

Sustainability *Report* 2017

Sustainability at Vonovia

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Ladies and gentlemen, dear readers,

☒ 102-14

I'm pleased to present our third Sustainability Report. As with the last report, we have been able to improve the quality of the information once more. This is important because the data helps us to improve ourselves for our customers and all other stakeholders.

As a housing service provider, we have expanded the horizons of how we think. People don't just live within their own four walls. Their homes stretch beyond their front doors. That is why we are now also concentrating on the environment around our residential units. We communicate with the communities and work together to develop solutions that improve the quality of neighborhoods and which could also be implemented at other locations.

A topic we are currently discussing with policymakers is new construction. Here, too, we can make a great contribution with our approach. Affordable housing is particularly important for people in conurbations. We have now successfully completed the first projects and have increased our development skills. By means of constructive dialogue with political representatives we hope to raise awareness of where the framework conditions could be improved further.

The largest area where we as a housing company can make a contribution to protecting our climate lies in improving our properties. Over the last year we have invested more than a billion euros in our property stock. In the current year we will invest another € 1.4 billion. We are creating sustainable and, of course, affordable homes for people of all ages.

The following example shows just how much we are doing: In order to make the energy transition a reality, policymakers have decreed that housing companies should be proactively modernizing three percent of their properties every year. We modernize five percent of ours. By comparison, this figure is still below one percent nationwide.

»The largest area where we as a housing company can make a contribution to protecting our climate lies in increasing the value of our properties.«



Rolf Buch, Chairman of the Management Board

In relation to emissions this means that energy-efficient modernization measures allow Vonovia to save more than 50,000 metric tons of CO₂ a year. We are therefore not only easing the burden on the environment but also reducing ancilliary costs for our tenants.

These are just a few highlights to encourage you to find out more on the following pages. In this report you can learn about new topics and gain some new insights. I hope you enjoy reading it!

Bochum, June 2018

Sincerely,

A handwritten signature in black ink, appearing to be 'R. Buch', written in a cursive style.

Rolf Buch

Sustainability at Vonovia

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About Vonovia

☒ 102-1, 102-2, 102-3, 102-4, 102-5, 102-6, 102-7, 102-10, 102-16, 103-2, 201-1

Vonovia is a modern service company that provides its customers with affordable homes offering real quality of life as well as innovative housing-related services from a single source. We consider ourselves to have a particular responsibility toward our customers and society and are increasingly turning our full attention to dealing with the challenges of entire residential neighborhoods. The neighborhood has a great impact on customer appeal and, therefore, also the value of our residential properties.

The Company 103-2

Vonovia is Germany's leading nationwide residential real estate company. We manage around 350,000 apartments (Dec. 31, 2017) in attractive cities and regions in Germany and, since 2017, Austria. This means we provide homes to around a million people. 102-1, 102-7

The size of our company infers a high level of economic, social and ecological responsibility. We want to live up to this responsibility by using efficient portfolio management to offer affordable homes along with state-of-the-art housing-related services to a broad range of the population in the long run. Using maintenance and modernization measures, we keep our properties looking attractive and develop entire neighborhoods. Modern and innovative new construction concepts are also becoming increasingly important. We also want to use new ideas to set trends for the housing industry. In order to achieve this, we contribute to society in various ways - at a political, social and economic level. We do this, for example, within the scope of association work, by acting as a sponsor via our foundation activities ☒ **AR 2017, p. 61** or as an initiator of municipal neighborhood development projects. 102-2, 102-4, 102-6

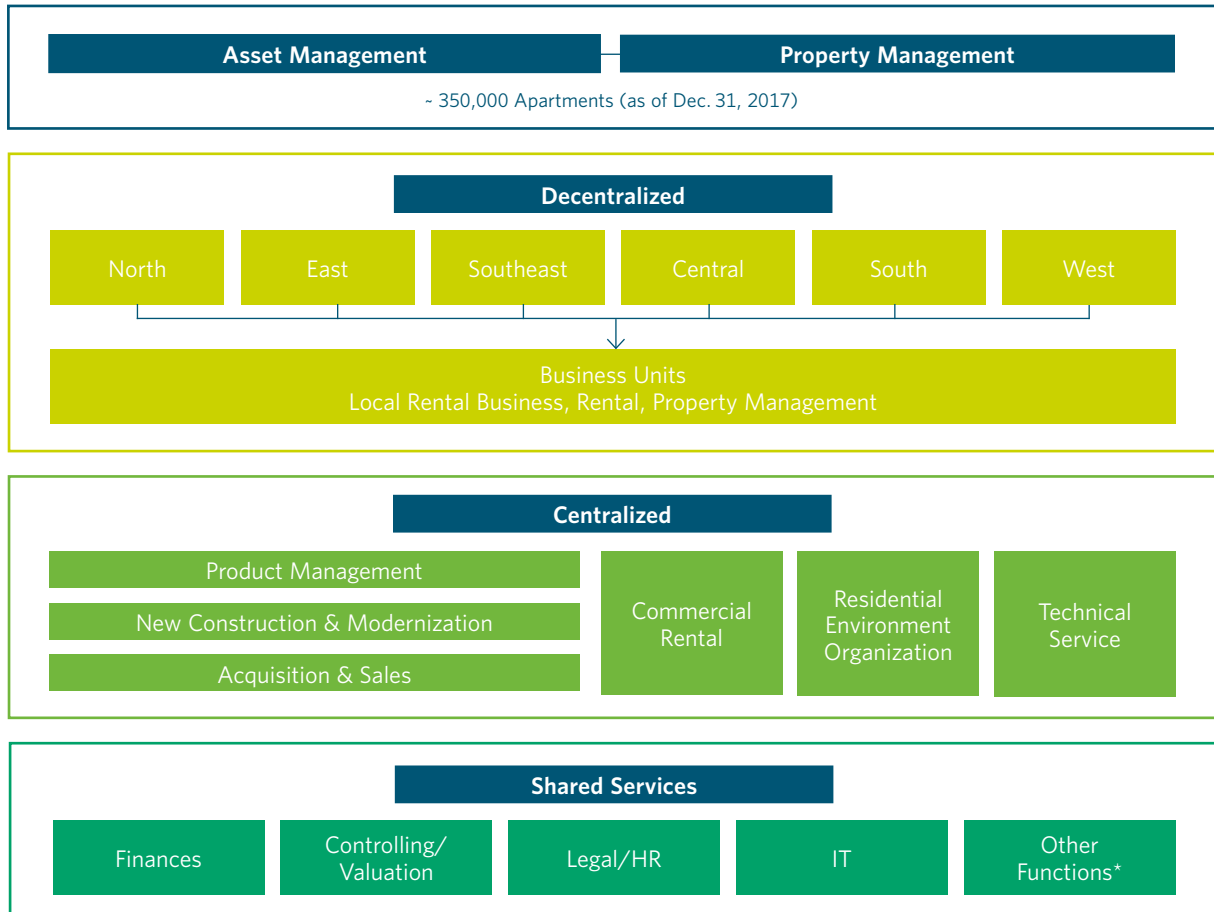
Our company has been listed since 2013 and its shares have been traded in the DAX 30 index since 2015. We pay our shareholders stable, reliable dividends. This also makes us a reliable partner for investors with a long-term focus.

Corporate Structure

Vonovia currently operates in Germany and Austria. As part of the strategy expansion to cover European activities announced in December 2017, we also have a partnership with the French housing company CDC Habitat (previously Groupe SNI). Vonovia also acquired a majority stake in the Swedish housing company Viktoria Park in June 2018 as part of a voluntary public takeover bid. Its registered office is in Bochum, its corporate headquarters are located in Bochum, Universitätsstraße 133. 102-3

The parent company of the Vonovia Group is organized in the legal form of a European corporation (SE) and performs the function of 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. ☒ **AR 2017, p. 33 et seq.** 102-5

Corporate Structure



* Other shared services areas: Audit, Corporate Communications, Central Purchasing, Insurance, Investor Relations, Accounting, Taxes

Unless otherwise indicated, all information in this report relates to the entire company, including the newly acquired company convert Immobilien Invest SE. A detailed list of Vonovia SE shareholdings can be found in the Annual Report. [AR 2017, p. 208 et seq.](#) www.vonovia.de

Vonovia's core operating business is divided into six business areas: the north, east, southeast, central, south and west regions. These are split into business units, each of which is responsible for an average of around 9,800 residential units.

Responsibility for product management, new construction and modernization, acquisition and sales, as well as the commercial and operational support functions, is centralized. [102-2](#)

The management of the business is based on the strategic approaches of the company and is conducted via the three segments: Rental, Value-add Business (formerly Extension) and Sales. For more information about our corporate structure, we refer to the Annual Report. [AR 2017, p. 52 et seq.](#)

Vonovia Germany in Figures

(Dec. 31, 2017)

☒ 102-4, 102-6, 102-7



On site

in 576 cities and
communities and
16 federal states



Units that are managed for other owners

62,631



Own apartments

344,586



Employees

8,448
(incl. Austria)



Garages and parking spaces

89,588



Average apartment size

approx. 62 m²



Commercial units

3,888



Total living area

21,530,449 m²

Key Figures

(Dec. 31, 2017) in € million

☒ 102-7, 201-1

Adjusted EBITDA

1,335.0

FFO 1

920.8

Fair value of the portfolio

33,436.3

EPRA NAV

21,284.6

Equity ratio in %

44.5

Loan to value in %

39.8

Monthly in-place rent in €/m²

6.27

Vacancy rate in %

2.5

You can see more key figures in our 2017 Annual Report on p. 70.

