability committee on current developments and issues.

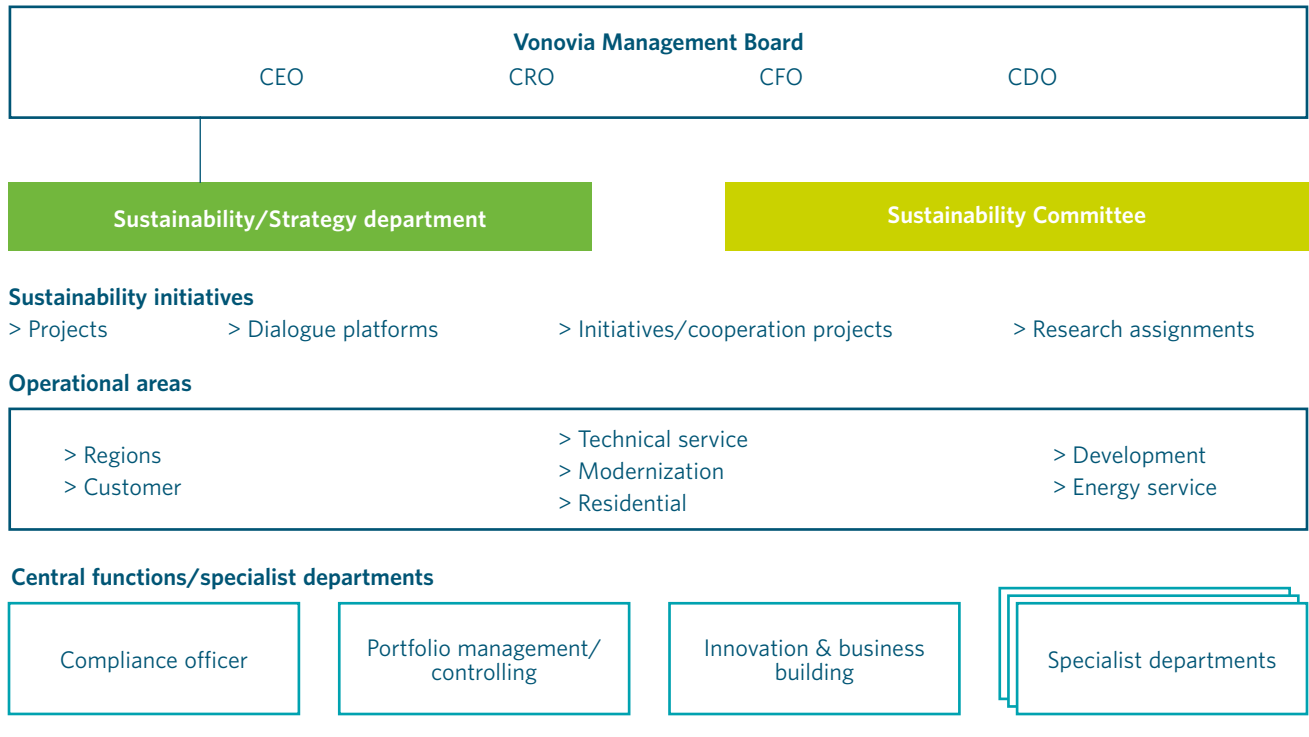
The processing and implementation of sustainability-related topics is carried out via the relevant specialist departments and regions. The employees responsible ensure that sustainability issues are implemented as part of day-to-day business or in pilot projects and research initiatives (see, e.g., section Renewable Energies and Energy Mix, → **p. 31 et seqq.**).

There are comparable staff functions in Austria and Sweden. They coordinate the interaction between the Sustainability/Strategy department and the individual countries, as well as the country-specific sustainability strategies pursued by the Austrian BUWOG companies and the Swedish companies Victoria Park AB/Hembla. In order to take the development business of the German company BUWOG into account, a coordination function for sustainability has also been set up there.

Our Understanding of Sustainability

Vonovia is part of society. Our day-to-day business is geared toward fulfilling people's basic need for a home. As a sustainable and responsible residential real estate company, Vonovia believes that it has a particular obligation towards its more than one million customers in Germany, Austria and Sweden, but at the same time also towards society, the environment and its shareholders.

Sustainability in Vonovia's Organizational Model



In 2019 we reworked our [Business Philosophy](#). We use this to show what we stand for at Vonovia and where we see our role in society. It serves as a guiding framework for our company's employees and external stakeholders alike. In addition, it also sets out the values we want to be measured against.

In 2020, Vonovia drew up a comprehensive [Understanding of Sustainability](#) with the new materiality analysis and the further developed corporate strategy, which we use to communicate our ambition for sustainable action to the outside world. In it, we describe our understanding of sustainability as well as our social task (Purpose) and define the topics that concern us in a total of seven action areas. How we run our company and our daily actions sustainably is largely guided by our understanding of sustainability.

We know that the decisions we make as a company always have an impact on people, neighborhoods, and the environment. We weigh these impacts up carefully, particularly when it comes to modernizing buildings and designing neighborhoods. After all, protecting the environment and our climate should go hand-in-hand with our responsibility for safe and good-quality housing at fair prices. This is what sustainable living means to us. As a real estate company with a long-term focus, we aim to strike a balance between commercial activity on the one hand, and social responsibility and ecological objectives on the other. We are committed to the principles of the social market economy and profita-

bility. Vonovia takes responsibility as a provider of affordable housing and as a service provider, building contractor and developer, but also as a stakeholder in society. For us, sustainability means managing our business activities in a way that generates the greatest possible long-term benefit for society as a whole. This is the standard we want to be measured against. We want this to be embodied by every employee.

We base our sustainability activities on the applicable laws and regulations of the countries in which we operate. In addition, numerous national and supranational standards and agreements serve as a guide for designing our sustainability concept. These include, for example, the Sustainable Development Goals (SDGs), the 2015 Paris Climate Agreement, and the German government's 2050 Climate Action Plan. However, observing human rights and labor standards as well as complying with duties of care and protective regulations also play a decisive role for us. We also address current issues, such as the discussion on the EU-wide classification system for sustainable and climate-friendly investments ("EU taxonomy").

Material Topics

☒ 102-40, 102-42, 102-43, 102-44, 102-46, 102-47, 102-48, 102-49, 103-1

2020 Materiality Analysis

We want to fulfill our responsibility to the environment and society as best we can. That's why we continuously deal with the processes of social and ecological change in a structured manner, and analyze how these changes impact our business and value creation (outside-in perspective). At the same time, our decision-making processes look at the impact that our business model has on the environment and society (inside-out perspective). A third important dimension in determining the issues that are material for us is also the perspective of relevant external stakeholder groups.

We redefined the material topics in 2020 as part of an extensive, testable materiality analysis. The resulting materiality matrix replaces the one in place since 2017 (see [☒ Vonovia Sustainability Report 2017, p. 13](#)). This new definition was prompted by changing overall social conditions, the mounting importance of climate protection issues and internal changes resulting from the company's internationalization and its new development business activities. The aim is to create a comprehensible basis to position Vonovia strategically and sustainably.

The main topics were initially identified by evaluating potentially relevant topics and action areas via various sources, e.g., studies. We have transferred these topics into a "long list." Next, we validated the collection of topics and sorted out non-relevant topics (short list), thereby identifying a total of 33 sustainability topics in seven action areas. We then evaluated and validated these topics in three additional steps.

The focus was on the three dimensions: impact on the environment, society and the economy, impact on business relevance and significance for external stakeholders.

Impact on the environment, society and the economy:

The impact Vonovia has on the environment, society and the economy (corporate impact) was assessed via a workshop at management level. All relevant departments were involved in this process, including our Austrian colleagues. The aim of the workshop was to determine the significance of the impact with regard to various aspects of the business activities at Vonovia.

Impact on business relevance:

The business relevance was assessed in a workshop with participants from the first management level in Germany and Austria and with the involvement of the Management Board. Both short-term and long-term effects of the 33 sustainability topics on business relevance were discussed and evaluated.

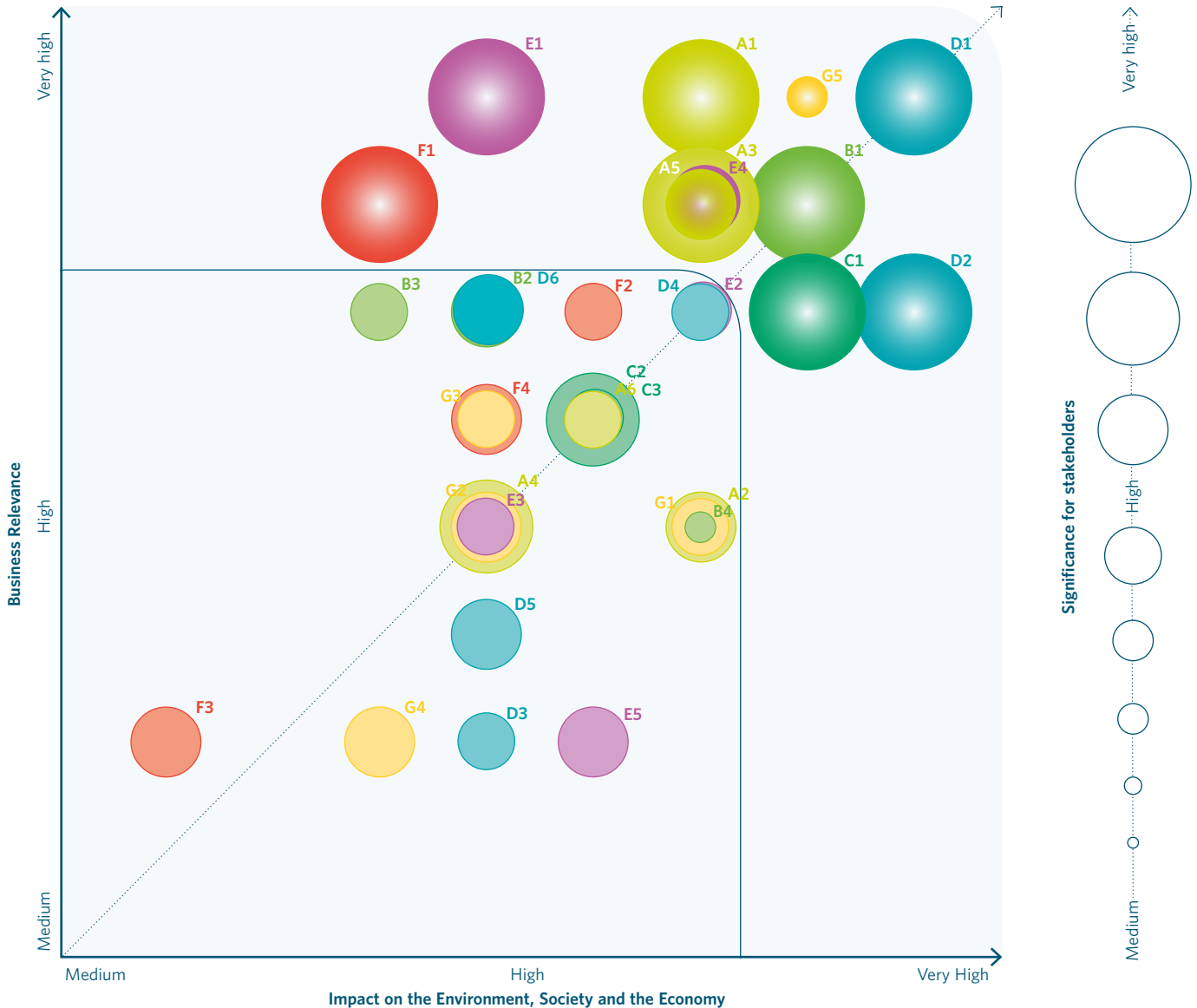
Following both workshops, a separate validation loop took place for Sweden.

Significance for external stakeholders:

External stakeholders were surveyed both online and through telephone interviews. We wanted to find out from them what they consider to be the most relevant sustainability issues in the housing industry in general and for Vonovia in particular. There were 142 respondents from Germany, Austria and Sweden who took part in the online survey. In addition, 42 expert interviews were conducted to validate the results. The experts were each asked about a specific action area, but were also able to provide information on other topics. Among others, the survey participants included representatives of the capital market, tenants' associations, employees, business partners, suppliers and service providers of Vonovia as well as representatives from authorities, the world of politics, associations, civil society and science. The stakeholders were selected on the basis of their knowledge of Vonovia and their expertise on the topic of sustainability.

Materiality Matrix

☒ 102-47, 103-1



Action Area A: Homes and Customers

- A1** Fairly priced housing
- A2** Contribution to new construction in conurbations
- A3** Homes that meet tenant needs and action in response to demographic change
- A4** Maintenance of investment properties
- A5** Customer satisfaction and service quality
- A6** Dialogue with tenants

Action Area B: Society and Contribution to Urban Development

- B1** Neighborhood development and contribution to infrastructure
- B2** Integration, diversity and social cohesion
- B3** Investment and participation
- B4** Participation in political dialogue

Action Area C: Sustainable Construction and Development

- C1** Sustainable new construction and refurbishment
 - C2** Sustainable materials and products
 - C3** Social and environmental standards in the supply chain
- Action Area D: Environment and Climate**
- D1** Reduction of CO₂ in the real estate portfolio/energy-efficient modernization
 - D2** Renewable energies and energy mix
 - D3** Energy efficiency and CO₂ reduction in business operations
 - D4** Innovations for the climate and environment
 - D5** Water, effluents and waste
 - D6** Biodiversity

Action Area E: Corporate Culture and Employees

- E1** Appeal as an employer
- E2** Training and personal development
- E3** Performance-based and appreciative remuneration
- E4** Approach to diversity and equal opportunity
- E5** Promotion of health and safety

Action Area F: Corporate Governance and Responsible Business Practices

- F1** Governance and compliance
- F2** Stakeholder orientation
- F3** Observation and promotion of human rights
- F4** Information management and data protection

Action Area G: Future Viability and Capital Market

- G1** Sustainable and long-term growth
- G2** Management of opportunities and risks
- G3** Digitalization of processes
- G4** Sustainable relationships with business partners
- G5** Appeal on the capital market

Material topics are marked in bold.

The process identified eleven of the 33 selected sustainability topics as being material for Vonovia. They are explained in detail in the following chapters. The remaining 22 major issues are also described in this report.

The results were translated into a materiality matrix that maps all three dimensions and is presented based on both the CSR Directive Implementation Act (CSR-RUG) and the GRI standards.





SUSTAINABLE DEVELOPMENT GOALS



Deriving Sustainable Development Goals


The Sustainable Development Goals (SDGs) serve as the framework for action for sustainable development on a global level. The United Nations published the SDGs in 2015 as part of its 2030 Agenda. The 17 main goals, which are broken down into a further 169 targets, address global social, economic and environmental challenges. Achieving the SDGs will require action from all sectors of society, including the corporate sector.

Our sustainability strategy is geared toward international standards and frameworks such as the SDGs. As a company with international operations, we aim to contribute to achieving these goals with our business in Germany, Austria and Sweden. We have used our materiality analysis to identify priorities in this area as well and have identified a total of eight key SDGs to which we want to make a particular contribution at Vonovia:

SDG	Targets	Our contribution to key SDGs
Environment and climate		
	Climate protection measures	We align our neighborhoods with clear climate protection targets. The goal of a climate-neutral building portfolio by 2050 is a guiding principle for us. We reduce our greenhouse gas emissions in particular by consistently using renewable energies and implementing energy modernization measures in our apartments. We also promote climate protection in our neighborhoods by expanding sustainable infrastructure, for example for electromobility. For all new construction projects, we ensure that we use sustainable resources. → p. 21
	Renewable energy	Expanding renewable energy use is an important lever for us to achieve our goal of a climate-neutral building portfolio by 2050. To supply our neighborhoods with energy, we also rely on innovative technologies that we use across buildings and combine efficiently within our neighborhoods. This includes research into new generation and storage technologies. When selecting measures, we always keep affordability in mind from the perspective of our tenants. We actively involve them in the process in order to successfully introduce decentralized power generation in our neighborhoods. At the political level, we advocate for a framework that enables all citizens to participate in the energy transition. → p. 21
	Land ecosystems and biodiversity	With our diverse measures in environmental and climate protection, we strengthen the sustainable use of soils and ecosystems. We attach importance to construction methods that conserve resources as much as possible and use sustainable materials in our new construction projects. In our neighborhoods, as well as at our business site, we implement projects that preserve habitats for animal and plant species and promote biodiversity. → p. 21 → p. 38 → p. 47
Homes and customers		
	Innovation and infrastructure	We carry out research in cooperation with partners from the world of science, driving innovation in the real estate industry and in renewable energies. This is how we explore new technologies and approaches to climate protection in our neighborhoods. Scientific support enables us to better identify successful models and implement them practically. It is precisely our company's size that enables us to be pioneers of technological but also social progress in the housing industry. → p. 38 → p. 57


SDG	Targets	Our contribution to key SDGs
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Society and contribution to urban development & Sustainable construction and development

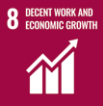
	<p>Sustainable cities and neighborhoods</p>	<p>More than 70% of our portfolio is located in areas that make up neighborhoods. This is where we design the living spaces for our tenants. We offer them urban and environmentally friendly living at fair and transparent prices. We also pay equal attention to ecological and social aspects in community development. We take demographic change into account and are committed to harmonious coexistence at a local level. We are dedicated to climate protection by implementing energy-saving measures when it comes to construction and infrastructure. When designing residential environments, we pay attention to spaces that promote environmental protection and nature conservation. This is how we create sustainable living spaces in cities and communities for everyone. → p. 38 → p. 47 → p. 57</p>
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	<p>Partnerships for sustainable development</p>	<p>Partnerships help us pool expertise and achieve our goals more effectively. We want to consistently make our neighborhoods in cities and communities more sustainable. Using various participation measures, we actively involve our local tenants, cities and communities. We work with different stakeholders from the fields of politics, research, business and civil society, and regularly exchange ideas with them. In this way, we learn from each other, grow together and drive the sustainable development of the housing industry. → p. 47 → p. 83 → p. 92</p>
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Corporate culture and employees

	<p>Gender equality</p>	<p>Transparency, diversity and appreciation are important values in our corporate philosophy. We want to give everyone equal opportunities and are categorically opposed to discrimination of any form. We see diversity as an opportunity for our teams and our business, and as an important element in remaining attractive as an employer. We select our employees on the basis of their qualifications and skills. We also make sure that we take active measures to support women and to open up opportunities for them to assume management and technical roles. This also includes offering more flexible working time models and supporting our employees in balancing work and family life. → p. 70</p>
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Corporate governance and responsible business practices & Future viability and capital market

	<p>Promote jobs and economic growth</p>	<p>We can only be sustainable if we are also commercially successful. As a listed company, we are committed to maintaining clear standards. With our systematic focus on sustainability and ESG criteria, we ensure that we generate growth while remaining attractive in the long term. We offer our employees a good, secure workplace. We create a trusting environment in which violations of rules and laws can be reported. We also ensure compliance with social and environmental standards within our supply chains. → p. 70 → p. 83 → p. 92</p>
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Our Roadmap

103-2

Vonovia has launched a sustainability roadmap for the structured implementation of its sustainability efforts. The topic of climate change and a climate-neutral portfolio (E) as well as the action areas of social responsibility (S) and governance (G) are of particular importance.

Our aim	Our goals	Year	Status	What we achieved in 2020
 Environment and climate				
Carbon reduction in the property portfolio/energy-efficient modernization				
For the existing buildings in our portfolio, we aim to reduce carbon intensity annually and achieve a climate-neutral building portfolio by 2050.	Reduction of carbon intensity to 30 kg CO ₂ e/m ² (in Germany)	2030	🕒	> Reduction of carbon intensity to 39.5 kg CO ₂ e/m ² of rentable area (in Germany)
	Achievement of climate path in Germany (carbon intensity) and expansion to Sweden and Austria	2021	🕒	> Scientific climate path for Germany developed with binding annual interim targets
	Maintain refurbishment rate (in Germany) at around 3% on average	Ongoing	✅	> 2.9% refurbishment rate achieved (in Germany)
Renewable energies and energy mix				
We are pushing the expansion of renewable energy generation in our neighborhoods.	5 MWp additional output per year from photovoltaic systems	Ongoing	✅	> Further expansion of photovoltaic systems across our portfolio > The number of turbines increased from 295 (output: 10.2 MWp) to 424 (output 15.9 MWp)
We provide future-fit mobility concepts in our neighborhoods.	Installation of up to 10,000 wallboxes following tenant demand	2030	🕒	> Investment in the development and expansion of public charging stations for electromobility > Electric vehicles made available within the framework of car sharing schemes
 Sustainable construction and development				
Sustainable construction and refurbishment				
In construction and conversion projects, we pay attention to optimized energy efficiency and environmentally conscious construction methods.	Reduction in average primary energy demand for new buildings to 33 kWh/m ²	2024	🕒	> Average primary energy demand of new buildings of 35.7 kWh/m ² in 2020 > 85.9% of new buildings completed in Germany in 2020 in energy class A/A+ (≤ 50 kWh/m ²)
 Society and contribution to urban development				
Community development and contribution to infrastructure				
We carry out neighborhood development projects with cities and municipalities with the aim of improving infrastructure and social cohesion.	Holistic orientation of future community development projects while taking into account our climate protection goals	Ongoing	🕒	> 14 community development projects with around 8,000 residential units under implementation > Vonovia community academy established > Funding framework and social projects expanded despite pandemic (around € 1.5 million invested)

Our aim	Our goals	Year	Status	What we achieved in 2020
Homes and customers				
Living at fair prices				
We offer everyone a chance to have a home at a fair price.	Keep modernization affordable: Continue the voluntary commitment to limit the allocation of modernization costs to € 2/m ²	Ongoing	✓	> Hardship management scheme continued successfully > 724 positive decisions reached out of 1,017 hardship cases; average allocation € 1.24/m ²
	Maintain special protection for people over 70	Ongoing	✓	> Over-70s arrangement to ensure affordable housing for tenants aged over 70 continued > 164 positive decisions out of 346 requests
Homes that meet people's needs and transformation due to demographic change				
Every year, we modernize 30% of our newly rented apartments to meet the needs of an aging society.	Proportion of new rentals in Germany that are barrier-free, (partially) modernized apartments: approx. 30% annually	annually	✓	> Proportion of new rentals that are barrier-free, (partially) modernized apartments: 30.1% achieved (10,300 apartments)
Customer satisfaction and service quality				
We are continuously expanding our digital channels and offering extended accessibility. We regularly carry out customer satisfaction surveys.	Increase in customer satisfaction by 2 percentage points	2024	⊕	> 8.6% increase in customer satisfaction (in Germany) > Improving the quality of communication and service by expanding the customer app with additional self-service functions
Corporate culture and employees				
Appeal as an employer				
We want to be perceived as an attractive, trustworthy and forward-looking employer. We regularly carry out employee surveys to improve our performance.	Increase in employee satisfaction by 5 percentage points	2024	⊕	> Around 1,000 new recruits, despite and during the coronavirus pandemic > Training rate at 5.0% (in Germany) > New measures identified as part of structured follow-up process to 2019 employee survey
Approach to diversity and equal opportunities				
We make sure that we take active measures to support women and to open up opportunities for them to assume management and technical roles.	Proportion of women in management positions at 26%	2024	⊕	> Target for the proportion of women in management positions extended to the entire Group > Gender pay gap at management level* <4%
Corporate governance and responsible business practices				
Governance and compliance				
We are a trustworthy and reliable partner. It goes without saying that all of our employees comply with laws and regulations.	Continue to avoid misconduct through consistent preventative measures	Ongoing	✓	> Sustainability index (SPI) introduced with relevance for remuneration at board and management levels > Anti-corruption, money laundering prevention and whistleblowing policies introduced > Vonovia Declaration of Respect for Human Rights published > Joining the UN Global Compact
Future viability and capital market				
Attractiveness on the capital market				
We are pursuing the goal of transparently presenting our sustainability performance to the capital market. One way we are doing this is by participating in relevant ESG ratings.	In relevant ESG ratings we aim to maintain or improve our performance	Ongoing	✓	> Good ESG rating performance in all relevant ratings > Green Bond Framework published and first green bond issued (March 2021)

* Management level includes first and second management level below the Management Board.

✓ Target achieved ⊕ Under implementation

Environment

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Environment and Climate



☒ 103-1, 103-2, 103-3, 305-4, 305-5, Principle 7, Principle 8, Principle 9



Overview of the Action Area

As a market leader in the housing industry, we want to be a driver of climate action. We are aiming for a climate-neutral property portfolio. To reduce carbon emissions from our buildings, we carry out modernization work to make them energy-efficient, and develop and use innovative technologies. We are increasing the use of renewable energies, photovoltaic installations and climate-friendly mobility concepts in our neighborhoods.

We believe that achieving the goals set out in the Paris Agreement is one of the greatest challenges of our time. Vonovia is rising to this challenge and supports both the global agenda and the German federal government’s specific target of making the country’s building stock climate-neutral by 2050. We are motivated by the goal of reducing the carbon intensity of our property portfolio to approximately 30 kg CO₂e per m² of rentable area by 2030 and to considerably less than 10 kg CO₂e per m² of rentable area by 2050. We intend to achieve this by keeping up the fast pace of our refurbishment work, expanding the use of renewable energies and researching and developing new ideas and concepts, especially those related to the local community.

The climate action goals can only be achieved by 2050 by using the right combination of measures. We have developed a climate action plan with the scientific support of the Fraunhofer Institute ISE to evaluate the effectiveness of these measures. This plan reflects our own targets, the average trend in the industry and the federal government’s targets 2050 targets. Scientific targets like the trajectory defined by the Carbon Risk Real Estate Monitor (CRREM) were also taken into account when developing the scenario analysis. The climate action plan shows clearly that a refurbishment rate of 3% alone will not be sufficient to reach the targets by 2050. What we need is a mix of energy-efficiency refurbishment, greater use of renewable energy sources, and combinations of existing and new technologies such as energy sector coupling and the use of systems for entire neighborhoods.

HIGHLIGHTS 2020

- > Climate path developed for Vonovia with binding targets for the existing German portfolio
- > Carbon intensity of around 39.5 kg CO₂e/m² achieved in Germany
- > 2.9% refurbishment rate achieved in Germany
- > Further expansion of photovoltaic systems across our portfolio: number of plants increased from 295 (output: 10.2 MWp) to 424 (output: 15.9 MWp)
- > Investment in the development and expansion of public charging stations for electromobility
- > Electric vehicles made available in car-sharing schemes
- > Cofounding of Initiative Wohnen.2050
- > Climate conference “Outlook for climate-neutral housing” (Perspektiven klimaneutralen Wohnens) held

Vonovia explained how the aim of a climate-neutral property stock can be achieved and discussed its ideas with policy-makers, academics and representatives of civil society at a  conference dedicated to “Prospects for climate-neutral housing” in fall 2020. We are convinced that if climate-neutral housing is to be feasible and remain affordable, the legal framework needs to change. Having the right subsidies and removing legal obstacles are therefore vital for effective climate action in the residential property sector. Vonovia intends to increase its campaigning on these topics and actively inform the public about the energy revolution and what is required to make it happen. We believe that ambitious, long-term partnerships and above all a different political framework are needed in addition to commitments and investments in order for climate-neutral housing to become a reality and stay affordable. We are happy to contribute our expertise to this effort.

Steps that we are already taking include generating solar energy from more than 400 rooftop photovoltaic systems on our properties and the use of integrated power, heat and transport systems for neighborhoods.

We also see ourselves as a catalyst for the environmental and climate-friendly design of the residential environment. Protecting the flora and fauna in our neighborhoods is one of our priorities. We do this by planting trees, creating urban meadows with wild flowers, installing nesting boxes and working with our tenants. We always aim to strike the right balance between ecological benefits and financial viability.

Waste and water are two topics that are becoming increasingly important in our neighborhoods. We want to raise our tenants’ awareness of the importance of using resources efficiently. We also use active water management systems that make improvements like optimizing our use of rain water. Our concepts for separating household and commercial waste make our employees and tenants aware of the importance of recycling.

Our properties represent our biggest opportunity to contribute to the protection of the environment and the climate. However, it is equally important to take action in our own operations. Our vehicle fleet is a particularly promising area where we can reduce carbon emissions by optimizing our processes. We also prioritize sustainable construction methods when building and operating our offices.

Our materiality analysis identified the topics of **Carbon Reduction in the Property Portfolio/Energy-efficient Modernization** and **Renewable Energies and Energy Mix** as material in terms of our efforts to achieve our targets in the action area of Environment and Climate. In addition to the energy-related topics in our own portfolio, climate action features in four other key areas: **Biodiversity, Water, Effluents and waste** and **Energy Efficiency and Carbon Reductions in Operations**.

Carbon Reduction in the Property Portfolio/ Energy-efficient Modernization

102-11, 102-13, 103-1, 103-2, 103-3, 302-3, 305-1, 305-2, 305-3, 305-4, 305-5

Disclosure

Social and political awareness of environmental and climate issues continue to increase. In this context, we believe that achieving the goals set out in the 2015 Paris Agreement is one of the greatest challenges of our time. The business community is being called on to assume its responsibilities and play an active role in achieving the global targets by taking effective action. The real estate sector has an important part to play because the construction and operation of buildings emit a significant amount of the greenhouse gases that cause climate change.

The European Union has broken down the overall target of limiting global warming to no more than 2°C compared with the pre-industrial era into an ambitious climate action program. The European Green Deal has put the property sector in the spotlight in Europe. The Renovation Wave – a wide-ranging program to boost the energy efficiency of the property sector – reflects this fact. With this in mind, the German federal government is aiming to make the nation’s building stock climate-neutral by 2050* – a target which Vonovia is also committed to. This will initially involve cutting carbon emissions in the property sector by around 40% between 2020 and 2030. A carbon price for fossil fuels will be launched to reinforce the government’s climate package. From 2026 onwards, the installation of oil-fired heating systems will no longer be permitted, but subsidies for energy-efficient building refurbishment will be increased. The Austrian government is going even further and wants to be climate-neutral by 2040.

The increasing number of regulations aimed at combating climate change are having a significant influence on how companies behave. The funding landscape is also changing, on both a national and European level. Frameworks like the EU Taxonomy and TCFD mean that the capital markets are making increasing demands of listed companies in terms of their climate action programs and transparent reporting.

The property sector has a responsibility to find innovative ways to reduce emissions and consumption in the portfolio over the long term while also taking cost-effectiveness, the security of the energy supply and the opinions of tenants into account. As a leading residential real estate company, it is more important than ever that we at Vonovia act as a role model and shape the debate.

Aligning commercial activities with sustainability and ecological criteria also has the potential to open up significant new business areas for property companies. We need to get tenants and other stakeholders involved in order to achieve our goal of significant carbon reductions.

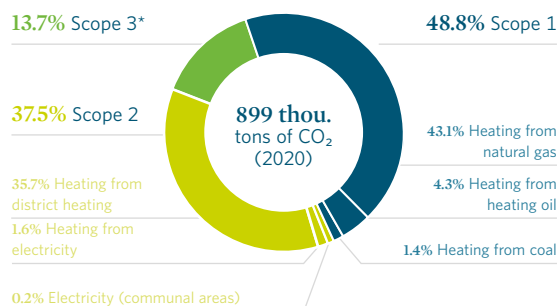
However, we are also exposed to regulatory risks that affect our activities and our business (see Opportunities and Risks, [AR 2020, p. 124 et seqq.](#)). There is no significant direct physical risk to our properties in Germany, Austria and Sweden from climate change over the short to medium term, such as extreme weather events like heavy rain with the potential to cause flooding. A long-term assessment of potential climate risks is the next step on our agenda.

Our Approach

Vonovia is committed to making its property portfolio climate-neutral by 2050. As the market leader with some 415,000 apartments in Germany, Austria and Sweden, we see ourselves as a key driver of climate action in the housing industry. The size of our property portfolio means that we can help the sector as a whole make great strides towards achieving the goal of a carbon-neutral building stock. We track our emissions using the recognized Greenhouse Gas Protocol. Most of our emissions are Scope 1 emissions (direct emissions) and Scope 2 emissions (indirect emissions caused by consumption of district heating and power) of the properties in our portfolio. The majority of these are in Germany.

Carbon Emissions (in Germany)

in %



* Scope 3 emissions comprise energy-related emissions upstream and commodities leased downstream.

* Current legal status; we will review the amendments to the German Climate Protection Act planned for this year once they have been passed and incorporate these into our strategy.

Vonovia unveiled how it can achieve the objective of a climate-neutral housing stock at the “Outlook for Climate-Neutral Living” [conference](#) in October 2020. This event involved discussions with representatives from the world of politics, academia and civil society. Using subsidies appropriately and removing legal obstacles are vital for effective climate action in the residential property sector. Vonovia intends to increase its campaigning on these topics and actively inform the public about the energy revolution and what is required to make it happen.

We have developed a climate action plan with the scientific support of the Fraunhofer Institute ISE to evaluate the effectiveness of these measures. This plan reflects our own targets, the average trend in the industry and the federal government’s targets 2050 targets. Scientific targets like the trajectory defined by the [Carbon Risk Real Estate Monitor \(CRREM\)](#) were also taken into account when developing the scenario analysis. On this basis, and in line with the Wohnen.2050 initiative targets, a target corridor has been defined for carbon intensity of 0–10 kg CO₂e/m² of rentable area per year. The resulting climate plan shows clearly that multiple measures are required in order to achieve climate neutrality by 2050.

Climate path

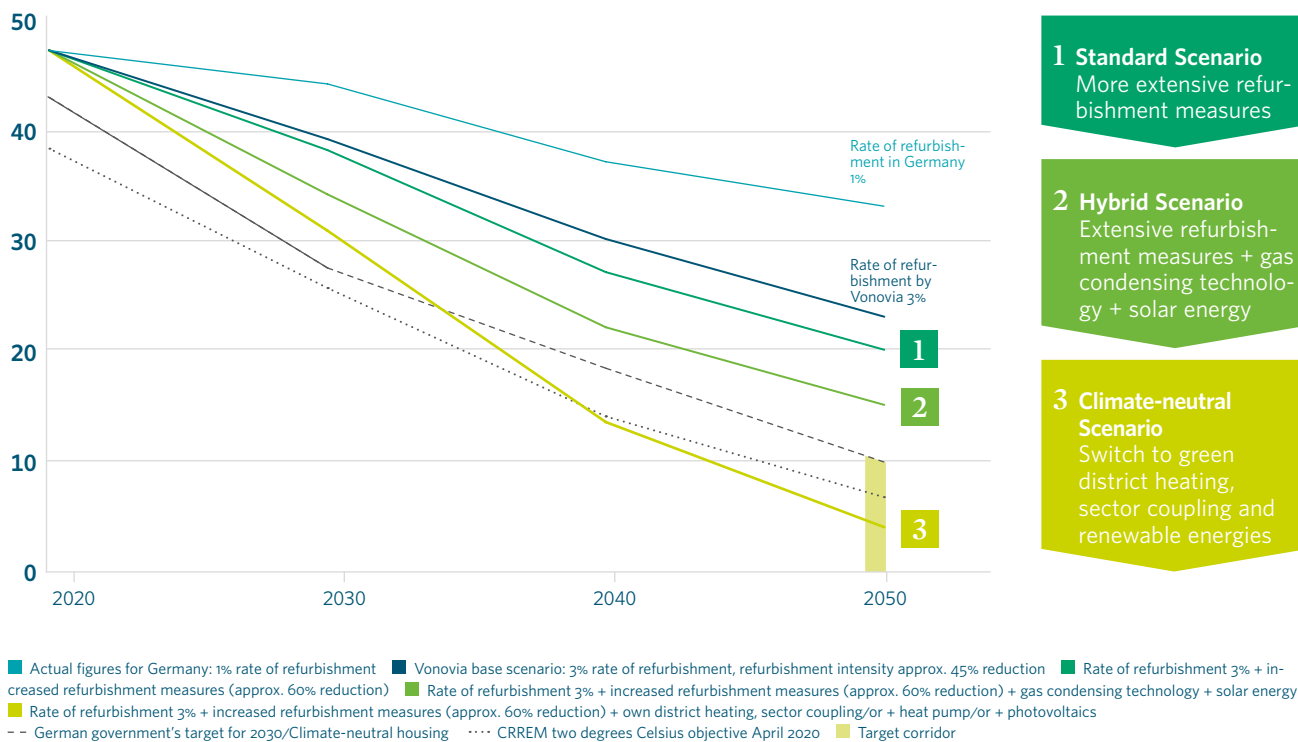
developed with scientific support

We analyzed several scenarios that indicated that refurbishment, both as currently practiced and in a more intensive form, is not enough. The required climate trajectory can only be achieved by combining higher energy efficiency, a much greater share of renewable energy sources in the energy supply and further innovative technologies to produce and store energy on a decentralized basis in neighborhoods.

1) Standard scenario: energy-efficient refurbishment is still a fundamental component of our climate action strategy (efficiency first). In 2017 we took an initial step by setting an average annual refurbishment target of 3% of the German portfolio – a clear indication that we take our responsibilities seriously, since the nationwide trend in Germany is a refurbishment rate of 1%. However, the extent of refurbishment needs to be increased in this scenario, ideally to 60%. One way to achieve this is through improved energy efficiency.

Modeling of Vonovia’s Climate Paths 2020–2050 (in Germany)

Carbon intensity in kg CO₂e/m²a



Source: Scenario 1-3: Modelling of Vonovia portfolio starting end of 2019, Fraunhofer ISE; aim for 60% or 160 kWh reduction in energy requirements using the following measures: Building shell (windows, insulation), aim for KfW 100-70 standards; energy source change also simulated starting with scenario 2.



In the Wilhelmsburg district of Hamburg, south of the Elbe River, Vonovia is planning to implement energy-saving measures to advance climate protection at fair prices.

Ms. Werner, what sets a climate-conscious neighborhood apart?

Above all, a climate-conscious neighborhood calls for a holistic approach. In addition to energy-efficient refurbishment and the expansion of renewable energies, we are also embracing innovative new approaches – for example, looking at entire neighborhoods where energy generation and supply can be decentralized. The challenge lies in particular in implementing this in the building portfolio that has grown over the course of decades. And, in addition to the technical construction challenges, it is always essential to consider social elements in a climate-conscious neighborhood. After all, climate-neutral homes need to be affordable.

Neighborhood Climate Protection Measures

You are responsible for overseeing a large community development project in Hamburg-Wilhelmsburg. What is the plan there exactly?

Around 5,400 people live in east Wilhelmsburg. Most of them in apartments built between the 50s and the 70s. With our planned investment in the buildings and outdoor facilities, we want to significantly improve the neighborhood's climate footprint. The energy-saving measures on our properties, of which approximately 1,400 are residential and 23 are commercial, offer the potential for high savings in the long term. We combine electricity and heat with energy-efficient refurbishment and focus, among other things, on the expansion and development of a local heating network. It should be possible to use the energy generated directly in the neighborhoods. In addition, regenerative energy sources such as photovoltaics and solar thermal energy are available. The green space concept will also be adapted to the requirements of climate change through targeted water management. And, of course, there is also a mobility concept to go with this.



Anne Werner, Regional Area Manager in Hamburg, is ensuring that climate protection and affordable housing in Hamburg-Wilhelmsburg are considered together.

- 2) Hybrid scenario: the first scenario is augmented with the replacement of heating units powered solely by fossil fuels with modern heating systems that are at least partially powered by renewable energy. Optimizing the heating systems with modern gas-powered condensing boilers and additional solar thermal energy makes it possible to reduce emissions further.

- 3) Climate-neutral scenario: innovations are required in order to make the full transition to climate neutrality at a reasonable cost. Decentralized power generation and local consumption in the neighborhoods will define the energy transition. The focus must therefore be on increasing the use of renewable energies (fuel switch, see Renewable Energy and Energy Mix, → p. 31 et seqq.) and the corresponding neighborhood systems. The power supply has a vital role to play in terms of sector integration. Integrating the power, heat and transport sectors (sector coupling) can significantly boost the efficiency and autonomy of a housing estate. In the future, community development plans will focus on generating green power and green heat in a neighborhood for local consumption, or at the very least using green district heating to provide a climate-friendly heat supply. The energy concept is backed up by infrastructure for sustainable mobility solutions (see Renewable Energies and Energy Mix, → p. 31 et seqq.).

Further information can be found in the Innovation Platform (AR 2020, p. 53 et seqq.) and Environmental Issues (AR 2020, p. 61 et seqq.) sections of the 2020 Annual Report.