Mission Statement 102-16

We bear responsibility for numerous stakeholders. In order to live up to their expectations and our expectations of ourselves, we have set out binding principles for our conduct in our mission statement.

The **mission** describes the company's core business and its responsibilities toward its stakeholders. As a leading real estate company, Vonovia aims to give people a home:

- > Homes form the basis of our business, which we are constantly enhancing using our competence and financial strength, in order to set new trends in the housing industry.
- > We offer our customers affordable homes that meet their needs together with housing-related services and reliable customer support.
- > We offer a high level of customer orientation and a scalable business model that aims to establish us as the quality leader in our market.

The **vision** explains how Vonovia wishes to be perceived by its stakeholders. Our goal is to be held in high esteem by all our partners as a force shaping the housing industry.

As far as society at large is concerned, we are committed to the idea that "owning residential property implies an obligation" and we aim to act in a manner that embraces the three aspects of sustainability: financial, ecological and social responsibility. We offer our customers more than just a residence – Vonovia provides a home for the whole family. We are on hand to provide reliable service when our customers need us. We want our employees to identify with their employer, Vonovia, thanks to our commitment to putting team spirit into practice, a long-term focus, a culture of appreciation and continual new challenges. The company provides investors with sustainable and adequate yields. We act as a discerning and fair partner to our suppliers.

Sustainability Management

☒ 102-15, 102-19, 102-20, 102-44, 201-2

As a leading residential real estate company with an extensive portfolio of property-related services, Vonovia is aware of its responsibility toward the environment and society. That is why we incorporate sustainability aspects and developments in our environment into our strategic focus and decisions.

Our Understanding of Sustainability

We have focused our attention on the long-term, stable economic development of our business. As a result, Vonovia's business model aims to maintain the value and foster the long-term development of the real estate portfolio as well as to keep our service promise to our customers. On this basis, we are achieving the targeted increase in value for our company and long-term growth.

Our business model is inextricably linked to social and ecological developments – be it demographic change, the ongoing trend toward urbanization, developments influenced by migration flows to Germany, or changes of a regulatory and social nature caused by climate change. Our sustainability efforts focus on those areas that have an impact on Vonovia's business model and on those that we can use our business model to influence.

As a result of our business model, we believe that economic, ecological and social sustainability are closely interlinked and covered by regulatory frameworks. This is the framework within which Vonovia operates in order to generate added value for its core business in ecological and social areas too. [AR 2017, p. 56](#)

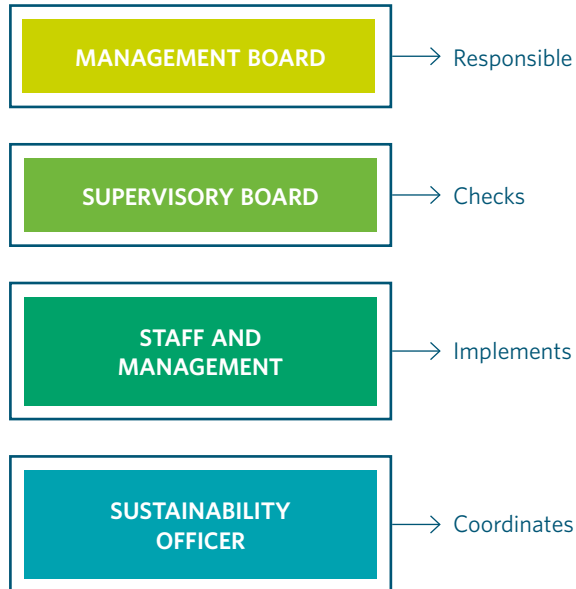
Our Sustainability Approach

Our sustainability approach results directly from our business model and addresses developments that influence our business or which we can influence. A home is a basic human need. Good living standards, an environment in which we feel comfortable and intact neighborhoods are of crucial importance when it comes to determining whether we feel at home in an apartment in the long run. Renting affordable and high-quality homes serves this basic need. [102-44](#)

Within this context, Vonovia implements extensive measures to maintain and develop its portfolio. These efforts include, in particular, measures to improve the energy efficiency of our stock. This allows us to make a significant contribution to protecting our climate. At the same time, well-insulated apartments increase efficiency and simultaneously reduce ancillary costs for our customers. Compliance with the regulatory requirements of environmental, energy and tenancy law is always a material component of our business processes.

A nice, stable environment is part of a good residential atmosphere. Therefore, together with other social actors, we become involved beyond our properties and set trends with cities, companies and city planners, with associations, initiatives and, last but not least, with our local customers for the sustainable development of entire neighborhoods.

Sustainability organization



service ensure that the agreed measures are implemented during everyday business and our objectives are achieved. 102-19

In addition, Vonovia established a new function, that of the sustainability specialist, in 2017 in order to ensure that sustainability issues can be tackled in a more structured, cross-departmental manner and to expand our dialogue with stakeholders. General topics such as sustainability reporting, the expansion of the key figures used, adjustments to relevant guidelines or the development of interfaces with relevant company processes are handled there on a centralized basis. 102-20

As a next step, we plan to integrate the key figure inquiry and risk analysis into existing business processes. Also on the agenda is the creation of individual substrategies, e.g., donation and sponsorship activities.

Guiding Framework

Vonovia always adheres to the goal of complying with applicable laws and provisions in its sustainability activities. In addition, numerous national and supranational standards and agreements serve as a guide for the structure and design of sustainability concepts, e.g., the 2015 Paris climate protection agreement and the German federal government's climate protection plan for 2050.

Establishment in the Company

At the highest level, the Chief Executive Officer of Vonovia SE is responsible for the issue of sustainability. The Supervisory Board supports and monitors the issue in the Audit Committee. 102-20

The operational processing of sustainability-related issues is performed via the staff positions and line functions of Vonovia SE. The responsible parties are from customer service, residential environment, product management, process management, HR, purchasing, accounting and communication departments, and the technical

Environmental Developments

☒ 102-15, 201-2

Environmental developments relevant to Vonovia's business

How we prepare for them

Society

The demand for affordable housing is increasing.

Through efficient property management, we are keeping our costs low so that rents remain appropriate. At the same time, we build new homes where we can.

Social contrasts are increasing.

We keep our modernization measures affordable and do our best to avoid causing hardship with efficient processes and the help of volume advantages. With new rentals, we pay attention to a "balanced" mix. We ensure an attractive residential environment and support socially disadvantaged groups with active neighborhood management.

The share of the older population is growing.

We are intensifying our efforts to make conversions suitable for the elderly and will invest half a billion euros in this area by 2020.

More and more people want to move from the countryside to the city.

Through densification and vertical expansion, we are creating additional living space on our land and in our existing properties.

More and more people are moving to Germany.

We are adapting our services/offers to the needs of our foreign residents. We speak to them in their language and do our part to integrate them into our society.

Regulation

The legal requirements for the real estate industry are tightening.

We are in dialogue with policymakers and participate in deliberations about the feasible simplification of statutory law. We employ a serial/modular approach for new construction work to keep construction costs as low as possible and create affordable homes.

Environment and Climate

As a result of climate change, ecological costs are increasing.

Thanks to our process efficiency, we minimize environmental costs and impacts resulting from our business activities to the greatest degree possible, e.g., we reduce our fuel consumption significantly through the central procurement of materials and route optimization.

Fossil fuels will become scarce over the long term.

We actively support the energy transition in Germany. We are doing this by reducing energy consumption in our apartments through good insulation and new windows. When installing new heating units, we use modern and resource-conserving technologies. We are also investing in the expansion of decentralized renewable energy.

Digitalization

Processes are increasingly being linked and automated.

We are monitoring digitalization developments, examining their impact on our business model and, where necessary, adapting solutions. With interconnected processes we can improve interactions with our customers and the coordination of our employees.

Smart homes are becoming ever more popular.

We are examining the application of smart home building solutions – from smart grids and assistance systems to predictive maintenance.

Material Topics

☒ 102-46, 102-47, 102-48, 102-49, 103-1

Vonovia continually analyzes developments on the European real estate market along with social and demographic changes and examines their impact on business and the value chain. We also address topics that we can use our business model to influence. We involve our stakeholders in identifying the issues that we consider to be material and relevant.

Performing a Materiality Analysis

During our preparations for the 2015 Sustainability Report, we identified and prioritized the issues that are material to our company and our business activities as part of a process involving several stages.