All of these steps involve balancing the demands of the capital market for reasonable returns, the costs of climate action measures and our own commitment to offering tenants homes at fair prices. In Germany, we use public funding programs to keep modernization work affordable for our tenants. The revised terms of the federal funding program for efficient buildings (BEG) include some interesting options in this respect, such as direct subsidies for modernization work. We are taking a broad-based approach in order to avail ourselves of these new opportunities. Serial refurbishment is another approach that will limit the costs of modernization.

Vonovia also uses an extensive number of partnerships and research projects to find cost-effective and innovative ways to achieve energy efficiency and climate neutrality in its portfolio. By focusing on individual neighborhoods, we can use intelligent heating units and local heat systems to leverage synergies. We trial new approaches in our buildings.

Cooperation and innovation

needed for a technological leap to achieve climate neutrality

This active, research-based approach underlines our role as a driving force for a sustainable property industry. We believe it is vital that the entire housing industry starts moving towards climate neutrality while communicating our progress on the basis of transparent and comparable metrics. This led us, as part of a group of 24 founding members, to set up the **Wohnen.2050 initiative** last year. More than 80 companies with a total of 1.8 million residential units have now signed up. In addition to providing a forum for exchange, the initiative has also pushed for more standardization in terms of how carbon emissions are measured and presented by the German housing industry. The reporting framework for carbon emissions developed in the initiative has found its way into the corresponding working aid published by the German housing association GdW. We campaign continuously for the use of these frameworks across the entire German housing industry so that we have a true and fair view of each company's climate performance and make reliable comparisons.

Initiative Wohnen.2050

launched, with Vonovia as a co-founder

The climate plan through 2050 was initially defined for the portfolio in Germany. BUWOG in Austria has taken a different path to date. Our subsidiary has been involved in the “klimaaktiv pakt2020” since 2011 and exceeded some of the 2020 targets for its portfolio by a wide margin. BUWOG submitted its application for the “klimaaktiv pakt.2030” in September 2020. For its Austrian portfolio, BUWOG is committed to reducing greenhouse gas emissions by at least 50%, increasing energy efficiency by 25% and increasing the share of renewable energies in its energy mix to 46% by 2030.

We have also defined our own interim targets for Sweden: By 2030, we want to reduce energy consumption per m² by 30% compared to 2015. Paired with the complete switch to renewable energy sources, this will have a significant effect on our carbon emissions.

In the future we intend to harmonize our climate change strategy and the corresponding targets and activities across the Group.

Organizational Establishment in the Company

The Portfolio Management unit reports to the Chief Rental Officer (CRO) and is responsible for the general planning and coordination of modernization measures in the portfolio. Within the unit, the new Climate-neutral Portfolio/Strategic Projects department is tasked with developing solutions for bringing our property portfolio and the corresponding investment strategy in line with our climate action goals. It is also supported by the new Sustainability/Strategy unit, which reports to the Chief Executive Officer (CEO). The properties/neighborhoods to be modernized are selected in a targeted manner in cooperation with the regions, and the optimal degree of modernization for each building is defined. Investments for modernization measures are approved by the full Management Board. Compliance rules require the involvement of the Supervisory Board in some cases.

The Investment Management department manages the budget for modernizing the portfolio. Vonovia Technical Service is responsible for planning and execution.

NEW NON-FINANCIAL
PERFORMANCE METRIC FROM 2021

Carbon intensity of the portfolio

(in Germany)

Objectives and Measures

The development of our climate plan is part of our systematic response to the impact of climate change on our business development. We have therefore translated the findings from the climate plan into two targets for Vonovia:

- > A climate-neutral property portfolio by 2050
- > Reduce the carbon intensity of the property portfolio in Germany to 30 kg CO₂e per m² of rentable area by 2030

Because our investment decisions are based on these targets, the carbon intensity target has been included as a key metric in the Sustainability Performance Index (SPI). The metric comprises Scope 1 and Scope 2 emissions across our entire portfolio, and part of the Scope 3 emissions.*

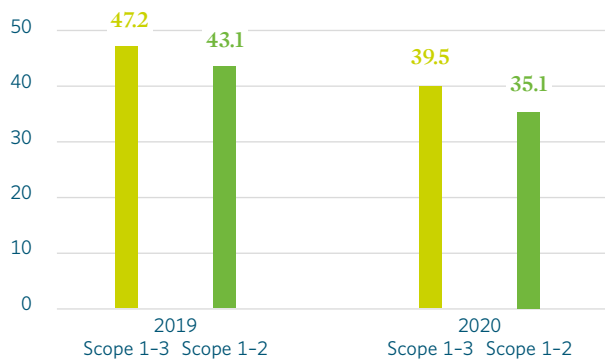
Notes on the Calculation of Carbon Emissions

- > In accordance with GHG Protocol and IW.2050/GdW Arbeitshilfe 85
- > Total property portfolio, including listed buildings
- > Based on energy certificates, in relation to rental area (not total area)
- > GEMIS 5.0 CO₂ factors were used
- > Specific CO₂ factors for district heating in some cases
- > Including energy-related upstream emissions (Scope 3)

* We track some Scope 3 emissions. The Scope 3 emissions shown in our climate reporting are only for energy and relate to portfolio operations.

Carbon intensity (in Germany)

in kg CO₂e/m² of rentable area



Carbon emissions from heating and electricity; comparability restricted due to change in method.

In the reporting year, the carbon intensity in Germany came to 39.5 kg CO₂e/m² (Scope 1+2 only: 35.1 kg CO₂e/m²), slightly below our target pathway. This was down to several factors, such as modernization work which improved energy efficiency, purchases of green power and better carbon intensity in district heating. In addition, we have harmonized the data sources and updated the emission factors for the calculation of carbon intensity in the current fiscal year. As a result, the figure for 2020 is lower than the figure stated in the non-financial statement in the Annual Report and is not directly comparable with the figures for previous years. With this approach, we are continuing on our path of continuously improving the calculation of carbon emissions and providing a comprehensive overview of our climate impact (see carbon footprint key figure table, → p. 115 et seqq.)

The energy-efficient modernization measures focus on insulating facades, cellar ceilings and roofs/penthouses, modernizing windows and the installation of new boilers. We pursue a needs-based approach to these measures and take care to choose the optimal degree of modernization for each building and the neighborhood as a whole. This enables us to develop integrated solutions for carbon optimization and supplying entire groups of buildings with energy (see Renewable Energies and Energy Mix, → p. 31 et seqq.).

In 2020 we:

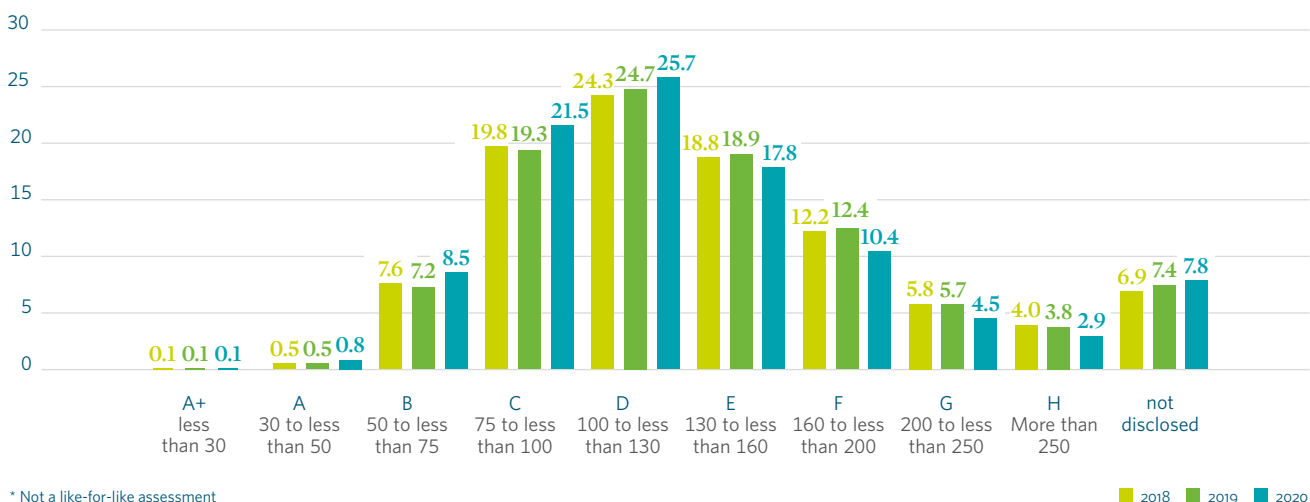
- > Modernized a rental area of around 690,000 m² and insulated facades, roofs and cellar ceilings, reducing carbon emissions by around 8,800 t
- > Replaced the boilers for 7,247 rental units, reducing carbon emissions by around 3,600 t
- > Invested € 34.24 per m² in energy-efficient refurbishment (total portfolio)

The refurbishment rate for the Group as a whole was 2.7% (Germany: 2.9%). The decline compared to the previous year (2019: 3.6% overall, 3.7% in Germany) is partly due to work being postponed in Berlin due to the rent freeze, which has now been overturned. This year the refurbishment rate will also be slightly lower due to the switch to new funding conditions.

Developing the climate plan and the three scenarios showed us how important it is for us to find solutions that go beyond conventional modernization measures. We are focusing on the intelligent networking of heat and power in neighborhoods and technological developments to make buildings more energy-efficient. Vonovia uses projects to investigate and test potential solutions at a reasonable cost. The new Innovation and Business Building (I&BB) department is

Energy Efficiency Standards in the Portfolio (Germany) – 30.9% in Efficiency Class C or better*

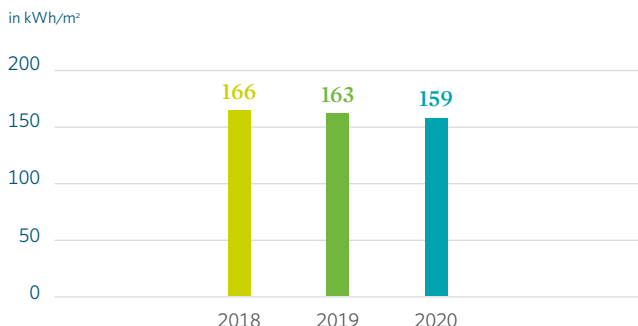
Portfolio share in % (relates to final energy demand and rentable area)
Energy efficiency classes in kWh/(m²a)



* Not a like-for-like assessment

dedicated to developing new fields of business related to energy generation, distribution and mobility. This also includes implementing pilot projects in cooperation with partners from various disciplines, like the [Open District Hub \(ODH\)](#) in Bochum-Weitmar, which is funded by the state of North Rhine-Westphalia (more information about our I&BB department can be found in the [AR 2020, p. 2 et seqq.](#)). The Climate-neutral Portfolio/Strategic Projects department is responsible for strategic planning to prepare the path to a climate-neutral portfolio by 2050.

Average energy intensity of the portfolio (in Germany)*



* Relates to final energy demand and rentable area.

The effect of the modernization measures on our portfolio's carbon intensity will be an important factor in the planning and managing of modernization work in the future. In addition to optimizing building shells, we will also be placing increased emphasis on the transition to lower-carbon energy sources. We are looking beyond our own system boundaries and building strong partnerships in this area. We are currently working on a software solution for assessing the environmental impact of property portfolios. This solution will facilitate transparent and evidence-based management. The project is led by the Climate-neutral Portfolio/Strategic Projects department in cooperation with GLS Bank, the advisory company d-fine, and the climate metrics provider right.based on science. The software is based on the x-degree compatibility (XDC) model, which is used to analyze the economic and ecological aspects of decarbonization based on a temperature in degrees Celsius. The software solution will be deployed as a management tool in the course of 2021.

We took part in the BaltBest project once again in 2020. BaltBest is the largest ongoing research project in Germany looking at the influence of management on the efficiency of legacy heating systems. One of the aims of the project is to research ways of optimizing the management of existing heating units and the relationship between technology, user behavior and construction measures. Vonovia also joined the CoSoWin project in 2020, which aims to develop a window with a transparent pane capable of producing solar power. This would be a great step towards integrating photovoltaics into the fabric of the building. Another example of what was previously an unusual approach is the Energiesprung initiative, a novel serial refurbishment concept that represents a high level of living comfort, minimal refurbishment times and an innovative financing model. The aim is to conduct refurbishments to bring buildings to net zero, meaning that they generate as much energy in a year as they consume. The serial approach relies on industrially prefabricated construction components, with the aim of reducing the price of refurbishment per square meter. We are taking part in a "volume deal" organized by the German Energy Agency (dena), which is a declaration of intent by the housing and construction industries to the serial refurbishment of more than 11,600 apartments over the next four years.

Planned for 2021

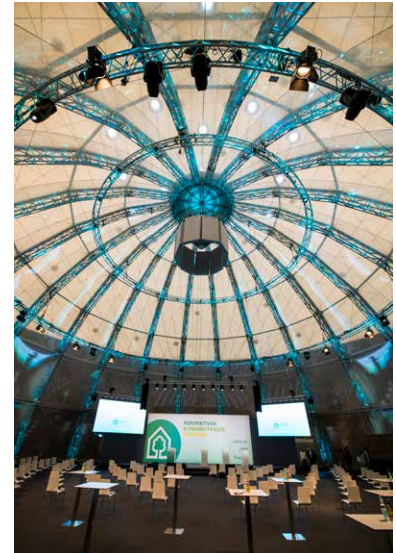
- > Extend the climate plan to our properties in Austria and Sweden
- > Implement further energy-efficient modernizations for more than 7,000 residential units (excluding community developments)
- > Continue boiler replacement for around 4,500 residential units
- > Implement concept to replace oil-fired heating units with hybrid heating systems
- > Reduce carbon intensity by at least 2% compared with 2020
- > Refine the climate pathway model in cooperation with right.based on science and d-fine
- > Continue participation in BaltBest and roll out Energiesprung pilot projects
- > Closer collaboration with the biggest energy suppliers, like E.ON in Sweden

Outlook for Climate-neutral Housing



**PERSPEKTIVEN
KLIMANEUTRALEN
WOHNENS**

As Germany's leading residential real estate company, Vonovia takes its responsibility for people and the environment seriously. We want to actively seek answers in order to respond to the current challenges presented by the housing market, and to help shape it for the future. Together with the Fraunhofer Energy Alliance and the German energy agency dena, we have therefore developed an approach for achieving carbon-neutral housing. In October 2020, we presented our approaches and requests to policymakers across five action areas at our first specialist conference "Outlook for climate-neutral housing." We held on-site discussions with high-ranking representatives of the German government, politics, business and science, and talked about our goals and the housing industry's contribution to the Paris Climate Agreement. We have also made a binding declaration for our portfolio to be carbon-neutral by 2050. The conference represents an additional step in our long-term dialogue process with numerous stakeholders from the housing and energy industries as well as from politics. After all, in implementing our climate path, we rely on partnerships and an integrated, cross-sector approach. More information at: <https://klimakonferenz.vonovia.de/en>



Working with representatives from the worlds of politics, business and science, we were able to discuss solutions for achieving the goals of the Paris Climate Agreement at our first specialist conference "Outlook for climate-neutral housing."

“We have made a binding declaration for our portfolio to be carbon-neutral by 2050.”

**Rolf Buch,
CEO**



Renewable Energies and Energy Mix 103-1, 103-2, 103-3, 302-4

Disclosure

Real estate companies are being asked to make more of an active contribution to protecting the climate (see Carbon Reduction in the Property Portfolio/Energy-efficient Modernization, → p. 23 et seqq.).

A decentralized energy transition is vital in order for the climate action plan being taken by governments and companies to be successful. The property sector will need to supplement conventional activities like refurbishing properties with a massive expansion of renewable energy sources for heat and power, particularly since it is assumed that electricity consumption in and around buildings will increase in the future. New developments and innovations in the energy supply and mobility triggered by an energy and transport revolution will have a key impact. Examples of this include heat pumps and charging stations for electric cars.

Residential real estate companies can make an important contribution to a decentralized energy revolution and open up new business areas for themselves. Their properties offer great potential for generating renewable energies, e.g., by using photovoltaic or solar thermal installations on roofs.

Tenant electricity models make it possible for this green power to be used locally. We are trying to implement these ideas with the means at our disposal – even if there are still regulatory obstacles (despite the improvements made by the revision of the Renewable Energy Act in Germany).

Demand for renewable energy frequently exceeds the available generation capacities. In order for the energy transition to be successful, we need a suitable statutory and technical framework. Vonovia is driving this restructuring process as part of our open dialogue with policymakers, academics and civil society.

Our Approach

We want the housing industry to be seen as a driver of climate action. Making our property portfolio climate neutral by 2050 is the overarching objective in the action area of Environment and Climate. One key way in which we can reduce greenhouse gas emissions is to use and expand renewable energy sources, as confirmed by what we learned when drawing up the climate path (see Carbon Reduction in the Property Portfolio/Energy-efficient Modernization, → p. 23 et seqq.). We see our residential neighborhoods as the linchpin of a decentralized energy revolution and are committed to continuously increasing the share of renewable energies in our energy mix. We want to implement diverse

and novel methods of generating renewable energies and actively promote their use in our own properties, especially at a neighborhood level. We work with partners from various disciplines to find solutions that combine cost-effectiveness, security of supply and the needs of tenants.

Increase the share

of renewable energies

One of the most important ways in which we contribute to the decentralized supply of renewable energies is by installing PV systems on the roofs of our properties as part of the “1,000 roofs” program launched in 2019. This will significantly increase our generation capacity in the years ahead.

There is also considerable potential in the development of efficient and self-sufficient neighborhood systems. Our focus is on developing solutions for entire neighborhoods in cooperation with partners from academia, business and civil society. This involves combining existing market technologies, such as hybrid heating units, and innovative approaches like coupling heat, power and mobility. These solutions are tested with pilot projects in our portfolio.

Increased

research and development

The purchase of certified green electricity to supply communal areas is another part of our climate strategy.

Vonovia enables its own tenants to buy certified electricity from renewable energy sources via its own electricity distribution company (VESG) so that they can reduce their carbon footprint. In the medium and long term Vonovia is counting on implementing concepts for supplying energy to its own buildings. Our objective is to maximize the share of energy we produce ourselves for the benefit of our customers and the environment, and also to use it for our housing-related services, e.g., e-mobility.

Austria is aiming for climate neutrality by 2040. Our plan in this country involves supplying heat from sustainable energy sources from the public supply network (e.g., district heating in Vienna). We are focusing on an energy mix that includes a significant proportion of renewable energy sources for new buildings. We want to avoid changing the fuel source at a later date as this could involve additional switching costs for residents. This will also ensure that our apartments stay attractive and above all affordable over the long term.

Organizational Establishment in the Company

All activities relating to renewable energies and energy distribution are organized in the Value-add business area and are managed by a chief representative who reports directly to the CEO of Vonovia SE. Energy sales, through which our customers can sign a green electricity contract directly with Vonovia, are handled through the company's own Vonovia Energie Service GmbH (VESG). The Innovation & Business Building area is responsible for energy supply innovation and research. A separate unit focuses on neighborhood-based systems and liaises with other research projects in the company. It is also responsible for the implementation and expansion of the "1,000 roofs" program.

Objectives and Measures

One of the milestones along the path to making our portfolio climate-neutral is reducing the carbon intensity of the Vonovia building stock to 30 kg CO₂e per m² of rentable area by 2030 and to continuously increase the share of renewable energy sources (see also Carbon Reduction in the Property Portfolio/Energy-efficient Modernization, → p. 23 et seqq.).

We have defined various measures to ensure we get closer to our milestone every year.

Our "1,000 roofs" program involves installing photovoltaic modules on at least 1,000 roofs – a target we will reach as early as 2021. By the end of 2020, we had already been able to equip 841 roofs under this program. We want to increase the nominal capacity of our solar power generation facilities by at least five MWp (in 2020 from 10.2 to 15.9 MWp) by installing these new PV systems in order to reduce our carbon emissions.

841 roofs

already equipped with photovoltaic systems

424 photo-voltaic systems

installed with a nominal output of 15.9 MWp

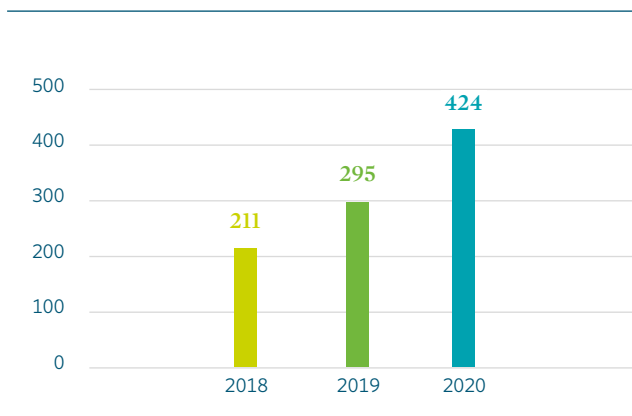
~2,700 t CO₂

avoided thanks to photovoltaic power generation in 2020

Over the course of the program to date, we have determined that the overall potential of suitable roof areas is much higher and represents an opportunity to expand this activity in the future. This is also the objective for 2021, when we intend to scale up this business area. The energy generated by these systems should ideally be used directly as electricity for tenants in our neighborhoods. To make our plans a reality, we are committed to increasing our interaction with political decision-makers, e.g., at events such as our conference on climate-neutral housing that we organized jointly with the Fraunhofer Institute and the German Energy Agency (dena) (see Outlook for Climate-neutral Housing, → p. 30).

Our focus in terms of energy generation is on promoting networked neighborhood systems and sector coupling. This involves linking the electricity, heating and mobility sectors so that the electricity generated locally and the heat gener-

Photovoltaic Plants Installed



ated can be used for the apartments – turning neighborhoods into little power plants. We are piloting innovative approaches like the use of hydrogen technology in combination with power from renewable sources. We continued our cooperation programs with various academic institutions and partners in 2020.

Vonovia is funding and building an “Energy Plant of the Future” in Bochum-Weitmar. This will use innovative technologies like an electrolyzer to generate hydrogen from electricity, fuel cells or heat pumps. The intention is to supply 81 residential units with 60% of their heating from carbon-neutral sources. In-house PV systems supply around 25% of the power of neighborhoods from renewable energy sources. We will be developing and testing sector coupling in ongoing operations in Bochum-Weitmar in the future. The aim is to combine the local energy management system intelligently with e-mobility (☐-☐ AR 2020, p. 3 et seqq.).

We are still working on the development of a range of scalable mobility concepts. Since each neighborhood is unique and has its own requirements, we are developing the concepts in such a way that the regions can use them as they see fit. One core element of our development work in this area is the expansion of charging infrastructure. We are aiming to install 10,000 wallboxes for our tenants by 2030 and to extend the network of public charging stations. In 2021, we will complete the expansion of up to 30 publicly accessible charging stations in our neighborhoods. This project began in 2020. The plan is for tenants with their own parking space to get a wallbox on request and pay for their electricity through Vonovia.

PROJECT

Green Power Straight From the Roof – 1,000x



Vonovia sees great potential in unused roof surfaces for generating energy and achieving our climate targets.

Solar energy is an important factor in driving forward the decentralized energy revolution and thus supplying electricity and heat to neighborhoods in a carbon-neutral manner. Photovoltaic systems installed on otherwise unused roof space can deliver green energy directly to homes. Vonovia wants to make the most of the potential this offers. In the “1,000 roofs” program launched in 2019, at least 1,000 roof surfaces in the portfolio are to be equipped with photovoltaic panels. The roofs were selected based on a nationwide solar potential analysis that took into account GPS data of the buildings and factors such as roof pitch and orientation,

shading and solar radiation. Most of the solar power from the “1,000 roofs” program is fed into the public grid. In the medium to long term, however, Vonovia is seeking to decentralize the energy supply to its own neighborhoods and tenant electricity concepts. The goal of the program has almost been reached: By the end of 2020, 841 roofs had already been equipped with PV modules. The 1,000 mark will be reached in 2020 – the perfect occasion to continue expanding the program – because the potential for solar energy is astronomical.

10,000

wallboxes by 2030
for more electromobility

We continued to expand our own energy distribution business in 2020. Our customers can get power from renewable energy sources via our own energy services provider, Vonovia Energie Service GmbH (VESG). There were some 20,400 customers in Germany who did so in the reporting year, purchasing a total of 27 GWh of certified green power.

In Germany we only have a direct influence over the power used in communal areas of our buildings. In 2020 we switched to green power for all of the communal areas we manage, i.e., for lighting in stairwells and cellars. This reduced carbon emissions by more than 17,000 tons per year.

Planned for 2021

- > Complete PV installations on 1,000 roofs and expand the “1,000 roofs” program
- > Pilot project for landlord-to-tenant electricity with VESG
- > Analyze options for PV modules on facades, balconies and windows
- > Trial different energy storage systems (especially on a seasonal basis)
- > Pilot innovative heat pumps, e.g., by using pit water or waste water
- > Commissioning of 30 publicly accessible charging stations for electromobility

Biodiversity

Vonovia influences the local climate and the ecological environment of the buildings through the construction of new apartments and the management of its portfolio. We want to ensure that this influence is benign by aligning residential developments with the needs of the climate and the environment. Among other things, we focus on protecting flora and fauna. In the long term, we want to develop and revitalize biodiversity in the residential environment, contribute to species conservation and increase the satisfaction of our tenants. We believe that the size of our portfolio and the surrounding green spaces put us in a position to act as a role model and drive the creation of landscapes inspired by and close to nature.

212,000

trees

14 million m²

of lawn area

Around 30%

green areas in new construction projects

When designing our residential environments, we find a balance between what is ecologically valuable and what is economically sensible. We take care to choose appropriate measures, such as landscaping, planting trees, installing nesting boxes, creating urban meadows and making sure there are suitable habitats for insects. We use forward-looking plans to ensure that aspects such as maintenance and potential future changes in climatic conditions are taken into account.

We often actively involve our tenants in order to raise their awareness of ecological issues, e.g. by landscaping common areas to make them close to nature or setting set aside spaces that can be used for urban gardening. In the ERnte-IAA project in Vienna, for example, (see Sustainable Construction and Refurbishment, → p. 39 et seqq.), we put up information panels to tell our tenants about the nesting boxes for endangered species of birds and insect hotels. Our customer magazine keeps our tenants informed about ecological projects and give them tips on how they can get involved themselves.

So far, we have created 120 tenant gardens in North Rhine-Westphalia. In the coming years, we anticipate a significant expansion of this scheme (see project box → p. 35) to more than 1,000 tenant gardens in Germany.

Expansion

of tenant garden scheme planned

We set ourselves the target in 2019 of creating 100,000 m² of wildflower meadows and 100 insect habitats by the end of 2020. We have almost completely achieved this goal. We ran

a pilot project in Leipzig with an expert from the nature conservancy association NABU – Naturschutzbund Deutschland e. V. – to develop a prototype for an ecologically valuable insect habitat. This meets the quality requirements of NABU and has been classified by them as ecologically recommendable. This enabled us to draw up quality criteria for insect habitats for inclusion in our product manual. We can now refer to well-founded, high-quality expertise and product standards in our future projects. A 3,000 m² habitat for wild bees was created in Leipzig in the course of the project. Tenants were involved in the process with letters, flyers, videos and a website.

the 22 different geographic areas in Germany. We will continue along this path in 2021, and intend to add another activity to our partnership. In addition to expanding the use of nesting aids, joint workshops will be held. We will develop further habitats such as hibernation sites for hedgehogs and deadwood habitats with roof vegetation in partnership with the experts from NABU and test them in our neighborhoods.

An ecological nature trail is being created at Vonovia's headquarters in Bochum, which will use modern media to communicate the knowledge gained to employees and visitors.

In the community development in Bochum-Weitmar, NABU experts support the implementation of measures to increase biodiversity.

Goal achieved

of over 250 insect habitats and nearly 100,000 m² of wildflower meadows in 2020

Over 30 projects have been completed or are being developed nationwide on the basis of our cooperation with NABU in locations including Berlin, Leipzig, Hamburg, Osnabrück and the Ruhr valley. In addition to converting 96,400 square meters of general purpose lawns into wildflower meadows, we have created more than 250 insect habitats and installed over 500 nesting boxes for swifts and bats. The NABU experts also recommended site-specific seed mixtures for

Prototype

for insect habitat developed with NABU and included in the project manual

We launched a partnership with the non-profit organization [Ackerdemia e.V.](#) in 2020 and are supporting the "Gemüseakademie" project, which uses vacant land on the grounds of schools and other educational establishments to grow fruit

Let's head to the garden!

A new rental offering that also promotes ecological diversity – tenant gardens and shared gardens make it possible. The tenant garden is available to tenants with apartments on the first floor and offers sufficient space. The garden is created as an extension to the balcony and thus offers a place to relax just a few steps away. For neighborhoods that have more space, we plan to create shared gardens. These are demarcated gardens that can be leased by residents, similar to allotment gardens.



Our tenant gardens give our tenants a place to exercise their green thumbs beyond their balconies, and offers them a place to relax just a stone's throw away from home.

PROJECT

and vegetables. This gives children a chance to find out about plants and gardening. We will use other projects like “Bohnenabenteuer” and “Ackerhelden” to make the residents of our neighborhoods more aware of biodiversity.

Other projects in 2020 included creating artificial habitats for bats, birds and hedgehogs, planting more native and climate-resistant trees and shrubs (and including them in our product manual), and converting more grass areas into more varied and ecologically viable habitats for small creatures of all kinds.

Water, Effluents and Waste 303-5, 306-2

Water management is becoming increasingly important in Germany. We want to encourage awareness of the need to use this resource sparingly and responsibly in our neighborhoods, and are taking steps to reduce consumption – even if we only have a limited influence on the consumption of our tenants.

Climate change is already making itself known in the form of longer periods of dry weather and more frequent heavy rain and storms. We are assuming that these will become more common in the future. Although our portfolio has been relatively unaffected so far, we are preparing for the possible consequences. To this end, we are working on measures that will help to mitigate extreme weather conditions at a micro-climate level or have the capacity to cool urban heat islands, such as greening the facades of buildings or installing roof trenches. This requires active water management. There is significant potential in local rainwater seepage systems (based on retention basins and green roofs, for example) and using rainwater to water gardens. We are therefore examining various options for managing water on our estates.

In the future we intend to use our existing geoinformation system to improve the available data even further so that we can plan and implement measures with even more precision.

Examples of measures in our portfolio:

- > Partnership with NABU NRW to revitalize habitats in rainwater retention basins and to create green roofs and facades with the help of tenants
- > Implementation of a community development project with integrated rainwater management in the Eltingviertel in Essen
- > Implementation of a pilot project to prevent water damage by identifying and communicating burst pipes early

We use water-saving sanitary systems in our offices to reduce water consumption. We provide drinking water systems for the roughly 1,000 employees who work at the

corporate headquarters in Bochum to reduce their use of plastic.

Waste separation concepts for good waste management and the promotion of recycling play a particularly important role in our construction and refurbishment work because they enable us to reuse valuable resources like windows. We also ensure that materials are disposed of correctly and lawfully by means of end-to-end documentation and ensuring that the disposal process on construction sites is managed by qualified staff and health and safety officers. We provide technicians with training on how to dispose of materials correctly.

There is also potential in how we manage our green spaces. We recycle horticultural waste for energy production in biomass power plants, compost green waste and use leftover wood pieces as lumber.

Waste is also an important topic for our portfolio. The purpose of our waste management process is to reduce the volume of waste and promote waste separation. Our bin areas are organized accordingly.

Around 2/3

of household waste recycled

In Sweden we involve our tenants in the subject of waste separation and tell them about the opportunities that exist. This is one way in which we plan to significantly reduce the amount of waste in Sweden by 30%.

We separate the waste produced in offices and common areas and do not use disposable items in the cafeteria.

Energy Efficiency and Carbon Reductions in Operations 302-1

Renting homes is not a resource-intensive business. In contrast to the situation in the manufacturing industry, our business operations only account for a small part of our carbon emissions – around 3%. Nevertheless, we continuously seek out opportunities to increase our level of resource efficiency and reduce our impact on the climate and the environment in our internal processes. Our vehicle fleet, our tools and appliances, our own office buildings and the behavior of our employees all offer opportunities to make a difference, e.g., by transitioning the fleet to low-emission vehicles, using power-saving electrical appliances for work in neighborhoods, buying green power for office buildings and avoiding business travel and transport.

We completed a DIN EN 16247-1 energy audit in Germany in 2020. The areas that were identified for improvement can be applied to the entire Group due to the homogeneity of asset structures and consumption patterns at Vonovia. The audit found that Vonovia employees were highly aware of how to use energy efficiently.

Vonovia has around 5,500 vehicles, the majority of which are used by our service technicians. The vehicle fleet accounts for about three-quarters of emissions from business operations. This is therefore where we have the most leverage for reducing carbon emissions in our own processes.

Measures Already Implemented in the Vehicle Fleet:

- > Procured fuel-efficient vehicles
- > Ensure transparency by assessing consumption of individual vehicles
- > Conversion to e-vehicles in Austria
- > Course on fuel efficiency for drivers/employees
- > Use electric vehicles for short trips
- > Eco-tuning
- > Use fuel-saving tires and engine oil

We are also continuing to switch our fleet over to electric vehicles and are using more bicycles and electric bicycles.

One of our focus areas in 2021 will be the switch to using battery-powered garden tools, e.g., leaf blowers and hedge trimmers. We plan to replace around 1,000 gasoline-powered tools with more environmentally friendly battery-powered versions. The new appliances will be highly recyclable and have significantly lower carbon and noise

emissions, which will also benefit our tenants and improve the health of our employees.

We use a number of energy-saving measures in our offices, including LED lighting, motion sensors to turn lights on and off, and air-source heat pumps as an energy-efficient heating solution. We are moving towards paperless offices.

The new BUWOG headquarters has an ISO 50001-certified energy management system and opened its doors in 2020. This involved demolishing the existing building in Rathausstraße which used to house the data center for the city of Vienna. The new building was developed with a focus on sustainable construction materials and managing products and chemicals to ensure a supply of healthy air. Ecological construction standards as defined by the Austrian Sustainable Building Council (ÖGNI) were integrated into the project and met by all subcontractors. During the construction phase the building received the Gold pre-certificate from the German Sustainable Building Council (DGNB). It was awarded the ÖGNI Gold certificate following completion (see chapter Development Business, [AR 2020](#), p. 77 et seqq.).

ÖGNI Gold

certification for the BUWOG headquarters in Vienna

The coronavirus pandemic also had an impact on carbon emissions from our business operations. Since the manual trades were able to continue working virtually without restrictions, there was no significant change in the fuel consumption of our fleet. Mobile working and online meetings significantly reduced the volume of commuting and business travel by our employees. We also had to run ventilation systems for much longer than usual to meet health and safety regulations. Office windows were also left open for longer, regardless of the weather.

Sustainable Construction and Development



☒ 102-9, 102-13, 103-1, 103-2, 103-3, 302-5, Principle 1, Principle 7, Principle 8, Principle 9



Overview of the Action Area

Our construction projects create living space that is urgently needed, particularly in metropolitan areas. We take care to optimize their energy efficiency and use environmentally conscious construction methods that conserve resources.

The construction industry is one of the most carbon and material-intensive areas of the economy, which makes it a key lever for us to implement our sustainability activities. Public expectations and European and national climate action targets are constantly changing. This is making society and other key stakeholders for Vonovia focus more and more on sustainable construction. This trend is one of the reasons for sustainable construction being one of the main focus areas on our sustainability roadmap.

There is a lot of room to make the process of building new housing more efficient in terms of energy and resources. We are also committed to using the best available solutions for renovations. We concentrate on optimizing energy use in the buildings, renewable energies and using construction methods that conserve resources and protect the environment as much as possible.

Our aim is to decrease the average energy consumption of our new housing to 33 kWh/m² or less by 2024. We managed to get this figure down to 35.7 kWh/m² in 2020. We have included reducing energy consumption per m² as a key performance indicator in our Sustainability Performance Index (SPI). It is now one of our key non-financial metrics.

We define the steps we will take to achieve these targets in line with recognized standards like the KfW energy efficiency standards, DIN standards for construction and the criteria of recognized sustainable building certification programs, such as the German Sustainable Building Council (DGNB) or the Austrian Sustainable Building Council (ÖGNB). We also perform life cycle assessments to gain an insight into the impact that a building has on emissions, resources and its local environment at every stage of its existence, from construction through to demolition and

HIGHLIGHTS 2020

- > Energy consumption of newly built apartments included as a key performance indicator in the Sustainability Performance Index (SPI)
- > 2019 target almost achieved: 862 new apartments completed for the portfolio in Germany (target: approx. 900)
- > 2,088 new apartments completed across the Group
- > 2019 target achieved: more than 85% of new buildings completed in Germany are in energy efficiency class A or A+
- > Ambitious climate targets set by “klimaaktiv pakt2020” achieved in Austria, work continues as part of the “klimaaktiv pakt2030”
- > Product quality assurance manual produced

disposal. This also helps us to choose the right construction methods and materials.

By incorporating sustainable methods from the earliest stages of each project, we make the construction process resource-efficient and ensure that the property is energy-efficient. We use sustainable materials and products such as solid timber and hybrid timber construction methods to ensure that renewable resources are also used. We encourage our customers to make use of low-emission means of transport by integrating mobility concepts into the development of our neighborhoods. How we landscape the areas around our properties also has an important role to play. We are committed to providing green areas as a natural habitat for flora and fauna and a way of avoiding urban heat islands. We monitor compliance with social and environmental standards in our supply chains, taking responsibility that goes beyond the borders of our own systems and construction sites.

The materiality analysis carried out in 2020 identified **Sustainable Construction and Refurbishment** in the action area Sustainable Construction and Development as a material topic. Other important topics are **Sustainable Materials and Products** and **Social and Environmental Standards in the Supply Chain**.

Sustainable Construction and Refurbishment

102-9, 102-13, 103-1, 103-2, 103-3, 302-5

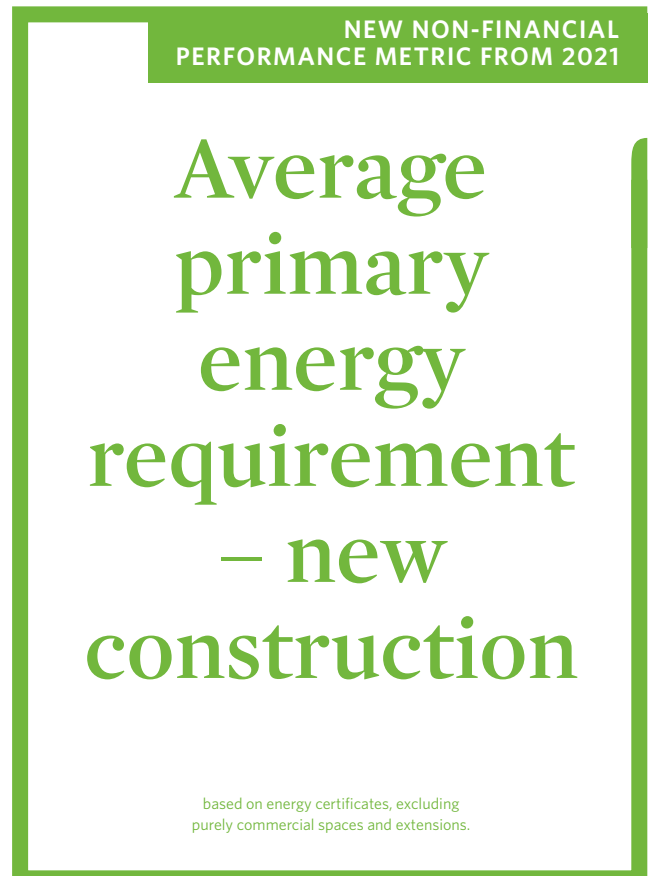
Disclosure

Taking responsibility for the environment, conserving resources and meeting the needs of society are the foundation for lasting success in the real estate industry. These factors are particularly important when building new apartments and residential complexes – targeted measures can significantly reduce the carbon footprint and the amount of resources consumed by the construction process and housing to create homes that are fit for the future. This trend is being reinforced by the increasingly strict rules governing areas like energy efficiency, biodiversity and the recycling of construction waste. Compliance is frequently a requirement for various funding programs, such as KfW subsidies.

We are also seeing a growing awareness of sustainability among our customers. Their focus is on high-quality, healthy housing, and the fact that energy-efficient construction which conserves resources will also reduce their heating costs over the long term. By building sustainably from the outset, we are acting with foresight and strengthening the fabric of our properties. For us as landlords, increased demand for high-quality, sustainable housing means greater

customer loyalty due to greater satisfaction and attractive rents.

One of the challenges currently facing us is that sustainable development projects tend to have higher construction costs. This may conflict with our objective of providing sustainable housing for broad sections of the population. The upfront cost of installing sustainable building services can be high, and may only pay off over a long period. This is something we have to explain, especially to potential buyers. However, we believe that using sustainable building materials and technology today will benefit the financial situation of our customers and our companies over the long run, while also shoring up our ability to compete moving forward.



Our Approach

The construction projects of Vonovia create fairly priced homes that are urgently needed, particularly in metropolitan areas. Our construction and conversion projects focus on optimizing energy efficiency, renewable energy and using environmentally conscious construction methods that conserve resources.

We set clear targets and integrate sustainability aspects into our decision-making processes. We have clear, Group-wide targets for energy consumption and efficiency standards for all construction projects. The key metric is average primary energy consumption per square meter. It is also included in our Sustainability Performance Index (SPI), which is our key non-financial metric. Conformity with the defined targets is an important part of the Management Board's decision making process for new construction projects. We are also committed to ensuring that all construction projects in Germany meet the KfW55 standard. We also take care to conserve resources and protect the environment during construction. We ensure that residential property units which have reached the end of their life cycle are dismantled with a focus on conserving resources. Our holistic approach to the planning process includes the design of the residential environment along with special features like charging stations, wild flower beds and photovoltaic systems.

Climate and energy efficiency goals

Part of every approval by the Management Board for new construction projects

We also look at the option of applying for sustainability certification for large-scale development projects from the German Sustainable Building Council (DGNB), its Austrian counterpart the Austrian Sustainable Building Council (ÖGNB), or for certification in accordance with the klimaaktiv building standard or the Green Pass. These certification schemes make it easier to compare different properties. They also provide a way for different stakeholder groups, such as investors, owners, tenants and the general public, to assess the sustainably credentials of a building's planning, construction and operation.

The "klimaaktiv pakt" provides a framework of voluntary binding commitments and defined construction standards for development projects in Austria.

As part of our sustainability roadmap, we are continuously developing the Group-wide strategy for new construction and refurbishment across departments and countries.

More information and examples from our development business can be found in the 2020 Annual Report ([📄-📄 AR 2020, p. 77 et seqq.](#)).

Organizational Establishment in the Company

Vonovia Technical Service (VTS) works together with the regions in Germany on new construction projects, with a particular focus on densification and the addition of extra stories. The development business operating under the BUWOG brand focuses on the development of high-quality residential neighborhoods for the company's own portfolio (to hold) and for direct sale (to sell) in Germany and Austria. This arm was strengthened further by the acquisition and integration of the project developer Bien-Ries. The activities of the BUWOG development business in Germany and Austria are the responsibility of the CDO (Chief Development Officer). Development projects are approved by the Management Board. VTS's new construction business is assigned to the Value-add Business and is the responsibility of the CEO.

The central procurement department is responsible for supplier management and the processes for procuring construction materials and services. Architects, technical building service engineers and structural engineers are responsible for agreeing on the best use of sustainable construction methods, insulation and technology. All plans for new construction projects are examined carefully by the Vonovia Management Board and have to be approved.

35.7 kWh/m²

Average primary energy demand for newly built areas 2020 (in Germany: 29.5 kWh/m²)

Objectives and Measures

To achieve our aim of creating new and affordable housing, we set ourselves a target of around 900 completions for the portfolio (to hold) in Germany in 2020. By completing 862 apartments in Germany, we almost reached this target despite the coronavirus pandemic. Across the Group we were able to transfer 1,442 new residential units to our own portfolio. In addition, 7,333 further apartments are in the planning stage – including for the company’s own portfolio. The overall potential (to hold and to sell) is significantly higher and comprises – including the medium-term development potential of 36,000 units – a development pipeline of approximately 47,000 residential units.

We also met our target of having 85% of the buildings completed in Germany in 2020 in efficiency class A or better (based on energy consumption); just under 86% of new buildings attained this classification.

We want to set more targets for the entire Group in the future. Since efficiency classes are defined differently in Germany, Austria and Sweden, we use metrics that can be compared more easily, such as the energy consumption of buildings. Our aim is to reduce the energy consumption of new housing in the medium and long term. 2021 is initially assumed to bring a marked increase, also due to projects that were already planned and approved based on different overall conditions before we set ourselves this target.

We will also be pressing ahead with initiatives in a variety of national contexts. One example is our participation in the “klimaaktiv pakt” in Austria. The “klimaaktiv pakt2020” climate protection initiative was launched by the Austrian Federal Ministry for Climate Action, Environment, Energy, Mobility, Innovation and Technology. BUWOG has been involved in the initiative for many years. Specifically, the targets included a reduction in greenhouse gases of more

than 16%, an increase in energy efficiency of at least 20% and the use of renewable energy sources for at least 34% of total energy by 2020, compared with the baseline year of 2005. All of these targets were met. We will continue to make progress with new targets as part of the “klimaaktiv pakt2030” initiative.

In Sweden, we aim for new buildings to meet the requirements of the Miljöbyggnad Silver Standard set by the Sweden Green Building Council. With this in mind we provide our employees with annual training courses on energy and environmental topics.

We rely on a wide range of different measures to achieve these goals. These include using renewable energies and connecting buildings to district heating networks as a source of energy whenever possible. In 2020 we were able to supply almost two thirds of all new buildings with district heating. Low-emission construction and energy-efficient operation are also taken into account during the planning and building phases. We carry out life cycle assessments for some of our new buildings before construction work starts.

Other measures include the use of modern and innovative new construction methods, such as timber and hybrid timber construction, as well as prefabricated parts, which can significantly shorten construction times and inconvenience for residents.

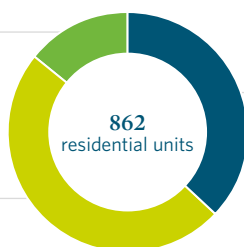
Designing the residential environment and preserving biodiversity are top priorities for us. Whenever possible we create green spaces that serve as natural habitats for flora and fauna at ground level, on roofs or on facades. In addition to their visual impact, these green spaces also offer practical added value: During exceptional weather events, for example, they can slow the flow of rainwater into overburdened sewage systems. They also make a considerable contribution to the microclimate by preventing urban heat islands in built-up areas.

86% of New Buildings Completed in Germany in Line With Efficiency Class A or Better*

Breakdown in %

14.1% >50 and ≤75 kWh/m²a (equivalent to efficiency class B)

48.7% >30 and ≤50 kWh/m²a (equivalent to efficiency class A)



37.2% ≤30 kWh/m²a (equivalent to efficiency class A+)

* Based on energy certificates, excluding purely commercial spaces and extensions.

Almost 30%

of the new building plots are covered by green areas

In the field of modern mobility concepts, we want to develop the infrastructure for electromobility. In 2020 we installed charging stations in around a third of new buildings, with a further quarter equipped with the cable conduits needed to add these stations at a later point. Charging stations were installed in half of our construction projects in Sweden, either as public charging points or at parking spaces reserved for our tenants. We are already incorporating car sharing options in a large number of construction projects, reducing the number of car parking spaces and making sure that good connections to public transport are available. One example is the free season ticket scheme for first-time occupants moving in to the new ERnteLAA residential project in Vienna.

One third

Charging stations have been fitted in around a third of new buildings

In addition to these measures, we take care to limit noise emissions during construction and refurbishment, and avoid using gray energy during demolition work. Here we also place particular emphasis on the possible reuse of materials on site and are in dialogue with local residents in this regard, via email or microsites set up specifically for this purpose on the Internet.

Planned for 2021

- > Completion of around 2,300 residential units across the Group (to hold and to sell)
- > Creation of new metrics for the consumption of resources and energy in the supply chain for projects and materials
- > Analyze completed pilot projects looking into sustainable construction methods and assess the possibility of a wider roll-out

ERnteLAA: Living in harmony with nature

Our subsidiary BUWOG completed the pioneering project in Meischlgasse in Vienna's Liesing district in fall 2020. This involves pursuing a comprehensive sustainable concept – from the entrance right up to the attic itself. The project offers 31 privately financed rental apartments and 160 subsidized rental apartments within the framework of the Vienna Housing Initiative. The living spaces range from 51 to 116 m². In addition to environmentally friendly materials and low-emission wall paints, the extensive use of vegetation is also a special feature. It protects against heat and cold and also makes an important contribution to biodiversity. On the roof of the facility, greenhouses are available for overwintering potted plants and growing young plants, as well as large beds and raised beds. A glass lounge equipped with underfloor heating is a place for gardening and socializing – regardless of the weather, at any time of year. Sunny terraces, loggias, and private gardens in "ERnteLAA" invite people to enjoy outdoor living to the fullest without having to leave home. This is in addition to the roof gardens and private balconies. These green measures are also making a stir internationally. The project qualified for the International Property Award with a 5-star rating at the European Property Award 2020, where it was named "Best Sustainable Residential Development in Europe."



160

**new rental apartments
as part of the Vienna
Housing Initiative**

One of the unique features are the greenhouses on the roof, which make it possible to grow fruit and vegetables even in the middle of the large city.



Sustainable Materials and Products

Using sustainable materials and products for construction, refurbishment and demolition work has an impact on the climate and the environment and is becoming increasingly important. Sustainable construction methods such as modular timber or hybrid methods have a lower energy consumption and reduced carbon emissions over their entire life cycle. It is also important that buildings can be broken back down into their original constituent parts so that these materials can be fed back into the circular economy. Timber

structures that are held together with screws and joints perform very well in this regard. We took our next step forward in this area by becoming a partner of Madaster in early 2021. The online platform functions as a library of materials. We use it to manage data about the materials that go into our properties and create material passports. These documents contain information about the quality, origin and location of the materials used in a particular building. They also provide an insight into the financial value of a building and its materials, while also giving users an indication of the value of these materials in the circular economy.

PROJECT



Weststadt Neighborhood: Made of the right wood

The principle of ecological and economic responsibility is a top priority in community development in the Weststadt neighborhood. The unique feature here is that the new buildings use unglued solid wood, which is why the buildings save 94% carbon emissions during production alone. The spruce wood is not only used as wall cladding – all of the exterior walls and ceilings of the buildings are also made of it. At the same time, these trees can be considered a carbon sink, which means that they permanently absorb carbon dioxide from the atmosphere and thus take pressure off our climate. After 50 years of operation, the glueless solid wood variant will still not have produced the same quantity of emissions as the conventional design would have within one year of construction. In addition, all building materials used are separable and can be reused later. The two new buildings have already been completed, and further projects of this kind are to follow. We are also using wood for modernization and vertical expansion in our existing portfolio. And what's more, this work will make the neighborhood even greener.



Spruce wood is used in various ways in the Weststadt neighborhood. It can be found in the neighborhood not only as wall cladding, but also in exterior walls and ceilings, providing a comfortable living environment.



Raw materials in buildings are valuable resources that can be reused in various ways. In the future, we want to include the life cycle costs (production, operation, maintenance, refurbishment, reclaim) of components and products in the product manual and planning guidelines for procurement purposes. Our product manual for Germany and Austria will have a section on the circular economy. The product manual will also be made binding for our partners in these countries and form part of our contracts with them. As part of our Building Procurement Days, we run training workshops to inform our employees about the importance of sustainability in their day-to-day work and in the supply chain.

Vonovia is committed to using environmentally sound raw materials and production methods, as well as sustainable and recyclable construction materials. We also drive product innovation in these areas where necessary. Sustainability and cost-effectiveness are not mutually exclusive. We prioritize energy-efficient electrical equipment in all of our renovation and construction projects, and are working hard to use more products which are made from secondary raw materials. In response to the increasingly tight rules surrounding the disposal of materials, we minimize our use of hazardous or toxic substances from the outset. Whenever the disposal of hazardous or contaminated building materials requires careful professional handling, we expect all of our service providers to comply with applicable legislation and regulations, particularly those concerning health and safety and environmental protection. Our own employees also receive regular training on these subjects.

Social and Environmental Standards in the Supply Chain 308-1, 308-2

Our holistic approach to sustainable construction and refurbishment extends to how we procure materials from suppliers. That's why compliance with social and environmental standards in the supply chain is an important topic for us and part of our sustainability strategy. Vonovia manages its partnerships with external partners and service providers through the Business Partner Code, its general terms and conditions of purchasing and individual agreements as part of its structured approach to supplier management. In this way we ensure compliance with all current European procurement standards and regulations. In Sweden, we defined environmental criteria that will be binding for all new suppliers from 2021 onwards. These criteria will be made binding for all other suppliers from 2025 onwards.

The Vonovia partner portal plays a vital role in our sustainable approach to supplier management. Social and environmental standards are integrated into the processes we use to select and approve suppliers (see Sustainable Relationships with Business Partners, → [p. 99](#)). We require our partners to observe and apply our product manual in order to promote the procurement of sustainable materials. We also communicate with them regularly about ecologically friendly construction materials.

More about compliance with labor and social standards in the supply chain can be found in Respect and Promotion of Human Rights. → [p. 88 et seq.](#)

Society and Customers

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Society and Contribution to Urban Development



☒ 103-1, 103-2, 103-3, 203-1, Principle 1



Overview of the Action Area

At Vonovia, we offer people a home in our communities. We want them to find a pleasant neighborhood here. We want them to feel at home. Intergenerational living is encouraged. To this end, we are developing infrastructure tailored to the individual challenges faced by each community and geared to the needs of our tenants. Our social activities and approach to structural design, including aspects related to climate protection, are coordinated in line with this. We design our residential environments and green spaces to strengthen participation and urban community life and to be sustainable from an ecological perspective.

Terms such as “lively neighborhoods” or “neighborhoods worth living in” show that quality of living is increasingly being associated with life at a community level. As a result, the neighborhood is increasingly becoming the focus of the real estate industry and also of Vonovia. In our neighborhoods, people of all ages find not only a home but also a neighborhood in which they can feel comfortable and can live for a long time. That’s why our goal is to create housing that meets needs, is enjoyable to live in and is connected to society. This helps our housing contribute to sustainable urban development. Vonovia is creating new living space by means of vertical expansion, densification and building entirely new neighborhoods.

Throughout the Group, our approach to community development projects is to view the neighborhood as a whole and to take account of the many individual circumstances on the ground when planning and implementing measures. With the focus on neighborhoods and by considering them holistically, the business field can be developed and added value created for the tenants. To this end, we developed the innovative strategic approach B2Q (Business to Quartier [the German word for neighborhood]) in 2020. Ensuring our measures are socially compatible is always at the core of our neighborhood approach. This is in harmony with structural design and climate protection. It is particularly important for us to promote social infrastructure and what we offer our tenants, for example by cooperating with social institutions,

HIGHLIGHTS 2020

- > Innovative strategic approach B2Q (Business to Quartier [the German word for neighborhood]) introduced
- > Holistic orientation of future community development projects while taking into account our climate protection goals
- > 14 community development projects with around 8,000 residential units under implementation (investment volume of € 42.3 million)
- > Vonovia community academy brought to life
- > Vonovia endowed professorship established for community development
- > Bochum-Weitmar proclaimed as innovation community
- > Support measures expanded during the coronavirus pandemic

providing medical care or by collaborating with local suppliers. We carry out modernization and energy optimization in line with the calculations taken from our climate plan (see section Carbon Reduction in the Property Portfolio/Energy-efficient Modernization, → p. 23 et seqq.). In doing so, we strive to distribute the costs in a socially responsible manner – a challenge we face for every project. Last but not least, we also make sure that infrastructure issues such as e-mobility and utilities are taken into account when planning our neighborhoods.

Furthermore, in addition to the actual living space, our measures focus on shared community spaces. In the process, Vonovia is shaping the residential environment, for

example, by upgrading existing green spaces and planning recreational and meeting areas. Residents can come together here, which strengthens social cohesion within neighborhoods. Our promotion and support measures also play an important role in this context. Together with local partners, we promote harmonious coexistence in neighborhoods. In 2020, these measures were only possible to a limited extent due to the pandemic, but highlights included our courtyard and balcony concerts, with artists performing at various locations.

During the pandemic, residential environments and neighborhoods have become even more important. We see it as our role to promote and strengthen coexistence through a variety of measures and by cooperating with social institutions. Our stakeholders' participation and the inclusion of their needs in our planning are also playing an increasingly important role. With this in mind, we are carrying out various participation measures in all community development projects – from pure information events to workshops and neighborhood walks. And as a company we are also actively involved in urban planning processes.

During our materiality analysis conducted in 2020, we defined the topic **Community Development and Contribution to Infrastructure** in the Action Area "Society and Contribution to Urban Development" as material to our activities. Other important topics are **integration, diversity and social cohesion, involvement and participation, and co-creation of political dialogue**.

Community Development and Contribution to Infrastructure 103-1, 103-2, 103-3, 203-1

Disclosure

In recent years, neighborhoods have increasingly become the focus of the real estate industry and urban planning. Quality of living is increasingly being linked to the neighborhood level. People want to feel good about their surroundings and identify with where they live. A balanced mix of rented apartments and condominiums, the integration of small businesses, attractive open and communal spaces, the availability of local suppliers, modern transport connections, good educational facilities, and social and cultural facilities – the interplay of all these factors promotes diversified and vibrant neighborhoods. This is an aspect that is also becoming increasingly important to tenants. In this way, the real estate industry is also partaking in urban development and is able to contribute its own expertise to the design processes through direct contact with tenants.

Neighborhoods bring together stakeholders with different interests, including through varied ownership and tenant structures. In order to feel at home, many people want to be involved in decisions that will have an impact on the environment around their homes. Participation measures are therefore becoming increasingly important to strengthen acceptance for community development and the associated, often long-term, measures. Our experience shows that participation processes can achieve even better results by incorporating new and varying points of view and by integrating them into decision-making processes. The complexity and probability of not being able to fulfill all stakeholder wishes equally also increases.

Focusing on the neighborhood level makes it possible to align urban development specifically with social and ecological needs and to exploit synergies. Innovative solutions that enable buildings to be networked together are especially important if climate protection targets are to be achieved. Social cohesion can only be achieved by looking outside of one's own front door and towards the neighborhood.

Our Approach

Vonovia offers people a home in its neighborhoods. The company's aim is for them to be able to find a good neighborhood in which they feel comfortable and which brings different generations together. We are convinced that a livable neighborhood strengthens tenant loyalty and increases the value of residential properties. In 2020, we analyzed our portfolio structure with this in mind and placed even more focus on the neighborhood concept with the innovative strategic approach **B2Q** (Business to Quartier [the German word for neighborhood]), with the aim of ensuring the most efficient management possible and being able to continuously improve the quality of our portfolio in the interests of our customers and our company. The analysis showed us that over 70% of the portfolio of Vonovia in Germany is located in neighborhoods. This amounts to around 600 neighborhoods, each with an average of around 430 apartments. In our view, the development of these interconnected portfolios offers a great deal of potential for shaping construction and society and contributing to sustainable community development. Vonovia neighborhoods are always aligned with clear climate protection requirements (see section Carbon Reduction in the Property Portfolio/Energy-efficient Modernization, → p. 23 et seqq.) and social compatibility (see section Living at Fair Prices, → p. 58 et seqq.).

Definition

“The neighborhood has a visually coherent urban structure. It is perceived by the residents as a definable area and is an action area in which the residential real estate company can make an impact or experience positive effects. It includes at least 150 apartments. A large housing development is also one way of describing a neighborhood.” (GdW)

Community development projects require an intensive examination of local conditions, i.e., the character and tenants of the neighborhood. But each neighborhood is different and has different requirements and faces different challenges – e.g., access to education may be lacking, or the neighborhoods lack cultural institutions, or there is no interaction between the different age groups. For this reason, we identify the individual needs of tenants, cities and our partners for each neighborhood and determine which goals we want to achieve and how we can implement them economically.

Derived from this, we develop a coordinated neighborhood-specific infrastructure that combines structural design, climate protection and social offerings. Our climate protection goals will only be within reach when we take a systematic neighborhood approach. Here in particular, a holistic approach is needed to develop neighborhoods in line with our climate plan (see section Carbon Reduction in the Property Portfolio/Energy-efficient Modernization, → p. 23 et seq.). This type of neighborhood approach opens up entirely new scope for us, for example, for expanding our range of services or testing new technologies such as sector coupling (see section Renewable Energies and Energy Mix, → p. 31 et seq.). We are creating new living space in conurbations through densification and adding extra stories (see section Sustainable Construction and Refurbishment, → p. 39 et seq.).

We also take responsibility for designing our neighborhoods. We are expanding the infrastructure to meet local needs. To achieve this, we are creating space for local suppliers, medical services or educational institutions, social facilities and services, and creative artists (see section Inclusion, Diversity and Social Cohesion, → p. 53 et seq.). Modern mobility options such as the creation of a charging infrastructure for e-mobility (see section Renewable Energies and Energy Mix, → p. 31 et seq.), car sharing options, or the expansion of parking spaces for bicycles are also important parts of community development that must be considered from the outset. Vonovia also designs residential environments, playgrounds and green spaces in such a way that they strengthen participation and urban coexistence, enhance the quality of living and are also sustainable from an ecological perspective (see section Biodiversity, → p. 34 et seq.).

Consistently focusing

on a holistic neighborhood approach

As a matter of principle, we want to implement community development projects in such a way that the acceptance of construction measures and other projects increases. We therefore actively involve our tenants in the associated intensive coordination processes (see section Involvement and Participation, → p. 54 et seq.). We also cooperate with authorities and other municipal and social institutions and exchange ideas with political representatives. Through discussions with the stakeholders involved, we gather experience and incorporate it into our concepts. Only if our ideas and concepts are supported by everyone can we implement them successfully and promote value creation.

Organizational Focus

Community development projects are planned and managed on a decentralized basis via the regions. The regional managers for the West, North, East and South regions are responsible for the respective projects and implement them along with their regional managers.

The Chief Rental Officer (CRO) is the Management Board member responsible for operational business. We are increasingly using our own neighborhood developers for on-site implementation. This allows us to address any specific issues as and when they arise.

The regions are also responsible for managing the investment and participation formats, as well as corporate citizenship and philanthropy. This approach is supplemented by centrally managed supporting measures via corporate communications, including from a quality assurance perspective.

Objectives and Measures

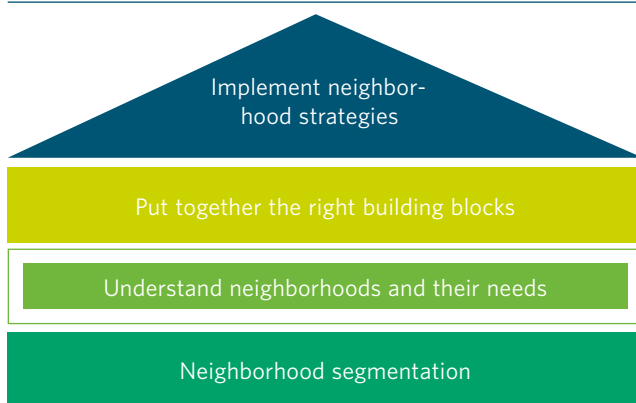
Our goal is to create housing that meets people’s needs and is worth living in. To this end, we carry out neighborhood development projects in cooperation with cities and municipalities and initiate further projects every year with the aim of improving the infrastructure, realizing integrated energy concepts and dealing with urban development issues.

In concrete terms, this means, depending on demand:

- > Creating affordable housing through vertical expansion, densification and new constructions
- > Implementing modernization in a socially responsible manner
- > Optimizing the energy requirements of our portfolio
- > Thinking about and designing the residential environment in an integrated way, including recreational areas, playgrounds, and holistic mobility concepts
- > Integrating local suppliers (in Berlin even setting up a weekly market), daycare centers, doctors and social and cultural offers
- > Promoting dialogue with tenants and stakeholders in order to encourage acceptance and influence

These complex tasks require teamwork and extensive innovative knowledge. This is why Vonovia has designed a community academy in cooperation with the European Training Center for the Housing and Real Estate Industry (EBZ) in Bochum. Our employees will be responsible for community development projects in the regions. The aim is to use modules, practical case studies and training content to provide them with specific skills and innovative expertise

Community Academy as an Important Building Block for Implementing the Neighborhood Strategy



for successful and future-oriented community development. The training content includes:

- > Knowledge about the structure of neighborhoods
- > Stakeholders and their role in the neighborhood
- > Technical approaches to solutions and future developments
- > Communication and participation

In the future, the community academy will be a central building block for implementing the neighborhood strategy. At the same time, it serves to carry ideas that arise from the community academy into the company and thus contribute to further development.

Vonovia Community Academy

and endowed professorship established

The scientific foundation for the topic of community development is being expanded by a professorship endowed by Vonovia at the EBZ Business School – University of Applied Sciences in Bochum. Professor Jan Üblacker, a renowned urban sociologist and social scientist, has taken on the professorship endowed by Vonovia, thereby firmly establishing the neighborhood perspective in the curriculum for the EBZ students.

In Austria, we set up community development schemes where necessary, which will support every new neighborhood until its structures have been fully established. We also support social and technical infrastructure through financial contributions.

In 2020, there were 14 community development projects in the operational implementation stage across Germany, comprising approximately 8,000 residential units, as part of the community development investment program. These include various key components such as energy-efficiency refurbishments, constructing new homes, and measures to design an appealing residential environment. These are supported by additional social services, aspects pertaining to urban development and necessary infrastructure measures. These projects generally run for a period spanning several years. In 2020 Vonovia invested € 42.3 million into 14 community development projects.

Successful Integrated Community Development in Aachen Preuswald

The suburban development, surrounded by forest, was created in 1969 and was planned as a high-quality neighborhood situated in green surroundings. In the decades that followed, however, a negative trend emerged due to problems such as aging buildings and poor infrastructure. But then things started to turn around. Over the past eight years, Vonovia has worked with residents, politicians, AWO Aachen and the city of Aachen to implement a wide range of measures that have stabilized the social structure, improved quality of life, and significantly enhanced the neighborhood's attractiveness. Preuswald now offers livable and affordable housing for all.



Balcony concerts are intended to brighten the daily lives of residents and strengthen cohesion within the neighborhood.



By cooperating with stakeholders from politics and AWO Aachen, Aachen Preuswald is becoming more livable for everyone.



Structural measures:

- > Energy-efficient modernizations
- > Accessible refurbishment
- > Redesign of quality recreation areas
- > Installation of a combined heat and power plant

Social measures:

- > Leasing of a commercial unit to AWO Aachen for the opening of a local store in order to improve local supply in the district
- > Organizing events for tenants
- > Renting rooms for a district office as a neighborhood meeting place at favorable conditions
- > Balcony concerts
- > Expansion of the range of services with the AWO for elderly residents within the framework of the cooperation agreement

14

community development projects with around 8,000 residential units under implementation

Another aspect of community development projects is the promotion of modern mobility concepts such as e-mobility. For example, e-charging stations give our customers the opportunity to switch to an electric car, and car sharing options allow them to do without their own car altogether. This not only has a positive impact on the climate, but also reduces costs for our customers and strengthens their relationship with Vonovia. In 2020, our measures in this regard included:

- > Reducing car parking spaces and installing bicycle parking spaces and bicycle garages for e-bikes
- > Expanding car and bike sharing services (including for e-vehicles)
- > Providing connections to public transportation
- > Promoting electromobility, e.g., by installing charging stations for cars and e-bikes

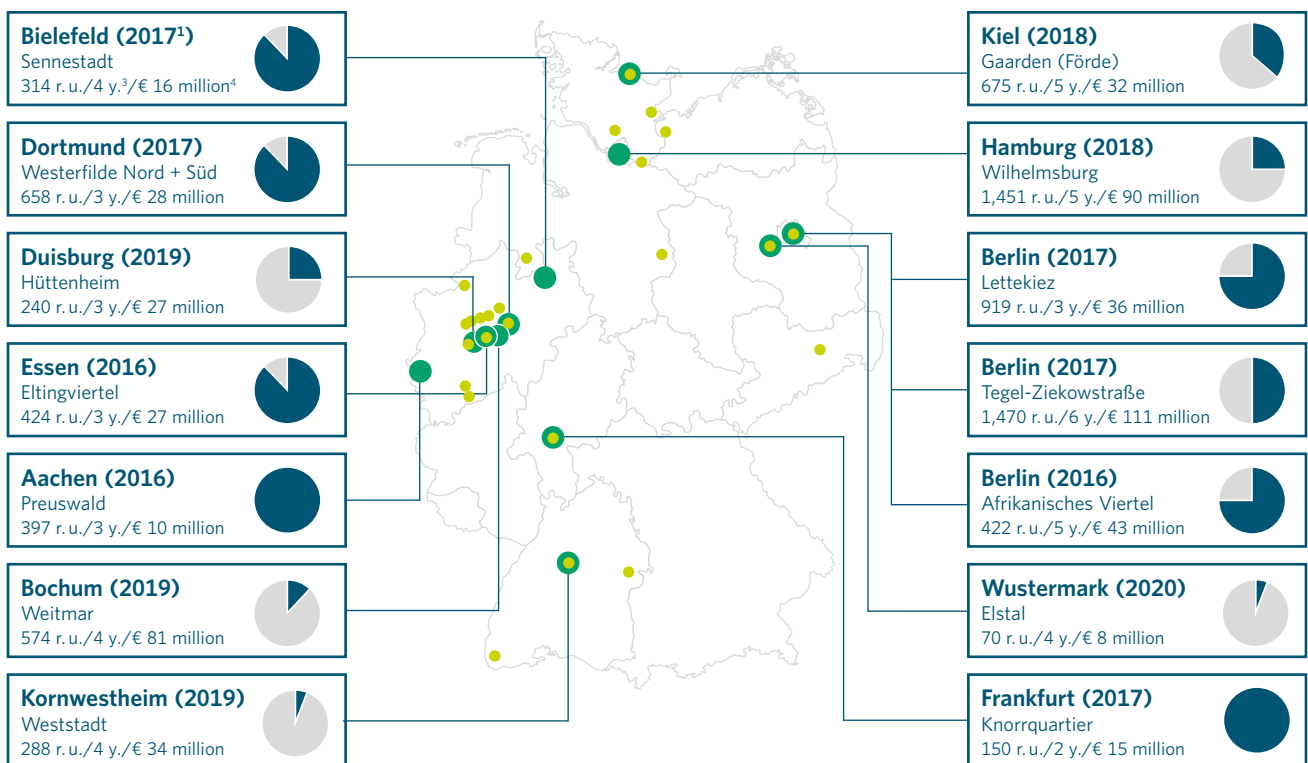
According to our internal specifications, charging stations must always be pre-installed when modernizing existing buildings or constructing new buildings. Around one third of our new construction projects completed in 2020 already feature charging stations. On average, each newly built apartment currently has 1.7 parking spaces for bicycles, and the closest public transport connection can be reached on foot in 3.4 minutes.

Car sharing locations

in Berlin, Dieburg, Dresden, Frankfurt am Main and Vienna

The residential environment plays a particularly key role in the community development measures implemented by Vonovia. New green spaces and playgrounds as well as socially designed community centers outside the buildings can create real added value for tenants. Particularly in urban

Community Development (in Germany)



1 Year of initial investment.
 2 Number of apartments undergoing modernization.
 3 Duration of the project.
 4 Investment amount.



environments, the issue of spaces for relaxation is becoming an increasingly important factor in terms of how people assess quality of life. We make a positive contribution to social development through projects such as establishing community gardens. In 2020, we were able to establish wildflower meadows and insect habitats in numerous locations.

Planned for 2021

- > Continuing the segmentation of our portfolio into neighborhoods and developing additional corresponding neighborhood strategies
- > Continuing (or completing) community development projects according to plan, with further community development projects already planned, e.g., in Bielefeld and Hanover
- > Investment volume of around € 85 million (projection) for community development in Germany
- > Inclusion of further projects into planning according to our systematic approach, i.e., taking into account our climate plan, societal goals and opportunities for infrastructure, mobility and residential environment design
- > Commissioning a concierge system in Dortmund-Westertal
- > Continuing to establish the Vonovia community academy and the endowed professorship
- > Commissioning of 30 publicly accessible charging stations for e-mobility as well as a further three car sharing locations
- > Implementing tenant requests for privately rentable wallboxes at rented parking spaces

Inclusion, Diversity and Social Cohesion 406-1, 413-1

The social infrastructure of a neighborhood plays an important role for social cohesion. A cohesive civil society with all its social and cultural offerings creates space for diversity and contributes significantly to the attractiveness and liveliness of neighborhoods. Social institutions and civic engagement support exchange and thus successful coexistence in local communities.

Through promotions and support measures in the social sphere, Vonovia creates value for those who call our neighborhoods home. These include people from a wide variety of cultural backgrounds. Vonovia has tenants from over 150 nations, as well as from a wide variety of age groups and social structures.

“Orange the World”

In 2020, BUWOG participated in the UN’s “Orange the World” campaign, which addresses violence against women and girls worldwide between November 25 (“International Day for the Elimination of Violence against Women”) and December 10, 2020 (“Human Rights Day”). The topic is brought into focus by illuminating squares, monuments, buildings, participating institutions, organizations and companies. BUWOG’s customer and administration center in central Vienna provided an ideal location to make an effective contribution.

Demand-oriented and functional cooperation with social institutions, cities, municipalities, and residential real estate companies underpins the holistic neighborhood concept and serves as a strategic building block for community development. The promotional activities provided by Vonovia, which address specific local needs, focus on social and ecological measures that strengthen coexistence in the neighborhood, contribute to greater diversity and promote a vibrant living environment. This is how we summarize it in our Group Donations & Sponsorship Policy, which we completely revised in 2019. This defines the framework for action within which those responsible can select and implement suitable collaborations based on needs. The freedom to make decisions on site is important in order to be able to react to the respective challenges in a targeted manner. A wide range of measures and community development programs are emerging as a result, matching the diversity of society itself. These include:

- > Establishing neighborhood meetings and daycare centers
- > Cooperating with social institutions and sponsors as well as municipal neighborhood managers
- > Providing premises and services in kind for social and cultural institutions
- > Promoting cultural diversity by supporting small art projects
- > Helping those in need, e.g., by supporting food banks
- > Personal commitment of employees, e.g., in clean-up and planting campaigns

At <https://www.vonovia.de/de-de/vor-ort> (in German) we showcase a variety of projects that demonstrate our engagement.

>6,600 m²

of rent-free or discounted commercial space
for social institutions (in Germany)

Around
€ 1.5 million

invested in social/cultural projects
(in Germany)

Around 200,000

housing units reached through central
support programs and social projects

2020 Projects and Partnerships (examples):

- > **Meeting Point in Hannover-Garbsen:** Provision of premises and donation of sewing machines and materials to engage in dialogue with women with a migration background and promote their integration
- > **Vienna Women's Shelters:** Social assistance for women affected by violence
- > **Ingrid Ritter Foundation in Stuttgart:** Extension of rent control to ensure affordable housing for single mothers, additional donation of € 10,000 to the foundation to support its work
- > **Housing First for Women (Berlin):** Supporting the work of the association for homeless women with two apartments and monetary donations
- > **Artists' studios in Essen:** free rooms for artists to work in, as well as exhibition spaces (others, e.g., in Berlin or Bremen)
- > **Traditional restaurant in Dortmund:** Preserving a traditional restaurant in Dortmund as a neighborhood meeting place in cooperation with a neighborhood initiative

Our social commitment and funding behavior in the year under review were shaped by the coronavirus pandemic, which particularly affected integration work in our neighborhoods. Face-to-face meetings and participation – the core of integration work – were not possible or only possible to a limited extent due to the pandemic. Facilities had to close and events could not take place. At the same time, the living environment – particularly balconies and gardens – has become increasingly important for our tenants.

That's why we held a large number of courtyard and balcony concerts in 2020, in which artists performed in courtyards and on balconies directly in residential areas. This gave our tenants the opportunity to participate in cultural events in the protected space of their own apartments, and we were able to provide financial support to small artists whose livelihoods had been severely curtailed. A special concert took place in Dresden in September. As part of the [☞ "Himmel über Prohlis" project](#), 33 musicians from the Dresden Symphony Orchestra gave an open-air alpenhorn concert on the roofs of high-rise buildings. Vonovia provided the roof space and financial assistance for this purpose.

For many people in need of assistance, the pandemic has further worsened their living situation. That's why one of our areas of focus in 2020 was the nationwide food bank movement. Over [☞ 950 non-profit food banks](#) in Germany collect surplus food and distribute it to people in need. We supported more than 30 local food banks in 2020 with donations of over € 60,000 and through our employees' personal commitment.

Starting in 2021, we will be expanding our support services to include another special cooperation. In the coming years, we will be sponsoring [☞ Silbernetz e.V.](#), who offer a nationwide telephone hotline to combat loneliness among the elderly. We inform our tenants about the offer, thereby creating contacts, providing the association with rooms for training courses and supporting the association's infrastructure with an annual donation.

The funding instruments are supplemented by our foundation work, primarily within the framework of the Vonovia Stiftung (Vonovia foundation), the Vonovia Mieterstiftung e. V. and "Stiftung Mensch und Wohnen". With their help, we implement support measures for the benefit of our tenants and the rental environment. We also support tenants in social emergencies – in 2020 with a **funding volume of over € 200,000.**

Involvement and Participation

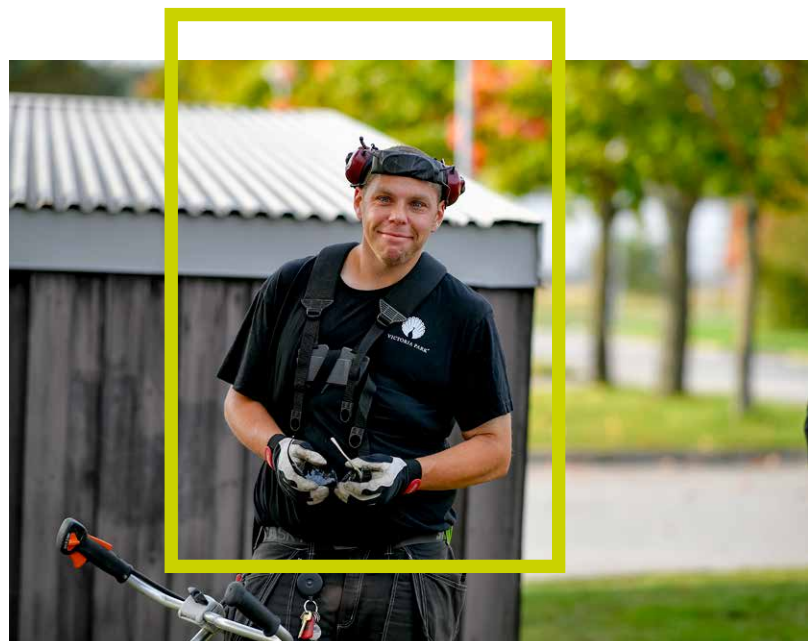
It is of the utmost importance that tenants and residents have a high level of acceptance for all changes made in neighborhoods. This goes without saying when you consider that we help shape people's immediate living environment. On the one hand, it is important to us that we inform residents about planned measures at an early stage and thus bridge differences. On the other hand, we see participation of local people as a great opportunity to further develop our neighborhoods together and to contribute positively to cohesion.

Commitment to Socially Sustainable Communities



Our portfolio in Sweden is often located in areas where the unemployment rate is higher and social integration lower than the Swedish average. That's why we are committed to social sustainability, especially in these areas, in order to improve social structures and create attractive living space. A project close to our hearts is the Environmental Caretaker Program. The goal is to help long-term unemployed tenants regain a foothold in the workforce through temporary employment lasting between 12 and 18 months. Last year, we were able to hire around 30 people in this way. The environmental caretakers receive hands-on training from the neighborhood managers and colleagues, and are responsible for neighborhood maintenance, while also fostering dialogue between neighbors. In this way, we support them in their first step back into the workforce and wider society. Since the program began, we have hired a total of 143 tenants. About 65% of our environmental caretakers found permanent employment in the primary workforce after completing the program. The support program also has further positive effects on the behavior of other tenants, leading, for example, to reduced vandalism and the greater attractiveness of our housing.

Andreas is one of many environmental caretakers who have found permanent employment after completing the program.