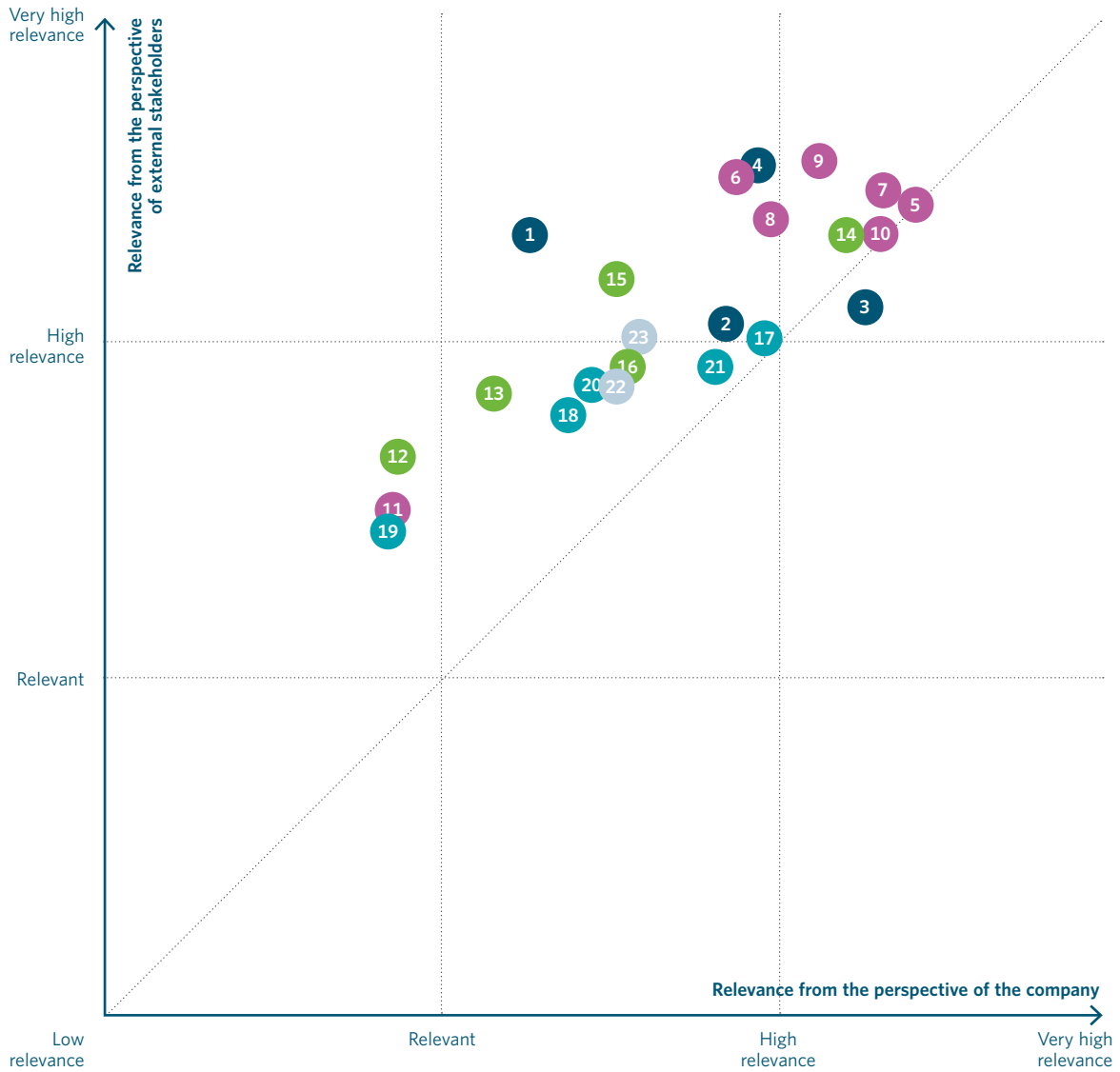
At the beginning of 2017, Vonovia performed a stakeholder survey based on these topics in order to validate or clarify the material topics and to discover more issues. Please refer to the 2016 Sustainability Report for a detailed description of the procedure. [☒ SR 2016, p. 22 et seq. 102-48, 102-49](#)

The evaluation of the topics was transferred to a materiality matrix, which showed that none of the topics were classified as irrelevant by the stakeholders. The topics raised by the stakeholders themselves were all topics that Vonovia already addresses. [102-46](#)

We intend to perform another materiality analysis in 2020. The aim is to reflect the course taken until that point and give us the opportunity to include or reevaluate current developments and issues in our sustainability management.

Materiality Matrix

☒ 102-47



Sustainable Management

- 1 Adjustments to Reflect Climate Change
- 2 Compliance and Anti-Corruption
- 3 Long-Term Growth
- 4 Open Dialogue with Society
- 22 Social and Labor Standards in the Supply Chain
- 23 Environmental Standards in the Supply Chain

Society and Customers

- 5 Portfolio Maintenance
- 6 Affordable Rents
- 7 Tenant Health and Safety
- 8 Neighborhood Development
- 9 Creation of Homes
- 10 Service Quality and Customer Satisfaction
- 11 Corporate citizenship

Environment

- 12 Impact of Transportation/Logistics
- 13 Company Environmental Protection
- 14 Energy Efficiency and Reducing Greenhouse Gas Emissions in the Portfolio
- 15 Environmental Protection in the Portfolio
- 16 Environmental Protection in Connection with Renovation and New Construction Measures

Employees

- 17 Initial and Further Training
- 18 Occupational Health and Safety
- 19 Co-Determination
- 20 Diversity and Equal Opportunity
- 21 Work-Life Balance

Material Topics per Action Area

☒ 102-47, 103-1

Material topic	Material for			GRI topics	Page reference
	Vonovia/ business processes	Custo- mers/ society	Supply chain		
Sustainable corporate governance					
Long-term growth	x			Economic performance	pp. 18-24, pp. 45-47
Open dialogue with society		x		Public policy // Stakeholder engagement	pp. 27-29, p. 39
Compliance and anti-corruption	x		x	Anti-corruption // Human rights // Anti-competitive behavior // Environmental compliance // Socioeconomic compliance // Marketing and labeling	pp. 30-36
Adjustments to reflect climate change	x	x		Economic performance	pp. 18-24
Environmental standards in the supply chain			x	Procurement practices // Supplier environmental assessment	pp. 34-35
Social and labor standards in the supply chain			x	Procurement practices // Supplier social assessment // Human rights	pp. 31-35
Society and customers					
Portfolio maintenance	x	x		Material topic - not covered by GRI	pp. 40-44
Tenant health and safety		x		Customer health and safety	pp. 40-44
Creation of homes		x		Local communities	pp. 45-47
Service quality and customer satisfaction		x		Stakeholder engagement	pp. 25-28
Neighborhood development	x	x		Indirect economic impact // Local communities	pp. 48-53
Affordable rents	x	x		Indirect economic impact	pp. 46-47
Corporate citizenship		x		Indirect economic impact	pp. 48-53

Material topic	Material for			GRI topics	Page reference
	Vonovia/ business processes	Custo- mers/ society	Supply chain		
Environment					
Energy efficiency and reducing greenhouse gas emissions in the portfolio	x	x		Energy // Emissions	pp. 56-61
Environmental protection in the portfolio	x	x		Biodiversity // Water // Effluents and waste	p. 62
Environmental protection in connection with renovation and new construction measures	x			Water // Effluents and waste	p. 62
Company environmental protection	x			Energy // Emissions // Water // Effluents and waste	p. 65
Impact of transportation/logistics	x			Energy // Emissions	p. 66
Employees					
Training and education	x			Training and education	pp. 73-77
Work-life balance	x			Employment // Occupational health and safety	p. 82
Diversity and equal opportunity	x			Diversity and equal opportunity // Anti-discrimination/equal treatment	pp. 83-84
Health management/occupational health and safety	x			Occupational Health and Safety	pp. 78-81
Co-determination	x			Labor/management relations // Freedom of association and collective bargaining	p. 71

Sustainable Corporate Governance

- 017 | Fundamental Long-term Focus
- 018 | Long-term Growth
- 025 | Open Dialogue With Society
- 030 ↓ Corporate Governance and Compliance/Anti-corruption

Fundamental Long-term Focus

We have firmly established sustainability, and with it responsibility, throughout the entire value chain at our company. Our strategic orientation and decisions are shaped by the desire to operate sustainably and anticipate developments.

Vonovia is the largest residential real estate company in Germany and entered the Austrian market in 2017. Our business activities mean that we assume responsibility not just for ourselves as a company but also for our tenants. Our corporate management, with its focus on long-term growth, is based on a corporate culture that creates value fairly – through good corporate governance. Of course, we do this by complying with laws and regulations, but we have also established our own voluntary commitments. In order to integrate changes into our business processes in good time, we maintain constant communication with our stakeholders. This has been set out in our mission statement and our corporate values.

The material elements of our sustainable corporate governance are:

- > Corporate activities oriented toward sustainable growth
- > Open dialogue with our stakeholders
- > Compliance with laws and avoidance of corruption

Long-term Growth

☒ 102-10, 102-11, 102-15, 103-1, 103-2, 103-3, 201-2, 203-1

Long-term growth forms the basis of Vonovia's business model. The preservation and long-term development of our real estate portfolio contribute to a strategy focusing on stable value and growth.

In addition to economic factors, Vonovia also considers ecological and social aspects and changes in the conditions under which we operate – whether in society, the environment or in a political and regulatory context. Our strategy is based on our playing a constant, responsible part in society.

Management Approach

Vonovia's business model is based on two pillars: the rental of good-quality and, most importantly, affordable living space and the provision of fairly priced property-related services. In addition to its successful long-term and modern property management, Vonovia also develops the real estate portfolio through targeted acquisitions and sales. Vonovia is also using densification and vertical expansion to build an increasing number of new apartments in order to reflect the rising demand for living space due to migration to metropolitan areas. Efficient portfolio management also plays an essential part in ensuring that rents remain affordable and that ancillary costs remain low in the long term. 203-1

With this strategic orientation we are positioning our business model for sustainable development.