Participation processes are particularly important when it comes to comprehensive construction and modernization measures. There is a legally prescribed participation process for construction projects, which we consistently adhere to. We also use comprehensive voluntary participation formats, which allow tenants to have their say, and through which they are empowered to exert influence on the design of respective projects, for example on the topics of residential environments and parking lot design. Actively designed participation processes and citizen involvement procedures therefore begin at the planning phase. This helps us to develop collaborative solutions for the respective neighborhood, although it is sometimes several years before the actual construction work begins.

We rely on various formats such as tenant surveys, door-to-door or one-on-one meetings, tenant meetings and workshops, as well as informational events and neighborhood walks. The first point of contact for people in the neighborhood expressing their concerns will continue to be the caretakers and neighborhood managers as well as our leasing offices.

Despite the coronavirus pandemic, we continued the dialogue in 2020, albeit under adjusted conditions and in a restricted manner. For example, we have been contacting tenants more often by phone, particularly long-term and elderly tenants. Personal appointments also took place following consultation and in strict compliance with hygiene regulations. We have replaced large informational events with neighborhood tours in small groups and video conferences. However, participation thrives when there is a low barrier to entry, which is why digital formats have (so far) reached their limits here.

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tenant meetings and consultation procedures carried out despite the pandemic

Projects in 2020 (examples):

- > **Dortmund-Westerfilde neighborhood:** The residents of the neighborhood were able to participate in designing a park under expert guidance as part of a tenants' workshop. They created a horticultural area and will continue to maintain it in the future.
- > **Düsseldorf-Lichtenbroich neighborhood:** Around 25% of tenants in this neighborhood took part in a tenant survey on the topics of participation and implementation of measures.
- > **Hannover-Garbsen neighborhood:** A large playground is being created as part of an extensive redesign of the residential environment, which we are implementing in partnership with the city. Here, children from the neighborhood were able to vote on which playground equipment should be built in the designated areas.
- > **Hamburg-Wilhelmsburg neighborhood:** Together with the district office, we conducted a workshop in which tenants were able to contribute their ideas on the topics of traffic, housing and leisure via interactive posters and online formats. The results are to be significantly incorporated into the planning process.

Shaping Political Dialogue

For information on our activities to help shape the political dialogue, see Stakeholder Orientation. → [p. 90 et seq.](#)

Homes and Customers



☒ 102-13, 103-1, 103-2, 103-3, 203-2, Principle 1



Overview of the Action Area

Our business activities are geared toward providing people with homes as a basic human need. Accordingly, our tenants are at the center of our business activities. We adapt our homes to people's needs and life circumstances. Thus, different housing requirements and the impact of demographic change are reflected in what we offer. We want to be available to our clients at all times as contact persons on equal terms.

In recent years, affordable housing is a topic that has dominated public discourse, especially in metropolitan areas. The coronavirus pandemic has made the topic even more relevant. Vonovia has become part of the solution to this social challenge by building new homes, offering housing for all and aligning its portfolio to meet demand.

Our goal is to rent out apartments at transparent and fair prices. The homes on offer should be affordable and remain so in the long term, especially in light of increasing climate protection requirements. This is why we are implementing a moderate rent policy throughout the Group. This is also supported by legal frameworks such as qualified local rent indices. We voluntarily limit our modernization allocation to a maximum of € 2/m². In 2020, we were still significantly below this with an average allocation of € 1.24. We support our socially commendable approach with special protection for people over 70 years of age, our over-70 scheme, as well as comprehensive hardship management. Together with cities and municipalities, we also initiate partnerships to provide homes for everyone, including those who find it more difficult to find a place to live.

To make this possible, even under the increasing demands of sustainable new builds and redevelopments, we are focusing on developing entire neighborhoods. The focus on coherent housing portfolios enables us to take a holistic view of our customers' needs.

Just as our society is changing demographically, so are the things we demand from our home. For example, the desire to

HIGHLIGHTS 2020

- > Voluntary commitment to limiting modernization allocation and to protecting older people (guarantee for those over 70) continued; average allocation of modernization costs stands at € 1.24/m²; 164 positive decisions reached out of 346 requests from people over 70
- > Established hardship management implemented and special protection for tenants ensured during the coronavirus pandemic; 724 positive decisions reached out of 1,017 hardship objection cases
- > Numerous cooperation agreements and commitments with cities and municipalities implemented with the goal of reducing homelessness, among other things
- > Around 10,300 apartments in Germany (partially) modernized for the elderly (30.1% of new rentals)
- > Customer satisfaction index 8.6% higher than in the previous year (in Germany)
- > Customer app functionality expanded; around 48,000 users per day

live independently in old age and to remain in one's own home in the long term is increasing. This is also increasing the need for accessible homes. In light of this, we have set ourselves the goal of (partially) modernizing around 30% of newly rented apartments to accessible homes. We complement this measure with supportive housing-related services, e.g., in the form of care services and the development of alternative forms of housing such as senior citizen living communities.

The satisfaction of our customers with our products and our company determines the economic success of Vonovia in the long term. That is why we always focus on our customers and continuously strive to improve our service. Even during the pandemic, we were able to maintain our high service quality at our customer centers in Dresden and Duisburg. This is also possible thanks to our high level of digitalization, which makes it easy for our employees to work remotely. We regularly and systematically survey our customers' satisfaction. In Germany we measure it using the Customer Satisfaction Index (CSI), which is also included in the new non-financial performance indicator Sustainability Performance Index (SPI).

As part of our 2020 Materiality Analysis, we defined a number of topics as absolutely material for Vonovia within the action area of homes and customers. These were **Living at Fair Prices, Needs-Based Housing (demographic change), Customer Satisfaction and Service Quality**. Other important topics are **Contributing to New Constructions in Metropolitan Areas, Maintaining Existing Properties** and **Holding Discussions With Tenants**.

Living at Fair Prices [102-13](#), [103-1](#), [103-2](#), [103-3](#), [203-2](#)

Disclosure

The most important task of the real estate industry is the provision of homes. Due to the high demand in 2020, especially in metropolitan areas, the social aspect of renting is becoming increasingly important – despite the fact that rents are regulated in many cases. This is also evident from the increasing public and political attention that is being paid to the issue, which ensures that the pressure on political decision-makers is growing. Operations in the real estate industry are always subject to the requirements of various stakeholders from society and the political sphere, and to some extent from the capital market. On the one hand, the supply of affordable homes must be guaranteed – the rent freeze debate in Berlin is an expression of such an attempt at the political level. On the other hand, real estate companies are increasingly called upon to implement climate protection measures, which are cost-intensive, particularly in the building sector. This is a particular challenge for private individuals, who make up the largest proportion of owners in Germany. But even for capital market-oriented real estate companies such as Vonovia, this development shows that a sensitive balance is needed between moderate rent increases, reliability in the supply of homes at fair prices, the best possible value for money in climate protection measures, innovations to reduce costs, and appropriate support from the public sector through suitable funding programs.

Even during the coronavirus pandemic, the trend of people moving to cities has remained stable. Especially in metropolitan areas, the demand for housing exceeds the supply. This gap cannot be closed by new builds, at least not in the short term. Due to rising rents, many people are worried that they will no longer be able to afford their homes in the future. The coronavirus pandemic has heightened such concerns in many places in 2020. For the housing industry, this is even more of an opportunity and reason to see itself as part of the solution – and to become actively involved. With over 400,000 apartments, we see our size in the market as an opportunity to relieve residential property markets in metropolitan areas through efficient management, the reliable provision of existing homes and the creation of new homes. If this does not succeed, there is a risk of losing room for maneuvering – for example through comprehensive political regulation of the rental market (see [AR 2020, p. 131 et seqq.](#)).

Our Approach

We want to be able to offer our tenants long-term and secure housing prospects. We achieve this primarily through fair and transparent prices for our homes that are affordable for different sections of society. By further expanding this core business, we are making an important contribution to easing the current situation on residential property markets.

In addition to our new build activities, a moderate rent policy is a basic prerequisite for Vonovia. Our rental prices are based on local rent prices, and, if available, on certified rent indices. From our point of view, this regulation of residential property markets is necessary and conducive to achieving our goals. We would therefore welcome an extension of certified rent indices on all residential property markets. When renting, we always comply with the applicable country-specific legislation.

In Sweden, rent is always negotiated with the tenants' association. Rent increases occur annually, between 1–2%, or after modernization to a higher standard.

In cooperation with cities and municipalities, we offer subsidized as well as privately financed housing. In Germany, around 10% of our housing is currently price-linked. In doing so, we focus on individual solutions regarding agreements for rent-controlled homes and on securing existing rents as well as more far-reaching social agreements, e.g., to protect certain groups of tenants. The use of public subsidies – now and in the future – also helps us to make existing and new

housing affordable for our tenants and at the same time to implement climate protection measures. In this way, we can contribute to a balanced tenant structure and social heterogeneity in our neighborhoods.

In 2019, we adopted two important voluntary commitments for the German market that have guided our rent policy ever since. For modernizations, we cap the allocation of modernization costs to tenants at € 2/m². In addition, there is special protection for people over 70 years of age, even in the case of regular rent increases, because we do not want them to have to worry about their financial security due to rising

rents or to lose their home with us. Both commitments are central elements of our rent policy and essential to achieving our goals.

Voluntary commitments

to modernization and a guarantee to protect people over the age of 70

PROJECT

Individual Solutions in Difficult Situations



“The people we are able to help to stay in their familiar surroundings are relieved and happy.”

Marion Beier,
Head of Hardship Management

For tenants, an upcoming modernization project is news that often comes with mixed feelings. In addition to concerns about restrictions in everyday life and possible noise pollution, older residents in particular are worried that they will no longer be able to afford their apartments following any subsequent rent adjustments that may be made. That's why we offer our tenants a hardship arrangement. People in need can contact a number set up for this purpose. Incoming hardship applications are forwarded to the 25 neighborhood managers in each region. After examining and contacting the affected tenants, a case of hardship is recognized in most cases. In the case of modernization measures, rent increases will be lessened significantly. In this way, we have already been able to successfully solve many inquiries.



In addition, all tenants have the opportunity to claim hardship due to exceptional circumstances in the case of energy modernizations. Our hardship management team – which comprises employees working at the headquarters and neighborhood managers working on site – looks at each individual case and works with the tenant to find an individual solution. Our goal is always to ensure that people can stay in their homes and that their homes remain affordable.

We also offer solutions for particularly vulnerable people such as refugees and the homeless. We do this, for example, within the framework of special agreements with state governments, cities and municipalities as well as other residential real estate companies. We do this because we are convinced that social cohesion only comes about through successful integration and inclusion. And this begins at home.

In the context of the coronavirus pandemic, a special need for protection has arisen for people who are even more dependent on the security of their own four walls in uncertain times. Vonovia has made a special guarantee in this regard. Nobody will have to lose their apartment if they encounter difficulties paying their rent due to the coronavirus pandemic. In 2020, Vonovia helped customers living in around 1,600 apartments facing these very challenges by providing them with individual solutions.

Organizational Focus

Rent policy is managed on a decentralized basis by region. The Chief Rental Officer (CRO) is the Management Board member responsible for operational business. The individual measures are planned and coordinated in the Portfolio Management department.

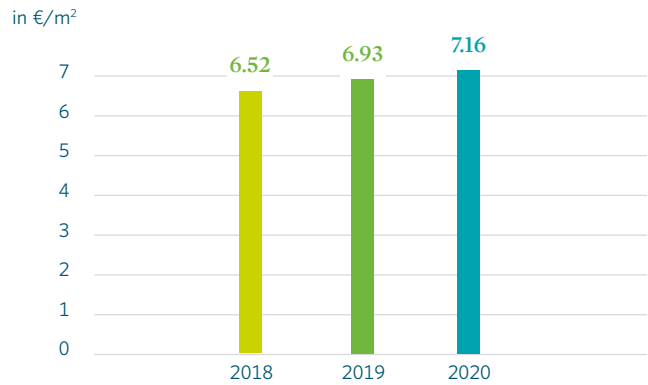
Hardship management is the responsibility of Portfolio Management. Since 2019, it has been supported by community developers in the individual regions in order to provide even better support for the tenants concerned. The team consists of five hardship case managers in Bochum who work closely with the 25 community developers.

Objectives and Measures

Our goal is to be able to offer housing at transparent and fair prices for the whole of society. In doing so, we are staying true to our aspiration of embracing our social responsibility.

We ensure this, in particular, through moderate and socially acceptable rent development. In 2020, the average monthly in-place rent across the Group was € 7.16/m² (across Germany: € 6.95/m²). We respect all regulatory provisions such as rent ceilings and rent indices. In 2020, during the coronavirus pandemic, we avoided rent increases for many months as a matter of principle. In 2020, we have by far not exhausted the framework of our voluntary commitment to

Rent Growth Since 2018



Increase from 2018 figure to 2019 particularly due to the acquisition of Hembla; rents in Sweden only partially comparable with rents in Germany and Austria due to varying rental systems, which sometimes include heating costs.

limit the modernization allocation to € 2/m² and have only levied an average of € 1.24/m² in Germany. We also continued our over-70 scheme to protect older tenants and have so far been able to help 340 people individually (out of 661 inquiries). Last year, we were able to help 164 people (out of 346 requests). In doing so, we are fulfilling the promise we made in the 2019 Sustainability Report. This success shows that we have taken the right measures for our tenants.

€ 7.16

Average rent per m²

€ 1.24/m²

Average allocation of modernization costs
(in Germany)

Hardship case management plays a key role in this. Our hardship case team in Bochum, together with the community developers, helps us to further improve customer care in difficult situations. The team can be reached directly via a dedicated telephone number. This ensures that our customers have fixed contact persons. When they receive notification of a case of hardship, the hardship managers perform an initial preliminary review before handing the case over to the community managers for further processing, who then personally contact the tenants concerned. This process ensures that solutions are found together, e.g., with regard to changing apartments, staggering the rent increase or reducing the modernization levy for a certain period of time.

Decisions of this kind are made before construction begins. In 2020, we processed 1,017 hardship cases and made 724 positive decisions – i.e., rent increases were not implemented or were not implemented in the planned amount. Since the introduction of hardship management (as of 2018), we have been able to help with modernization costs through the hardship management scheme and more than 3,000 cases through the over-70 scheme.

724 individual solutions

for 11,300 modernized apartments via our hardship management scheme

164 positive decisions reached

out of 346 requests with our over-70 scheme

In 2020, we actively informed our customers in Austria about the possibility of deferring or paying in installments in connection with the coronavirus pandemic. Subsequently, a total of 549 voluntary deferral and installment agreements were made.

In cooperation with cities and municipalities, we have also made individual and voluntary commitment arrangements for subsidized housing for existing buildings. These arrangements serve to protect senior citizens, low-income households/families that have no legal entitlement to publicly subsidized housing, people with lower chances of success in the residential property market, migrants and refugees. One example is the cooperation signed with the City of Frankfurt in March 2021, with which we agreed on a joint scheme for fairly priced housing. In the event of special burdens during construction work, we offer replacement apartments or a rent cap. We have also agreed to refrain from terminating tenancy agreements if tenants are in financial distress due to the coronavirus pandemic. The agreement also contains an additional unique aspect. Vonovia is providing 100 apartments for people who are affected by or at risk of homelessness.

In 2020, we implemented further measures to house vulnerable people in order to provide permanent housing for disadvantaged people. These included, for example, the North Rhine-Westphalian “A Home at Last” initiative against homelessness, the “Essen Standard for Supported Housing”, the “Housing First” initiative in Dresden (see project box) and supporting our homeless center “Haus Strohalm” in Berlin. We also offer special forms of housing in Austria and cooperate with various service providers and operators.

Housing First: A Home at Last



When a person is homeless, on top of the daily struggle to survive on the street, it is difficult to manage issues relating to housing, work and social life at the same time. In contrast to the usual approach to emergency housing assistance, where the homeless are housed in public facilities and offered support such as counseling services, the “Housing First” model adopts a new paradigm. Providing people with a place of their own to live is the first step in offering assistance. The people affected should be able to sign their own tenancy agreements first of all, and then be offered support in their own homes in the form of outreach work and various measures.

Thanks to the “A Home at Last” initiative, homeless people are given access to their own four walls, and a fresh start in life.

Vonovia supports this philosophy and is engaged in a number of initiatives and projects. We are part of the North Rhine-Westphalian “A Home at Last” initiative and play an active part by providing apartments from our own portfolio. We work with local partners in around ten different cities to give people a new home. In Dresden, too, as in North Rhine-Westphalia, we make it possible for homeless people to rent their own homes through the “Housing First” initiative, in cooperation with the city’s social welfare office. An offer of proactive support is intended to help those affected to find their way to a life of dignity and autonomy.

Finding a place to live is not only difficult for people affected by homelessness. This is also often a major obstacle for refugees. We also support a number of projects and measures in this area. For example, last year alone we were able to provide housing for around 200 refugees – also in Dresden.

Over 150 different nationalities

live at Vonovia

Our customers come from over 150 different nations. Over a third of our new leases in Germany went to people with a migration background in 2020. Since 2015, we have rented apartments to around 12,000 people from Syria and Afghanistan in Germany alone.

Planned for 2021

- > Continuation of voluntary commitment to the modernization allocation and the over-70 scheme
- > Continuation of hardship case management
- > Implementation of the agreement with the City of Frankfurt on climate-friendly and affordable housing
- > Establishing an ombudsperson office as an independent arbitration body for tenants in Dresden (active since February 2021)

Needs-based Housing (demographic change)

103-1, 103-2, 103-3

Disclosure

Society is changing due to demographic change, and our client base is shifting as a result. Due to the growing proportion of older people in the population, the need for housing suitable for the elderly is also increasing. Compared against the demand expected by then, there will be a shortage of around two million senior-friendly apartments in Germany by 2035. At the same time, older tenants also want to stay longer in their own homes and remain independent. Maintaining and improving the quality of housing through needs-based expansion and renovation is therefore of particular importance. With this in mind, we are pushing the development of needs-based housing through maintenance, modernization, new constructions, and appropriate renovation where possible. Again and again, it becomes apparent that designing an apartment to be senior-friendly does not always have to entail the high and thus cost-intensive requirements of barrier-free design, e.g., those specified by the corresponding DIN standard. Effective solutions for older tenants can often be achieved with moderate measures that can also be implemented at low cost.

Our Approach

We want our tenants to live safely and healthily in their own homes and to be able to plan their long-term future there.

We are preparing for demographic change by consistently focusing on needs-based expansion and renovation and with corresponding market-oriented, customized offers – e.g., for people with mobility impairments. Homes that are completely barrier-free, according to German industry standard DIN 18040-2, are only necessary in very rare cases. Rather, a small number of measures, such as the fitting of non-slip flooring or flush-to-floor showers, are often sufficient to significantly increase the level of living comfort in old age. We check which measures have the best possible effect on our apartments to ensure that our tenants remain in them. New leases in particular offer us a good window of opportunity to carry out appropriate renovation measures. In Austria, all new buildings are constructed in such a way that they can be adapted to meet future needs. In doing so, we are following the respective building regulations and OIB guidelines as well as other standards, using these as a basis for planning barrier-free and accessible new buildings.

In addition, we are continuously expanding our range of social services and partnerships and our investments in the social infrastructure of our neighborhoods in order to meet the needs of our tenants.

NEW NON-FINANCIAL
PERFORMANCE METRIC FROM 2021

Proportion of accessible (partially) modernized apartments

newly leased
in Germany

To highlight the importance of this topic for Vonovia, we have included the proportion of new leases that are (partially) modernized accessible apartments in the Sustainability Performance Index (SPI) in 2020, thereby anchoring it as a parameter relevant to the company's management.

Organizational Focus

Responsibility for the senior-friendly housing programs lies with the Chief Rental Officer (CRO). The structure of the renovation program is managed centrally and is implemented via the regions. Changes affecting the structural condition of our buildings are usually conducted by the technical service department.

In Austria, needs-based refurbishments and renovations are carried out in close coordination between the technical real estate management and regional/asset management. In the development stage, we determine and define the location and project-specific housing breakdown, as well as their features and fittings, in advance.



The conversion of two high-rise buildings in the Ziekowitz housing estate has created 145 apartments for senior citizens.

Comfortable Living in Old Age



A large number of our projects focus on the needs of an aging society. As part of this, we focus on the potential offered by construction measures for making homes accessible as well as on providing support.

In Berlin-Tegel, for example, we are currently working on an exciting community development project in which a total of 145 apartments for senior citizens are being created in the Ziekowkiez residential area by converting the apartments in two high-rise buildings. In addition to the accessible and comfortable residential units, a wide range of services offered by the Johanniter organization provides everything a person needs for an autonomous everyday life into old age. An important component of the "senior living with service" model is the neighborhood community center "JOVO-Treff." This center is a collective effort between the Johanniter organization and Vonovia and aims to improve people's quality of living and social cohesion. The Johanniter organization puts on lunches for senior residents and regular group activities, and it has dedicated liaison officers on site. The liaison officers provide advice, help with official administrative matters and support the senior citizens in their everyday lives.

Objectives and Measures

Vonovia has set itself the target of modernizing around 30% of its newly rented apartments every year in order to meet the demands of an aging society. During modernization measures in existing buildings and in our neighborhoods, we check whether and where they can be made more accessible and implement appropriate measures wherever possible. We mostly achieve this with partial modernizations, which is our way of keeping the product affordable. This allows us to retrofit apartments one by one, ideally according to the stage of life of our customers, in line with their needs. When planning construction and modernization work, we also consider adapting the size of apartments.

We also build and design apartments so that groups with special requirements, e.g., people living with dementia, can also feel at home with us. We supplement this with voluntary additional renovations, e.g., in the form of ramps and handrails for people with disabilities or by using digital

assistance systems. At their own request, tenants can also book various custom modernization measures. These include bathroom and kitchen improvements, security features, and, since 2020, garden improvements.

We have included the metric of accessible (partial) modernization* for Germany in our Sustainability Performance Index (SPI) and review our progress in this regard on a quarterly basis.

In 2020, we (partially) modernized around 10,300 apartments to make them fully accessible and senior-friendly. This is approx. 30.1% of the total of around 34,000 new leases nationwide. In Sweden, we are creating new living space by converting storage and laundry rooms into modern ground-floor apartments with their own terraces.

* The criteria for accessible residential property are defined based on KfW's product catalog.

Around 10,300 apartments

in Germany (partially) modernized for the elderly (over 30% of new rentals)

In addition to the structural measures, we believe that social infrastructure also plays an important role. As such, we are also investing in alternative forms of housing with more extensive support services. This is in addition to building extensions suitable for senior citizens and the disabled, e.g., for residential communities for people with dementia, such as the one in Essen. This also includes care and support services for older tenants in cooperation with social institutions and service providers. We want to understand our customers and target groups even better. That's why we have started dialogue with women's organizations in Austria, as well as initiatives that advocate senior-friendly homes, e.g., JUNO, ROSA and Kolokation.

Planned for 2021

- > Continuation of accessible new build and conversion projects
- > Continuation of investments and projects to strengthen the social infrastructure of neighborhoods
- > Initiation and implementation of partnerships with social institutions

Contribution to New Build Projects in Metropolitan Areas

In recent years, the influx into cities has increased the pressure on residential property markets, especially in metropolitan areas. By building new housing in urban and central locations, Vonovia aims to help reduce this pressure. To this end, in 2020 we focused even more intensely on developing entire neighborhoods (see the chapter on Neighborhood Development and Contribution to Infrastructure, → p. 48 et seqq.). As part of this we are stepping up our development activities and, in addition to conventional methods, are focusing on a modular approach to new construction work in the case of densification and roof extensions in order to create new living space more quickly (see → AR 2020, p. 65 et seq.). Densification continues to be of great importance to Vonovia, as it enables us to identify previously unused potential in our spaces and optimize their use. Furthermore, when it comes to forward-looking mobility concepts, we are reducing car parking spaces wherever possible and freeing up the space for alternative uses.

With the development business of the BUWOG companies and the expansion of new construction and conversion projects by technical service, we are pushing ahead with new construction projects in large steps. We refrain from speculating with building land and place increasing emphasis on implementing ecologically, socially and economically sustainable projects that meet the needs of all of our target groups in the long term.

For more on the topic of new construction, see the Sustainable Construction and Development action area. → p. 38 et seqq.

Maintenance of Existing Properties 416-1

We want people to be healthy and safe in our properties and enjoy living there long term. That is why Vonovia aims to manage its portfolio efficiently and to make it optimal and livable for customers. With this in mind, preserving the fabric of buildings and ensuring the quality of the living space itself are of great importance.

We define maintenance as all regular and long-term planned economic expenditure with the goal of preserving the fabric of the building. We do not offload these costs onto rent prices.

Investment in Maintenance

in € million	2019	2020	Change in %
Expenses for maintenance	308.9	321.1	3.9
Capitalized maintenance	172.7	270.9	56.9
Maintenance services total	481.6	592.0	22.9
Intensity of maintenance (€/m ²)	19.02	22.31	17.3

More information can be found in the → AR 2020, p. 37 et seqq.

The focus is on ensuring the health and safety of tenants both inside and outside their homes. We reduce the risk of danger by complying, without exception, with all the requirements for road safety and fire protection, and by preventing and combating mold growth and legionella outbreaks. This includes, for example, measures such as preparing fire protection concepts, regular checks on building safety in compliance with building regulations, or preventing and controlling mold growth - for example by providing information on proper ventilation, but also by reacting quickly in the event of a hazard.

In the residential environment, we ensure structural facilities are maintained and improved, for example by repairing and

replacing playground equipment, conducting regular inspections of the open spaces and playgrounds, and ensuring that tree care work is carried out in a professionally correct and safe manner (see also the table of key figures for safety inspections, → p. 126 et seq.).

Customer Satisfaction and Service Quality

103-1, 103-2, 103-3

Disclosure

Customer satisfaction is a key factor in the success of a company. For residential real estate companies, this is especially linked to whether tenants feel comfortable in their apartments and residential environments, and whether they feel that they are treated fairly by their landlords. The quality of customer care and services plays an important role here. Our experience shows that accessibility, speed and transparency in service are decisive factors for meeting customer expectations.

Our Approach

Vonovia's activities are centered around its customers and their needs. They expect a livable home at a fair price with modern living comforts. In this context, the greatest possible proximity to customers and convenient accessibility are key elements of our service philosophy, which we have enshrined in our 2019 Business Philosophy.

Our customer service team plays a particularly important role as the primary point of contact for our customers. Our customer service department's main task is to provide fast and uncomplicated assistance and to support our customers in a wide variety of matters. More than 800 employees working in two service centers in Duisburg and Dresden are available to our customers through a variety of channels. By choosing these two locations, we also want to express our commitment to two of the large housing portfolios that Vonovia has – in Dresden and in the Ruhr region – and to provide jobs where they are needed.

Direct contact with our tenants and getting them involved, e.g., in community developments, are valuable opportunities for us to learn about their wants and make them a part of the decision-making process. On site, caretakers and our own craftsmen, for example, take care of our tenants' concerns. This allows us to ensure a fast and reliable service and increase acceptance of our measures. We also conduct regular surveys to ascertain the wishes and needs of our customers. In 2020, we included the related Customer Satisfaction Index (CSI) in the Sustainability Performance Index (SPI) as one of six non-financial performance indicators.

In addition to personal contact, the digitalization of customer concerns is an important field for us in order to make accessibility even faster, more convenient, and flexible. This is why we are continuing to expand self-service functions such as our "My Vonovia" customer app. Protecting the data and privacy of our customers is always our top priority, because this is the only way we can build trust.

Every Vonovia employee is called upon to actively contribute to improving customer satisfaction and to fulfilling the company's service promise.

Organizational Focus

Responsibility for the customer service center lies with the CRO. On site, caretakers and our own craftsmen take care of our tenants' concerns. While customer satisfaction is strategically assigned to the central customer service department, it affects all customer-facing operating departments and should be ensured by each and every Vonovia employee. Designing and controlling the customer app and the customer portal is also the responsibility of the customer service center.

In Austria, responsibility for customer satisfaction lies with the quality management team, who report the results of the customer surveys to the departments and to management on an ongoing basis and derive appropriate measures from this.

NEW NON-FINANCIAL PERFORMANCE METRIC FROM 2021

Customer Satisfaction Index

CSI (in Germany)

Objectives and Measures

The goal of Vonovia is to increase customer satisfaction by continuously improving its services and products.

Customer satisfaction is expressed in the CSI, the Customer Satisfaction Index, and will flow into the SPI as a direct non-financial performance indicator from 2021. The CSI is collected via a quarterly survey, in which we ask customers about aspects such as image, loyalty and overall satisfaction, and collect feedback on customer care, maintenance and modernization measures, the residential building and outdoor facilities, and necessary repairs. The results are then analyzed by all of our operational departments. Measures are then derived based on customer feedback, implemented, and reviewed to further improve service quality. In 2020, the CSI for Germany was significantly higher in a year-on-year comparison.

+8.6%

Customer satisfaction index higher than in the previous year (in Germany)

In Austria, we also use customer satisfaction surveys as a tool, primarily online for all new construction projects in Vienna and for 5–10% of the portfolio every year. The results are discussed directly with the departments in order to develop suggestions for improvement. Measures are always implemented using a feedback loop and include a report to management. We create transparency for our customers with regard to the results of these measures, e.g., by posting notices or allowing them to contact our community developers personally. Based on customer feedback and the optimization potential identified in the process of handling complaints, we also develop training courses for employees in Austria to enhance their skills in dealing with customers.

In Sweden, too, customer satisfaction is a fundamental benchmark for all business processes. The aim is to achieve ongoing positive development in the CSI. Indicators such as the vacancy rate and tenant fluctuation support our analyses in this regard.

To achieve our customer satisfaction target and to be able to offer our customers a transparent and fast service, we are continuously working on improving our customer service. This includes direct contact with tenants, expanding self-service functions in order to provide round-the-clock service and, in Austria, improving the website to include customer-relevant topics, and designing barrier-free customer communication.

We are also simultaneously working to further develop and improve our customer app. The app gives our tenants direct access to their ancillary expense bills and contract details, and allows them to submit repair reports online. We thereby strengthen the transparency of our actions and further expand our self-service offerings. We are also launching customer satisfaction surveys and individual surveys via the app in a targeted manner. In 2021, the app will also be expanded to include a new customer group – prospective tenants. They will then be able to search for an apartment, book a viewing appointment and arrange for the conclusion, and also conclude their lease agreement digitally. The customer app will also be expanded to include a dedicated energy section, which users can use to view data such as bills, bank details and budget payments for their gas and electricity contracts. Billing data as well as the amount of the monthly budget billing can be adjusted here and the meter reading can easily be transmitted digitally.

In addition to the customer app, the digital customer portal also offers extended availability and a full range of self-service functions that can be accessed around the clock. We have also initiated a pilot project to facilitate package delivery for our tenants. This pilot scheme involved setting up open-system digital parcel boxes in neighborhoods that can be accessed by major logistics companies as well as smaller delivery services.

Thanks to the already high level of digitalization in customer service, it was possible to quickly switch to remote working during the first lockdown in the spring of 2020, thereby maintaining accessibility at all times despite the pandemic. In addition to the day-to-day issues related to lease agreements as well as consumption and ancillary expense bills, our customer service department implemented numerous special offers for our customers during this period. For example, telephone campaigns were conducted to offer elderly tenants assistance with shopping or to organize meal deliveries.



48,000
active users

Further Insights in the Customer App

In the Vonovia customer app, tenants can quickly and easily view documents, make appointments, manage orders.



Since launching our customer app, we have been working continuously to enhance its functionalities. Our customers can use the app to access many of Vonovia's services around the clock - quickly and easily. For example, they receive notifications about orders, can organize appointments themselves and track the status of their requests. All important documents are provided in the personal mailbox and can be accessed at any time. In 2020, we introduced even more functions. Customer satisfaction surveys and individual surveys can be carried out via the app. From 2021, we will be expanding the app to include prospective tenants, who will then be able to carry out searches and appointment bookings and conclude tenancy agreements digitally. In addition, the app is being expanded to include its own energy section.

Planned for 2021

- > Maintaining the Customer Satisfaction Index at the previous year's level
- > Expanding the customer app to include the target group of people interested in apartments, and implementing an energy page for viewing electricity and gas contracts
- > Ongoing support in customer communication by the community development team
- > Developing and implementing a customer portal for owners and tenants in Austria
- > Creating a knowledge database for employees to ensure even more competent and efficient customer service, and to increase customer satisfaction in Austria
- > Conducting additional phone calls to elderly tenants to assist with the coronavirus pandemic by providing shopping services, cleaning services or other support services

Employees

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Corporate Culture and Employees



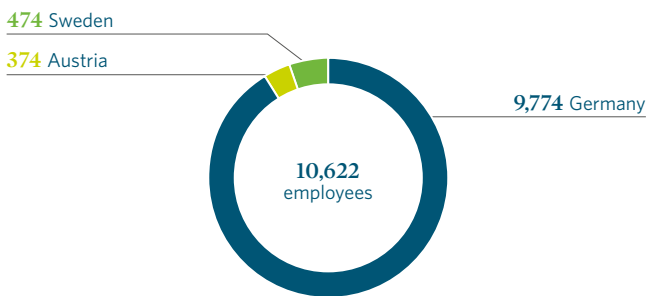
☒ 102-8, 103-1, 103-2, 103-3, 401-1, 401-3, 403-2, 403-4, 403-5, 403-6, 404-1, 405-1, 405-2, Principle 3, Principle 6



Overview of the Action Area

Appreciation, performance, responsibility and team spirit are at the forefront of our corporate culture. These are the values that will allow us to rise to the challenges facing our sector and achieve our corporate objectives. To do this, we need employees who will accompany us on this journey over the long term. We want to be an attractive employer and adapt to the changing requirements of future generations. We see diversity in our workforce and our management team as a great strength and an opportunity that we want to make use of. We are committed to complying with international labor standards and the strict legislation in Germany, Austria and Sweden.

Employee Numbers (by Region)



2020 was a financially successful year for Vonovia. Despite the coronavirus pandemic, we continued to strengthen our position as a reliable and forward-looking employer. We have recruited more than 1,000 new employees since the spring, and did not have to use short-time working or make redundancies as a result of the pandemic. Keeping our employees safe and able to work has always been important to us. That's why we invest in health promotion activities as part of our company health and safety management policy, as well as measures which ensure our employees have a safe working environment. The well-being of our workforce was a particular focus of our HR activities in 2020. We expanded

HIGHLIGHTS 2020

- > The training rate at Vonovia in Germany is above average at 5.0%
- > Around 1,000 new recruits, despite and during the coronavirus pandemic
- > Digitalization process ongoing
- > Training and education programs focusing on HR management
- > New measures identified as part of structured follow-up process to 2019 employee survey
- > Gender pay gap at management level is <4%

our health and safety and hygiene measures. We also made greater use of mobile working and flexible working hours.

We used targeted investments over the course of the year to build on our already high level of digitalization across the Group. We increased the level of digitalization in our HR management structures processes in 2020 with the rollout of the IT application SuccessFactors Recruiting. More modules will be added in 2021.

We want to be seen as an attractive employer, both internally and externally. That's why we are fostering a working environment that is modern and forward-looking and digitalizing our structures and processes in line with the latest developments. We rely on our employer branding concept to attract qualified new employees and retain their talents for Vonovia. We offer all our employees a wide range of opportunities for personal and professional development

through the Vonovia Academy and partnerships with real estate training centers. We also help our employees to achieve a healthy work-life balance. We are committed to recruiting qualified staff for vacant positions and promoting diversity in our workforce – particularly in management positions and trade roles, where female employees are still underrepresented.

We take great care to create a working environment that is fair, appreciative and leaves no room for discrimination. One key part of this is having a fair remuneration policy for the entire Group. We are focusing on harmonizing works agreements on special employee benefits to increase standardization across the Group.

We adhere to national and international standards and comply with strict national legislation. In many cases we go well beyond minimum standards.

The number of employees in the Group (including Bien Ries) rose to 10,622 in 2020 (December 31, 2020), an increase of almost 3% on the previous year. The staff turnover rate came to 14.2%.

Our forward-looking personnel policies drive the long-term growth of our company and reflect current and future staffing requirements. We will meet the challenges facing the sector and achieve our corporate objectives in partnership with our highly qualified and committed employees. We will continue to measure the satisfaction of the employees of the Group on a regular basis. This is a key indicator of how attractive we are as an employer and puts us in a position to make continuous improvements. From 2021 onwards, employee satisfaction will be included as a key performance indicator in the Sustainability Performance Index (SPI) and will be factored into the remuneration of senior management at Vonovia.

The material topics in the action area Corporate Culture and Employees are our **Appeal as an Employer** and our **Approach to diversity and Equal Opportunities**. Other key topics are **Training and Personal Development**, **Fair and Appreciative Remuneration** and **Promoting Health and Safety**.

Appeal as an Employer 103-1, 103-2, 103-3, 401-1, 401-3

Disclosure

Residential real estate companies always work closely with customers due to their nature – both in the property management and the trade side of their business. That’s why they need motivated employees with relevant qualifications who focus on the customer as part of their everyday work. Encouraging young talent and offering them good prospects within the company is an effective way of addressing the shortage of qualified staff currently affecting Vonovia and other businesses.

What staff want from their employers is changing – issues like work-life balance, flexible working and job satisfaction are becoming increasingly important, particularly for younger people. That’s why it is all the more important for Vonovia to position itself as an attractive employer that anticipates and responds to the requirements of younger generations. This approach could make a key difference as we compete for a limited pool of qualified employees.

From a personnel perspective, the most significant risk facing us is that we may not be able to find enough qualified staff and managers to fill the vacant positions in the company. This risk is most pronounced in the manual trades. Our strategic position – particularly in the manual trades – means that we use our own employees for a great deal of the services we provide. As a result, we have exceptionally high staffing requirements for the housing industry and are dependent on the availability of candidates on the labor market. It is therefore all the more important for us to offer (potential) talents an attractive long-term workplace in our company.

Our Approach

2020 was dominated by the coronavirus pandemic. It was also the most pressing issue for the company’s employees. Keeping them safe was our top priority. We put measures in place right at the start of the pandemic to protect staff in our customer service centers and administrative roles. Special safety measures were put in place for employees working on construction sites. Our extensive use of mobile working and digitalization had the effect of mitigating the crisis. Mobile working was implemented wherever possible. The company

rewarded its employees for these efforts at the end of the year by paying the highest possible tax-exempt special bonus of € 1,500 per employee in Germany and Austria. The Management Board set up a coronavirus task force to coordinate the company's safety measures during the pandemic. This task force was responsible for reviewing the pandemic situation within the company on a regular basis under the auspices of the Management Board and Supervisory Board. This demonstrates the company's commitment to keeping its employees safe. The sustained financial stability of Vonovia continues to strengthen its position as a reliable employer. More than 1,000 new employees have been registered since spring 2020.

>1,000

new employees despite coronavirus pandemic

Vonovia is continuing to grow in Germany and across Europe. We need qualified and motivated employees who will accompany us on this journey over the long term and reinforce our focus on the customer. In order to implement our mission and the pursuit of our growth strategy, we need a well-trained workforce. We aim for a high level of annual recruitment in order to cover our personnel needs. This requires a high level of commitment from our HR team because labor markets in many places are tight. We are digitalizing our HR management structures and processes to help our employees in their work and create a modern, transparent working environment for our company.

We are continuously expanding the range of services we offer to our customers. We provide many of them with our own resources. Our "insourcing" policy provides stable, dependable employment with fair pay for employees at different stages of their career. We did not have to make anybody redundant in 2020, despite the pandemic. Works agreements on company shutdowns and short-time working were signed with the co-determination committees, but fortunately we did not have to make use of them.

We advertise our advantages as an employer both internally and externally so that we can fill vacant positions as quickly as possible. Internally we make sure to deploy employees in positions that line up with their strengths and provide training to develop their skills as needed. We also have a number of schemes which promote a good work-life balance, including flexible working hours and mobile working. We offer attractive benefits like our profit-sharing scheme and a corporate culture that is based around team work. Our employees benefit from a wide variety of training and

development opportunities. This creates an attractive workplace for new staff and makes it more likely for staff to stay with the company. Vonovia also offers excellent entry-level opportunities and targeted career progression programs for young people and apprentices. BUWOG Group GmbH in Austria was once again certified as a family-friendly employer in 2020.

Certification of BUWOG as a

family-friendly employer

In addition to new challenges and responsibilities, the digital transformation provides its fair share of opportunities in the area of human resources management. We are also making targeted investments in digitalization to address the changing nature of our business and how we work together in the company. These investments will adapt our HR management structures and processes to reflect current developments. The works agreement on mobile working that was introduced in parts of the Group in 2019 was rolled out to the rest of the company at speed during the coronavirus pandemic. The ability to use an app to report in sick, digital time tracking and switching to online formats for professional training and development have created additional flexibility and allowed us to continue our work largely without interruption.