Corporate Strategy 103-2

Our company pursues a 4+2 strategy. Our reputation and customer satisfaction remain the cornerstones of our strategy. In order to improve both, we are continually developing our craftsmen's organization (Vonovia technical service), our residential environment organiza-

tion and our customer service, with the aim of increasing the number of services performed by Group companies. This results in a larger number of staff on site, higher quality repairs and shorter reaction times to customer complaints. We are also pursuing the following economic objectives: increasing the key financial figures funds from operations (FFO 1) per share and EPRA net asset value (NAV) per share.

Vonovia's business areas reflect the four pillars of its strategy. The two additional pillars are designed to strengthen the impact of the first four strategic approaches as and when the opportunity arises. Our 4+2 strategy can be described in detail as follows:

- (1) Property management: Improving key operating figures through efficient management and digitalization, improving quality and efficiency in our customer services; efficiently managing maintenance and modernization measures
- (2) Financing: Using an internationally competitive financing structure to ensure adequate liquidity and optimize our financing costs as well as maintaining our ratings
- (3) Portfolio management: Safeguarding and increasing the value of our properties through the optimization of existing properties and investing in maintenance and modernization; optimization of the portfolio's energy-efficiency; pooling capacities by focusing on strategic regions

(4) Value-add: Adding customer-oriented services to the core business with a close relationship to rental business (e. g., technical services, managing the residential environment, property management, multimedia services, metering services, decentralized energy supply); new construction and vertical expansion using preconfigured elements for series construction

(5) Acquisition: Boosting the effectiveness of the core strategies through continual checks and including suitable portfolios in the list of existing properties

(6) Internationalization: Transferring knowledge and analyzing potential target markets in Europe.

More details on the individual subsegments and activities in the business areas can be found in the 2017 Annual Report. [AR 2017, p. 39 et seq.](#)

Corporate Governance 103-2

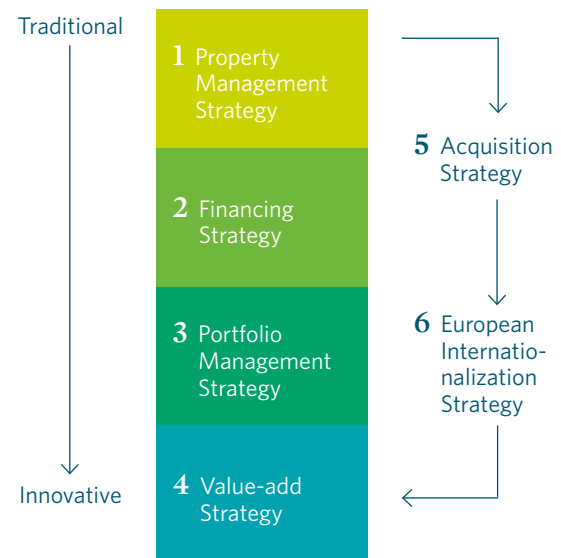
Our corporate governance is based on our corporate strategy, which we continued to follow successfully in the 2017 fiscal year. As part of the management of the company, we distinguish three segments: **Rental**, **Value-add Business**, and **Sales**.

The **Rental** segment combines all the business activities that are aimed at the value-enhancing management of our properties. They are divided into the subsegments Active Management and Modernization.

The **Value-add Business** segment combines all the business activities relating to the expansion of our core business to include additional customer-oriented services. These primarily include:

- > Maintenance and modernization services provided by the technical service
- > Upkeep and maintenance of the residential environment in which our properties are located
- > Condominium administration for own apartments and for the apartments of third parties
- > Metering services for measuring the consumption of water and heating
- > Offers for decentralized energy supply and green electricity sales [102-2](#)

The 4+2 Pillars of our Strategy



The **Sales** segment bundles all real estate sales from our portfolio. It focuses on the targeted sale of apartments, properties and subportfolios that do not fit into our property management strategy or can be better managed in a different context for other reasons.

In order to ensure that our business activities are focused on growing the value of the company in the long term, we have an integrated Group planning and controlling system in place that is based on central performance indicators.

As far as our key figures are concerned, we make a distinction between financial and non-financial performance indicators:

Financial

- > Net asset value (NAV): real estate assets without liabilities
- > Funds from operations (FFO 1): profit from operations after current interest and taxes
- > Adjusted EBITDA Rental: operating income from the rental of residential property (rental income from property management, expenses for maintenance and operating expenses for property management)

- > Adjusted EBITDA Value-add Business: income from activities that expand core business with customer-oriented services
- > Adjusted EBITDA Sales: income from disposal of real estate

Non-financial

- > Customer satisfaction index (CSI): level of customer satisfaction
- > Vacancy rate: share of vacant properties in the portfolio
- > In-place rent per square meter: average rental income from portfolio properties
- > Amount of maintenance and modernization services: indicator for maintenance and modernization intensity in real estate properties to manage proactive modernization (objective: reduce energy consumption and CO₂ emissions)
- > Number of units sold: sales performance in the Sales segment
- > Fair value step-up: income from the sale of a unit and its fair value.

📄 AR 2017, p. 52 et seq. 103-3

You can find out more about the measures we have put in place in order to grow sustainably in the Annual Report. 📄 AR 2017, p. 66 et seq.

Highlights in 2017

Size and Structural Changes in the Reporting Period 102-10

Portfolio: At the beginning of the 2017 fiscal year, the takeover of conwert Immobilien Invest SE saw our portfolio increase by 23,543 apartments, the majority of which are located in the fast-growing cities of Leipzig, Berlin, Potsdam, Dresden and Vienna. The portfolio also underwent changes due to strategic acquisitions and disposals in 2017. The objective is to sharpen our focus on growing regions and cities.

The number of our own residential units increased year-on-year from 333,381 units to 344,586 units in Germany. 62,631 residential units are also managed for other owners (2016: 58,969).

Acquisitions: A purchase offer was made to the shareholders of the Austrian company BUWOG AG. This did not happen in the reporting period, but had already taken place. Acceptance of the offer increased the portfolio in Austria to around 24,000 units in 2018 (plus another 27,000 residential units in Germany).

Employees: The number of people employed at Vonovia increased significantly in the past year. 8,448 people were working for Vonovia as of December 31, 2017 (2016: 7,437), which equates to increase of 13.6%. The rise is largely due to the ongoing increase in the number of employees working in the technical service and our residential environment organization.

Partnerships: With the partnership agreement concluded with the French group SNI - now CDC Habitat - in October 2017, Vonovia has taken another step toward internationalization. CDC Habitat is France's biggest landlord with around 348,000 apartments. We want to use our collaboration to evaluate common growth and investment opportunities.

Construction Activity

Maintenance and Modernization: We increased our modernization and maintenance measures significantly to a volume of € 1,124.8 million in the 2017 fiscal year (2016: € 792.4 million). This was driven primarily by the increase in the modernization volume from € 472.3 million to € 778.6 million. This corresponds to an increase of 64.9% compared to the previous year. In the 2017 fiscal year, a volume of € 52.5 million was attributable to modernization and maintenance services in the conwert portfolio.

With our innovative new building solutions using a standardized series construction system, we intend to provide impetus for the industry as a whole. We believe that these solutions provide us with an opportunity to build new affordable and needs-oriented rental apartments and we are convinced that cost awareness and quality are not mutually exclusive. However, in our business it is impossible to avoid raising rents after modernization - but we try to do it in a manner that is financially and socially acceptable.

New Construction: A total of € 65.7 million was invested in the construction of new apartments in the 2017 fiscal year (2016: € 13.9 million), and 182 residential units were completed in the reporting period. In addition, 443 apartments accounting for an investment volume of around € 80 million were under construction at the end

of 2017. In its new construction activities, Vonovia is placing particular emphasis on targeted densification and vertical expansion using prefabricated modules and the following three concepts: wood hybrid, steel skeleton and precast concrete construction.

Maintenance and Modernization

in € million	2016	2017	Change in %
Expenses for maintenance	247.4	258.0	4.3
Capitalized maintenance	72.7	88.2	21.3
Modernization work*	472.3	778.6	64.9
Total cost of modernization and maintenance**	792.4	1,124.8	41.9

* Incl. new construction: 2016: € 13.9 million, 2017: € 65.7 million

** Incl. intra-Group profits for 2016: € 45.5 million (thereof € 1.1 million capitalized maintenance and € 8.7 million modernization); 2017: € 72.3 million (thereof € 2.5 million capitalized maintenance and € 25.1 million modernization)

Digitalization 203-1

We also made progress in 2017 in digitalizing business and customer processes, for example in contract and portfolio data analysis. In the area of new construction we employ building information modeling (BIM) solutions, and in the area of customer communications we utilize apps and online portal solutions. We are also, however, increasingly seeing approaches for smart home building solutions, from smart grid to assistance systems and predictive maintenance. Vonovia is not pursuing digitalization as an end in itself but rather to boost customer satisfaction, improve the basis on which decisions are made, develop its business model and processes and reduce the use of resources.

Challenges, Opportunities and Risks 103-1, 102-15

The housing industry is fundamentally influenced by the longevity and immobility of its "products." Vonovia is therefore particularly dependent on overall developments in German society.

The German real estate market was once more characterized by rising rents and purchase prices in 2017. The ongoing growth of the German economy, low capital

market returns, positive developments on the labor market and rising population growth due to immigration and higher birth rates all contributed to this. This leads to a rising scarcity of affordable apartments on the German residential market, particularly in the metropolises.

Opportunities

The number of households is increasing, with more households consisting of just one to two people, for example. The impact varies regionally as more people are moving to large and medium-sized cities. Vonovia is well positioned for this development and continues to anticipate high demand for living space.

We are also able to achieve better quality standards and generate economies of scale with our new technical service. Performing more of the work ourselves also gives us more flexibility in our maintenance and modernization services. We are also able to improve efficiency with standardized systems and processes.

And the current low interest rate is providing us with favorable financing options.

Risks

Amendments to rental and construction laws and tax and environmental regulations have a direct impact on Vonovia's business activities. A bad reputation can also make renting out units more difficult and impact negatively on obtaining capital.

An erroneous assessment of microlocation and macrolocation quality or an increase in interest rates directly affect the fair value of the portfolio and changes in circumstances or mistaken assumptions in acquisition decisions can also result in risks. If business processes cannot be provided internally, the risk of default by subcontractors contracted for maintenance, modernization or construction services also increases. Expectations of the economy slowing down can lead to financial risk.

Risks may arise from contaminated sites, including mining subsidence damage, soil conditions, wartime ordnance and contaminants in building materials. Potential violations of building laws or in connection with contracting subcontractors (e. g., non-compliance with labor laws or human rights violations) can result in risks. Damage as a consequence of climate change, for example, extreme weather conditions such as heavy rains, flooding or storm damage could lead to an increase in risk for the real estate portfolio.

The G20 Task Force on Climate-related Financial Disclosures (TCFD) examines the financial consequences of climate change and published recommendations for the voluntary disclosure of climate risks for affected companies in all sectors.

The following risks are relevant for Vonovia:

> **Mandates on and regulation of existing products and services:** Increase in legal requirements (e. g., energy saving ordinance) or the introduction of CO₂ pricing could have a direct and relevant impact on the profitability of the business model. A rise in the cost of construction or modernization would exacerbate the conflict between affordable living space and climate protection.

> **Wrong proportion of capital allocation to long-lived assets versus short-term assets:** The business model revolves around the long-term and sustainable management of residential properties. The long-term consequences of climate change in particular may have an impact on the real estate portfolio. However, no short to medium-term risks have been identified.

The other risks published by TCFD are of less importance for the residential property economy in Germany. Increases in the cost of building materials, higher insurance premiums as a result of extreme weather damage or changes in customer behavior resulting from higher demand for low-emission living space and less living space could all have an impact. The first two could result in actual cost increases and make living space more expensive. An increase in demand for smaller apartments would actually be positive for Vonovia due to the structure of the portfolio.

All cost increases related to climate change and measures for protecting the environment negatively impact the rental market, which is already under pressure, and have social consequences. [102-11](#)

At the present time, no risks have been identified that could pose a risk to Vonovia as a going concern. [102-11](#)

You can find a detailed report of the risks and opportunities in the 2017 Annual Report. [AR 2017, p. 96 et seq.](#)

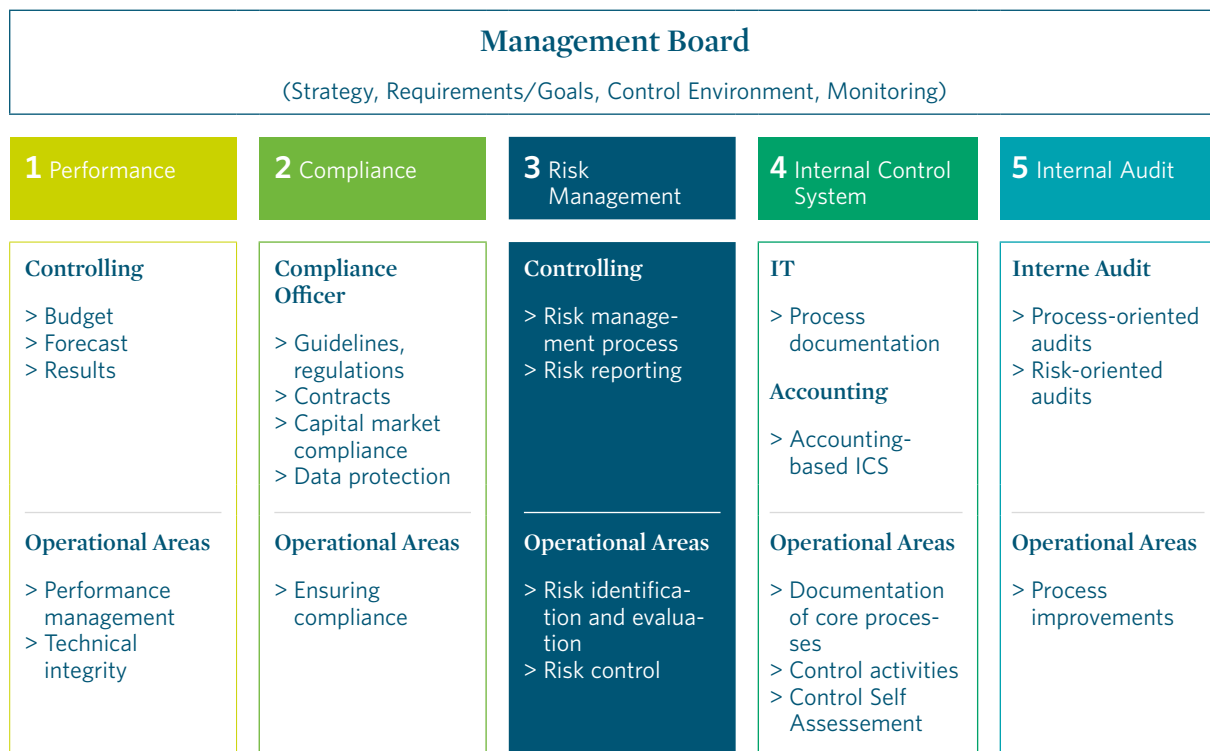
[Risk Management](#) [102-15](#)

Vonovia operates a comprehensive risk management system and explains the risk situation in detail in its annual reports. In the spirit of transparency, the Management Board publishes a qualified list of top 10 risks. They are based on the risk analysis.

Organizationally, risk management is assigned directly to the Chief Financial Officer (CFO), who regularly

monitors its effectiveness. The management is based on an integrated, five-pillar management approach:

Five Pillars of Risk Management at Vonovia



Twice a year, Controlling checks for changes to risk assessments using an extensive risk catalog and creates a rank order of risks that are of material concern for the company.

Vonovia reacts to individual risks with a bundle of extensive measures in order to prevent any threat to our stability or long-term growth:

Vonovia strives to make the consequences of regulatory effects transparent for stakeholders and find solutions through dialogue. → p. 25 In anticipation of the expected increase in requirements for transparent reporting on the company's CO₂ emissions, Vonovia already publishes scope 3 emissions and a comprehensive CO₂ balance sheet and is pushing ahead with the expansion of digital meters in the real estate portfolio.

Customer satisfaction is measured on a quarterly basis and is monitored using the performance indicator CSI in order to identify potential problems at an early stage. Improvements to the process workflows and quality initiatives increase customer satisfaction. Proactive public relations work, neighborhood development and supporting social projects all help to raise Vonovia's profile. Costs are kept low through centralized procurement processes and process efficiency.

Vonovia takes the risk arising from violating fire safety regulations very seriously. The development of fire protection concepts for gradual implementation in large-scale projects, involving experts and consultants to optimize the structural measures and performing regular assessments on special buildings are the solutions it employs. Implementation is based on clearly defined instructions and responsibilities, and as a standardized integration process.

In order to mitigate the risks arising from human rights violations or breaches of ILO core labor standards, we actively and continuously certify subcontractors and monitor the market and our subcontractors on an ongoing basis. → p. 35

Vonovia manages a number of properties that are situated in the vicinity of near-surface mine workings where the overburden layer is thin. These properties are predominantly located in the Essen/Bochum/Dortmund region. Vonovia has all properties assigned to this area of near-surface mine workings systematically inspected by external experts. The properties classified as subject to risks are examined for mining damage and immediately repaired if necessary. Proof of stability and public safety is then confirmed in an expert opinion. The company has a separate department for mining subsidence damage. No cost increases resulting from these risks could be identified at present.

Vonovia also monitors and evaluates any potential risks that could arise from climate change. Our properties are not located in areas that are exposed to particular risks arising from the potential impact of climate change. Vonovia nevertheless performs regular proactive checks to ensure building safety, taking into consideration all building regulations, and safeguards against any possible damage with extensive building insurance cover.

201-2

Outlook for 2018

In 2018, we want to successfully continue on the path we have forged to date and increase our leading position on the residential real estate market. In order to achieve this, we will be working on making additional improvements to our customer services and expanding our service business. Energy services and energy distribution are a new service area that we believe holds the promise of good development. We will be stepping up our investment program in 2018. All in all, the aim is to achieve a maintenance and modernization volume of € 1.4 billion. In the current fiscal year we will once more dispose of real estate that is not suitable for our real estate portfolio.