We structure our working environment in line with the core standards of the International Labour Organization (ILO Convention) and the principles of the UN Global Compact (UNGIC). We treat these as minimum requirements and significantly exceed them throughout the Group. These values are enshrined in the Code of Conduct, which is an important element of business ethics at Vonovia. We also comply with strict national legislation in Sweden, Austria and Germany, such as the German General Equal Treatment Act (Allgemeines Gleichbehandlungsgesetz – AGG). It is our aim to ensure that applicable laws, e.g., individual and collective labor laws, are complied with at all our sites. This includes involving our employees in important decisions. In all of Vonovia's business areas, we ensure constructive dialogue between management and employees based on trust, for example, through the works council members. We inform the workforce of significant operational changes within the statutory notice periods. Our employees are also free to form trade unions and exercise their statutory right to freedom of association.

The Management Board of Vonovia SE has published a [Human Rights Policy](#) to underline the company's commitment to fostering diversity and equality and eliminating discrimination. This reinforces our commitment to ensuring compliance with global human rights standards. This also applies to companies that we acquire and integrate into our Group structures. Neither we nor any of our partners tolerate forced or child labor under any circumstances (see section Respect and Promotion of Human Rights, → p. 88 et seq.).

91%

of Vonovia employees have a permanent employment contract

The majority of our employees (91%) work under permanent employment contracts. We do not outsource jobs to other countries and only employ workers on a temporary basis in exceptional cases.

Organizational Focus

The CEO is the member of the Management Board responsible for Human Resources, which is established as a central shared service in the Human Resource area. Austria and Sweden have their own HR departments. In Austria, HR reports directly to the commercial managing director. The reporting structure has yet to be established in Sweden because it was listed as a separate company until recently. HR reports are provided as needed.

The Head of HR discusses developments with the CEO on a regular basis. The objectives and focus of HR work are developed in collaboration with the Management Board and are then cascaded down throughout the organization.

NEW NON-FINANCIAL PERFORMANCE METRIC FROM 2021

Increased employee satisfaction

Objectives and Measures

Across the Group, we are striving to position ourselves on the labor market over the long term as an attractive employer for young talent and qualified professionals.

Demand for employees is particularly high in the trade and creative areas of Vonovia Technical Service (VTS) and the residential environment. 200 apprentices joined us in summer 2020 – more than ever before at the start of a vocational training year. Some of them were previously at businesses which encountered difficulties because of the coronavirus crisis and had to reduce or stop their apprenticeship programs. Vonovia invited these young people to continue their training with us. We doubled the number of apprenticeships in manual trades as part of the Plus100 project and created additional roles for apprentices to transition into.

More apprentices

than ever before at Vonovia

Some key elements of our HR management system in Germany, Austria and Sweden are targeted human capital development by means of professional training, talent management, retaining our top performers and systematic succession planning. Our needs-based professional development courses and programs include training sessions and specialist seminars, management development courses and certified qualification schemes (see section Vocational

Training and Personal Development, → p. 79 et seq.). In 2020 we established a Community Academy to put a community-based approach at the heart of all our activities (see section Community Development and Infrastructure Contribution, → p. 48 et seq.). We want to take digitalization to the next level in 2021 and use additional modules from the IT application SAP SuccessFactors in order to reduce our administrative workload and improve our monitoring of training measures. This will also help us to expand and organize our online training courses.

Our employer branding concept helps us to attract and retain employees. It emphasizes the company's commitment to innovation and the importance of team work and job security at Vonovia. It also enables us to reach candidates from specific target groups. Our ratings on the Kununu portal improved last year. An employer branding concept is currently being prepared for the BUWOG Group GmbH in Austria.

Employee satisfaction is our main indicator of the effectiveness of our employer branding and the attractive benefits described above. We survey employees on a regular basis throughout Germany and Austria. The most recent survey was carried out in 2019. Vonovia has decided to use a structured bottom-up process to ensure that these surveys and the opinions of our employees actually lead to improvements. Employees discuss the results of the survey with their line managers and make a joint decision about what to change. We have not been able to implement this process in full as planned due to the coronavirus pandemic. However, senior executives are assessing feedback provided through digital channels. Wider-ranging measures that have to be decided at Group level are finalized with the Management Board. The employee share program in Germany will be rolled out to Austria.

Changes in employee satisfaction ratings will be treated as a key performance indicator going forward and factored into management remuneration on the basis of the new Sustainability Performance Index (SPI) (see section Sustainability Strategy in Detail, → p. 9 et seq.). As a result, the employee survey will be repeated at regular intervals from 2021 onwards, conducted by an external service provider. The aim for 2021 is to achieve a slight increase in employee satisfaction compared to the 2019 survey.

Co-determination processes also play an important role at Vonovia. They help us to evaluate what we do as a company and continuously improve employee satisfaction. Vonovia employees have the right to elect their own representatives. Employee representatives are not treated any better or worse than other employees.

Achieving a healthy work-life balance is becoming increasingly important for both current employees and job applicants. Our response has been to implement individual agreements on working hours, increase flextime arrangements and provide more opportunities for mobile working. There are also some top-level athletes working at Vonovia. They can schedule their working hours in a way that allows them to balance their sporting and professional commitments. Agreements on paternity and educational leave are very popular with our employees in Austria. We also provide voluntary social benefits such as discounts on purchases made through a special online platform and discounts in shops and restaurants in the area.

We want to show our employees that their long-term health and productivity is important to us. We have developed Group-wide occupational health and safety standards for this purpose and put them into practice with conviction. Our health and fitness management program includes partnerships with gyms and pays off in this respect (see Health and Safety, → p. 81 et seq.).

Planned for 2021

- > Plan and implement employee survey
- > Use more modules of the IT application SAP SuccessFactors (Performance & Goals and Succession & Development and Learning)
- > Prepare a new employer branding concept in Austria
- > Implement an apprenticeship program to position BUWOG Group GmbH as an attractive employer in Austria
- > Expand and further digitalize onboarding processes

56%

Proportion of male employees who are eligible on parental leave

100 additional apprenticeships

Vonovia assumes social responsibility. Especially during the coronavirus pandemic, it is important to offer young people professional opportunities and security. In doing so, we also support those with more difficult starting conditions or refugee backgrounds. That's why Vonovia has created 100 additional jobs and doubled the number of apprenticeships in manual trades. People embarking on their professional careers from companies that have found themselves in a difficult situation as a result of the pandemic also have the opportunity to continue their training at Vonovia. With a training ratio of 5% in Germany, Vonovia is above the average for DAX companies. Of course, both sides benefit from this, since we have a high demand for skilled workers whom we would like to retain in the long term. Accordingly, trainees who perform well have the best chances of continuing to work at Vonovia after completing their training. We are also enhancing the quality of our training by recruiting five new training coordinators nationwide. This enables us to support trainees on a more individual basis, increasing the long-term chances that their training is successful and they are taken on permanently.



“With the helpful support from my instructor, I always feel challenged and encouraged.”

Konstantin,
dual-study trainee
in business informatics

5%

training rate
(in Germany)



We give young people an equal chance when starting their careers, and also take into account those with more difficult starting conditions or refugee backgrounds.



Approach to Diversity and Equal Opportunities 102-12, 103-1, 103-2, 103-3, 405-1, 405-2, 406-1

Disclosure

A core element of German and European culture is guaranteeing that all human beings are treated equally, regardless of age, ethnic origin, nationality, gender, sexual identity, physical or mental abilities, religion, world view, sexual orientation, social background, education or disability. We still have some way to go before we achieve full equality of opportunity.

For us as a company it goes without saying that we treat everyone equally and appreciate them as individuals. This is the only way that we can benefit from the different perspectives and approaches that result from the social, cultural and linguistic backgrounds of our employees in a trusting and open atmosphere. This also enables us to contribute to a positive image of diversity in our society and to actively confront discrimination.

We are aware that women are under-represented in management positions and in manual trades. This should not be the case. We are committed to making our industry more attractive for female employees. We also want to support women in management positions.

With this in mind, we have defined our approach to diversity and equal opportunities as a material topic.

Our Approach

Vonovia gives high priority to offering its employees a working environment that is appreciative, team-oriented and one in which all employees can assume responsibility. Our workforce includes people from more than 70 different countries across all age groups. A wide range of cultures, genders, educational backgrounds and disabilities are represented at Vonovia. This diversity mirrors the diversity of our customers and has a positive influence on our interaction with them. For us, diversity is a clear competitive advantage that we want to actively promote.

>70 nationalities

work at Vonovia

We promote diversity in our company based on compliance with national and international guidelines like the Diversity Charter, which we signed in 2013, as well as our own strict voluntary commitments such as our Code of Conduct and the Declaration of Respect for Human Rights made by the entire Management Board.

See also: [Compliance and Guidelines - Our Approach](#)

National and International Guidelines

- > Core ILO norms
- > UN Global Compact
- > Diversity Charter
- > General Equal Treatment Act (AGG)

We treat all employees equally across the Group. We offer them a working environment defined by appreciation, tolerance and respect. We foster this environment by taking diversity issues into account when recruiting new employees, particularly in our manual trades and for management roles.

Remuneration at Vonovia is based on performance and market-related factors and is not dependent on gender. We have harmonized the majority of the policies on special benefits across the Group to ensure that this remains the case following the integration of BUWOG and Victoria Park in recent years. If there is still a gender pay gap, Human Resources will point it out to the responsible senior executive (see Fair and Appreciative Remuneration, → p. 81).

<4%

gender pay gap at management level (first and second management levels below the Management Board)

There were no incidents of discrimination at Vonovia in 2020.

A Professional Future at Vonovia

Sozda Abdulkader, who studied civil engineering, came to Germany from Syria more than five years ago. Starting as a trainee, Sozda has now been with us for more than two years.



By cooperating with social organizations such as Joblinge, Teach First, Rheinflanke and offering internships and entry-level qualifications, we ensure that young people are given equal career opportunities and that no one is discriminated against on the basis of their background. Sozda Abdulkader has now been working at Vonovia for more than two years. Born in Syria, she fled her home more than five years ago and came to Germany via Turkey and Greece. After graduating from high school in Syria, she studied civil engineering and graduated with a diploma that was later recognized as a bachelor's degree in Germany. At Vonovia, she started out as a trainee and learned everything that was important for her job in the first few years. The time spent in different departments helped her to get to know the working methods and her colleagues better. Since then she has been working as a project manager in the field of modernization in Bochum. Today, she has well and truly arrived: in Germany and at Vonovia.

Organizational Focus

All managers in the company are responsible for implementing and respecting our diversity and equal opportunity standards and complying with the corresponding policies on a daily basis.

More information can be found in the section Attractiveness as an employer (→ p. 71 et seqq.).

Objectives and Measures

We aim to promote the diversity of our workforce across the company while maintaining equality of opportunity.

At Vonovia, women are significantly underrepresented in the workforce structure, accounting for a share of 24.7%, mainly because of technical occupations in the trades. Vonovia promotes the recruitment and career progression of women – especially in management roles – as part of its succession

planning in order to increase diversity and expand the pool of qualified staff. We select our employees on the basis of their qualifications and skills. We make sure that we take active measures to support women and to open up opportunities for them to assume management and technical roles. In 2020, our training for female managers focused on topics relating to leadership, personality and strategy. We try to make it easy for women to join our company, particularly the manual trades, using internships, entry-level qualifications, and the annual Girls' Day. Many of these activities unfortunately had to be restricted or canceled in 2020 due to the coronavirus pandemic. We usually also take part in the Training Ambassadors program run by the Chamber of Trade and Industry. We recruited more than 400 new female employees in 2020. 60% of the places in our trainee program in Germany went to female employees, exceeding our target of 50%. All job adverts in German are gender-neutral in line with anti-discrimination legislation. We prioritize a gender

balance in the workforce if candidates are equally qualified during the recruitment process.

In Sweden, we offer a special program for long-term unemployed tenants. Each year we recruit unemployed tenants for temporary employment with us as environmental caretakers. We manage this scheme through our local managers working with internal recruiters. Through temporary employment of 12–18 months, we help build a bridge to the primary labor market. See project box “Commitment to Socially Sustainable Communities” (→ p. 55).

We ensure that the diversity concept applies to management and supervisory boards in the context of the General Act on Equal Treatment and our commitment to increasing the share of women in management positions (AR 2020, p. 69 et seqq.). In order to emphasize the importance of equal opportunity and diversity across the whole Group, an adjustment was made to the metric “Proportion of the under-represented gender at the first and second management level below the Management Board.” In recent years the target of 30% only applied to the SE entity in the Group; the new figure applies to the entire Group. The target has also been adjusted to 26%, to be achieved by 2024, and has been included in our Sustainability Performance Index (SPI).

25.9%

of managers at the first two levels below the Management Board are women

In addition, Vonovia employees in Germany have to attend anti-discrimination training sessions, primarily on the AGG and the Code of Conduct. Anti-discrimination is a key aspect of management training on labor law and recruiting in Austria. In Sweden, internal recruiters are also present when new employees are hired in order to ensure that the issue of anti-discrimination is addressed.

Integrating refugees into working life is another way in which we intend to attract qualified staff. We therefore include refugees in our recruitment process, and have set up a pilot project to organize recruitment days for refugees in cooperation with the German Employment Agency. We currently have 46 refugees in apprenticeship positions in Germany. We devised the “Assistants Become Technicians” project in Germany in 2020 to recognize professional qualifications

NEW NON-FINANCIAL PERFORMANCE METRIC FROM 2021

Proportion of women in management positions

(first and second levels below the Management Board)

obtained by people in other countries. Here we work with external partners at state and national level, e.g., with the German Confederation of Skilled Crafts (ZDH) and the Federal Employment Agency.

46

refugees in training (in Germany)

Planned for 2021

- > Access to the employee share program and tax-free employer grants for capital formation purposes for all employees
- > Continued participation in the equalitA award program of the Federal Ministry for Digitalization and Economy in Austria, which recognizes companies' achievements in the areas of support for female employees and gender equality in Austria.
- > Train executives and managers to give preliminary advice to refugees in the course of the project “Assistants Become Technicians”

Training and Personal Development 404-1, 404-3

We use targeted qualification and development measures for our employees to increase the amount of vital expertise and know-how within the company and safeguard our commercial success.

Vocational training is a core element of our HR and recruiting strategy. Focusing on apprenticeships in manual trades will allow us to expand the Vonovia Technical Service and make ourselves less dependent on the external labor market. By training junior employees ourselves in line with our needs, we can secure our long-term competitiveness. As in the previous year, we were able to maintain our training rate in Germany at 5.0%.

Our intention is to provide our employees across the Group with the development opportunities they need with regard to their technical, methodological and personal skills. This enables us to retain top performers over the long term and prepare them for their future roles. During the reporting period, we:

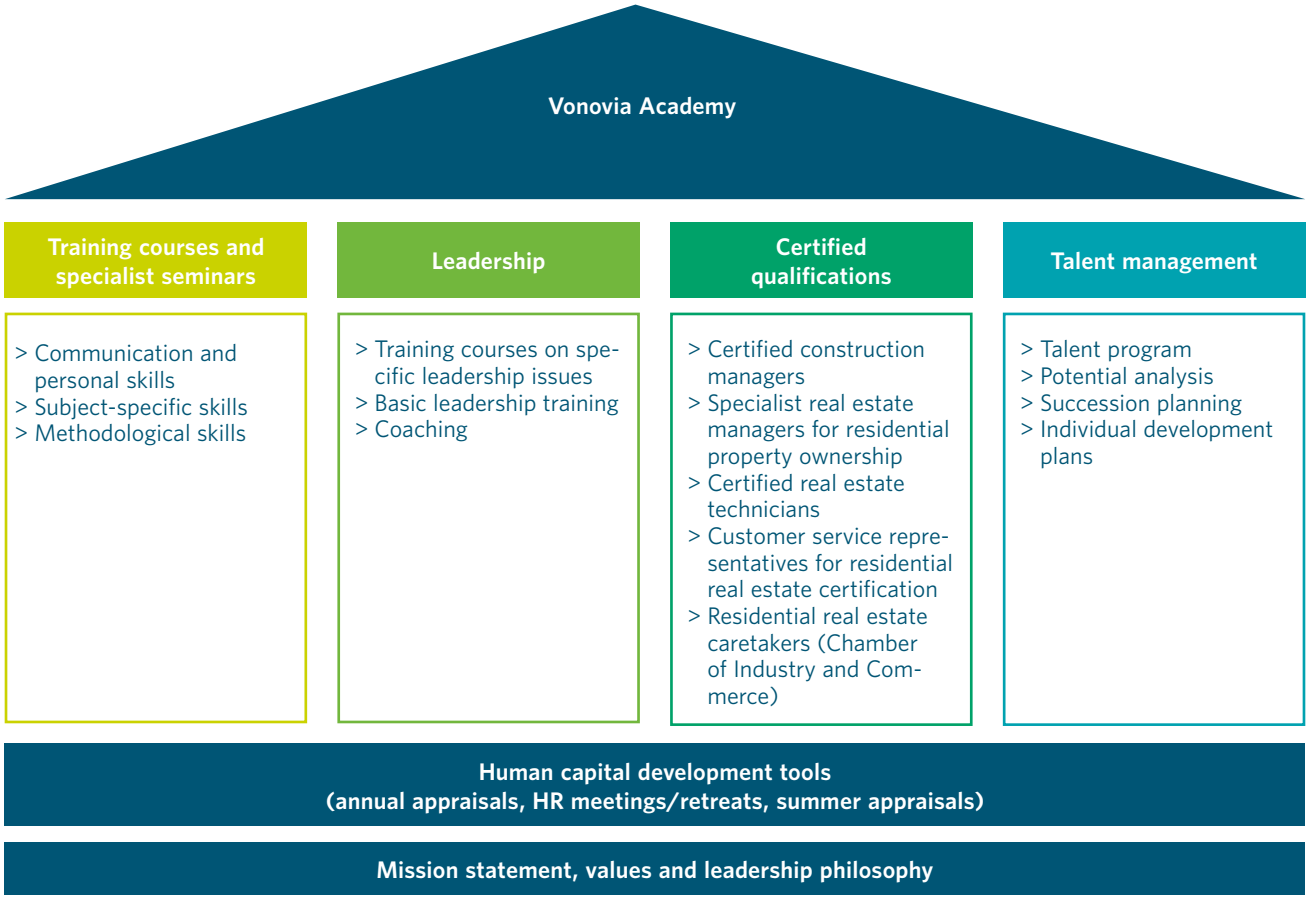
5.0%

training rate (in Germany)

- > Intensified training in manual and technical roles
- > Successfully implemented human capital development activities
- > Expanded the range of professional training courses
- > Extended the development of (junior) managers and succession planning

We support the career development of our high-potential employees through the Vonovia Academy and partnerships with the EBZ European Business School for Real Estate Management in Bochum and other educational establishments.

The Pillars of the Vonovia Academy



The Vonovia Academy

The Vonovia Academy forms a key element of our human capital development measures. It offers employees a range of professional training which is continuously adapted to the specific needs of our departments. It provides training and coaching along with technical and leadership seminars and certified qualifications such as part-time degrees or a “Meister” in a manual trade. Special in-house training programs include “The Starter Pack for Your Successful First Management Role”, the series on “Basic Management Education” or the courses on “Effective Rhetoric for Women – Confident, Compelling and Successful” and “Women Leaders – Success as a Female Manager.”

Human Capital Development Programs (Selection)

- > Talent programs “Management Talent” and “Strategy Circle”
- > Manual and technical training for “Vonovia Site Manager” qualification and other specialist courses
- > Part-time business studies courses, e.g., in property management
- > Leadership training and programs such as “Fit for Leadership” and “Basic Management Education”
- > Development of department-specific junior talent programs in customer service and elsewhere
- > Holistic development program for managers with initial management experience in a CFO role

One focus of our HR work in 2020 was the development of the Vonovia Community Academy for the certified professional training of forward-looking community developers, which we will be launching in 2021 (see section Community Development and Infrastructure Contribution, → p. 48 et seq.).

Vonovia has had a training center offering a wide range of courses for all Technical Service employees since 2018. It offers professional training in fields like plumbing and heating technology. The courses involve a substantial amount of practical work. Due to the difficulty of converting this training to an online format, we were only able to offer a very limited range of training in 2020.

We also support young talents in customer services through the junior trainee program “Have a Go!”, which focuses essentially on learning by doing. People joining from other industries can also gain a recognized vocational qualification or become a customer manager by completing academic courses while working.

A pilot development program was designed to increase the effectiveness of new managers, boost their individual performance and increase their loyalty to the company.

In 2020 we also introduced:

- > New vocational and professional training courses
- > A new university partnership for various dual study programs
- > A series of digital workshops for commercial training managers

We will continue our trainee programs for junior executives in 2021 with a range of measures, including recruiting more trainees for the Group. A new apprenticeship plan was developed in Austria that will be implemented in 2021.

Recruiting processes for apprenticeships and commercial training courses have been digitalized. We also boosted the competencies of all employees in the use of digital tools, including apprentices. These activities were backed up by courses on long-distance leadership and coping with the coronavirus crisis. The systematic transition to remote learning will allow us to offer an even wider range of human capital development programs going forward, e.g., within the framework of the digital Vonovia Academy. Many training courses in Austria had to be canceled or postponed because of the coronavirus pandemic. However, some smaller units covering topics like Microsoft Office programs were offered online. Courses required by law were also completed online without restrictions.

Promoting Health and Safety 403-2, 403-4, 403-5, 403-6

Vonovia uses its professional health and safety management policy to minimize potential hazards and promote a healthy working atmosphere in order to effectively protect all employees from health risks in the workplace. We also focus on the well-being of our older employees as the shortage of qualified staff means it is becoming more and more important to ensure they remain productive.

We systematically design working processes and structures that are conducive to good health as part of our corporate approach to health management. This includes a broad range of fitness and preventive health care programs.

Risk assessments, regular inspections and training for employees ensure that we have an effective occupational health and safety system across the Group. These measures and role-specific personal protective equipment prevent accidents and contribute to keeping our employees healthy. A range of mandatory and voluntary medical examinations are carried out by company physicians, and many employees get vaccinated against influenza, undergo colorectal cancer screening and receive advice on ergonomics in the workplace.

The coronavirus pandemic was a real challenge for our health management system in 2020 as many of our staff were exposed to additional physical stress. The majority of our company health care services were provided digitally and focused on encouraging employees to look after their own health. They included opportunities for exercise like partnerships with gyms, information about stress, relaxation and mindfulness, managing the psychological challenges of working at home, information about mobile working, and a special webinar about caring for children during the coronavirus pandemic. Information was provided on how best to set up a workspace at home and a flu vaccine was made available free of charge. We build on the responsibility of our employees for their own health and provide them with information about what they should do, such as using disinfectant and wearing a face mask. Infection levels have remained low in our workforce, due mainly to the availability of protective masks and disinfectant on all of our premises, regulated access to buildings and workspaces, the appeal by the Management Board to use the contact tracing app, and the discipline, responsibility and flexibility shown by all our colleagues.

Other projects included expanding our partnerships with sports facilities and setting up an intranet site with information about "Sports and Exercise," "Relaxation and Balance" and "Nutrition" – especially in relation to working from home. All employees were eligible for a psychosocial consultation as part of the Employee Assistance Program (EAP). We are planning to introduce a cycle leasing program in Germany in 2021.

Fair and Appreciative Remuneration 102-35

Vonovia treats all of its employees equally across the Group. Remuneration is an important factor in this context and has an impact on employee satisfaction – one aspect which will be taken into account when setting management remuneration using the Sustainability Performance Index (SPI) from 2021 onwards. All employees are remunerated solely on the basis of performance and market-related factors. Targets are set in annual performance appraisals. In some cases these targets are factored into variable performance-related remuneration component.

In 2020, we harmonized various works agreements on special employee benefits in order to strengthen equal opportunities and a sense of solidarity within the company. All areas of the Group in Germany now have access, for example, to the employee share program or tax-free employer grants for capital formation purposes (from 2021). The HR department in Austria prepares a mandatory biennial salary report for the works council to ensure that all employees are treated equally regardless of their gender, age or ethnicity. Current figures show that there is a gender pay gap at Vonovia, with female employees paid more than male employees (see Key figures – Social affairs, → p. 117 et seq.). This is due to the higher proportion of men in the technical occupations and a more balanced gender ratio in commercial roles.

Sustainable Governance

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Corporate Governance and Responsible Business Practices



☒ 102-9, 102-11, 102-13, 102-16, 102-22, 102-24, 102-25, 102-31, 102-35, 102-36, 103-1, 103-2, 103-3, 207-1, 207-2, 207-3, 414-1, 414-2, 415-1, Principle 1, Principle 2, Principle 4, Principle 5



Overview of the Action Area

We consider ourselves to be a trustworthy and reliable partner for all our stakeholders. It is important to us that they also see us the same way. It goes without saying that all of our employees comply with laws and regulations. Just as important are our own sustainable guidelines, which form the basis for all our activities and decisions.

The foundation for our commercial success is corporate governance that is considered by our various stakeholders to be trustworthy and reliable. We achieve this by ensuring that the whole company is committed to our corporate governance policies and puts them into practice on a day-to-day basis. We are guided by various internal guidelines including our Code of Conduct, the Vonovia Business Partner Code, the Declaration of Respect for Human Rights and the strict legislation in place in the countries in which we operate. Our commitment to these standards is reinforced by the annual Declaration of Conformity with the principles of the German Corporate Governance Code (GCGC).

We took a close look at our company's remuneration policies in 2020 and decided to link the variable remuneration of the Management Board and the first management level to the achievement of sustainability targets. For this purpose we developed the Sustainability Performance Index (SPI), which comprises six material non-financial performance indicators and will be a material management metric for Vonovia from 2021 onwards.

The compliance management system gives us and our customers certainty in our everyday activities and helps us to protect the integrity of our company. The system is based on the principles of avoidance, detection and reaction. We prioritize using measures that prevent violations in the first place. The Compliance Guidelines are the core of our compliance management. We continued to expand the system

HIGHLIGHTS 2020

- > Sustainability Performance Index introduced as a key performance indicator and linked to remuneration of Management Board and first level of management
- > All 12 members of the Supervisory Board independent
- > Anti-corruption system enhanced
- > Independent whistleblower hotline launched
- > Data protection and privacy system established across the Group
- > UN Global Compact signed
- > Declaration of Respect for Human Rights published

for preventing and combating corruption in 2020. This system includes the whistleblowing guidelines, anonymous whistleblowing hotline and the tax strategy we adopted in 2018 to provide transparency about our tax activities.

Human rights are another topic that is becoming increasingly important at Vonovia – and not just because of the new due diligence legislation. We use many different services from external partners for construction and refurbishment purposes, e.g., construction services and materials. All of our partners and their subcontractors must comply with applicable labor and social standards, with no exceptions. The Vonovia Business Partner Code is one of the tools we use to ensure this is the case. Human rights violations are not acceptable to us under any circumstances and we will take action accordingly. We are very clear about communicating our position externally and committed to the UN Global Compact (UNGC) in 2020.

We do not operate in a vacuum, but as an active part of society. We engage with our stakeholders on an equal footing in many different formats. Their opinions make a valuable contribution to what we do as a company. We are also involved in many industry associations and initiatives, through which we make our convictions and concerns known to political decision-makers. At the same time we have no party-political affiliation and do not make donations to political parties.

It is also becoming increasingly clear how important the structured management of information and data is for our business. Protecting it is particularly important for us, because we not only work with information about commercial entities, but also with personal data. Binding uniform Group-wide rules, our data protection officer, and the data protection coordinators in the divisions ensure the highest possible level of data protection.

We have identified **Governance and Compliance** as a material topic in the action area Responsible Business Practices and Governance. Other important topics are **Stakeholder Orientation, Respect and Promotion of Human Rights, Information Management and Data Protection**.

Governance and Compliance 102-11, 102-13, 102-16, 102-22, 102-24, 102-25, 102-31, 102-35, 103-1, 103-2, 103-3, 205-3, 207-1, 207-2, 207-3

Disclosure

Reliable, transparent and trust-based corporate governance is at the heart of our business model. Securing the trust of our customers, employees and all other key stakeholders is our top priority. This requires managers who lead the company responsibly and independently in accordance with the principles of good corporate governance, and whose “tone from the top” attests to their credibility. The same applies to compliance with legislation, directives and regulations, because it is only by consistently following all of the rules – both those defined by law and those we set ourselves – that we will be seen as reliable and trustworthy.

If we fail to meet the expectations of our stakeholders in terms of responsible corporate governance, this may lead to risks that could have an impact on our business. Any abuse of trust jeopardizes the reputation of our company and its commercial success. That’s why we strive to be seen by our stakeholders as a trustworthy and reliable partner in order to strengthen the competitiveness of our company.

With this in mind, we are refining our corporate strategy to include stakeholder expectations and the ESG (environment, social and governance) targets defined by international standard-setters. If we are unsuccessful in our endeavors, this could lead to the capital market and other significant stakeholders taking a negative view of our company. Non-compliance with laws and regulations would in turn imply financial risks, such as liability risks, the risk of administrative penalties or other official sanctions.

Our Approach

We understand good corporate governance – also referred to as business ethics – to mean the responsible management and supervision of the company. As a result, our governance endeavors are geared toward the establishment

and implementation of, and systematic compliance with, a transparent and modern system of rules. [Group-wide guidelines and business principles](#) provide the framework and form the basis for our sustained corporate success: our business philosophy, the Code of Conduct, the Business Partner Code and the Declaration of Respect for Human Rights all provide guidance for how we should run our business.

Further information on corporate governance at Vonovia can be found in the 2020 Annual Report (see chapter Corporate Governance, [AR 2020, p. 26 et seqq.](#)).

Good compliance management makes a key contribution to sustainable company performance and value creation and gives our customers and partners even greater security concerning their relationship with us. By adhering to compliance rules, we not only protect the integrity of employees, customers and business partners, but also shield our company from negative influences. This provides Vonovia with the foundation it needs to act and to be perceived as a reliable and trustworthy partner. Tight residential property markets, combined with customers' fears of losing their homes, are a breeding ground for misconduct by our employees. That's why we place such an emphasis on compliance with applicable legislation and tenancy law. This is as true for our employees as it is for our suppliers and service providers because they play a key role in Vonovia achieving its objectives, very much in the spirit of the long-term partnerships that we are aiming for.

Important Internal and External Guidelines

- > German Corporate Governance Code (GCGC) as amended on March 20, 2020
- > Code of Conduct
- > Business Partner Code
- > Vonovia's own compliance guidelines (based on the Principles for the Proper Performance of Reasonable Assurance Engagements Relating to Compliance Management Systems (IDW AsS 980))
- > Policies on anti-corruption, money laundering prevention and whistleblowing
- > Core labor standards of the International Labor Organization (ILO)
- > UN Global Compact (UNGC)

Whenever legislation in Austria or Sweden conflicts with Group-wide rules, a different rule is adopted for the subgroup in the form of a national guideline. The responsibility lies with the respective managing directors.

Organizational Focus

The Management Board and Supervisory Board office coordinates committee work at Vonovia and organizes information flow and cooperation between the Management Board and the Supervisory Board. The Legal department, Management Board and Supervisory Board office work together closely to decide how to implement resolutions taken by the decision-making bodies.

At Vonovia, compliance management is the responsibility of the Legal department, which monitors adherence to the rules that apply within our central compliance management system (CMS). The Management Board (CEO) is responsible for the implementation of the CMS. The CMS applies to the entire Group. Managing directors of subsidiaries are supported in compliance matters by the Vonovia Legal department (see chapter Compliance Management, [AR 2020, p. 125](#)).

Enhancing the CMS and adapting it to fulfill current requirements is the responsibility of the Compliance Committee. The Compliance Committee is made up of compliance officers, compliance managers and compliance coordinators, an external ombudsperson and representatives of the Internal Audit, Risk Management and HR Management departments, as well as the works council. A central Compliance Officer is necessary for identifying compliance risks, taking suitable measures to avoid and detect these risks, and responding appropriately to identified compliance risks. All employees and business partners are able to contact the external ombudsperson confidentially if they have any questions concerning compliance. Vonovia also has a whistleblowing hotline that is managed by an independent law firm.

Objectives and Measures

Across the Group, our aim is for full compliance with guidelines, applicable laws, values, corporate governance principles and the code of conduct.

Corporate Governance

Corporate governance at Vonovia covers all areas of the company and ensures that the management team leads and supervises the company responsibly and independently. To this end we have implemented uniform standards across the company for corporate governance and employee behavior, including our Code of Conduct and our business philosophy. Whenever we integrate new companies into the structures of the Group, we assess which standards already apply there and which changes will be needed to bring them into line

with the Group standard, all while taking national requirements into account and with the aim of securing the highest level of acceptance. The responsible managers review our guidelines every two years to determine if they have to be updated.

We also submit an annual [Declaration of Conformity](#) with the principles of the GCGC and are guided by the principles of the Institute for Corporate Governance in the German Real Estate Industry. Our Management Board and Supervisory Board are responsible for their implementation. Effective and secure audit and control processes, e.g., the Executive and Nomination Committee and the Audit Committee, help us to monitor corporate governance. Our corporate governance declaration states that all members of the Supervisory Board of Vonovia SE should be independent.

Our [Investor Relations website](#) provides additional information about corporate governance, including the [shares in our company held by our board members](#).

We have established standard procedures for related party transactions (RPT). The Supervisory Board receives regular reports from the Management Board on other related-party transactions pursuant to the German Stock Corporation Act – once a year from board members and twice a year in the form of the compliance report. Transactions with related parties are documented in accordance with ARUG II. The Supervisory Board reserves the right to make a decision itself on any RPT requiring approval or to delegate the decision to one of its committees.

Elements of Long-term Variable Management Board Remuneration

- > Relative Total Shareholder Return (relative TSR)
- > NTA (Net Tangible Assets) per share
- > Group FFO (Funds from Operations) per share
- > Sustainability Performance Index (SPI)

We took a close look at our company’s remuneration policies in 2020 and decided to link the variable remuneration of the Management Board and the first management level to the achievement of sustainability targets. For this purpose we developed the Sustainability Performance Index (SPI), which comprises six material non-financial performance indicators and will be a material management metric for

Vonovia from 2021 onwards (see chapter Our Approach to Sustainable Development in Detail, → [p. 9 et seq.](#)).



We intend to improve the diversity of the Group’s decision-making bodies going forward by taking diversity criteria into account when members are appointed to the Management Board and Supervisory Board. The Supervisory Board set a target of at least 20% of the members of the Management Board being women by December 31, 2021. This has already been achieved, as the Management Board consists of one woman and three men who lead the Group with their experience and expertise.

More information can be found in the Corporate Governance section of the Annual Report. [AR 2020, p. 26 et seqq.](#)

Compliance

The compliance management system (CMS) is implemented throughout the Group through the extensive and secure monitoring of compliance and anti-corruption rules.

Main Compliance Regulations at Vonovia

- > Compliance guidelines
- > Code of Conduct
- > Business Partner Code
- > Inspection guidelines
- > Group guidelines on guideline management
- > Donations and sponsorship guidelines
- > Anti-corruption program
- > Whistleblowing guidelines

Vonovia’s CMS is based on three pillars: the “prevention” and “identification” of and “reaction” to any misconduct. There is a particular emphasis on prevention. These three

pillars form the basis for a comprehensive program of compliance measures and processes that are guided by the [Compliance Guidelines](#). These Guidelines in turn are based on the Principles for the Proper Performance of Reasonable Assurance Engagements Relating to Compliance Management Systems (IDW PS 980) and the implementation standards for the UK Bribery Act 2010. The program, which has already been firmly implemented, is evaluated and enhanced on an ongoing basis. Regular training sessions support our preventative work. Procurement in Germany, for which the issue is particularly relevant, receives special training on corruption and criminal law pertaining to corruption.

Vonovia focused on the establishment of a [system to prevent and combat corruption](#) in 2020 on the basis of new anti-corruption guidelines and guidelines to protect whistleblowers. In addition to an independent ombudsperson, Vonovia uses a hotline that ensures anonymity for whistleblowers. An anti-money laundering policy also addresses the particular issue of money laundering in the real estate industry in order to combat abuses in this area.

Compliance management system

updated to combat corruption

We need supplementary and more in-depth training in order to make the frameworks that have been put in place and the corresponding awareness of corruption issues an even more established part of our corporate culture (see Key Figures, [→ p. 121](#), [→ p. 125](#)). The coronavirus pandemic meant that it was not possible to conduct as many of these sessions as usual in 2020. This should change in 2021. A total of eight courses were held for the Sales, Procurement and Transactions departments in Austria on subjects including data protection and privacy, the Code of Conduct, and money laundering. Training was also provided on a regular basis for new employees.

In the 2020 fiscal year, there were isolated suspected cases of corruption, which we investigated diligently. None of the cases were confirmed. There were also a number of immaterial compliance violations or suspected violations. Cases were reported and investigated and the necessary measures taken.

Compliance with antitrust law is important to us. We inform the German Federal Cartel Office as soon as possible of any potential acquisitions and only begin to integrate companies or portfolios following approval. There were no violations of competition law guidelines in 2020.

No

confirmed incidents of corruption or breaches of anti-money laundering regulations in 2020

More information on compliance on our [website](#).

We are continuing to implement the [tax strategy](#) adopted in 2018 to provide transparency about our tax situation. We see ourselves as a taxpayer that lives up to its social responsibility in terms of contributing to society financially,

- > pays taxes in Germany, Austria, Sweden and the Netherlands as a multinational company with operational subsidiaries,
- > does not abuse subsidiaries as vehicles for tax optimization,
- > complies in full with tax compliance regulations and
- > does not use tax havens.

Our understanding of tax is based on clearly defined responsibility and control processes and a functioning risk management system that comprises the following elements:

- > Regular exchange of information between the CFO and the Head of Tax
- > Information provided to the Supervisory Board about key topics and risks
- > Implementation of an internal tax compliance system (internally and externally audited)
- > Complete documentation of tax-related issues
- > Whistleblowing system

The tax compliance management system for the Austrian subsidiaries successfully completed an adequacy audit in 2020 in accordance with the audit regulation for tax control systems and with IDW PS 980. This formed the basis for an effectiveness audit that was then carried out at the end of the year.

More information about taxes can be found in the Annual Report. [AR 2020, p. 166 et seqq.](#)

Planned for 2021

- > Confirmation of the new compensation system by the Annual General Meeting (including introduction of the SPI) in April
- > Related party transactions: reported to the Annual General Meeting as part of the Supervisory Board report
- > Further training on anti-corruption and money laundering
- > Roll-out of computer-based training (e.g., video-based courses, especially for data protection and privacy in Austria)
- > Compliance risk analysis for the Group
- > Sanctions list audit in SAP R/3

Respect and Promotion of Human Rights 102-9, 414-1, 414-2

Our business model, particularly the construction and refurbishment of housing in Germany, Austria and Sweden, means that we operate in a highly regulated legal environment. This means that the company has to adhere to a number of binding requirements and place particular emphasis on respect for human rights as an issue that is protected under constitutional law. Respect for human rights is extremely important for Vonovia, regardless of the legal

framework. It goes without saying that we not only respect human rights, but also actively promote them, e.g., through our measures to ensure equal opportunities or promote occupational health and safety. We are aware that compliance with labor and social standards on construction sites and in our supply chain can be a challenge from a risk and human rights perspective.

Because violations of labor law can occur even in highly regulated markets, the Management Board published a **Human Rights Policy** in 2020. This will be reviewed and updated on a regular basis in the future in order to address any changes in exposure to human rights risk at Vonovia. This declaration clarifies our commitment to a pluralistic democratic society, our zero tolerance approach to human rights violations and our desire to respect human rights in all aspects of our business. We are committed to complying with the core labor standards of the International Labour Organization (ILO) and the principles of the UN Global Compact, which we joined in summer 2020 and which strictly forbids forced and child labor. Furthermore, all Vonovia employees are obliged to act in accordance with our mission statement, our business philosophy and our Code of Conduct.

A Hotline for anonymous tip-offs

100% trust in our employees is fundamental to delivering peak performance every day. At the same time, we both want and have to find ways to uncover any violations of our Code of Conduct or legal requirements at an early stage, if only for reasons of labor law and criminal law. That's why we have a whistleblowing hotline at Vonovia. We decided to implement the electronic whistleblowing system (BKMS), which employees, suppliers and customers can communicate information to completely anonymously by telephone and in writing. This is then carefully followed up by our compliance officers. A protected mailbox also enables queries in the event of ambiguities and guarantees that all parties involved are in a legally protected space.

www.bkms-system.com/vonovia



Information about compliance violations can be communicated completely anonymously to Vonovia via the whistleblowing hotline.