The risk management system is to be expanded to include sustainability risks in 2018. The focus will be on the complete integration of all risks laid out by TCFD into the risk catalog.

Open Dialogue With Society

☒ 102-13, 102-40, 102-42, 102-43, 102-44, 103-1, 103-2, 103-3, 203-2, 415-1

Our diversified business model and our acquisitions mean we have relationships with a variety of stakeholders. We enter into dialogue with them to hear their views, concerns and ideas. We are not the only ones to benefit from this; our tenants and the cities in which our apartments and neighborhoods are located also benefit.

Management Approach 103-2

Our stakeholders have different interests and exert influence on our company. Through communication and regular exchange with our stakeholders we can include their views, interests and concerns in the orientation of our business and the development of our neighborhoods. We hear their opinions on our work, which we then evaluate, and connect a variety of views and include the results in our strategic decision-making process. For Vonovia, dialogue with stakeholders is a form of participation that allows us to increase the popularity of our methods and improve our reputation, and to depict the positive impact of forward-looking and sustainable development. 103-1

Establishment in the Organization

Dialogue with our stakeholders primarily takes place during day-to-day business and is dependent on existing networks. This means it is well established on several levels and in several areas of the business, for example, with the Management Board, regional managing directors and regional managers. Corporate communications, which ensure uniform internal and external communications, play a pivotal part.

Highlights in 2017

In 2017 we again saw that Vonovia was regarded and valued as a responsible and responsive partner – e. g., in the planning and construction of day-care centers. We also held in-depth discussions with cities and policy-makers in order to exchange ideas and requirements for sustainable development. During a sculpture competition in Frankfurt, Essen and Berlin, artists gave form to questions regarding social and cultural aspects of neighborhood development in order to raise awareness of the issue of neighborhoods.

Challenges, Opportunities and Risks

The size and presence of Vonovia in Germany and Austria give rise to opportunities and risks that would have an impact on stakeholder dialogue, which increases their importance for us. Issues, such as faulty heating systems or incorrect invoicing of ancillary costs, often influence the opinions of tenants and the public. When developing existing neighborhoods and during the construction of new buildings, too, taking the needs, concerns and wishes of the stakeholders into account are paramount to the success of the project. Dialogue is an important tool for recognizing critical topics early on, dispelling negative impressions and finding common solutions. We also take care to take diverging stakeholder interests and expectations into consideration. It also

allows us to offer innovative products, such as tenant electricity and car sharing, to show that Vonovia is more than just a landlord. 102-42, 103-1

Objectives, Measures and Indicators 103-3, 203-2

We are purposefully increasing dialogue with our stakeholders and getting them more involved. The inclusion of tenants and other stakeholders gives us the opportunity to understand the circumstances in the neighborhood as a whole and derive measures from this information. We use numerous approaches proactively and early on, particularly when it comes to developments intended to support the neighborhood and the social and cultural diversity in the neighborhood, and in order to communicate to our tenants that their opinions are important to us. Among other things, we achieve this with the help of citizen participation service providers. Participation ratios and the wealth of suggestions we receive regarding, for instance, the design of leisure spaces, show us how successful our measures are. By supporting local activities we also encourage residents to actively and creatively participate in activities in their neighborhoods and build up connections. This not only encourages positive sentiment toward the neighborhood but also our company.

We also address our stakeholders directly, for example, with regular discussions in which we communicate our corporate strategy and other topics. We join in with the design of supportive measures for innovative and sustainable products and services, which may have an impact on political and legal framework conditions. In order to make working more closely together possible, we are setting up a stakeholder database in which all relevant stakeholders are depicted.

Outlook for 2018

In 2018 we will continue to expand stakeholder dialogue. We will also strengthen and expand personal contacts in areas that are not typically associated with the housing industry. We will continue to include tenants and other stakeholders in ongoing or future projects.

Selected Memberships in Industry Associations and Initiatives 102-13

- AGV Arbeitgeberverband der Deutschen Immobilienwirtschaft e. V.
- AGW Arbeitsgemeinschaft Großer Wohnungsunternehmen
- Bundesverband Freier Immobilien- und Wohnungsunternehmen e. V.
- DDIV Dachverband Deutscher Immobilienverwalter e. V.
- DIRK Deutscher Investor Relations Verband e. V.
- EPRA European Public Real Estate Association
- GdW Bundesverband deutscher Wohnungs- und Immobilienunternehmen e. V.
- Initiativkreis Ruhrgebiet
- Institut für Corporate Governance in der deutschen Immobilienwirtschaft e. V.
- InWIS Forschung und Beratung – Förderverein e. V.
- KlimaDiskurs.NRW e. V.
- Verein der Freunde und Förderer der EBZ School e. V.
- ZIA (Zentraler Immobilienausschuss) e. V.

Vonovia's Stakeholders and Their Interests

Our main stakeholders include our tenants, employees, shareholders, investors and analysts as well as policy-makers at the municipal, state and federal levels in Germany and Austria. Additional interest groups are tenants' associations, suppliers and service providers, the media and non-governmental organizations (NGOs). 102-40

The direct contact between Vonovia employees and our **customers** is the most important form of dialogue, with which we can rapidly deal with issues concerning their homes and raise the popularity of neighborhood development projects. Our customers expect their issues to be addressed in a straightforward, service-oriented and timely manner. Important issues for them are good availability, responsiveness and a local presence. Our customer services and our on-site employees work closely together to achieve this. Customer service employees, based in Duisburg or Dresden, address concerns and then solve or forward them. More than 4,800 caretakers, technicians and gardeners are employed to take care of the portfolio. We send out tenant satisfaction surveys quarterly, and other surveys for specific reasons, in order to improve our service quality and to actively include our customers in the development of our services and neighborhoods. → pp. 38-47

Customers also receive information on various topics in a quarterly customer magazine and through online communication channels. 102-43, 102-44

Our **employees** want an attractive job with an interesting remit, professional and personal development, and a reliable, fair working environment. With our diversified business approach, our employees find numerous opportunities for professional and personal development in an industry offering future security. We offer training in 14 commercial and industrial-technical professions, impart knowledge via our own academy and conduct HR development customized to personal needs. Managers also exchange information with their employees on a regular basis, for example, in employee appraisals, team or departmental meetings, and through regular employee surveys. Information relating to all

employees is passed on in a timely manner and in full at works assemblies. → pp. 69-84 [AR 2017, pp. 63-65](#) 102-43, 102-44

It is important to our **shareholders, investors and analysts** that we successfully implement our business model and report on it transparently. We actively pursue our objectives with a broad strategy and constantly increase the earnings power of our portfolio. We check acquisition opportunities on an ongoing basis. We mainly use face-to-face meetings, conference calls, presentations and road shows to maintain regular dialogue with our shareholders, investors and analysts. [AR 2017, pp. 35-39](#) 102-43, 102-44

Policymakers want us to participate in issues concerning neighborhood and city development and topics relevant to society, such as rising demand for housing, demographic change and climate change. We have regular and extensive contact with political and association representatives, conduct cross-party discussions with representatives, participate as an opinion leader in forums and events on real estate matters, and also initiate projects of social relevance. In our dialogue with policymakers, we refer to the effects of proposed legislation for our industry. Vonovia remains neutral in political matters, makes no political donations, and refuses to participate in parties or party-related networks or foundations. 102-43, 102-44, 415-1

Fair dealings in tenant matters as well as the quick and constructive identification of solutions in case of conflicts are important to **tenants' associations and initiatives**. We maintain close contacts with local tenant associations, organize tenant assemblies and, if necessary, are ready to speak to and respond to questions from tenant advocates at any time. In order to avoid escalations, we thoroughly review the legitimacy of criticism directed at us, if possible. In case of legitimate criticism, we attempt to eliminate any related deficiencies quickly. 102-43, 102-44

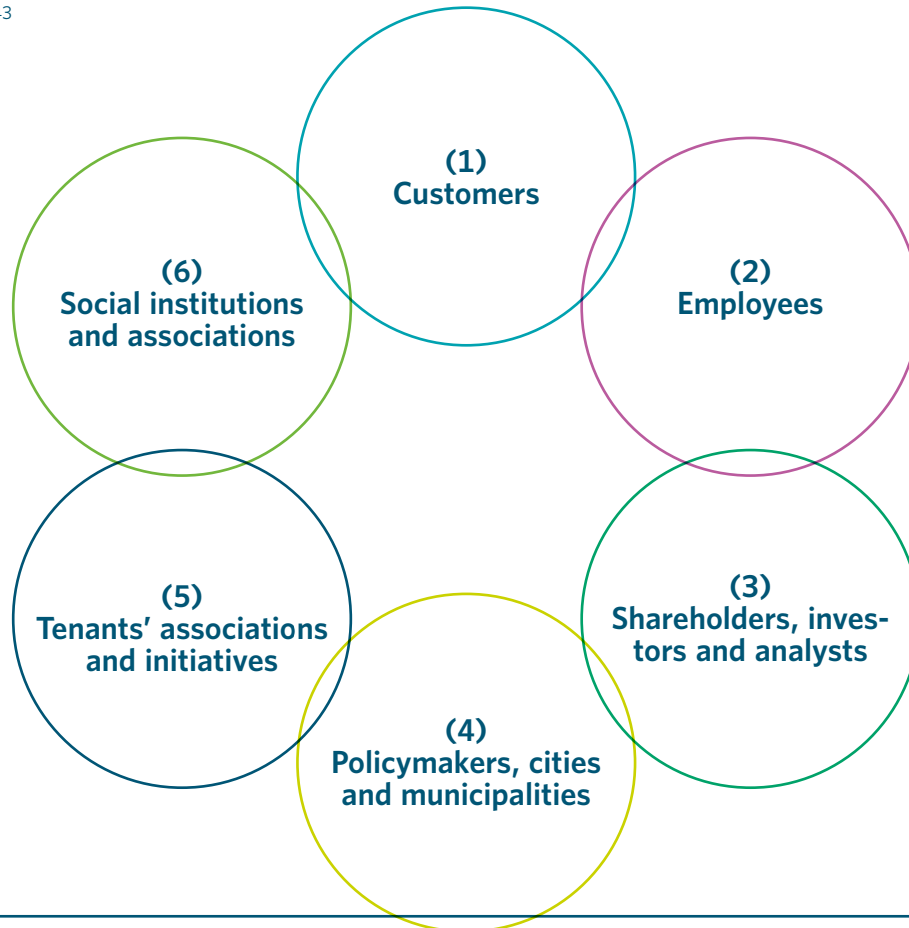
Our **suppliers and service providers** expect from us a business relationship conducted on a partnership basis, in which the interests of both sides are adequately taken into account. We and our commercial partners, partners in the trades and other partners are bound together by the common interest to deliver very good services for Vonovia and our customers. Our Business Partner Code and Code of Conduct ensure that we are on the same page in terms of the key cornerstones of our collaboration. → p. 35 102-44

The **media** expect us to be ready to communicate and to have an open communication policy – even when it comes to critical matters. We conduct comprehensive public relations and strive to provide information quickly. In order to prioritize our communications properly, we ensure we are always up-to-date on issues that influence our environment. We conduct regular press conferences and discussions with media representatives and are available for interviews. In case of crises or disruptions, we endeavor to respond quickly to questions. 102-43, 102-44

NGOs and the public sphere would like us to make a financial and operational contribution to social issues. As a corporate citizen, Vonovia is directly involved in the lives of the communities. We cooperate with numerous organizations such as welfare associations and church institutions. We participate in school projects, maintain playgrounds and support clubs, social and cultural institutions, and disadvantaged individuals through our foundations. In addition, we involve public organizations in the development of new services. → pp. 48-53 102-43, 102-44, 203-2

Stakeholder Groups*

☒ 102-40, 102-43



How We are Involved in Dialogue With Them

1) Service center, customer hotline, tenant surveys, local offices, caretaker visitor hours / (2) Employee appraisals, works assemblies, works council / (3) IR informational events, presentations, one-on-ones, investor conference attendance, organization of a Capital Markets Day, road shows, (quarterly) conference calls, property tours / (4) Individual conversations between Management Board members, regional managing directors and public affairs specialists with policymakers, local events at properties, attendance of company representatives at events with a policy dimension, attendance of company representatives at events of real estate industry associations, close, regular contact between public affairs specialists and those at the political working level / (5) Close contact at the local level involving specific cooperation and real issues / (6) Close contact at the local level involving specific cooperation, e. g., with day-cares, schools, social institutions, etc., information exchange at umbrella organization level.

Regular and close contact exists with suppliers and service providers, the media, NGOs and the public sphere.

* The order reflects the respective degree of influence of the stakeholders.

Corporate Governance and Compliance/Anti-corruption

☒ 102-12 , 102-16, 102-18, 102-19, 102-22, 103-1, 103-2, 103-3, 205-2, 205-3, 206-1, 405-1, 414-1, 414-2, 416-2, 419-1

Responsible and transparent corporate governance is a top priority for Vonovia. Good corporate governance and strict compliance, which ensure the protection of human rights and prevent corruption, are two important pillars.

Management Approach 103-2

Corporate governance is the responsible management and supervision of a company. Good corporate governance is a key aspect of sustainable management and strengthens the trust of our customers, employees, shareholders, business associates and the general public in Vonovia SE; it increases the company's transparency and strengthens our Group's credibility.

Corporate governance is a holistic issue for Vonovia that includes every area of the company. Our corporate culture is founded on transparent reporting and corporate communications, on corporate governance aimed at the interests of all stakeholders, fair and open dealings between the Management Board, the Supervisory Board and employees as well as on compliance with the law.

We also have the same requirements of our suppliers and service providers, as they play a central part in helping us to achieve our objectives. This is why we always aim for long-term partnerships with our suppliers.

In the selection and management of our suppliers we place great value on our business partners' responsibility and integrity, and ensure that this requirement is fulfilled through our Business Partner Code and our General Terms and Conditions of Purchasing. These oblige our business partners to conduct themselves in an economically and legally compliant manner and explicitly include avoidance of corruption, ensuring environmental protection, compliance with data protection regulations, compliance with antitrust law, economic and trade sanctions, fair dealings with employees and subcontractors, exclusion of illicit work, payment of the legal minimum wage, and compliance with the applicable regulations regarding occupational safety and human rights. We also encourage our subcontractors to demand the same principles are upheld by their subcontractors.

Highlights in 2017

In the area of management structures, a competence profile system was developed for the Supervisory Board in 2017. This was determined in accordance with legal requirements.

We developed a new concept for supplier management in 2017 that will be adopted in and rolled out Group-wide with the help of an IT tool in 2018. With this tool we will expand our activities for checking business partners and suppliers and perform systematic, targeted supplier audits. This will increase transparency and security in our supplier and value chains.

Challenges, Opportunities and Risks 103-1

Corporate Governance

In order to meet the challenges of changing business models and societies, we must identify experts in topics that will be important to the Supervisory Board in the future and bring them on board. This also opens up an opportunity to develop new business areas for the company and give Vonovia an even broader footing.

Compliance and Anti-corruption

Vonovia has been constructing its own apartments since 2016. Risks arising from the procurement of subcontractor services present particular challenges. Purchasing works in accordance with the existing rules (general terms and conditions of purchasing, Business Partner Code) in order to minimize these risks. As part of the supplier management, which is currently being set up, we request a number of documents and evidence from subcontractors and monitor their validity in order to minimize risks even more.

Objectives, Measures and Indicators 103-2

Corporate Governance 102-18, 102-19

The company is directed by a Management Board, which is fully responsible for conducting business. As the supervisory body, the Supervisory Board constantly monitors the management of the company's business and supports the Management Board with decisions of fundamental importance. It is provided with regular information by the Management Board on business developments, the strategy and potential opportunities and risks.

The Supervisory Board sets up an Executive and Nomination Committee, an Audit Committee and a Finance Committee from among its members. Further committees can be formed as required.

The Audit Committee handles, in particular, the monitoring of the accounting process, the effectiveness of the internal control system, risk management system and internal audit system, the audit of the annual financial statements and – unless another committee is entrusted therewith – compliance. Since the act to strengthen the non-financial reporting aspects of companies in their management and Group management reports (CSR Directive Implementation Act) came into force in 2017, the Audit Committee has been responsible for monitoring Vonovia's sustainability reporting – and in particular the Non-financial Declaration. 102-22

You can find out more about our corporate governance in the 2017 Annual Report. [AR 2017, p. 16 et seq., p. 56 et seq.](#)

Composition and Diversity 102-24, 102-25, 405-1

Management Board:

Tenure: The members of the Management Board are appointed by the Supervisory Board. The focus is on ensuring that members have the special knowledge and professional skills needed in order to perform their duties. Particular emphasis is placed on leadership skills and organizational/social skills. The Management Board of Vonovia consisted of four members in the reporting period

Diversity: When looking for candidates to fill a Management Board position that has become vacant, the Supervisory Board should include qualified women in the selection process and give them appropriate consideration. Gender should be irrelevant when it comes to filling Management Board positions. The Supervisory Board has set a target of at least 20% women on the Management Board, to be met by December 31, 2021. For the two levels of management below the Management Board, the target for the proportion of women is 30%.

In the reporting period, the targets set out above for the composition of the Management Board had not yet been met in full. As of December 31, 2017, the Management Board consisted of four male members who successfully manage the Group on the basis of their experience and skills. With the changes in the Management Board, which came into force with the Annual

General Meeting in May 2018, the requirement will be met with 25% in 2018.

At the time at which the corporate governance declaration was made, the first level of management below the Management Board comprised 17.6% women. The aim is to have achieved the new target of 30% by December 31, 2021. At 30.8%, the targeted proportion of women set by the Management Board for the second level of management below the Management Board has already been met.

Independence: The Management Board should perform its management duties in a manner that is free of any conflicts of interest. Functions on executive bodies or advisory roles performed at major competitors of the company should be avoided.

Supervisory Board:

Tenure: In the 2017 fiscal year, the Supervisory Board had twelve members who were elected by the Annual General Meeting. The Supervisory Board members are aged between 46 and 69. The average length of service on the Board is currently three and a half years. Vonovia's Supervisory Board is not subject to a co-determination requirement. Professional qualifications and personal skills are key when it comes to filling positions on the Supervisory Board. Diversity aspects and the independence of the candidates are also taken into consideration. The requirement profile is determined by the Nomination Committee. The search for suitable candidates is performed with the help of an external personnel consultant. Other stakeholders are not involved.

Currently the Supervisory Board has three members with proven expertise in ecological and social issues.