PROJECT

We are in a position to mitigate some of the risks mentioned above because the company performs around one-third of its trade/construction activities in Germany itself via its own technical service. This makes us less dependent on services from other construction companies and reduces our exposure to the risk of non-compliance with labor law on the part of external service providers.

Declaration

of Respect for Human Rights
published

Our contractual partners have to sign our [Business Partner Code](#) whenever a contract is concluded, in which they undertake to meet certain sustainability criteria. A separate Code is used in Sweden. These criteria include clear expectations regarding integrity, legal compliance and ethical conduct. They stipulate, among other things, a zero tolerance approach to illicit employment and child labor, that the legal minimum wage must be paid and that all relevant regulations on occupational safety and human rights must be observed. These obligations also apply to third parties – i.e., subcontractors of our contractual partners. We review and update the Business Partner Code on a regular basis.

By cooperating as partners over the long term, we build close and trusting relationships with our contractual partners that are largely managed by the procurement department and supported by the Vonovia partner portal (see section Sustainable Relationships With Business Partners, → p. 99). Any violations are sanctioned by blocking new orders and/or terminating the relationship if steps to clarify the breaches and avoid them in the future are not effective. We bring work to a halt immediately if there any violations of the rules on forced labor or child labor. Business relationships are ended if a solution cannot be found.

The Vonovia Business Partner Code

- > Provides the economic, legal and ethical basis for a business relationship in the spirit of partnership
- > Also applies to subcontractors of our direct contractual partners
- > Sets out clear expectations regarding integrity, legal compliance and ethical conduct
- > Has to be signed to indicate binding acceptance and put into practice in all business practices
- > Is monitored by direct contacts to ensure compliance
- > Stipulates that illicit employment must be ruled out, that the legal minimum wage must be paid and that valid German regulations on occupational safety and human rights, and applicable environmental laws, must be observed
- > Is supplemented by the Vonovia Declaration of Respect for Human Rights

We are not currently aware of any infringements by our suppliers. Any suspicions can be reported to us via our [whistleblowing system](#) at any time.

We plan to include human rights considerations in the supplier approval process. We are also planning a targeted sustainability survey and evaluation to detect and manage any risks. In 2021, we will be very busy preparing for the German Due Diligence Act and expanding our sustainable supplier management system. Our main aim is to include ESG aspects in the approval and evaluation criteria for suppliers, establish a system of performance indicators including reporting structures, and to establish a set of management tools that will support us as we develop our supplier relationships.

Stakeholder Orientation 102-13, 102-40, 102-42, 102-43, 102-44, 415-1

Vonovia factors in a wide range of interest groups. Their perspectives and their specific concerns provide valuable input for our corporate strategy and the development of our neighborhoods. We see ourselves as bridge-builders and value ongoing communication on an equal footing to find common solutions that foster a positive community spirit in our neighborhoods. We point the way for others, and the size of our company means that we have a particular responsibility to society and the environment.

Our main stakeholders include tenants, employees, shareholders, investors and analysts, as well as policymakers at a municipal, state and federal level. Other interest groups include tenants' associations, suppliers and service providers, the media and non-governmental organizations (NGOs).

Our dialogue with stakeholders is as an expression of our outreach activities that enhances our reputation and can have a positive impact on how others view our activities. We structure the dialogue with our stakeholders on an individual basis and are guided by what groups expect of us. In Austria, for example, we take part in industry events related to property development to back up our communication in this area, in addition to running advertising campaigns on specific subjects, such as housing in the time of the coronavirus. As a community developer, we provide housing in addition to setting up infrastructure and green spaces. This means that we play a role in shaping the urban environment. We take as many requests and suggestions from tenants into account as possible when planning our work. We take a proactive approach to keeping residents informed about our plan and also invite them to participate in discussions and the design and landscaping of green spaces. We also keep our neighborhoods green by distributing plants that tenants can put on their balconies. Other measures, such as walks through the neighborhoods with our tenants to provide information about the residential environment, are planned for the year 2021 due to the coronavirus pandemic. One special outreach format in 2020 was our conference on the "Outlook for climate-neutral housing" (Perspektiven klimaneutralen Wohnens), which was attended by representatives of business, academia and politics and led to a lively discussion of the action areas required for the neighborhood of the future. A series of climate discussions is planned as a follow-up digital event for 2021 (see Outlook for Climate-neutral Housing, → p.30).

Selected Memberships in Industry Associations and Initiatives

We are also active in a number of residential and property management associations at a national and European level, contributing to the strengthening of the property management sector. Vonovia has no party-political affiliation and does not make contributions to political parties. This position is ensured by our corporate governance and compliance management system. However, we make sure to have a voice in the debate and communicate our demands to political decision-makers through forums like the Vonovia climate conference and other physical and online events. We are also involved in several initiatives aimed at protecting the climate.

- > AGV Arbeitgeberverband der Deutschen Immobilienwirtschaft e. V.
- > AGW Arbeitsgemeinschaft Großer Wohnungsunternehmen
- > DDIV Dachverband Deutscher Immobilienverwalter e. V.
- > DENEFF - Deutsche Unternehmensinitiative Energieeffizienz
- > Deutscher Verband für Wohnungswesen, Städtebau und Raumordnung e. V.
- > DIRK Deutscher Investor Relations Verband e. V.
- > EPRA European Public Real Estate Association
- > FGW - Forschungsgesellschaft für Wohnen, Bauen und Planen (Austria)
- > GdW Bundesverband deutscher Wohnungs- und Immobilienunternehmen e. V.
- > Initiative Wohnen.2050 e. V.
- > Initiativkreis Ruhr
- > Institut für Corporate Governance in der deutschen Immobilienwirtschaft e. V.
- > InWIS Forschung und Beratung - Förderverein e. V.
- > Klimaaktiv - a climate action initiative launched by the Austrian Federal Ministry of Climate Action, Environment, Energy, Mobility, Innovation and Technology
- > KlimaDiskurs.NRW e. V.
- > Österreichische Gesellschaft für nachhaltige Immobilienwirtschaft
- > Österreichischer Verband der Immobilienwirtschaft
- > Open District Hub e. V.
- > respACT - Austrian business council for sustainable development
- > UN Global Compact
- > Verein der Freunde und Förderer der EBZ School e. V.
- > vhw - Bundesverband für Wohnen und Stadtentwicklung e. V.
- > ZIA Zentraler Immobilien Ausschuss e. V.

Corporate Communications liaises with our stakeholders on a daily basis and ensures that our internal and external communication is consistent. Social media such as Facebook, Twitter and Instagram have become increasingly important for us in recent years. The Public Affairs department ensures dialogue with politicians.

We take a closer look at the different forms this dialogue can take in the individual sections of this Sustainability Report.

Information Management and Data Protection

Information and its management are an important part of our commercial success. Our information comes from a number of different areas – from marketing through to customer services, development and finance. Data security and protection is particularly important for us. We adhere strictly to the applicable laws governing the protection and security of personal data. We have also developed other measures, including a uniform Group-wide rule book on data protection and privacy, information security and the internal control system, and a cyber security system to protect company-related data. These are strengthened by clear responsibilities and contact persons for all relevant areas of the Group. In addition to our data protection officer, we also have data protection coordinators in all departments in Germany and Austria and conduct regular training on data protection and privacy for our employees.

Elements of the system for the protection of company-related data:

- > Definition of a fundamental level of information protection to protect the company's assets and image; information security policy to ensure compliance with statutory requirements and the related tasks
- > Establishment of an IT security administrator with responsibility for achieving the IT security targets and for direct reporting to the Chief Information Officer (CIO)
- > Companies and specialist departments are responsible for security risks relating to information and data that is predominantly created, collected, used or processed within their sphere of responsibility
- > Management of the process with IT systems
- > Raising employee awareness as a prerequisite for information security

In 2020 we also introduced Risk2Value, a risk management tool that helps us to meet our statutory data protection obligations.

Uniform Group-wide rule book

**on data protection and privacy,
information security and the
internal control system**

Future Viability and Capital Market



☒ 103-1, 103-2, 103-3



Overview of the Action Area

We can only be sustainable if we are also commercially successful. We want to grow as a company and contribute to sustainable development in our sphere of influence at the same time. This also makes us attractive to investors, who are attaching increasing importance to sustainability.

Vonovia SE has been publicly listed since 2013. Our share has been traded in the DAX 30 index since 2015. We consider our securities to be an attractive prospect for those interested in a long-term investment with stable and reliable dividends and a sustainable increase in value. Capital markets also give Vonovia access to external capital and important financing opportunities. Our successful growth and the performance of our share to date have met these expectations – even in a year marked by the coronavirus pandemic. We are pursuing growth with a sustainable corporate strategy in attractive European markets, while also ensuring access to modern housing at fair prices.

Investors and analysts are increasingly focused on sustainability and ESG (environmental, social and governance) criteria, which often form the basis for targeted investment decisions. We therefore consider it vital that we contribute to sustainable development in areas within our sphere of influence. We implemented a wide range of measures in 2020 as part of our commitment to integrating sustainability into our corporate strategy. One key element is the implementation of the Sustainability Performance Index (SPI) as a key performance indicator from 2021 onwards.

In order to remain an attractive prospect on the capital markets, Vonovia is committed to communicating its ESG activities to all stakeholders and using rating systems to evaluate their effectiveness. Vonovia was able to achieve a substantial improvement in a number of ESG ratings in 2020. For example, we achieved an excellent result in the Sustainalytics ESG Risk Rating, received Prime status from

HIGHLIGHTS 2020

- > Stability of the business model proven – despite the pandemic
- > Positive business development once again
- > First residential real estate company listed in the EURO STOXX 50
- > Sustainability risks incorporated into risk management
- > Green Bond Framework published and first green bond issued (March 2021)
- > Substantial improvement in some ESG ratings and included in Dow Jones Sustainability Index Europe

ISS-oekom for the first time and were included in the Dow Jones Sustainability Index Europe. These internationally acknowledged sustainability ratings provide guidance to investors on the extent to which companies have incorporated ESG criteria into their business operations. Our good performance in these ratings systems shows capital market participants that Vonovia is a strong candidate for sustainable investment. We also began developing a Green Bond Framework in 2020 so that we can issue green bonds as additional financing instruments. On this basis, we were able to issue our first green bond with a volume of € 600 million in March 2021, which was met with very high demand and was also certified by the Climate Bond Initiative.

Policymakers, companies and the capital markets are also increasingly focused on sustainability risks. Investors tend to favor companies that factor these risks into their decision-making processes. This applies both to potential risks that could affect business operations and how these operations impact the environment and society. To do justice to both, Vonovia identified sustainability risks in a wide-ranging project in 2020 and integrated them into its existing risk management system (see the risk report in the 2020 Annual Report [☞-☞ AR 2020 p. 124 et seqq.](#)). We have published information about the risks to which we are exposed as a result of climate change in the Annual Report and in this sustainability report in line with the recommendations of the Task Force on Climate-Related Disclosures (TCFD) (see Implementation of the TCFD Recommendations, [→ p. 11 et seq.](#))

Digitalization is a key part of our sustainability strategy and is playing an increasingly important role in our communication with tenants and within the company. The coronavirus pandemic accelerated this trend and showed that we are already on a very good track. We are implementing a variety of digitalization projects with partners on the basis of the Vonovia Business Partner Code and our Code of Conduct. We believe it is very important to build long-term relationships, both with our business partners and our customers, the tenants. Vonovia is using digitalization to streamline its processes in this respect.

The materiality analysis performed in 2020 identified the topic of **Appeal on the Capital Market** as material in the action area of future fitness and capital markets. Other important topics are **Sustainable and Long-term Growth**, **Digitalization of Processes**, **Risk and Opportunity Management** and **Sustainable Relationships with Business Partners**.

Appeal on the Capital Market [103-1](#), [103-2](#), [103-3](#)

Disclosure

Vonovia has been listed on the Deutsche Aktienindex (DAX) since 2015. It became the first residential real estate company to be listed on the EURO STOXX 50 index in 2020, and is currently the only real estate company on the index. Our company is focused on the capital market. The access that we have to external capital and funding opportunities through the capital market is a core aspect of our business operations and our commercial success. We are also committed to balancing the interests of our shareholders with those of our other stakeholders, particularly our customers.

If we can achieve this and ensure sustainable, steady growth, it will put us in a good position on the capital market and provide a good starting point for our company's further development.

First

residential real estate company
on the EURO STOXX 50 Index

Investors in the capital market are paying more and more attention to ESG criteria. The European Union's action plan on financing sustainable growth is picking up on these trends and driving them forward. Financial market participants require an ever-increasing level of transparency in terms of the ESG aspects of their investment instruments and strategies. Failure to meet ESG expectations can sometimes even result in a company being excluded from an investor's investment portfolio or other access to capital. Investors can turn to a number of rating systems and benchmarks to assess the performance of a company from an ESG perspective. We aim to provide the capital market with transparent information about our commitment to sustainability by achieving a consistently high level of performance in the ESG rating systems that are relevant to our investors. Performing well in these ratings gives us access to a wider range of investors. We are well aware that this will not change the fundamental focus of capital markets. However, a company the size of Vonovia can play a part in shaping these markets and, most importantly, act as an example of sustainable corporate governance for other companies.

More information can be found in the section Vonovia SE on the Capital Market [☞-☞ AR 2020 p. 36 et seqq.](#) and in the section Attractiveness on the Capital Market [☞-☞ AR 2020, p. 72 et seqq.](#) in the Annual Report.

Our Approach

As a real estate company with a long-term focus, we aim to strike a balance between commercial activity on the one hand, and social responsibility and ecological objectives on the other. We are committed to the principles of the social market economy and profitability. We can only drive sustainability if we are commercially successful. We want to increase the value of our company while also contributing to sustainable development in our sphere of influence. This will

also make us more attractive to investors, who are paying more attention than ever to corporate sustainability. Access to the capital market is crucial for us, including when considering future sustainable financing instruments such as green bonds.

Corporate governance
enhanced using

ESG criteria

Due to the increasing importance of ESG factors for the capital market, Vonovia used 2020 to enhance the company's strategic and operational governance in line with ESG criteria. We continued to integrate sustainability into our corporate strategy and established the corresponding structures and processes (see Our Approach to Sustainable Development in Detail, → p. 9 et seq.). One core element of our approach is the Sustainability Performance Index (SPI), which we will use as a material non-financial performance indicator for the Vonovia Group from 2021 onwards. Integrating further sustainability risks into our corporate risk management is another important building block of our sustainable governance. We are also issuing new financing instruments like green bonds to appeal to sustainability-conscious investors.

You can find more information in the chapter Strategy.

📄-📄 AR 2020, p. 49 et seqq.

We use a wide variety of channels to communicate with stakeholders about what we are doing. The Investor Relations (IR) department plays a key role in this area and is our link to the capital markets. This department communicates (pro)actively with capital market participants, providing them with basic information about our company and financial performance, as well as our commitment to sustainability. IR also makes sure that the concerns of capital market participants are heard by the right people in the company.

We have also established structures which enable us to process sustainability ratings systematically and incorporate the latest trends and developments like the EU Taxonomy, the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) (see Implementation of the TCFD Recommendations, → p. 11 et seq.) and the United Nations Sustainable Development Goals (SDG) into our reporting, while also making sure that we are guided by their requirements. In this context, the application of the GRI standards and, in the future, the regulations of the EU

taxonomy and possible further European standards have priority for us as a European company. Due to the importance of English-speaking investors for us, this year for the first time we are creating a mapping of the indicators for the content published in this report for the Real Estate reporting framework of the Sustainability Accounting Standards Board (SASB). We have made this available on our 📄 website, along with our report on the EPRA Best Practice Recommendations on Sustainability Reporting.

Organizational Focus

The CEO and CFO are responsible for our activities in the capital market. The Sustainability/Strategy department coordinates the company's participation in ESG ratings with the involvement of the operational departments. Communication with the capital market and our investors is handled by the IR department, which reports to the CEO, as does the Sustainability/Strategy department. Decisions regarding ESG ratings are made by the Sustainability Committee, which is provided with regular updates about developments in this area. Finance & Treasury is responsible for implementing our financing instruments and reports to the Chief Financial Officer (CFO).

Objectives and Measures

We want to make sure that the information we provide to our stakeholders is transparent and reliable. Our aim is to provide investors with all of the information they need to get an accurate impression of our company. We want to provide attractive, risk-adjusted returns for our investors while also improving our performance and value in a sustainable manner. Our overarching objective is to build trust in Vonovia.

We believe it is important to have access to a broad mix of financing instruments so that we can choose the right product at the right time, like bonds, promissory notes, secured real estate loans, commercial paper, working capital facilities and loans from development banks like the KfW and EIB. We also have access to innovative sources of finance like blockchain-based promissory notes. This puts us in a position to attract different capital market participants like investors, banks and insurance companies. This diversification helps us to spread out our risk and handle periods where individual sources of financing are not available due to rapid developments in the capital market, as occurred with the coronavirus pandemic.

Our participation and good performance in a variety of ESG rating systems is clear evidence of our commitment to sustainability. Our aim is to be represented in all relevant international ESG indices and obtain good to very good ratings. We established a solid foundation for this in 2020. We intend to maintain our performance at a high level in

2021 and subsequent years, while also striving for continuous improvements.

Our IR department carries out surveys every two years to identify the ESG rating systems that are relevant for our investors. We review the situation on a regular basis to make sure that we are represented in the ratings that are important to us and take steps to be included in any new ratings that we consider appropriate. In 2020, we strategically worked on the CDP Climate Change, SAM CSA (S&P Global), Sustainalytics ESG Risk Rating and ISS-oekom ratings in a structured process involving all relevant divisions, e.g., by carrying out a gap analysis based on the previous year's results and selecting specific focus topics to work on. This enabled Vonovia to achieve substantial improvements in some rating systems. In addition to joining the top percentile of the more than 12,000 companies rated across the globe by Sustainalytics, we were awarded "Prime" status by ISS-oekom for the first time and were included in the renowned Dow Jones Sustainability Europe Index.

One of the top ten

best real estate companies worldwide in Sustainalytics ESG Risk Rating

Our scores for 2020 can be found in the Ratings section (→ p. 101 et seqq). These excellent results show us that we are heading in the right direction. We also use our ratings and peer group comparisons to refine our sustainability measures. We stopped taking part in GRESB because the methodology for the rating was changed in 2020. The new methodology makes it impossible for a residential property company of our size to provide the required data with the desired level of granularity or in a reasonably aggregated form. We communicated proactively with investors before taking the decision and wrote an [open letter](#) to GRESB. There will be no substantial changes to the GRESB methodology in 2021; as a result, we will not be able to participate in 2021.

The Investor Relations department is responsible for capital market communication and regular dialogue with capital market participants about different subjects, including ESG topics. The annual Capital Markets Day organized by the Investor Relations department (which did not take place in 2020 due to the coronavirus pandemic) is an important event for that puts individual topics under the spotlight and explains them in greater detail. Sustainability will be the main focus of the Capital Markets Day in 2021. Investor Relations also uses roadshows and one-on-one meetings with investors to discuss sustainability. A roadshow on corporate governance issues is usually held once a year with the Chairman of the Supervisory Board.

After honing our strategy, we started to look more closely at the topic of green bonds in 2020. This included developing a [Green Bond Framework](#) that enables us to issue green bonds to (partly) finance green building projects, energy efficiency, renewable energies and low-emission transport (see project New Financing Instruments, → p. 96). On this basis, we were able to issue our first green bond with a volume of € 600 million in March 2021, which was met with very high demand and was also certified by the Climate Bond Initiative.

In addition, we have prepared the launch of a fully digital bond, which we issued in January 2021.

Green bond

framework developed and bond issued (2021)

In addition to attracting ESG-oriented investors, we also want to make sure that sustainability criteria are an integral part of our financing strategy. The Green Bond Framework is the basis for future green bonds, with which we hope to tap into new groups of investors. Vonovia established a Green Finance Committee to coordinate and refine this and other sustainable financing activities. It includes representatives from several different departments and is chaired by the Head of Finance & Treasury.



New financing instruments

The generation of renewable energies via, e.g., photovoltaic plants is one of the selection criteria for the awarding of green bonds.



Vonovia has developed a Green Bond Framework and is thus also breaking new ground in financing. The additional liquidity from green bonds is used, among other things, to (re)finance sustainable projects in Germany, Austria and Sweden. The green bond is based on projects that meet certain selection criteria, such as high energy efficiency, the generation of renewable energy or emission-free mobility. These properties are kept in a green register that is externally verified for its conformity with the Green Bond Framework. We follow the Green Bond Principles (GBP), confirmed by Sustainalytics as part of its Second Party Opinion (SPO).

The annual Green Bond Investor Report provides transparent information on the use of funds and the positive impact of the green register properties on the environment. The Green Finance Committee, in turn, monitors and ensures constant compliance with the selection criteria and the allocation of the issue proceeds. We issued the first green bond in the amount of € 600 million in March 2021. It has received certification from the Climate Bond Initiative (CBI), which confirms that our green bond is in line with the goals of the Paris Climate Agreement. With the additional financing opportunities provided by green bonds, Vonovia sees itself additionally strengthened in actively contributing to solutions for the key ESG challenges.

More information at <https://investoren.vonovia.de/en/creditor-relations/green-bonds>

Planned for 2021

- > Maintain and continuously improve level in ESG ratings, especially MSCI ESG and CDP Climate Change
- > Hold the next Capital Markets Day with a focus on ESG

- > Issue a green bond (March 2021)
- > Issue a fully digital registered bond (January 2021)

Sustainable and Long-term Growth [102-10](#), [102-11](#)

Housing has become a scarce resource in many places, particularly in metropolitan areas. Vonovia wants to help solve this problem by providing modern homes at fair prices. In order to achieve this, we are safeguarding our stable corporate growth by focusing on the long-term development of our portfolio and the range of services we offer.

The business model at Vonovia is built on four main pillars:

- > Letting good, modern homes at fair prices
- > Providing housing-related services
- > Developing and building new apartments for our own portfolio and for sale, investing in modernization work and development
- > Selling individual apartments to tenants and private investors

The Vonovia business model proved to be robust and highly resilient during the coronavirus pandemic. We concentrated on keeping our business processes going, particularly at the start of the pandemic, and on protecting customers and staff. The fact that our business processes were already largely digitalized meant that our back-office staff could transition to remote working seamlessly. Downtime at construction sites was negligible.

The Vonovia business model is fit for the future because it puts us in a position to provide solutions to the challenges facing society – such as the need to combat climate change – by taking a sustainable approach to construction and modification, reducing the greenhouse gas emissions of our real estate portfolio, introducing innovations in the areas of energy supply, (construction) materials and biodiversity, cutting water consumption and reducing waste. Our neighborhoods are where the housing industry needs to focus its efforts in order to be socially responsible; we can improve customer satisfaction by providing appropriate housing, listening to tenants and helping to integrate our increasingly diverse society. Vonovia wants to be an attractive employer that ensures equal opportunities for its staff and supports them in their personal and professional development. This is made possible by trustworthy, dependable and transparent corporate governance.

Since 2013 we have pursued a corporate strategy with four basic pillars: **property management**, **portfolio management**, **financing** and **value-add**. This strategy is reinforced and rounded off by our acquisition strategy, which includes opening up selected European markets.

More information on our 4+2 strategy can be found in the section Our Sustainability Approach in Detail, → [p. 9 et seq.](#) and in the 2020 Annual Report. [☰-☒ AR 2020, p. 49 et seqq.](#)

Digitalization of Processes

Digitalization is becoming increasingly important within our company and in our contact with customers; standardization and simplification allow us to save money, time, working hours and natural resources, while also improving our procedures. For this reason we continuously review our processes to identify areas that could be improved. We have already introduced digital tenant and personnel files, along with a digital technician portal.

Remote working has been given a boost by the coronavirus pandemic and we are making greater use of collaborative digital tools than before. Digitalization is opening up a number of avenues that we can use to work more efficiently, including the Internet of Things, which we use to connect elevators in our properties to central IT systems. We analyze the data they generate with the help of artificial intelligence. This provides valuable information that we can use for predictive maintenance and to detect faults before they occur – meaning that elevators are out of service less often and eliminating the expense involved in repairing significant damage. We want to take what we have learned and apply the same techniques for our heating systems.

Our customer service department uses systems to automatically categorize customer requests to make sure they are directed to the right person. This enables us to respond quicker and more precisely to inquiries from our customers. Our customer app was another important tool for communicating with our tenants in 2020 (see Customer Satisfaction and Service Quality, → [p. 66 et seqq.](#)).

We continued to digitalize our internal processes in the reporting year. We began using SuccessFactors modules in our HR department and digitalized HR processes such as reporting absences due to illness. Digital working has been expanded, partly due to the coronavirus pandemic (see Attractive Employer, → [p. 71 et seqq.](#)).

We are also taking digital steps in the area of financing and have initiated the financing of a fully digital bond via an online marketplace (see section Attractiveness on the Capital Market, → p. 93 et seq.).

As we move forward, we want to use digitalization to make our business processes more efficient and more standardized.

Managing Opportunities and Risks 102-15, 102-30

Assessing the risk related to sustainability factors takes the increasing scale of their impact into account and is becoming increasingly important in the list of requirements that investors and analysts look at. This is reflected, by way of example, in the recommendations made by the Task Force on Climate-related Financial Disclosures (TCFD), which call upon companies to disclose the direct and indirect financial impact of climate change on their businesses (see Implementation of the TCFD Recommendations, → p. 11 et seq.).

Vonovia has a comprehensive risk management system in place that enables it to identify, assign weightings to, and manage opportunities and risks relevant to the company. This:

- > Reduces potential threats
- > Secures the future viability of the company
- > Promotes our strategic development
- > Supports sustainable conduct

Vonovia used a series of extensive risk workshops in the second half of 2020 to improve its risk management system and bring it into alignment with the sustainability aspects of the corporate strategy. ESG risks were examined and assessed in terms of their impact on Vonovia (outside-in view) and their impact on the environment and society (inside-out view); an approach known as “double materiality.”

Integration

of sustainability aspects
into risk management

For transparency purposes, we explain the risk situation at Vonovia in detail in our annual reporting and provide an up-to-date risk assessment on behalf of the Management Board (see chapter Opportunities and Risks, AR 2020, p. 124 et seq.). We also provide a wide range of information in this sustainability report based on the TCFD framework for

disclosing climate-related risks (see Implementation of the TCFD Recommendations, → p. 11 et seq.).

Potential Sustainability Risks for Vonovia

- > Unfavorable carbon tax
- > Failure to achieve climate path and carbon intensity targets
- > Effects of crises or disasters such as floods, earthquakes or extreme weather events
- > Non-compliance with changing construction regulations
- > Non-compliance with legislation on working conditions, such as minimum wages and safety standards and human rights in the supply chain
- > Non-compliance with legislation on occupational health and safety management
- > Violations of the Code of Conduct, the Anti-Corruption Policy, legal requirements relating to bribery and corruption
- > Failure to meet the expectations of stakeholder and statutory requirements in terms of diversity
- > Failure to meet statutory requirements and expectations of investors or analysts concerning sustainability reporting

Risks are presented on a net basis in a heat map. Red areas signify dangerous or existential risks; risks in yellow areas are significant for the company. Red and yellow risks are closely monitored by the Management Board and Supervisory Board. Risks allocated to the green areas are less important for the company.

The risk of an “Unfavorable carbon tax” was reclassified as probable in 2020 (yellow risk). The German government has decided to introduce a carbon price as a policy instrument and climate protection measure. The price of carbon emissions has been set until 2025 and will increase annually from a starting point of € 25 per ton in 2021. The Climate Action Program 2030 will also examine changes to tenancy law enabling the costs of a carbon tax to be passed on to tenants. As at the start of 2021, all of the related costs can be passed on. We assume that this will still be possible until at least 2022. We estimate that the potential risk volume could be between € 25 million and € 100 million in the next five years.

The Management Board bears full responsibility for risk management. The Head of Controlling reports to the Chief Financial Officer (CFO) and is responsible for the operational management of the risk management system. Risk Controlling initiates the periodic risk management process and consolidates and validates the reported risks with the assistance of risk owners – managers at the level directly below the Management Board.

Detailed information about opportunities and risks is provided in the Opportunities and Risks section of the 2020 Annual Report. [AR 2020, p. 124 et seqq.](#)

Sustainable Relationships With Business Partners [102-9, 102-15](#)

Vonovia is committed to long-term, constructive and trusting relationships with all of its business partners. This allows us to provide products and services with a consistently high level of quality.

In Germany, these working relationships are governed by the [Business Partner Code](#) and the [Code of Conduct](#), which oblige our partners to observe economic and legal rules of conduct and to comply with anti-corruption policies in all of their dealings with sub-contractors. The Vonovia Business Partner Code was adapted in Austria in 2019 as part of the integration process. In Sweden, the Code of Conduct fulfills this function (see section Respect and Promotion of Human Rights, [→ p. 88 et seqq.](#)).

The [Vonovia Partner Portal](#) was launched last year and is an important element of our long-term partnership with our service providers and suppliers. We also use it for risk and supplier management. Vonovia uses the portal as a central repository for all of the documents and data used to assess suppliers and award contracts. This reduces our administrative workload, while also allowing us to track the suitability of business partners from a formal, technical and social perspective. The system will be expanded to include sub-contractors over time. When selecting service providers and suppliers, the Procurement department uses the Vonovia partner portal to check that the provider in question has acknowledged its duty to respect human rights as set out in the Business Partner Code. In the event of any irregularities or scenarios in which these obligations are ignored, the cases are documented accordingly and sanctions are normally imposed. These processes use tools such as the blacklist and contract award and payment blocks in SAP.

The Vonovia Partner Portal is also linked directly to our [whistleblower system](#).

We digitalized our tendering processes on a separate platform in 2020. Our aim is to make our supplier base more transparent and prepare the way for paperless partnerships and order processes. We will be upgrading the technology behind our craftsmen tool in 2021 to standardize and streamline the ordering process with our craftsmen. We also want to talk to our strategic business partners about the additional functions they think could add value and want to see added. Sustainability factors will be integrated into our procurement processes and our supplier management system. We will also be placing a greater emphasis on digitalization in our Procurement department. We also be focusing on preparing the company for the German Supply Chain Act (Lieferkettengesetz).

Information and Key Figures

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ESG Ratings and Indices

☒ 103-3

We actively communicate our progress in terms of sustainability to the capital market, where ESG criteria are becoming an increasingly important factor in investment decisions. This allows us to maintain and even increase our attractiveness for investors over the long term.

Potential investors frequently look at the position of our company in recognized sustainability rankings and the resulting indices. That’s why we participate in a wide range of national and international sustainability ratings and benchmarks. This allows us to measure and present our sustainability performance and relevant key figures against recognized standards and competitors (see chapter Attractiveness on the Capital Market, → p. 93 et seq.).

Selected Rankings and Results – ESG Ratings:



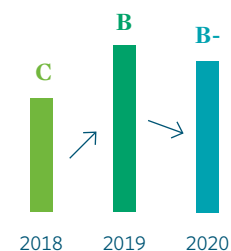
EPRA – sBPR

The European Public Real Estate Association (EPRA) evaluates the sustainability transparency of listed real estate companies based on the EPRA Sustainability Best Practice Recommendations (sBRP). In addition to our annual report and sustainability report, we publish a separate EPRA report every year, which is used for this assessment. In 2020, we received the Gold award for our governance, environmental and social performance for the third year running.



CDP – Climate Change

The Carbon Disclosure Project (CDP) helps companies to measure and manage their environmental performance and the associated opportunities and risks. Vonovia has been part of the CDP’s Climate Change Program since 2017. We were awarded a B- rating for our performance in 2020. This puts us on the same level as our peer group and above the global and European averages.

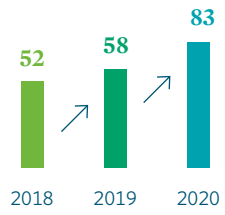




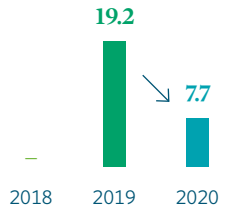
Sustainalytics

Sustainalytics is an independent, innovative service provider of responsible investment services. Sustainalytics uses the ESG approach to analyze and evaluate the sustainability performance of companies and countries alike. Vonovia improved its ESG company rating from 58 to 83 points. In the ESG risk rating we received a mark of 7.7, putting us in the lowest risk category of “negligible risks.”

ESG Company Rating

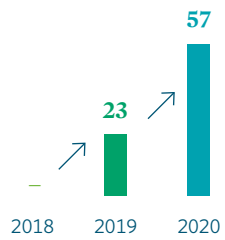


ESG Risk Rating



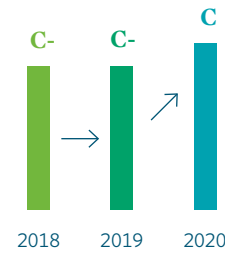
S&P Global CSA

The S&P Global Corporate Sustainability Assessment (CSA) evaluates the sustainability performance of more than 7,300 international companies. Our performance is assessed in 61 industry-specific categories to encourage companies to bring their corporate strategies into line with social and ecological challenges. Vonovia scored 57 out of a possible 100 points in 2020, more than doubling its score for the previous year (23 points).



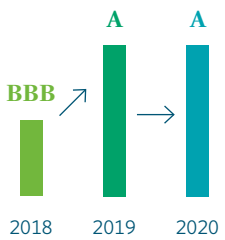
ISS-oekom – ESG Corporate Rating

ISS-oekom analyzes a company’s ESG management based on up to 100 criteria, many of which are sector-specific. Vonovia was given Prime status for the first time in 2020, indicating that it is outperforming its peers. The company also improved its rating from C- in 2018 and 2019 to C.



MSCI – ESG Research

MSCI ESG Research rates companies on a scale from AAA to CCC based on their ESG-related risk exposure and how they handle these risks compared to other companies. We were upgraded from BBB to A in the annual ranking for 2019 and maintained this performance in 2020.





GRESB

The GRESB (Global Real Estate Sustainability Benchmark) is an investor-initiated rating system for the sustainability performance of real estate companies. We made the decision not to participate in 2020 and 2021 following changes to its methodology. We described the reasons for our decision in an [open letter](#). In 2019 we received 58 points in this assessment.

ESG Indices:

Dow Jones Sustainability Index Europe

Our outstanding improvement in the S&P CSA led to us being included in the Dow Jones Sustainability Europe Index (DJSI) for the first time in 2020. The DJSI index family tracks economic, ecological and social criteria. It was launched in 1999 as a collaboration between Switzerland-based S&P Global (formerly known as SAM) and the Dow Jones Indexes. S&P Global uses positive criteria to select the most sustainable companies for inclusion in the index.

DAX 50 ESG

Vonovia was included in the new DAX 50 ESG index in 2020. Companies have to meet certain ecological, social and governance criteria to be included in the index. A total of 50 companies from the DAX, MDAX and TecDAX were listed on the index. Vonovia was ranked in third place for its ESG performance.

Member of
**Dow Jones
Sustainability Indices**
Powered by the S&P Global CSA

About This Report

☒ 102-45, 102-46, 102-48, 102-50, 102-51, 102-52, 102-54, 102-56

Content and Structure of the Report

This is our sixth sustainability report. We are continuing to expand our media coverage this year. In doing so, we are no longer reporting our Swedish and Austrian activities separately, and are instead integrating them in full – as a further step towards consolidated Group reporting – into the respective chapters. This year, we are also including our Swedish subsidiary Hembla AB, which was acquired in 2019 and is fully consolidated in economic terms as far as possible with the data available.

The report presents our company's performance based on financial and non-financial information. The aim of this reporting is to create transparency and comparability for sustainability activities with other companies on the market. The discussions in the Initiative Wohnen.2050 (IW.2050, see Carbon Reduction in the Property Portfolio/Energy-efficient Modernization, → p. 23 et seq.) have shown how challenging the demand for comparability of key figures in the housing industry can be.

The thematic focal points of the Sustainability Report are the seven action areas that we identified as part of our materiality analysis, which was updated in 2020:

- > Environment and climate
- > Sustainable construction and development
- > Society and contribution to urban development
- > Homes and customers
- > Corporate culture and employees
- > Governance and responsible business practices
- > Future fitness and the capital market

The report is structured according to our sustainability activities, which reflect the material economic, social and ecological aspects of Vonovia SE.

Reporting Framework

This report has been prepared in accordance with the Global Reporting Initiative (GRI) Standards (as amended in 2016) Core option. We have applied more recent versions of the GRI standards where available. The corresponding GRI index can be found in the appendix to this report (→ p. 129 et seq.). We have informed GRI of the application of the GRI standards and the publication of this report.

Vonovia's Sustainability Report is published on an annual basis. This reporting period relates to the 2020 fiscal year (January 1 to December 31, 2020), meaning that it picks up exactly where the ☒ 2019 Sustainability Report, which was published in June 2020, left off.

As a capital market-oriented company, Vonovia SE is also required to make disclosures in accordance with Sections 315b, 315c in conjunction with Sections 289c to 289e HGB. (Non-financial Group Declaration). The necessary reporting requirements were implemented in the management report, which forms part of the ☒ 2020 annual report, published March 4, 2021.

Last year, we updated our materiality analysis, which has been valid since 2017. To this end, we conducted a structured stakeholder survey and expert interviews in mid-2020, as well as management workshops within the company to identify and validate the material topics. The results have been incorporated into this report (see chapter Material Topics, → p. 14 et seq.). In line with the GRI standards, the content of the report was selected based on the criterion of materiality.

In order to address the diverse stakeholder interests transparently and comprehensively, we are also guided – in addition to the GRI – by the EPRA Best Practice Recommendations on Sustainability Reporting (sBPR) (in its third version of 2017). For this purpose, we have prepared a separate EPRA report, which we publish on our website. In addition, for the Real Estate reporting framework of the Sustainability Accounting Standards Board (SASB), we

create a mapping of the indicators to the content published in this report. As with the EPRA report, we will also make this available on our [website](#) outside the sustainability report.

We have already presented our implementation of the recommendations made by the Task Force on Climate-related Financial Disclosure (TCFD). This can be found in the form of a corresponding index in the non-financial statement within the Annual Report. In this report, we also integrate the recommendations and expand our reporting on them (see section Implementation of the TCFD Recommendations → [p. 11 et seq.](#)).

The collection and calculation of environmental key figures was headed by the Controlling department and supported by Facility Management, Portfolio Management, Portfolio Controlling, Technical Service, Vonovia Energie- und Service GmbH, Customer Service, Data Management, Development/New Construction, Business Development, and the Procurement department. The key figures for employees were collected and consolidated by the HR department. The central Procurement department prepared the statements relating to supplier management (procurement). Key figures from the governance area were provided by the Legal department.

Both the Non-financial Declaration and the Sustainability Report are audited by the auditor of the annual financial statements, KPMG. The Sustainability Report has been audited with limited assurance (see Independent Auditor's Report, → [p. 135 et seq.](#)). All references to content outside this report are considered additional information and are not covered by the audit performed by KPMG. Also excluded from the audit procedures are the "project profiles," which can be found in the substantive chapters of this report. These are clearly marked visually by a border and the heading "Project."

Organizational Boundaries/Scope of Consolidation

These key figures focus on the activities of Vonovia SE in Germany, Austria and Sweden using the financial control approach. In contrast to previous years, we have included all acquisitions made in the 2020 fiscal year in this report. This concerned the acquisitions of the project developer Bien-Ries, which was acquired on April 2, 2020, and H&L Immobilien GmbH, which was acquired by Vonovia on December 30, 2020. Deviations from this rule are indicated in the respective text or key figure sections. This basic definition of the scope of the sustainability report on the consolidated companies is regularly reviewed for the next reporting cycle, and adjusted if necessary.

New calculation methods mean that the previous year's results have been restated for some key figures. These are referred to as "restatements," and include energy data and the associated carbon emissions for the Austrian portfolio, consumption data for office sites, waste volumes for the portfolio and office sites. This is marked accordingly in the respective tables of key figures.

Carbon Emissions

The scope of consolidation relevant for calculating carbon emissions was defined in coordination with the scope of consolidation for the other environmental key figures.

The carbon emission calculations were based on the greenhouse gas protocol (GHG Protocol), the internationally recognized standard for calculating carbon emissions. Carbon emissions were calculated as CO₂ equivalents (CO₂e). Carbon dioxide equivalent (CO₂e) is a standardized unit to measure the relative contributions of various gases to the greenhouse gas effect. Emissions that harm the climate are not only caused by carbon dioxide (CO₂), although it is the most well-known. Other gases, such as methane (CH₄) and nitrous oxide (N₂O), are converted to CO₂ equivalents using a conversion factor, which simplifies comparability in terms of detrimental effects on the climate. Only the calculations of emission savings (e.g., from modernization and heating renewal projects) are presented in tons of CO₂ and not in CO₂ equivalents.

We have harmonized the data sources and updated the emission factors for the calculation of carbon emissions in the current fiscal year (see also Carbon Reduction in the Property Portfolio/Energy-efficient Modernization, → p. 23 et seq.). The figures can therefore not be directly compared with those of previous years.

The CO₂e factors from the GEMIS database version 4.95 (2018/2019) and version 5.0 (2020) were predominantly used to calculate the emissions. GEMIS (Global Emission Model for Integrated Systems) is an internationally recognized model for determining energy and material flows with an integrated database. The model calculates life cycles for all processes and scenarios, i.e., it takes into consideration all material steps from primary energy/raw material extraction to effective energy/material provision and also includes the auxiliary energy and cost of materials to produce energy plants and transport systems. The GEMIS data was selected because it is generally accepted, up to date and consistent, and was recommended by the IW.2050. If other emission factors are applied in individual cases, this is indicated accordingly.

Portfolio

The calculation of carbon emissions in the portfolio is conducted according to the “Financial Control Approach.” Emissions produced as a result of portfolio operations are disclosed under Scope 1 and Scope 2 emissions. This takes into consideration the actual financial control exercised over the portfolio that exists for the majority of the portfolio area or rental units (Germany region 97%, Austria region 85%, Sweden region 100%). For the rest of the portfolio, in which the company holds a minority interest, the carbon emission figures are fully reported under Scope 3.

Business Operations

CO₂e factors from the GEMIS database version 4.95 (2018/2019) and version 5.0 (2020) were also applied for the majority of the emissions resulting from business operations. To calculate the market-based emissions from electricity, we used the electricity providers’ exact emission factors and converted them to CO₂e emissions. To calculate Scope 3 emissions from rail business travel, we used emission factors taken from Deutsche Bahn and Österreichische Bundesbahnen. For technical reasons, no business trips have been reported for Sweden to date. GHG Protocol factors from external travel agencies were applied for flights.

Key Figures

In this chapter, you will find selected key sustainability figures for our company. We are reporting differentiated data for each country (Germany, Austria and Sweden) as well as consolidated data for the whole Group.

Portfolio Description

Key Figures	Unit	2018	2019	2020	2020 by region			
					Germany	Austria	Sweden	
General Key Figures ¹⁾							102-10	
Number of rented units	number	337,988	400,082	422,252	359,071	22,761	40,420	
of which residential units	%	98.9	98.7	98.4	98.9	97.3	94.6	
of which commercial units	%	1.1	1.3	1.6	1.1	2.7	5.4	
Rentable area	m ²	21,506,455	25,991,328	27,545,128	22,765,005	1,804,164	2,975,959	
of which residential area	%	97.1	96.5	96.4	97.4	91.2	92.0	
of which commercial area	%	2.9	3.5	3.6	2.6	8.8	8.0	
Portfolio by age category	number	334,218	394,850	415,688	355,285	22,155	38,248	
of which built before 1939	%	14.0	12.8	12.1	13.5	7.8	1.1	
of which built between 1940 and 1949	%	1.7	2.3	2.3	2.0	6.9	1.6	
of which built between 1950 and 1959	%	29.6	26.9	25.7	29.1	6.5	5.8	
of which built between 1960 and 1969	%	20.9	21.4	22.2	20.8	10.9	42.1	
of which built between 1970 and 1979	%	17.8	18.6	19.7	17.8	12.8	41.3	
of which built between 1980 and 1989	%	8.5	8.7	8.9	8.5	19.5	6.1	
of which built between 1990 and 1999	%	7.0	7.9	7.5	7.3	20.5	1.8	
of which built between 2000 and 2009	%	0.5	0.9	0.8	0.5	7.8	0.0	
of which built since 2010	%	0.1	0.6	0.8	0.5	7.3	0.2	
Number of buildings listed as historical landmarks	number	4,415	4,456	4,461	4,453	8	0	

¹⁾ Total portfolio including buildings listed as historical landmarks, excluding buildings that serve only as car parks.

Environmental Key Figures 302-1, 302-3, 302-4, 302-5, 303-5, 305-1, 305-2, 305-3, 305-4, 305-5, 306-2

The section below shows the environmental key figures – broken down into key figures for the portfolio – for development/new construction, for business operations, for renewable energy and for the carbon footprint. You can find

explanations of the content of the selected key figures presented here in the chapters Environment and Climate → p. 21 et seqq. and Sustainable Construction and Development → p. 38 et seqq. More detailed explanations on how the TCFD recommendations are applied can be found in the section Implementation of the TCFD Recommendations → p. 11 et seq.

Portfolio Environmental Figures

Key Figures	Unit	2018	2019 ¹⁾	2020	2020 by region		
					Germany	Austria	Sweden
Energy Consumption in the Portfolio					302-1, 302-3		
Energy consumption ²⁾	MWh	3,565,044	4,318,235	4,548,951	3,619,238	356,616	573,098
Energy intensity							
Energy intensity of rentable area	kWh/m ²	166.1	166.1	165.1	159.0	197.7	192.6
of which from supply of heating	kWh/m ²	163.8	163.5	160.9	156.9	193.4	172.3
of which from general electricity consumption	kWh/m ²	2.4	2.6	4.2	2.1	4.3	20.3
Energy intensity per rented unit	MWh/rented unit	10.6	10.8	10.8	10.1	15.7	14.2
of which from supply of heating	MWh/rented unit	10.4	10.6	10.5	9.9	15.3	12.7
of which from general electricity consumption	MWh/rented unit	0.2	0.2	0.3	0.1	0.3	1.5
Heating consumption in the portfolio³⁾							
Heating consumption in the portfolio	MWh	3,513,857	4,249,600	4,433,194	3,571,711	348,860	512,624
from renewable sources	%	0	0	0.4	0	2.3	2.2
from non-renewable sources	%	100	100	99.6	100	97.7	97.8
Natural gas	MWh	1,886,284	2,086,988	2,090,876	1,967,575	123,301	0
District heating	MWh	1,344,131	1,799,648	2,029,574	1,370,650	162,660	496,264
Heating oil	MWh	170,608	207,233	181,555	150,550	28,848	2,157
Electricity	MWh	61,340	98,131	74,596	45,568	26,074	2,954
Coal	MWh	51,494	47,672	37,367	37,367	0	0
Other ⁴⁾	MWh	-	9,927	19,226	0	7,977	11,249
Electricity consumption in communal areas							
Total electricity consumption in communal areas	MWh	51,187	68,635	115,757	47,527	7,756	60,474
from renewable sources ⁵⁾	%	36.5	46.7	77.3	96.0	81.4	62.1
from non-renewable sources ⁵⁾	%	63.5	53.3	22.7	4.0	18.6	37.9

¹⁾ Correction of the values shown for 2019 due to the retroactive calculation of the region Austria with energy certificate data.
²⁾ Consists of electricity consumption in the portfolio's communal spaces and total heat consumption in the portfolio (according to energy certificates, calculated for living and communal areas).
³⁾ From 2020, calculation based on energy performance certificates for all regions. When calculating the heat energy used, the rental areas were extrapolated to the total building area in accordance with ENEC 2014 Section 19 (2) by adding 20% for the common areas. However, the denominator of this key figure remains the rental space without common areas.
⁴⁾ Other includes: biomass, solar thermal, heat pumps.
⁵⁾ Calculation based on the share of renewable energy in the Swedish electricity mix according to the Swedish Energy Agency, and in the Austrian electricity mix according to the E-Control 2020 electricity disclosure report (in each case location-based approach). For the Germany region since 2020, all volumes handled via VESG by means of 100% green electricity proof of origin, cleared via the Federal Environment Agency's register of guarantees of origin. Remainder and previously: electricity mix for Germany.

Key Figures	Unit	2018	2019	2020	2020 by region		
					Germany	Austria	Sweden
Refurbishment							
Number of modernized buildings	number	approx. 2,300	1.745 ¹⁾	1,382	1,283	32	67 ²⁾
Number of modernized rented units	number	approx. 18,000	14.229¹⁾	11,299	10,508	600	191²⁾
Modernized rentable area	million m ²	approx. 1.1	0.88	0.69	0.63	0.04	0,02 ²⁾
Number of rented units with up-graded heating systems	number	approx. 13,000	7,939	7,247	7,174	0	73²⁾
refurbishment rate	%	approx. 5	3.6	2.7	2.9	2.6	0,5²⁾
Expenses for maintenance and ongoing maintenance	in € million	430.4	481.6	592.0	515.6	47.5	28.9
Maintenance intensity	€/m ² /a	17.7	19.0	22.3	23.3	28.6	10.6
Expenses for modernization	in € million	904.7	996.5	908.4	705.0	1.5	201.9
Modernization intensity	€/m ² /a	37.2	39.4	34.2	31.8	0.9	73.9
Investment in the portfolio	in € million	1,335.1	1,478.1	1,500.4	1,220.6	49.0	230.8
Investment intensity	€/m ² /a	55.0	58.4	56.6	55.1	29.5	84.4
Expenses for new construction	in € million	234.3	493.0	435.5	341.5	82.9	11.2
Total Investment intensity	in € million	1,569.4	1,971.1	1,935.9	1,562.1	131.9	242.0
Rented units modernized using KfW funds	number	20,676	10,146	4,906	4,906	0	0

¹⁾ Exclusion of pure heating modernisations in the regions Sweden and Austria to align the calculation with the region Germany leads to a correction of the value reported in the previous year.

²⁾ As in the previous year, refurbishments and modernisations with a total investment sum of more than €500 per square meter of rental space per business unit were taken into account for the Sweden region.

Key Figures	Unit	2018 ¹⁾	2019 ²⁾	2020	2020 by region		
					Germany	Austria	Sweden
Energy Efficiency Standards by Energy End-use Efficiency Class³⁾							
Rental area	m ²	21,506,455	25,991,328	27,545,128	22,765,005	1,804,164	2,975,959
of which energy level A+	%	0.1	0.1	0.1	0.1	0.4	0.0
of which energy level A	%	0.5	0.6	0.8	0.8	2.6	0.0
of which energy level B	%	7.6	7.0	7.7	8.5	10.6	0.6
of which energy level C	%	19.8	17.8	18.9	21.5	11.5	4.0
of which energy level D	%	24.3	23.7	24.8	25.7	12.7	24.7
of which energy level E	%	18.8	19.1	18.7	17.8	11.3	30.8
of which energy level F	%	12.2	12.8	11.6	10.4	15.0	18.3
of which energy level G	%	5.8	6.0	4.7	4.5	12.0	2.0
of which energy level H	%	4.0	3.9	3.2	2.9	12.0	0.3
of which not disclosed	%	6.9	9.0	9.3	7.8	11.9	19.3

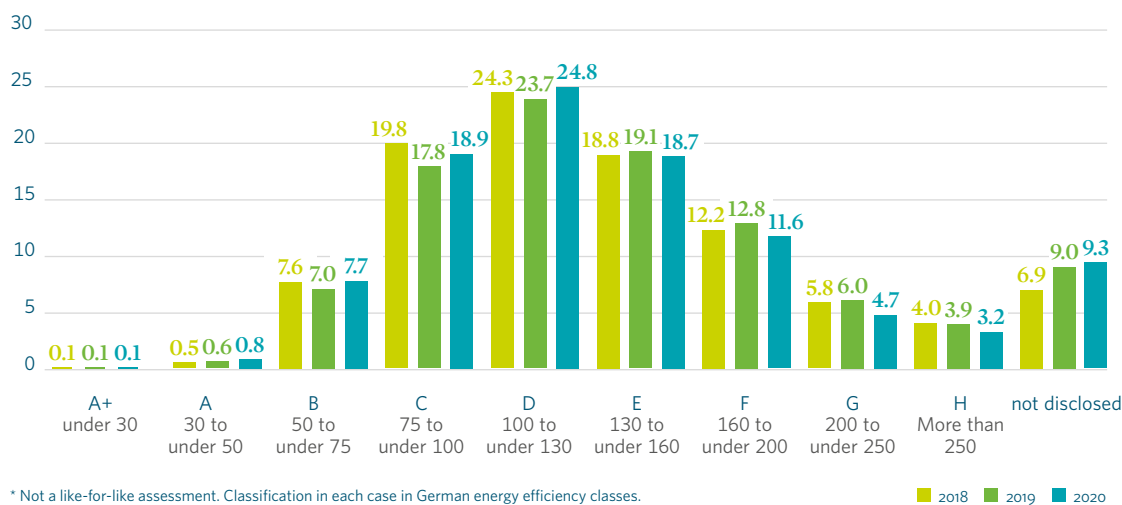
¹⁾ Excluding the BUWOG Germany portfolio, which was acquired in 2018.

²⁾ Adjustment of the figures for 2019 due to subsequent consideration of the region Austria, updated energy certificate data basis of the region Germany as well as calculation correction.

³⁾ Existing buildings including listed buildings excluding pure park buildings. Classification of all buildings according to German final energy classifications. No like for like consideration, therefore the change is also influenced by purchases.

Energy Efficiency Standards in the Portfolio (total Vonovia) – 27.5% in Efficiency Class C or Better*

Portfolio share in % (relates to final energy demand and rentable area)
Energy efficiency classes in kWh/(m²a)



Key Figures	Unit	2018	2019	2020 ¹⁾	2020 by region		
					Germany	Austria	Sweden
Fresh Water Consumption in the Portfolio							303-5
Water consumption	million m ³	43.8	45.2	53.2	44.4	3.0	5.8
Water intensity	m ³ /m ²	2.04	1.98	1.93	1.95	1.65	1.95

¹⁾ For the 2020 business year, the regions of Austria and Sweden are included for the first time.

Key Figures	Unit	2018	2019	2020 ¹⁾	2020 by region		
					Germany	Austria	Sweden
Waste Volume in the Portfolio							306-2
Waste volume	t	479,795	485,828	519,402	472,490	22,007	24,906
of which residual waste ²⁾	%	35.6	37.0	36.3	35.4	37.5	51.9
of which waste paper	%	36.2	34.7	33.4	35.6	17.1	4.8
of which recycling ³⁾	%	7.6	7.8	9.1	7.7	18.9	27.3
of which organic waste	%	20.5	20.4	21.3	21.3	26.5	16.0
Recycling ratio ⁴⁾	%	64.4	63.0	63.7	64.6	62.5	48.1

¹⁾ For the 2020 business year, the regions of Austria and Sweden are included for the first time.

²⁾ Shows the volume of residual waste including bulky waste exclusively for the region of Sweden, otherwise the volume of bulky waste is excluded.

³⁾ Region Germany and Austria: glass, packaging, metals, wood, plastics, textiles. Region Sweden: material from recycling centers and packaging waste.

⁴⁾ Conversion of the calculation of the recycling quota from the cost share to the share of waste generation in tons. The recycling rate takes into account the recyclability of waste paper and organic waste in addition to the amount of waste recycled.

Development and New Construction

Completion of new construction

Key Figures	Unit	2020	2020 by region		
			Germany	Austria	Sweden
General Project Data 302-5					
Rented units ¹⁾	number	2,096	1,509	390	197
Rentable area	m ²	156,828	109,157	38,423	9,248
of which residential area	%	88.9	97.9	60.8	100
of which commercial area	%	5.5	1.0	19.7	0
of which social institutions ²⁾	%	5.6	1.1	19.5	0
Site area	m ²	199,113	176,117	18,918	4,078
of which green spaces	%	27.9	27.1	34.6	31.6
Energy and Heat Supply 302-5					
Rentable area not including vertical expansion	m ²	134,297	92,491	38,423	3,383
of which district heating ³⁾	%	65.1	49.3	100	100
of which renewable energy sources/ hybrid systems ⁴⁾	%	14.9	21.6	0	0
of which fossil energy sources ⁵⁾	%	20.1	29.1	0	0
of which primary energy requirement of ≤30 kWh/m ² a	%	25.6	37.2	0.0	0.0
of which primary energy requirement of >30 and ≤50 kWh/m ² a	%	41.2	48.7	26.8	0.0
of which primary energy requirement of >50 and ≤75 kWh/m ² a	%	23.7	14.1	42.0	77.3
of which primary energy requirement of >75 kWh/m ² a	%	9.5	0.0	31.2	22.7
Average primary energy requirement ⁶⁾	kWh/m ² a	35.7	29.5	52.2	73.8
Installed output of photovoltaic systems	kWp	233	198	35	0
Mobility⁷⁾ 302-5					
Proportion of projects featuring charging stations ⁸⁾	%	32.3	30.8	33.3	50.0
Proportion of projects featuring empty cable conduits for charging stations	%	25.8	26.9	33.3	0.0
Number of bicycle parking spaces per rented unit	Avg.	1.7	1.8	1.4	1.9
Number of vehicle parking spaces per rented unit	Avg.	0.9	0.9	1.1	0.5
Minutes to reach the nearest public transport connection on foot	Avg.	3.4	3.6	2.0	6.3
<p>¹⁾ Both "to hold" and "to sell" projects taken into account. Including commercial, therefore not identical with disclosure for residential units in annual report (2,088 units). Relative key figures refer to rentable area.</p> <p>²⁾ Category introduced from 2020 survey includes kindergartens, schools, homes and comparable institutions.</p> <p>³⁾ Separate presentation, as both renewable and fossil energy sources can be used in district heating supply.</p> <p>⁴⁾ At least proportionate supply from renewable energy sources: biogas, biomass, wood pellets and heat pump (additional condition: heat pump must be partly supplied with RE (solar thermal, geothermal, PV, or similar)).</p> <p>⁵⁾ Fossil energy sources: natural gas, crude oil, non-renewably generated electricity.</p> <p>⁶⁾ Based on completed rental space without extensions and without purely commercial buildings (analogous to Sustainability Performance Index indicator).</p> <p>⁷⁾ Calculated exclusively on the basis of completed projects without taking into account vertical expansion.</p> <p>⁸⁾ Charging stations can be publicly accessible or assigned to a private parking space.</p>					

New construction project pipeline

Key Figures	Unit	2020	2020 by region		
			Germany	Austria	Sweden
Project Pipeline for New Buildings¹⁾					302-5
Rented units ²⁾	number	11,040	7,737	2,846	457
Rentable area	m ²	782,659	559,610	201,349	21,700
of which residential area	%	95.7	95.8	95.0	99.5
of which commercial area	%	3.9	3.7	5.0	0.5
of which social institutions ³⁾	%	0.3	0.5	0.0	0.0
of which completion in 2021	%	21.7	25.0	9.7	49.0
of which completion in 2022	%	40.1	31.2	65.0	39.6
of which completion in 2023	%	34.5	38.7	25.4	11.5
of which completion after 2023	%	3.6	5.1	0.0	0.0

¹⁾ Projects under construction and projects with planned construction start in 2021. Both projects to hold and to sell taken into account. Relative key figures refer to rental space.

²⁾ Including commercial, therefore not identical with the residential units in the annual report (10,951 units).

³⁾ Kindergartens, schools, homes and comparable institutions.

Environmental Key Figures on Business Operations

Key Figures	Unit	2018	2019	2020	2020 by region		
					Germany	Austria	Sweden
Energy Consumption in Business Operations¹⁾					302-1, 302-3		
Energy consumption	MWh	29,093	30,001	28,163	25,005	2,699	459
of which Electricity consumption	MWh	9,624	11,225	8,995	7,879	916	200
Proportion electricity from renewable energy sources ²⁾	%	42.0	60.4	72.2	69.4	100.0	56.4
Heat consumption	MWh	19,469	18,776	19,168	17,126	1,783	259
of which natural gas	MWh	9,904	4,909	4,632	4,388	245	0
of which district heating	MWh	9,565	13,867	13,722	12,738	984	0
of which other ³⁾	MWh	-	-	813	0	555	259
Energy intensity	kWh/m ²	148.1	163.7	157.8	155.3	190.7	134.7
Water Consumption in Business Operations⁴⁾					303-5		
Water consumption	m ³	61,489	103,328	68,448	57,265	11,183	-
Water intensity	m ³ /m ²	0.33	0.53	0.39	0.36	0.79	-

¹⁾ 2018 includes only German office locations, 2019 includes locations in Germany and Austria, 2020 additionally energy consumption of office locations in Sweden (of which heat consumption from energy performance certificate data). Partially limited comparability due to delayed availability of actual data. Correction of the previous year's values to take into account the complete office building stock of the respective regions by means of extrapolation for all specified financial years.

²⁾ The share of renewable energies is based on the information provided by the individual energy suppliers per location (market-based approach). Alternatively, the German electricity mix according to the BDEW location-based approach was used for the German region.

³⁾ Other energy sources include heating oil and heat pumps.

⁴⁾ Water consumption and water intensity only take into account German and Austrian office locations. Partially limited comparability due to delayed availability of actual data. Correction of the previous year's values to take into account the complete office building stock of the respective regions by means of extrapolation.

Waste Volume in Business Operations²⁾					306-2
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Key Figures	Unit	2018	2019	2020	2020 by region		
					Germany	Austria	Sweden ¹⁾
Total volume of commercial municipal waste	t	667	899	811	607	203	-
of which recycled commercial municipal waste ³⁾	%	40.2	45.5	31.5	28.5	40.5	-
of which residual commercial municipal waste	%	59.8	54.5	68.5	71.5	59.5	-
Other waste ⁴⁾	t	63	0	93	38	55 ⁵⁾	-

¹⁾ No elevation for the region of Sweden so far.

²⁾ Restatement of waste generation for 2018 and 2019 due to change in calculation basis: until 2019 only locations >500 m² office space considered, now extrapolation to all business locations.

³⁾ Decrease in recycling rate in 2020 due to improved data for residual waste compared to previous years and recyclable waste types.

⁴⁾ Other waste generation includes bulky waste, wood, iron and steel.

⁵⁾ Increased other waste generation in the Austria region due to relocation to new corporate headquarters.

Key Figures	Unit	2018	2019	2020	2020 by region		
					Germany	Austria	Sweden

Mobile Combustion in Business Operations ¹⁾

302-1

Fuel consumption	MWh	69,164	76,190	76,108	74,252	303	1,553
of which diesel	MWh	66,584	71,792	72,002	70,672	91	1,239
of which gasoline	MWh	2,580	4,373	4,085	3,559	211	314
of which other ²⁾	MWh	-	25	22	22	0	0
Vehicles (yearly average)	number	4,809	5,265	5,685	5,407	34	244
Distance traveled	million km	83.6	92.7	104.9	101.6	0.4	3.0
Average fuel consumption	liters/100 km	8.3	8.2	7.3	7.3	9.3	5.3
Average emissions	gCO ₂ e/km	252	250	221	223	260	159

¹⁾ Only the fuel consumption of the vehicle fleet was taken into account. First data collection region Sweden in 2020.

²⁾ Position Other includes: natural gas, LPG, electricity.

Key Figures	Unit	2018	2019	2020	2020 by region		
					Germany	Austria	Sweden ¹⁾

Travel and Transport in Business Operations

By rail	million pkm ²⁾	3.21	4.17	1.99	1.97	0.01	-
By plane	million pkm ²⁾	2.60	4.12	0.95	0.82	0.14	-
By private vehicle	million km	2.78	3.14	2.78	2.61	0.17	-

¹⁾ No elevation for the region of Sweden so far.

²⁾ The measurement unit "passenger kilometers" (pkm) refers to kilometers traveled on public transport multiplied by the number of passengers.

Renewable energy

Key Figures	Unit	2018	2019	2020	2020 by region			
					Germany	Austria	Sweden	
Renewable Energy Generation								302-1
Energy generated ¹⁾	MWh	5,495	5,652	7,324	6,654	226	444	
of which from renewable sources	%	100	100	100	100	100	100	
of which from photovoltaic systems	%	100	100	100	100	100	100	
Installed output ²⁾	MWp	5.9	10.2	15.9	15.1	0.2	0.5	
Portfolio	number	211	295	424	403	4	17	
Avoided emissions ³⁾	t CO ₂ e	3,324	2,619	2,717	2,623	58	35	

¹⁾ Photovoltaic systems owned by Vonovia as of the reporting date of Dec. 31; electricity generated only.

²⁾ The proportional increase in the number of plants and installed capacity can deviate from the energy generated, as the number of plants also includes plants that have already been built and will not be connected to the grid until the following year.

³⁾ Theoretical avoided annual emissions from energy generated by photovoltaic systems and fed into the general electricity grid. Comparability over time only possible to a limited extent, as the increasing amount of electricity generated over the years is offset by more climate-friendly emission factors per kWh of electricity.

Key Figures	Unit	2018	2019	2020	2020 by region			
					Germany	Austria	Sweden	
Energy Sales								302-1
Total energy sold	MWh	23,843	58,096	71,070	71,070	0	0	
of which to rentable areas ¹⁾	MWh	5,944	19,398	26,949	26,949	0	0	
of which general electricity ²⁾	MWh	17,898	38,698	44,120	44,120	0	0	
Share of electricity from renewable energy sources ³⁾	%	52.3	57.8	100	100	0	0	
Avoided emissions	t CO ₂ e	0	0	17,395	17,395	0	0	
Total gas sold ⁴⁾	MWh	329,798	864,959	859,140	859,140	0	0	

¹⁾ Electricity sold by VESG for private use by tenants.

²⁾ Electricity sold by VESG for the common areas of the portfolio.

³⁾ Since 2020, 100% green electricity by means of a guarantee of origin, deleted via the Federal Environment Agency's register of guarantees of origin. Previously: electricity mix Germany.

⁴⁾ Gas sold to tenants by VESG; in order to remain cost-neutral for tenants, Vonovia has decided not to acquire proof of origin for green gas.

Carbon Emissions

Key Figures	Unit	2018	2019 ¹⁾	2020 ²⁾	2020 by region		
					Germany ²⁾	Austria	Sweden
Total Emissions in the Portfolio³⁾					305-1, 305-2, 305-3, 305-4, 305-5		
Emissions in the portfolio	t CO ₂ e	1,049,766	1,176,496	1,021,319	899,333	84,884	37,102
Emissions from rented units	t CO ₂ e	1,021,244	1,153,003	1,013,197	897,989	82,883	32,324
Emissions from communal areas ⁴⁾	t CO ₂ e	28,522	23,493	8,122	1,343	2,001	4,777
Intensity of rentable area	kg CO ₂ e/ m ²	48.8	45.3	37.1	39.5	47.0	12.5
Intensity per rental unit	kg CO ₂ e/ r.u.	3,106	2,941	2,419	2,505	3,729	918
Emission savings due to heating modernization⁵⁾	t CO ₂ e	6,958	3,055	3,560	3,560	-	-
Emission savings due to modernization⁵⁾	t CO ₂ e	20,348	12,675	8,839	8,839	-	-
Scope 1 (direct carbon emissions)							
Combustion processes at stationary plants	t CO ₂ e	522,421	571,744	466,848	438,907	27,462	478
of which heating from natural gas (r.u.)	%	86.1	86.5	87.5	88.4	74.1	0
of which heating from heating oil (r.u.)	%	9.7	10.7	9.8	8.7	25.9	100
of which heating from coal (r.u.)	%	4.2	2.8	2.8	2.9	0.0	0
Scope 2 (indirect carbon emissions)							
Energy delivery	t CO ₂ e	406,913	466,892	410,369	337,409	36,453	36,507
of which heating from district heating (r.u.)	%	84.5	86.8	92.9	95.2	78.3	86.3
of which heating from electricity (r.u.)	%	8.5	8.2	5.1	4.4	16.2	0.6
of which electricity (communal areas) ⁴⁾	%	7.0	5.0	2.0	0.4	5.5	13.1
Scope 3 (other indirect carbon emissions)							
Commodities leased downstream⁶⁾	t CO ₂ e	34,930	37,292	35,085	24,774	10,311	0
of which natural gas (r.u.)	%	62.1	60.3	59.4	64.5	47.0	-
of which heating from district heating (r.u.)	%	19.1	24.7	28.2	21.4	44.8	-
of which heating oil (r.u.)	%	10.4	8.8	6.8	8.4	2.9	-
of which heating from electricity (r.u.)	%	7.0	5.3	4.4	4.0	5.3	-
of which coal (r.u.)	%	1.4	0.9	1.2	1.7	0.0	-
Fuel and energy-related emissions (not Scope 1 and 2)⁷⁾	t CO ₂ e	85,502	100,568	109,018	98,243	10,658	116
of which upstream, natural gas (r.u.)	%	90.8	88.1	89.5	90.3	82.5	0
of which upstream, heating oil (r.u.)	%	8.5	9.5	8.6	7.6	17.5	100
of which upstream, coal (r.u.)	%	0.7	2.4	1.9	2.1	0.0	0

Greenhouse gases included in the calculation: CO₂ equivalents (greenhouse gases regulated by the Kyoto Protocol: CO₂, CH₄, N₂O, SF₆, HFCs).

Sources of emission factors: GEMIS 4.95, GEMIS 5.0, Defra, Federal Environment Ministry Germany, Federal Environment Ministry Austria, Covenant of Mayors for Climate and Energy and Sweden-ergy (Swedish non-profit organisation).

¹⁾ Correction of all data for 2019 due to change of method from actual data to energy performance certificate data in the region Austria.

²⁾ Complete conversion of the emissions calculation for the German region in 2020 to GEMIS 5.0, therefore limited comparability with previous years (explanation on page 105).

³⁾ Consideration of the regions of Austria and Sweden (part Victoria Park) as of 2019, part Hembla in Sweden as of 2020.

⁴⁾ For the Germany region since 2020, all volumes traded via the VESG (approx. 93% of general electricity consumption) via guarantee of origin 100% green electricity, cleared via the Federal Environment Agency's register of guarantees of origin.

⁵⁾ Declining emission savings from modernisations due to lower number of completed modernisations in the region Germany. So far no calculation for the regions Austria and Sweden.

⁶⁾ Rental units that belong to a condominium owners' association (WEG) in which Vonovia has an ownership interest of ≤ 50 % in the building (no full operational control). There are no proportional ownership rights in the Sweden region.

⁷⁾ Contains the fuel- and energy-related emissions of the upstream chain of the entire portfolio (incl. WEG share), stationary combustion in each case.

Key Figures	Unit	2018	2019	2020	2020 by region		
					Germany	Austria	Sweden
Total Emissions in Business Operations¹⁾					305-1, 305-2, 305-3, 305-4, 305-5		
Emissions	t CO ₂ e	36,687	38,493	32,043	30,689	845	510
Emissions intensity ²⁾	kg CO ₂ e/ m ²	55.9	55.2	45.7	46.1	48.7	10.6
Scope 1 (direct carbon emissions)							
Combustion processes at stationary plants	t CO ₂ e	2,476	1,222	1,084	884	199	0
of which natural gas	%	100	100	86.1	100	24.6	-
of which heating oil	%	0	0	13.9	0	75.4	-
Combustion processes at mobile plants	t CO ₂ e	21,084	23,169	19,127	18,664	75	389
of which diesel	%	96.7	94.9	94.8	95.3	30.9	80.3
of which gasoline	%	3.3	5.1	5.2	4.7	69.1	19.7
of which natural gas	%	0.0	0.0	0.0	0.0	0.0	0.0
Scope 2 (indirect carbon emissions)³⁾							
Location-based	t CO ₂ e	8,319	8,757	6,814	6,342	436	36
of which electricity	%	70.0	59.4	49.6	49.0	54.2	100
of which district heating	%	30.0	40.6	50.4	51.0	45.8	0
Market-based	t CO ₂ e	3,661	3,116	1,437	1,437	0	-
of which electricity ⁴⁾	%	100	100	100	100	-	-
of which district heating ⁵⁾	%	-	-	-	-	-	-
Scope 3 (other indirect carbon emissions)							
Business travel and transport⁶⁾	t CO ₂ e	711	999	710	647	63	-
of which by private vehicle	%	53.0	42.3	83.1	85.5	58.0	-
of which by plane	%	44.7	55.6	15.3	12.7	41.8	-
of which by rail	%	2.3	2.0	1.6	1.8	0.2	-
Fuel and energy-related emissions (not Scope 1 and 2)	t CO ₂ e	4,098	4,347	4,308	4,151	72	85
of which upstream, natural gas (stationary combustion)	%	9.9	4.7	5.0	4.8	24.2	0.0
of which upstream, heating oil (stationary combustion)	%	0.0	0.0	0.8	0.0	51.0	0.0
of which upstream, diesel (mobile combustion)	%	86.2	88.9	88.3	89.9	6.7	77.2
of which upstream, petrol (mobile combustion)	%	3.8	6.0	5.8	5.3	18.1	22.8
of which upstream, natural gas (mobile combustion)	%	-	0.4	0.0	0.0	0.0	0.0

Greenhouse gases included in the calculation: CO₂ equivalents (greenhouse gases regulated by the Kyoto Protocol: CO₂, CH₄, N₂O, SF₆, HFCs). Sources of emission factors: GEMIS 4.95, GEMIS 5.0, Defra, Federal Environment Ministry Germany, Federal Environment Ministry Austria, Covenant of Mayors for Climate and Energy and Sweden-ergy (Swedish non-profit organisation).

Complete conversion of the emission calculation for the German region in 2020 to GEMIS 5.0, therefore limited comparability with previous years (explanation on page 105). From 2020 onwards, the emission factors of the Germany region according to GEMIS 5.0 were applied to mobile combustion across all regions.

¹⁾ All emissions from stationary combustion extrapolated to the total space used in the business processes analogously to the stationary energy consumption. This leads to a correction of the figures for 2018 and 2019, as in past reports only locations with office space over 500 m² were included.

²⁾ Only stationary emissions taken into account.

³⁾ For the sake of completeness, the location-based approach was used to calculate the total amount of CO₂ emissions from business processes.

⁴⁾ For locations in the Austria region: 100% green electricity.

⁵⁾ Due to missing supplier disclosures/certificates, we are not able to disclose Scope 2 emissions for district heating in accordance with the market-based method.

⁶⁾ No survey for the region of Sweden so far.

Social 102-7, 102-8, 203-1, 401-1, 401-3, 403-9, 403-10, 404-1, 404-3, 405-1, 405-2

The selected indicators presented under Social include personnel indicators, occupational safety data and indicators covering social issues. You will find explanations of the contents in the chapters Corporate Culture and Employees → p. 70 et seqq., Homes and Customers → p. 57 et seqq. Society and Contribution to Urban Development → p. 47 et seqq.

You can find additional in-depth information on the latter point in particular on our company website www.vonovia.de/en.

Employee Key Figures

While there are currently no comparable figures available for Sweden for a large number of employee key figures, the database is being expanded on an ongoing basis.

Key Figures	2018		2019		2020		2020 by region		
	number	in %	number	in %	number	in %	Germany	Austria	Sweden

Employees by Employment Contract and Gender 102-7, 102-8

	2018		2019		2020		Germany	Austria	Sweden
Total headcount^{2), 3)}	9,923		10,059		10,622¹⁾		9,691	374	474
of which female	2,386	24.0	2,401	23.9	2,626	24.9	2,235	233	158
Full-time equivalents	9,517		9,688		10,118		9,321	339	458
of which female	2,150	22.6	2,188	22.6	2,385	23.6	2,027	206	152
Employees with temporary contracts ^{3), 4)}	1,060		651		584		511	4	69
of which female	376		215		199		173	2	24
Employees with permanent contracts⁵⁾	8,863	89.3	9,028	89.8	9,569	90.8	8,794	370	405
of which female	2,008		2,034		2,263		1,898	231	134
Temporary workers	62		58		51	0.5	20	0	31
of which female	26		21		18		0	0	18

¹⁾ Total headcount incl. Bien Ries. All other figures excl. Bien Ries. The total number excluding Bien Ries is 10,539.
²⁾ Germany: Total number of employees according to the German Commercial Code (HGB) (excluding trainees, external staff, members of executive bodies, miscellaneous employees, employees on parental leave, employees with pre-retirement part-time work arrangements).
³⁾ Austria: All employees, excl. pre-retirement part-time work arrangements, parental/educational leave, Management Board, but incl. management.
⁴⁾ Fixed-term contracts, excluding interns, trainees, students, temporary staff, marginal employees, pre-retirement part-time workers, members of executive bodies, external staff, those on a leave of absence, part-time employees on parental leave.
⁵⁾ If all employee groups were taken into account, the number would match the information in the Annual Report and would equate to a total rate of 91%.

Key Figures	2020 by region												
	2018		2019		2020		Germany		Austria		Sweden		
	number	in %	number	in %	number	in %	number	in %	number	in %	number	in %	
Total Number of Permanent Employees by Type of Employment and Gender													102-9
Full-time employees ¹⁾	8,925		9,121		9,521		8,797		281		443		
of which female	1,755		1,792		1,959	20.6	1,660		159		140		
Part-time employees ^{1), 2)}	998		938		1,018		894		93		31		
of which female	629		609		667		575		74		18		
Proportion of part-time employees ³⁾		10.1		9.3		9.7		9.2		24.9		6.5	
of which female		63.0		64.9		65.5		64.3		79.6		58.1	
of which male		37.0		35.1		34.5		35.7		20.4		41.9	
Marginal employees ²⁾	173		158		171		167		4		0		
of which female	54	31.2	51	32.3	62	36.3	61		1		0		

¹⁾ Austria: All employees, excl. pre-retirement part-time work arrangements, parental/educational leave, Management Board, but incl. management.

²⁾ The marginally employed are included in the number of part-time employees.

³⁾ Number of part-time employees/total number of employees.

Key Figures	2020 by region										
	2018		2019		2020		Germany	Austria	Sweden		
	number	in %	number	in %	number	in %	number	number	number		
Personnel Turnover											401-1
Newly hired employees ¹⁾	2,125	21.8	2,364	23.5	1,616	15.2	1,370	77	169		
of which female	-	-	-	-	409	25.3	298	49	62		
of which under 30 years of age	-	-	-	-	386	23.9	386	-	-		
of which 30-50 years of age	-	-	-	-	770	47.6	770	-	-		
of which over 50 years of age	-	-	-	-	214	13.2	214	-	-		
Employees leaving the company ^{1), 2)}	1,515		1,793		1,510		1,304	59	147		
of which female	-	-	-	-	318	21.1	227	33	58		
of which under 30 years of age	-	-	-	-	327	21.7	290	-	37		
of which 30-50 years of age	-	-	-	-	762	50.5	693	-	69		
of which over 50 years of age	-	-	-	-	362	24.0	321	-	41		
Turnover rate (in %) ³⁾		15.3		17.8		14.2	14.0%	15.8%	31.0%		

¹⁾ All figures on employees joining leaving the company calculated according to HGB: Headcount excluding trainees, members of executive bodies, other employees, external staff, temporary staff, working students, marginal employees, interns and school students. Differentiation by age group and female employees newly introduced for 2020. The figures can therefore not be compared with the 2019 and 2018 figures. For Austria and Sweden, there are currently no statistics on differentiation by age group.

²⁾ Employees leaving the company include voluntary resignations, dismissals, retirement and deaths, but exclude traineeships that have come to an end and integration process-related dismissals.

³⁾ Employees leaving the company/headcount (adjusted to reflect integration process-related dismissals) as of Dec. 31, 2020 x 100%. Based on EPRA definition (employees leaving the company in the period/headcount at end of period). The following employee groups are also deducted from the headcount according to HGB (headcount excluding trainees, members of executive bodies, other employees, external staff, temporary staff, working students, marginal employees, interns and school students).

Key Figures	2018		2019		2020		2020 by region		
	number	in %	number	in %	number	in %	Germany	Austria	Sweden
	number	number	number	number	number	number	number	number	

Employees by Category, Gender, Age Group and Disability 405-2

Total headcount	9,923		10,059		10,539		9,691	374	474
Total headcount, commercial ¹⁾	2,386	24.0	2,401	23.9	3,917	37.2	3,917	-	-
of which female	-	-	-	-	1,701	43.4	1,701	-	-
of which under 30 years of age	-	-	-	-	573	14.6	573	-	-
of which 30-50 years of age	-	-	-	-	1,982	50.6	1,982	-	-
of which over 50 years of age	-	-	-	-	1,362	34.8	1,362	-	-
of which with disabilities ²⁾	-	-	-	-	197	5.0	194	3	-
Total headcount, technical trade ³⁾	-	-	-	-	5,774	54.8	5,774	-	-
of which female	-	-	-	-	534	9.2	534	-	-
of which under 30 years of age	-	-	-	-	922	16.0	922	-	-
of which 30-50 years of age	-	-	-	-	3,282	56.8	3,282	-	-
of which over 50 years of age	-	-	-	-	1,570	27.2	1,570	-	-
of which with disabilities ²⁾	-	-	-	-	171	3.0	171	-	-
Average age (in years) ⁴⁾	41.4		42.3		42.5		42.6	40.5	40.5
Employees with disabilities ²⁾	330	3.4	350	3.5	368	3.5	365	3	-

¹⁾ New breakdown by operating company in 2020: Commercial employee headcount is based on figures for Germany. Classification by operating company is not carried out for Austria and Sweden. A retroactive breakdown by operating company is not provided.

²⁾ Germany: According to the socio-legal definition of disability in accordance with Section 2 of the German Social Code (SGB IX); total number and ratio relate to Germany and Austria only as no disclosure to Sweden is legally possible.

³⁾ New breakdown by operating company in 2020. Technical trade employee headcount is based on figures for Germany. Classification by operating company is not carried out for Austria and Sweden. A retroactive breakdown by operating company is not provided.

⁴⁾ Average age (in years) of the total workforce on the reporting date of Dec. 31, 2020.

Key Figures	2018		2019		2020		2020 by region		
	number	in %	number	in %	number	in %	Germany	Austria	Sweden
	number	in %	number	in %	number	in %	number	number	number
Employees on Parental Leave 401-3									
Employees entitled to parental leave ¹⁾		100		100		100	-	-	-
Total number of employees on parental leave ²⁾	171		272		302		273	29	-
of which female	58	33.9	108	39.7	134	44.4	108	26	-
of which male	113	66.1	164	60.3	168	55.6	165	3	-
Employees returning to their workplace after parental leave within the reporting period ³⁾	196		253		260		252	8	-
of which female	60	-	95	-	90	34.6	84	6	-
of which male	136	-	158	-	170	65.4	168	2	-
Employees returning to their workplace after parental leave and still employed 12 months after their return ⁴⁾	94		163		196		183	13	-
of which female	37	-	52	-	67	34.2	60	7	-
of which male	57	-	111	-	129	65.8	123	6	-

¹⁾ There is a legal entitlement for all employees in Germany, Austria and Sweden (excl. interns).
²⁾ All employees who took parental leave in 2020 (Austria: excl. educational leave and family end-of-life care leave). Statistics are not yet kept for Sweden.
³⁾ All employees that returned from parental leave in 2020. Statistics are not yet kept for Sweden.
⁴⁾ All employees that returned from parental leave in 2019 and were still with the company as of Dec. 31, 2020. Statistics are not yet kept for Sweden.

Key Figures	2018		2019		2020		2020 by region		
	number	in %	number	in %	number	in %	Germany	Austria	Sweden ²⁾
	number	in %	number	in %	number	in %	number	number	number
Performance Appraisal 404-3									
Employees who have had an appraisal interview/performance appraisal ¹⁾	2,682	27.0	3,379	33.6	3,715	35.0	3,354	361	-
of which female ³⁾		42.2		41.8		42.5	1,400	-	-
of which male ³⁾		57.8		58.2		57.5	1,954	-	-
Employees who have had an appraisal interview/performance appraisal, by employee category ¹⁾									
of which management level ⁴⁾		-		-		76.9	-	-	-
of which other employees ⁵⁾		-		-		32.8	-	-	-
Trainees ⁶⁾		-		-		100.0	-	-	-

¹⁾ The key figure for employees, who have had an appraisal interview/performance appraisal includes all meetings between employees and managers that have been recorded in the system.
²⁾ Statistics not yet available for Sweden.
³⁾ Austria: As statistics are not currently available on the gender split, a 50/50 split has been assumed for Austria.
⁴⁾ Germany: First and second level below the Executive Board. Surveyed for the first time in 2020. The indicator will not be reported for 2018 and 2019.
⁵⁾ Germany: All employees excluded, marginal employees, trainees, interns, works council members. Surveyed for the first time in 2020. The indicator will not be reported for 2018 and 2019.
⁶⁾ Germany: Includes assessment meetings that have been conducted within the framework of training. Surveyed for the first time in 2020. The indicator will not be reported for 2018 and 2019.

Key Figures	2018		2019		2020		2020 by region		
	number	in %	number	in %	number	in %	Germany	Austria	Sweden
Training and Education									
404-1									
Vocational training									
Total number of trainees ¹⁾	485		473		510		510	-	-
of which female	114	23.5	100	21.1	103	20.2	103	-	-
Commercial trainees	152	31.3	143	30.2	152	29.9	152	-	-
of which female	88	57.9	79	55.2	84	55.3	84	-	-
Technical trade trainees	333	68.7	328	69.3	357	70.1	357	-	-
of which female	26	7.8	21	6.4	19	5.3	19	-	-
Trainees in part-time training	3		2		3	0.6	3	-	-
Proportion of total workforce (in %) ²⁾		4.7		4.5		4.6	5.0%	-	-
Proportion taken on (in %) ³⁾		81.1		68.8		73.6	73.6%	-	-
Further training									
Total number of participants in further training ^{4), 5)}	2,176		3,069		2,302		2,030	272	-
of which female	-		-		1,159	50.3	995	164	-
Further training rate (in %) ⁶⁾		21.9		30.5		21.7	20.9%	72.7%	-
Further training intensity ⁷⁾	0.7		0.9		0.5		0.4	2.4	-
Training and education									
Total training and education days ⁸⁾	-	-	-	-	45,545		44,729	816	-
Average training and education days per employee ⁹⁾	-	-	-	-	4.3		4.4	2.2	-
Total hours of further training ¹⁰⁾	-	-	-	-	364,360		357,832	6,528	-
Average hours of further training per employee ¹¹⁾	-	-	-	-	34.5		35.1	17.5	-
of which per female employee	-	-	-	-	8.2		8.1	10.9	-
of which per male employee	-	-	-	-	26.4		27.1	6.6	-
of which per commercial employee	-	-	-	-	31.5		14.0	17.5	-
of which per technical trade employee	-	-	-	-	21.1		21.1	-	-
Training and further education costs (in € million)	-	-	-	-	3.5		3.4	0.1	-
Average training and education cost per employee ¹²⁾	-	-	-	-	332.4		330.9	371.4	-

¹⁾ Number of trainees including 1 Bien Ries trainee. Number excl. Bien Ries is 509. In Austria and Sweden, there is currently no traineeship program, although Austria is in the process of introducing one.

²⁾ Change in the calculation methodology (to population) in 2020. Therefore, restatement for 2019 and 2018.

³⁾ Number of trainees taken on/all trainees who had completed their training by Dec. 31, 2020 x 100%.

⁴⁾ Statistics not yet available for Sweden.

⁵⁾ Including works council.

⁶⁾ Number of participants in further training/total employees (headcount); if employees participated in several different courses, they are counted only once.

⁷⁾ Total number of working days used for processes related to professional further training by all employees during the reporting period/total for all employees (FTE).

⁸⁾ Starting in 2020, education and training will be mapped together, so no values are available for prior years.

⁹⁾ Total training days/number of employees (by headcount); of which 89.9% for training and 10.1% for continuing education.

¹⁰⁾ Assumption: 8 hours per training day, total training days * 8 hours.

¹¹⁾ Total training hours/total number of employees (headcount).

¹²⁾ Total costs for training and education/total number of trainees + total number of participants in further training.

Key Figures	2018		2019		2020		2020 by region		
	number	in %	number	in %	number	in %	Germany	Austria	Sweden
							in %	in %	in %
Female Managers							405-1, 405-2		
Proportion of women in total workforce	2,386	24.0	2,401	23.9	2,626	24.9	23.1	62.3	33.3
Proportion of women at the first two levels below the Management Board¹⁾		-		23.9		25.9	-	-	-

¹⁾ Cumulation of the first two management levels below the Management Board as a total value for the Group.

Key Figures	2018		2019		2020		2020 by region		
	number	in %	number	in %	number	in %	Germany	Austria	Sweden
							number	number	number
Gender pay ratio							405-2		
Total average income ^{1), 2), 3)}	-	-	-	-	37,985	-	37,326	49,304	42,530
of which female	42,687	-	42,903	-	39,962	-	39,313	44,289	42,756
of which male	36,057	-	36,960	-	37,372	-	36,753	58,436	42,577
Total salary ratio in % (women/men)		-		-	106.9		107.0%	75.8%	100.4%
Management level total salary ratio in % (women/men) ⁴⁾		-		-	-	-	96.3%	-	-
Non-management level total salary ratio in % (women/men) ⁵⁾		-		-	-	-	106.9%	-	-

¹⁾ Employees counted in accordance with the German Commercial Code (HGB) (excluding the Management Board and one management level below the Management Board, executive employees, temporary staff, marginal employees, students): basic monthly salary + allowances + holiday and vacation bonus (in line with the EPRA definition of "basic salary"). Surveyed for the first time in 2020. The indicator will not be reported for 2018 and 2019.

²⁾ Austria: All employees, excluding pre-retirement part-time work arrangements and parental/educational leave, Management Board, management, heads of department. Surveyed for the first time in 2020. The indicator will not be reported for 2018 and 2019.

³⁾ Conversion of Swedish salaries based on the exchange rate as of Dec. 31, 2020 (EUR 1 = SEK 10.1482).

⁴⁾ First and second levels below the Management Board. Only relates to Germany. Surveyed for the first time in 2020. The indicator will not be reported for 2018 and 2019.

⁵⁾ All levels starting from the third level below the Management Board Only relates to Germany. Surveyed for the first time in 2020. The indicator will not be reported for 2018 and 2019.

Occupational Health and Safety

Key Figures	Unit	2018	2019	2020	2020 by region		
					Germany	Austria	Sweden ¹⁾
Occupational Health and Safety					403-9, 403-10		
Total occupational and commuting accidents (from 3 days lost time)	number	462	420	289	289	0	-
of which commuting accidents	number	52	33	26	26	0	-
of which occupational accidents	number	410	387	263	263	0	-
of which occupational accidents, commercial	number	31	43	30	30	0	-
of which occupational accidents, technical trade	number	379	344	233	233	0	-
Number of occupational and commuting accidents per 1,000 employees ²⁾	number	52	43	28.7	29.8	0	-
Accident rate (reportable occupational accidents) ^{3), 4)}	number	30.9	26.1	15.5	15.5	-	-
Accident rate (from 1 day lost time/LTIFR) ^{3), 5)}	number	-	-	26.1	26.1	-	-
Work-related fatalities	number	0	0	0	0	0	-
Work-related fatalities (ODR) ^{2), 6)}	in %	0.0	0.0	0.0	0.0	0.0	-
Time lost (in days) ^{3), 7)}	number	5,492	5,095	4,137	4,137	-	-
Time lost ^{3), 8)}	in %	0.3	0.2	0.2	0.2	-	-
Absence (in days) ^{3), 9)}	number	126,780	117,227	118,209	118,209	-	-
Absence ^{3), 10)}	in %	6.8	5.6	5.4	5.4	-	-

Vonovia does not yet record the accident figures of subcontractors.

¹⁾ Sweden: no statistics are kept/consolidated at present.

²⁾ Total value = relates to Germany and Austria, not incl. employees of Bien Ries.

³⁾ Total value = relates to Germany, not incl. employees of Bien Ries.

⁴⁾ Number of notifiable occupational accidents (from 3 days lost) per 1 million working hours; indicator renamed: recorded in previous year as "Workplace accidents per 1 million working hours."

⁵⁾ Number of occupational and commute-related accidents with at least one day lost per 1 million working hours (= LTIFR); new indicator introduced in 2020, therefore no data for previous year.

⁶⁾ Fatalities/number of working hours of all employees (ODR).

⁷⁾ Only time lost due to occupational and commuting accidents; occupational diseases cannot be evaluated as the reason for occupational diseases is not recorded in Germany.

⁸⁾ Total days lost due to work-related accidents of all employees/total required working days of all employees (FTE).

⁹⁾ Absence due to any type of incapacity for work (not limited to work-related accidents and occupational diseases). Not including approved absences such as vacation or parental leave and not including long-term illness.

¹⁰⁾ Total days lost due to illness of all employees/total required working days of all employees (FTE) (= absentee rate).

Social Key Figures

Key Figures	2019		2020	
	Description	number	Description	number
Social Key Figures (in Germany) ¹⁾				
203-1				
Average modernization cost allocation ²⁾	Vonovia has committed to limiting costs allocated to tenants for modernization work in Germany to max. €2/m ²	€1.36/m²	Vonovia has committed to limiting costs allocated to tenants for modernization work in Germany to max. €2/m ² .	€1.24/m²
Customer care for modernization work (hardship management)	Individual support for customers in cases of rent increases due to modernization work	863 positive decisions ³⁾ reached out of 1,346 hardship objection cases	Individual support for customers in cases of rent increases due to modernization work	724 positive decisions ³⁾ reached out of 1,017 hardship objection cases
Protection for older tenants	Guarantee that apartments will remain affordable for people aged over 70 even if the standard local comparative rent changes	176 positive decisions ³⁾ reached out of 315 requests	Guarantee that apartments will remain affordable for people aged over 70 even if the standard local comparative rent changes	164 positive decisions ³⁾ reached out of 346 requests
Tenant meetings and consultation processes	Includes tenant meetings, workshops, advisory boards, consultation hours, neighborhood walks, etc.	179	Includes tenant meetings, workshops, advisory boards, consultation hours, neighborhood walks, etc.	158 ⁴⁾
Proportion of tenants involved (units) in modernization/ construction measures	More than 8,000 tenants reached out to at 179 tenant meetings and consultation procedures relating to 13,200 modernized residential units	around 60%	6,534 tenants (units) reached out to at tenant meetings and consultation procedures relating to 11,299 modernized residential units ⁴⁾	57.8%
Grants for social/cultural projects and facilities ⁵⁾		€ 917,270		€ 1,478,790
of which locally through regional contributions	77 projects	€ 223,220	202 projects	€ 408,925
of which centrally via a funding program for social projects	94 projects	€ 185,598	156 projects	€ 387,715
of which in Duisburg and Dresden via customer service ("Vonovia bewegt")	12 projects	€ 12,000	24 projects	€ 24,000
of which via foundations	Grants from foundations: Vonovia Stiftung (Vonovia foundation), Vonovia Mieterstiftung e. V., Stiftung Mensch und Wohnen and Stiftung Pro Bochum	€ 198,852	Grants from foundations: Vonovia Stiftung (Vonovia foundation), Vonovia Mieterstiftung e. V. and Stiftung Mensch und Wohnen	€ 202,440
of which via central cooperation projects	Stifterverband, Jewish Museum in Frankfurt, Teach First Germany	€ 297,600	Stifterverband, Jewish Museum in Frankfurt, Josef Albers Museum Bottrop, Ackerdemia e. V., Dialog mit der Jugend, Wir im Revier, Freundeskreis Schauspielhaus Bochum, Freunde & Förderer Zollverein Essen	€ 455,710
Units targeted via the central funding program for social projects	94 projects	131,383 units (37% of the 355,708 units in Germany)	156 projects	232,573 units (65% of the 355,285 units in Germany)
Rent-free or discounted commercial premises provided to social/charitable organizations	59 commercial units	5,911 m²	71 commercial units	6,624 m²

¹⁾ All key figures refer to Germany.

²⁾ Related to the modernization program and modernization work within the scope of community development; excluding heating renovation.

³⁾ Rent increases not implemented or not implemented in the planned amount.

⁴⁾ Decline mainly due to limited opportunities during the coronavirus pandemic.

⁵⁾ Includes both cash and in-kind contributions.

Governance 102-9, 102-22, 204-1, 206-1, 308-1, 308-2, 405-1, 406-1, 413-1, 414-1, 414-2, 416-1

Governance

You can find explanations of the content of the selected key figures presented here in the Governance section in the

chapters Responsible Business Practices → p. 83 et seqq. and Governance, Corporate Culture and Employees → p. 70 et seqq. as well as Environment and Climate → p. 21 et seqq.

Further key figures and policies can be found in the Annual Report [AR 2020, p. 26 et seqq.](#) and on our Investor Relations website at <https://investoren.vonovia.de/en>.

Key Figures	Unit	2018	2019	2020
Diversity of Controlling Bodies ¹⁾ 102-22, 405-1				
Supervisory Board members	number	12	12	12
	number	4	4	4
of which female	%	33.3	33.3	33.3
of which under 30 years of age ²⁾	%	-	-	0
of which 30-50 years of age ²⁾	%	-	-	8.3
of which over 50 years of age ²⁾	%	-	-	91.7
of which independent Supervisory Board members	number	12	12	12
Average term of office of Supervisory Board members	number	4	5	6
Supervisory Board members with sustainability-related skills	number	4	4	5

¹⁾ Further information on the composition of the controlling bodies can be found at: <https://reports.vonovia.de/2019/annual-report/company-shares/corporate-governance/recruitment.html>.
²⁾ Differentiation by age group newly introduced in 2020.

Key Figures	Unit	2018	2019	2020	2020 by region		
					Germany	Austria	Sweden
Anti-corruption 205-3, 206-1							
Proven cases of corruption	number	0	0	0	0	0	0
Proven cases of money laundering	number	0	0	0	0	0	0
Confirmed cases in which employees have been dismissed or issued with warnings due to corruption ¹⁾	number	-	-	0	0	0	0
Confirmed cases in which contracts with business partners have been terminated or not renewed due to corruption ¹⁾	number	-	-	0	0	- ³⁾	- ³⁾
Number of public legal proceedings relating to corruption ¹⁾	number	-	-	0	0	0	0
Legal actions for anti-competitive behavior ²⁾	number	1	3	1	1	0	0

¹⁾ New indicator introduced in 2020, therefore no survey in 2018 and 2019.
²⁾ All legal actions relate to the issue of VESG's energy supply contracts with our tenants. The matter in dispute related to whether so-called "opt-out clauses" (tenants have to actively delete the passage on energy supply) are legally permissible. Vonovia stopped using these clauses in February 2019.
³⁾ No data has yet been collected for the Austria and Sweden regions for the 2020 fiscal year.

Key Figures	Unit	2018	2019	2020
Discrimination				406-1
Incidents of discrimination	number	0	0	0

Portfolio security

Key Figures	Inspection schedule	Unit	2019		Total inspection list	2020		
			Inspections carried out			Target inspections ¹⁾	Inspections carried out ²⁾	
			number	in %			number	in %
Safety Inspections Vonovia Germany 416-1								
Buildings³⁾	Every 2 years	number	30,578	113	53,766	25,583	28,465	111
Open spaces with buildings	Every 2 years	m ²	23,911,016	112	37,063,165	18,604,853	18,038,049	97
Open spaces without buildings	Every 2 years	m ²	1,239,618	102	2,595,070	1,520,399	1,353,458	89
Trees	Depending on type of tree and pre-existing damage, every 1, 2 or 3 years	number	160,888	107	214,895	150,328	151,560	101
Playgrounds	One to four times a year depending on playground equipment category	number	2,844	103	1,224	2,682	2,804	105

During the reporting period, the inspections did not reveal any violations of regulations and/or voluntary codes concerning health and safety aspects that were not immediately remedied. Vonovia has established standard processes for handling defects discovered as a result of inspections, which require prompt handling. These processes continued to function perfectly during the reporting period.

- ¹⁾ The checks are conducted at regular intervals from the date of the first inspection; the annual certificates are therefore not distributed exactly equally (50%-50%). Forecast scope of inspections at the beginning of the year.
- ²⁾ Inspections carried out up to Dec. 31; figures above 100% are the result of inspections carried out in the previous year.
- ³⁾ Restatement of the 2019 numbers: target inspections for 2019 = 27,060.

Procurement Practices

Key Figures	Unit	2018	2019	2020	2020 by region			
					Germany	Austria	Sweden	
Supplier Structure							102-9, 204-1	
Supplier¹⁾	Number	4,524	8,533	8,997	5,028	1,699	2,270	
from home country	Number	4,509	8,493	8,942	5,007	1,674	2,261	
from Europe (excluding home country)	Number	15	40	55	21	25	9	
contract partner (small repairs, maintenance, renovation, refurbishment, construction) ²⁾	Number	1,354	1,518	1,392	856	61	475	
material supplier ³⁾	Number	347	415	408	179	0	229	
operating costs ⁴⁾	Number	113	169	313	112	17	184	
other material and other services costs ⁵⁾	Number	225	409	958	416	235	307	
Share of expenses for local suppliers⁶⁾	in %	98	98	99.4	99.6	98.5	99.6	

The audit or verification of suppliers is not carried out systematically. Before being commissioned, suppliers must meet the standards laid out in the Business Partner Code.

¹⁾ The figure includes all suppliers that are actively managed by the purchasing departments in the central procurement process. Suppliers with micro-sales have been cleaned up.

²⁾ The figure reflects the active contract partners in the construction work.

³⁾ The figure includes all suppliers that are actively managed by material purchasing team for construction in the central procurement process. Suppliers with micro-sales have been cleared.

⁴⁾ Includes all suppliers managed by the purchasing department through SAP with the industry code "Supplier." In total, the number of suppliers who have provided at least one service, which has been transferred to the tenant, is 3,891.

⁵⁾ Includes, e.g., tools, work clothes, office and business equipment, IT, telecommunications.

⁶⁾ Definition of "local": home country, i.e., Germany, Austria and Sweden.

Definition of "important operating sites": entire country in each case, as we are active in a decentralised manner.

Key Figures	Unit	2020	2020 by region		
			Germany	Austria ²⁾	Sweden ^{2), 3)}
Review of Suppliers¹⁾			308-1, 414-1, 308-2, 414-2		
Number of new suppliers	number	1,104	15	440	649
Number of new suppliers surveyed according to sustainability criteria	number	230	15	215	-
environmental criteria	in %	50.5	100.0	48.9	-
social criteria (human rights, labour standards, corruption)	in %	50.5	100.0	48.9	-
Number of existing suppliers surveyed according to sustainability criteria	number	1,098	384	714	-
environmental criteria ⁴⁾	number	1,098	384	714	-
social criteria (human rights, labour standards, corruption) ⁴⁾	number	1,098	384	714	-
Number of suppliers that have not met the following criteria	number	5	5	-	-
environmental criteria	number	0	0	-	-
social criteria (human rights, labour standards, corruption)	number	0	0	-	-
others	number	5	5	-	-
Number of suppliers that have been found non-compliant with the following criteria and measurements have been agreed upon or the business partnership has been terminated	number	5	5	-	-
environmental criteria	number	0	0	-	-
social criteria (human rights, labour standards, corruption)	number	0	0	-	-
others	number	5	5	-	-

¹⁾ Newly introduced category from 2020 survey.

²⁾ The audit or verification of suppliers is not carried out systematically. Before being commissioned, suppliers must meet the standards laid out in the Business Partner Code.

³⁾ Due to the integration of Hembra and further restructuring, supplier management in Sweden is being reorganised. This leads to the high number of "new" suppliers. An evaluation of the new suppliers is not possible at this point in time, therefore the Swedish contract partners are not included in the evaluation of the new suppliers.

⁴⁾ Relates to the new suppliers from Germany and Austria.

GRI Content Index

☒ 102-55

This report has been prepared in accordance with the Global Reporting Initiative (GRI) Standards (as amended in 2016) Core option. In the GRI Content Index we report on at least one associated indicator for every issue that has been identified as material in order to make our performance in this area transparent. In addition, this report also covers our contribution to the principles of the UN Global Compact (UNGC). We refer to the sections in the report that demonstrate our progress in terms of the UNGC Communication on Progress.*

GRI Standard	Disclosures	Page in the Report	Omissions	UNGC Principle
GRI 101: Foundation 2016				
GRI 102: General Disclosures 2016				
Organizational Profile				
102-1	Name of the organization	7		
102-2	Activities, brands, products, and services	7		
102-3	Location of headquarters	7		
102-4	Location of operations	7		
102-5	Ownership and legal form	7		
102-6	Markets served	7		6
102-7	Scale of the organization	7, 117, AR 2020: U1		
102-8	Information on employees and other workers	8, 70, 117, 118		
102-9	Supply chain	38, 39, 83, 88, 99, 127		
102-10	Significant changes to the organization and its supply chain	97, 107, GB 2020: 36		
102-11	Precautionary Principle or approach	23, 83, 84, 97		
102-12	External initiatives	76		7
102-13	Membership of associations	23, 38, 39, 57, 58, 83, 84, 90, 137		
Strategy				
102-14	Statement from senior decision-maker	2		
102-15	Key impacts, risks, and opportunities	9, 11, 98, 99		
Ethics and integrity				
102-16	Values, principles, standards, and norms of behavior	83, 84, For mission statement see Sustainability Report 2018 or https://investoren.vonovia.de/en/corporate-governance/compliance-and-policies/attitude/		10

* You can find information on the principles here: principle 1: p. 38 et seqq., p. 47 et seqq., p. 57 et seqq., p. 83 et seqq., principle 2: p. 83 et seqq., principle 3: p. 70 et seqq., principle 4: p. 83 et seqq. and principle 5: p. 83 et seqq., and at <https://investoren.vonovia.de/en/corporate-governance/compliance-and-policies/attitude/>.

GRI Standard	Disclosures	Page in the Report	Omissions	UNGC Principle
Governance				
102-18	Governance structure	9, AR 2020: 28 et seqq.		
		12, see 102-18 The distribution of responsibilities can also be found in the section "Organizational Focus" for each material topic.		
102-20	Executive-level responsibility for economic, environmental, and social topics			
102-22	Composition of the highest governance body and its committees	83, 84, 125 AR 2020: 16, 24		
102-24	Nominating and selecting the highest governance body	83, 84, AR 2020: 30		
102-25	Conflicts of interest	83, 84, AR 2020: 33		
102-30	Effectiveness of risk management processes	12, 98, AR 2020: 124		
102-31	Review of economic, environmental, and social topics	9, 12, 83, 84		
		9, 12 The Supervisory Board commissions the external assurance of the Sustainability Report.		
102-32	Highest governance body's role in sustainability reporting			
102-35	Communicating critical concerns	81, 83, 84, GB 2020: 115 et seqq.		
102-36	Remuneration policies	83, AR 2020: 115 et seqq.		
		AR 2020: 115 et seqq., https://investoren.vonovia.de/en/corporate-governance/annual-general-meeting/		
102-37	Process for determining remuneration			Stakeholders' involvement in remuneration
Stakeholder engagement				
102-40	List of stakeholder groups	14, 90		
			Vonovia guarantees its employees freedom of association and the opportunity to organize themselves into trade unions. We do not disclose the percentage of employees covered by collective bargaining agreements.	
102-41	Collective bargaining agreements			3
102-42	Identifying and selecting stakeholders	14, 90		
102-43	Approach to stakeholder engagement	14, 90		
102-44	Key topics and concerns raised	14, 90		
Reporting practice				
102-45	Entities included in the consolidated financial statements	104		
102-46	Defining report content and topic Boundaries	14, 104		
102-47	List of material topics	14, 15		
102-48	Restatements of information	14, 104		
102-49	Changes in reporting	14		
102-50	Reporting period	104		
102-51	Date of most recent report	104		
102-52	Reporting cycle	104		
102-53	Contact point for questions regarding the report	137		
102-54	Claims of reporting in accordance with the GRI Standards	104		
102-55	GRI Content Index	129 et seqq.		

GRI Standard	Disclosures	Page in the Report	Omissions	UNGC Principle
102-56	External assurance	105, 135 et seq.		
Material Topics				
Material topic: Community Development and Contribution to Infrastructure				
Material topic: Living at Fair Prices				
GRI 203: Indirect Economic Impacts 2016				
GRI 103: Management Approach 2016				
103-1	Explanation of the material topic and its Boundary	15, 47, 48, 57, 58		
103-2	The management approach and its components	19, 47, 48,, 57, 58		
103-3	Evaluation of the management approach	47, 48, 57, 58		
GRI 203: Indirect Economic Impacts 2016				
203-1	Infrastructure investments and services supported	47, 48, 124, AR 2020: 49		
203-2	Significant indirect economic impacts	57, 58		
Performance indicator	Average rent per m ²	8, 58		
Performance indicator	Average modernization cost allocation	19, 57, 60, 124		
Material topic: Governance and Compliance				
GRI 205: Anti-corruption 2016 10				
GRI 103: Management Approach 2016				
103-1	Explanation of the material topic and its Boundary	15, 83, 84		
103-2	The management approach and its components	19, 83, 84, 87		
103-3	Evaluation of the management approach	83, 84		
GRI 205: Anti-corruption 2016				
205-3	Confirmed incidents of corruption and actions taken	84, 125		
Material topic: Renewable Energies and Energy Mix				
Material topic: Sustainable Construction and Refurbishment				
GRI 302: Energy 2016 7, 8, 9				
GRI 103: Management Approach 2016				
103-1	Explanation of the material topic and its Boundary	15, 21, 31, 38, 39		
103-2	The management approach and its components	18, 21, 31, 38, 39		
103-3	Evaluation of the management approach	21, 31, 38, 39		
GRI 302: Energy 2016				
302-1	Energy consumption within the organization	37, 108, 112, 113, 114		
302-2	Energy consumption outside of the organization		We report energy consumption outside of the organization only in the form of emissions (Scope 3), see p. 115 and 116.	
302-3	Energy intensity	23, 29, 108, 112		
302-4	Reduction of energy consumption	31, 108		
302-5	Reductions in energy requirements of products and services	38, 39, 111, 112		
Performance indicator	Average primary energy requirement - new construction	38, 39, 40, 111		

GRI Standard	Disclosures	Page in the Report	Omissions	UNGC Principle
Material topic: Carbon Reduction in the Property Portfolio/Energy-efficient Modernization				
GRI 305: Emissions 2016				
GRI 103: Management Approach 2016				
103-1	Explanation of the material topic and its Boundary	15, 21, 23		
103-2	The management approach and its components	18, 21, 23		
103-3	Evaluation of the management approach	21, 23		
GRI 305: Emissions 2016				
305-1	Direct (Scope 1) GHG emissions	23, 115, 116		
305-2	Energy indirect (Scope 2) GHG emissions	23, 115, 116		
305-3	Other indirect (Scope 3) GHG emissions	23, 115, 116		
305-4	GHG emissions intensity	21, 23, 115, 116		
305-5	Reduction of GHG emissions	21, 23, 115, 116		
Material topic: Attractiveness as an Employer				
GRI 401: Employment 2016				
GRI 103: Management Approach 2016				
103-1	Explanation of the material topic and its Boundary	15, 70, 71		
103-2	The management approach and its components	19, 70, 71		
103-3	Evaluation of the management approach	70, 71		
GRI 401: Employment 2016				
401-1	New employee hires and employee turnover	70, 71, 118		
401-3	Parental leave	70, 71, 120		
Performance indicator	Employee satisfaction	71		
Material topic: Approach to Diversity and Equal Opportunities				
GRI 405: Diversity and Equal Opportunity 2016				6
GRI 103: Management Approach 2016				
103-1	Explanation of the material topic and its Boundary	15, 70, 76		
103-2	The management approach and its components	19, 70, 76		
103-3	Evaluation of the management approach	70, 76		
GRI 405: Diversity and Equal Opportunity 2016				
405-1	Diversity of governance bodies and employees	70, 76, 119, 122, 125		
405-2	Ratio of basic salary and remuneration of women to men	70, 76, 122		
Performance indicator	Proportion of women in management roles	70, 76, 122		
Material Topics Not Covered by GRI Indicators But Material to Vonovia Under GRI Based on Materiality Analysis				
Material topic: Customer Satisfaction and Service Quality				
GRI 103: Management Approach 2016				
103-1	Explanation of the material topic and its Boundary	15, 57, 66		
103-2	The management approach and its components	19, 57, 66, 67		
103-3	Evaluation of the management approach	57, 66		
Performance indicator	Customer Satisfaction Index (CSI)	66, 67, 68		

GRI Standard	Disclosures	Page in the Report	Omissions	UNGC Principle
Material topic: Attractiveness on the Capital Market				
GRI 103: Management Approach 2016				
103-1	Explanation of the material topic and its Boundary	15, 92, 93		
103-2	The management approach and its components	19, 92, 93		
103-3	Evaluation of the management approach	92, 93, 122		
Performance indicator	Performance in Relevant ESG Ratings	92, 93, 101 et seqq.		
Material topic: Needs-based Housing and Action in Relation to Demographic Change				
GRI 103: Management Approach 2016				
103-1	Explanation of the material topic and its Boundary	15, 57, 63		
103-2	The management approach and its components	19, 57, 63		
103-3	Evaluation of the management approach	57, 63		
Performance indicator	Proportion of accessible (partially) modernized newly rented apartments	63, 64, 65		

Other Topics

In the following section, we report on other topics that are important to us, but which are not material topics for Vonovia within the meaning of the GRI. With this step, we hope to further increase our reporting transparency.

GRI Standard	Disclosures	Page in the Report	Omissions	UNGC Principle
GRI 201: Economic Performance 2016				7
201-1	Direct economic value generated and distributed	AR 2020: 11, 45		
201-2	Financial implications and other risks and opportunities due to climate change	11, AR 2020: 124		
GRI 204: Procurement Practices 2016				
204-1	Proportion of spending on local suppliers	127		
GRI 206: Anti-competitive Behavior 2016				
206-1	Legal proceedings for anti-competitive behavior	125		
GRI 207: Tax 2019				
207-1	Approach to tax	83, 84		
207-2	Tax governance, control, and risk management	83, 84		
207-3	Stakeholder engagement and management of concerns related to tax	83, 84		
207-4	Country-by-country reporting	https://investoren.vonovia.de/en/corporate-governance/compliance-and-policies/taxes/		
GRI 303: Water and Effluents 2018				
303-5	Water consumption	36, 110, 112		

GRI Standard	Disclosures	Page in the Report	Omissions	UNGC Principle
GRI 306: Effluents and Waste 2016				
306-2	Waste by type and disposal method	36, 110, 113		
GRI 308: Supplier Environmental Assessment 2016				
308-1	New suppliers that were screened using environmental criteria	45, 128		
308-2	Negative environmental impacts in the supply chain and actions taken	45, 128		
GRI 403: Occupational Health and Safety 2018				
403-2	Hazard identification, risk assessment, and incident investigation	70, 81		
403-4	Worker participation, consultation, and communication on occupational health and safety	70, 81		
403-5	Worker training on occupational health and safety	70, 81		
403-6	Promotion of worker health	70, 81		
403-9	Work-related injuries	123		
403-10	Work-related ill health	123		
GRI 404: Training and Education 2016				
404-1	Average hours of training per year per employee	70, 79, 121		
404-3	Percentage of employees receiving regular performance and career development reviews	79, 120		
GRI 406: Non-discrimination 2016 6				
406-1	Incidents of discrimination and corrective actions taken	53, 76, 126		
GRI 407: Freedom of Association and Collective Bargaining 2016 6				
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk		Vonovia minimizes the risks associated with contractors in the area of labor law through its Business Partner Code	
GRI 413: Local Communities 2016 6				
413-1	Operations with local community engagement, impact assessments, and development programs	53, 128		
GRI 414: Supplier Social Assessment 2016 6				
414-1	New suppliers that were screened using social criteria	83, 88, 128		
414-2	Negative social impacts in the supply chain and actions taken	83, 88, 128		
GRI 415: Public Policy 2016				
415-1	Political contributions	83, 90		
GRI 416: Customer Health and Safety 2016				
416-1	Assessment of the health and safety impacts of product and service categories	65, 126		

Limited Assurance Report of the Independent Auditor regarding Sustainability Information*

☒ 102-56

To the Management Board of Vonovia SE, Bochum

We have performed an independent limited assurance engagement on the sustainability information published in the report "Sustainability Report 2020" (further: Report) of Vonovia SE, Bochum, (further "Vonovia" or "entity") for the period from January 1 to December 31, 2020.

Not part of our engagement is the review of the examples labelled with "Project" in each chapter.

Management's Responsibility

The legal representatives of Vonovia are responsible for the preparation of the reporting in accordance with the principles and standard disclosures of the GRI Sustainability Reporting Standards of the Global Reporting Initiative, in combination with internal guidelines, (further: Reporting Criteria).

This responsibility of the legal representatives includes the selection and application of appropriate methods to prepare the assured information and the use of assumptions and estimates for individual sustainability disclosures which are reasonable under the given circumstances. Furthermore, the responsibility includes designing, implementing and maintaining systems and processes relevant for the preparation of the information in a way that is free of - intended or unintended - material misstatements.

Independence and quality assurance on the part of the auditing firm

We are independent from the entity in accordance with the requirements of independence and quality assurance set out in legal provisions and professional pronouncements and have fulfilled our additional professional obligations in accordance with these requirements.

Our audit firm applies the national statutory provisions and professional pronouncements for quality assurance, in particular the Professional Code for German Public Auditors and Chartered Accountants (in Germany) and the quality assurance standard of the German Institute of Public Auditors (Institut der Wirtschaftsprüfer, IDW) regarding quality assurance requirements in audit practice (IDW QS 1).

Practitioner's Responsibility

Our responsibility is to express a conclusion based on our work performed within a limited assurance engagement on the Report.

We conducted our work in accordance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised): "Assurance Engagements other than Audits or Reviews of Historical Financial Information" published by the International Auditing and Assurance Standards Board (IAASB). This Standard requires that we plan and perform the assurance engagement to obtain limited assurance whether any matters have come to our attention that cause us to believe that the Report for the period from January 1 to December 31, 2020, has not been prepared, in all material respects, with the aforementioned Reporting Criteria. We do not, however, issue a separate conclusion for each sustain-

* Our engagement applied to the German version of the Report. This text is a translation of the Independent Assurance Report issued in German, whereas the German text is authoritative.

ability disclosure. In a limited assurance engagement the evidence gathering procedures are more limited than in a reasonable assurance engagement and therefore less assurance is obtained than in a reasonable assurance engagement. The choice of audit procedures is subject to the auditor's own judgement.

Within the scope of our engagement, we performed amongst others the following procedures:

- > Interviewing employees at Group level in order to gain an understanding of the process for determining material sustainability topics and the respective boundaries of Vonovia
- > A risk analysis, including a media search, to identify relevant sustainability aspects for Vonovia in the reporting period
- > Reviewing the suitability of internally developed Reporting Criteria
- > Evaluation of the design and implementation of the systems and processes for determining, processing and monitoring of sustainability disclosures included in the scope of this engagement, including the consolidation of the data
- > Inquiries of personnel at Group level responsible for determining disclosures on concepts, due-diligence processes, results and risks, for conducting internal controls and consolidation of the disclosures
- > Evaluation of selected internal and external documentation
- > An analytical review of the data and trend explanations of quantitative information submitted by all sites for consolidation at Group level
- > Assessment of the overall presentation of the disclosures

Conclusion

Based on the procedures performed and the evidence received to obtain assurance, nothing has come to our attention that causes us to believe that the sustainability information published in the Sustainability Report 2020 for the period from January 1 to December 31, 2020 has not been prepared, in all material respects, in accordance with the Reporting Criteria.

Restriction of Use/Clause on General Engagement Terms

This assurance report is issued for the purposes of the Executive Board of Vonovia SE, Bochum only. We assume no responsibility with regard to any third parties.

Our assignment for the Executive Board of Vonovia SE, Bochum and professional liability is governed by the General Engagement Terms for Wirtschaftsprüfer (German Public Auditors) and Wirtschaftsprüfungsgesellschaften (German Public Audit Firms) (Allgemeine Auftragsbedingungen für Wirtschaftsprüfer und Wirtschaftsprüfungsgesellschaften) in the version dated January 1, 2017 (https://www.kpmg.de/bscheinigungen/lib/aab_english.pdf). By reading and using the information contained in this assurance report, each recipient confirms having taken note of provisions of the General Engagement Terms (including the limitation of our liability for negligence to € 4 million as stipulated in No. 9) and accepts the validity of the attached General Engagement Terms with respect to us.

Düsseldorf, May 17, 2021

KPMG AG

Wirtschaftsprüfungsgesellschaft

Original German version signed by

Bornhofen
Wirtschaftsprüfer
[German Public Auditor]

ppa. Auer

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Note

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The Sustainability Report can be found on the website at www.vonovia.de/en.

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