Diversity: In accordance with the German Act on the Equal Participation of Women and Men in Leadership Positions in the Private Sector and the Public Sector (Gesetz für die gleichberechtigte Teilhabe von Frauen und Männern an Führungspositionen in Privatwirtschaft und im öffentlichen Dienst), the Supervisory Board should comprise at least 30% women and 30% men. In addition, at least one woman should be a member of the Nomination Committee. Vonovia's Supervisory Board should meet both criteria.

These are the targets that Vonovia's Supervisory Board meets: There are four female members of the Supervisory Board (33%). Hildegard Müller, Dr. Ariane Reinhart and Clara-Christina Streit are members on the Executive and Nomination Committee.

Independence: For new appointments, the Supervisory Board should perform an extensive review to ensure that the candidates standing for election meet the corresponding professional and personal requirements and must disclose the candidates' personal and business-related relationships with the company, the governing bodies of the company and any shareholders with a material interest in the company. Shareholders are deemed to hold a material interest if they hold more than 10% of the voting shares in the company, either directly or indirectly.

Other criteria:

- > No more than two former members of the Management Board shall be members of the Supervisory Board.
- > Supervisory Board members shall not exercise directorships or similar positions or advisory tasks for important competitors of the company.
- > If a (designated) member belongs to the management board of a listed company, this member shall not accept more than a total of three supervisory board mandates in non-group listed companies or on supervisory bodies of non-group entities that make similar requirements.
- > The standard limit for length of membership on the Supervisory Board has been set at a maximum of 15 years.
- > The age limit has been set at 75 at the time of election to the Supervisory Board.

A Supervisory Board member is, in particular, not to be considered independent if they have personal or business relations with the company, its bodies, a controlling shareholder or a company associated with such a shareholder that may cause a substantial and not merely temporary conflict of interest.

In the Supervisory Board's opinion, all members of the Supervisory Board are independent within the meaning of No. 5.4.2 of the German Corporate Governance Code (GCGC). The Board members' external mandates are

published, as are interests in suppliers and service providers or other stakeholders.

During the fiscal year, the only conflicts of interest of Management Board or Supervisory Board members, which are to be reported immediately to the Supervisory Board, related to the Supervisory Board's decision to make a takeover offer to the shareholders of BUWOG AG, Vienna/Austria. One member of the company's Supervisory Board, who is also a shareholder in BUWOG AG, did not take part in the consultation or decision-making processes that took place on December 1, 15 and 17, 2017. There was no need to discuss or make decisions on legal matters, in particular lending transactions with members of executive bodies or individuals related to them.

Remuneration Paid to Executive Bodies: The remuneration paid to the Management Board and the Supervisory Board is set out in detail every year in the combined management report in line with the corporate governance requirements. The basic principles of the remuneration system for Management Board members have been approved by the Annual General Meeting. The Chairman of the Supervisory Board will submit subsequent changes to the Annual General Meeting.

You can find a detailed Remuneration Report for Vonovia SE in the 2017 Annual Report [AR 2017, p. 88 et seq.](#) and online. www.vonovia.de

Measures for Good Corporate Governance: Both the Management Board and the Supervisory Board are thoroughly committed to the principles and ideas of the German Corporate Governance Code (GCGC). This sentiment is clearly expressed in the Declaration on Corporate Governance. The active implementation of the Code forms the basis for responsible corporate governance aimed at long-term value creation and serves as a guideline for conduct in the company's daily management and business. Every year, the Management Board and Supervisory Board express their commitment to the Code by issuing a Declaration of Conformity pursuant to Section 161 of the German Stock Corporation Act (AktG), as they did in May of this year. 102-16, 102-18

You can find the Declaration on Corporate Governance online. www.vonovia.de

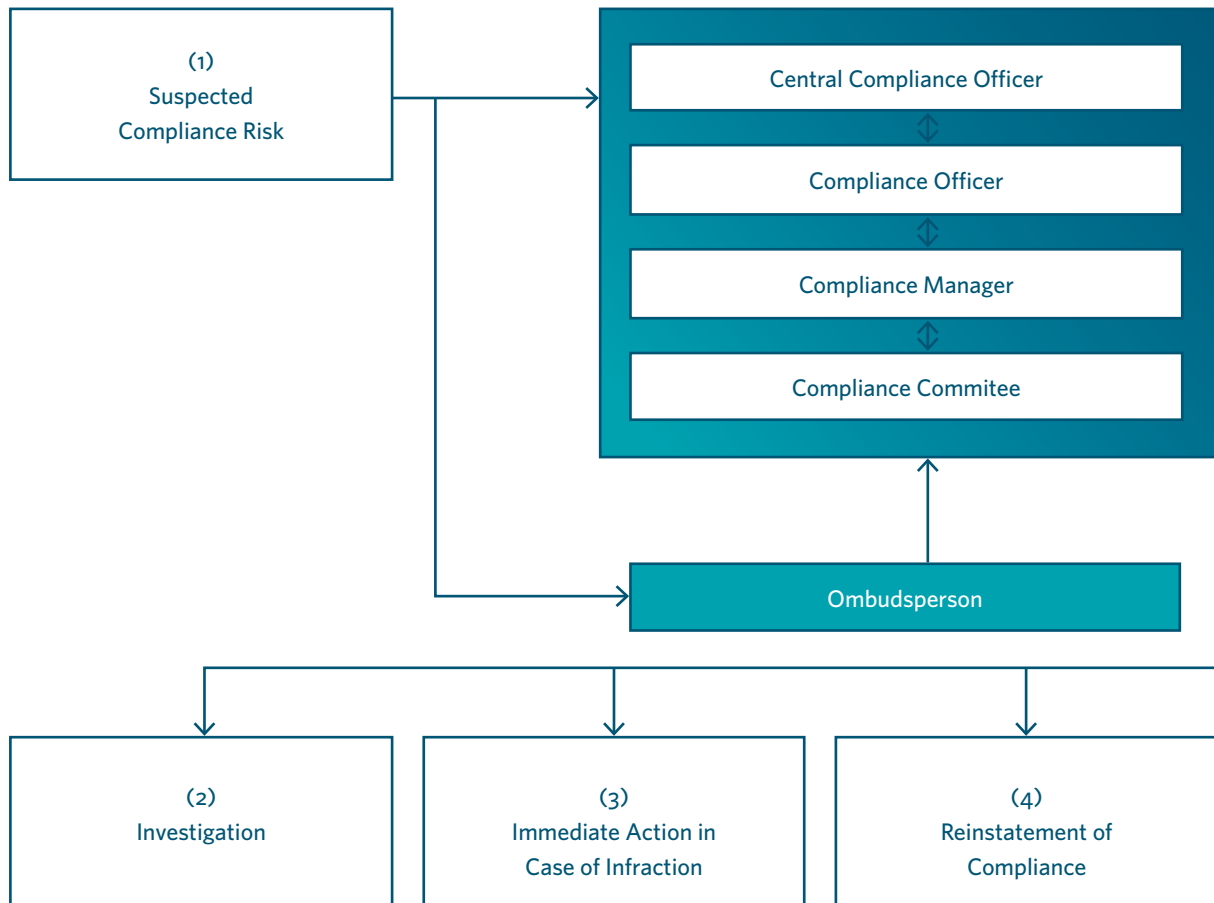
For us, good corporate governance is about much more than merely fulfilling statutory requirements. As a major housing company, we are aware of the particular significance of our entrepreneurial actions for society at large. As a result, we are also committed to all the main aims and principles of the Institute for Corporate Governance in the German Housing Industry (Institut für Corporate Governance der deutschen Immobilienwirtschaft), which we have been a member of since November 14, 2003. The institute supplements the principles of the German Corporate Governance Code to include housing-specific aspects and is committed to even greater transparency, an improved image and a more competitive real estate sector. 102-12

You can find a detailed Corporate Governance Report in the 2017 Annual Report [AR 2017, p. 16 et seq.](#) and online. www.vonovia.de

Code of Conduct: With a separate Code of Conduct, we provide the ethical and legal framework within which we act. The Code of Conduct does not set out any detailed instructions for action, but rather describes the conduct guidelines that apply with binding effect to Vonovia's employees and managers. The focus is on dealing fairly with each other but also in particular on dealing fairly with our customers, business partners and investors. The Code of Conduct specifies how we assume our ethical and legal responsibility as a company and is the expression of our company values, meaning that it forms the basis for an open, appreciative and legally compliant corporate culture. The Code of Conduct features provisions on issues including environmental and health protection, respect for employee rights, dealing with conflicts of interest, and interacting with governments and public-sector agencies.

We inform all employees about the content and binding nature of the Code of Conduct, which can also be consulted at any time on the intranet. All new employees receive a copy with their contract of employment and, by signing their contract, undertake to adhere to the Code of Conduct.

Compliance-Management-System



Compliance Management and Anti-corruption

We understand compliance to mean the lawful action of our company, its bodies and employees. Through the corresponding monitoring of our compliance rules, we protect the integrity of employees, customers and business partners, and shield our company from negative consequences.

Our corporate compliance – in-house rules and guidelines, e.g., to protect the capital market, ensure data protection, secure information, manage risks or set out guidelines on how to deal with donations and sponsoring – is based on the relevant statutory requirements, the Articles of Association and the Rules of Procedure for the Supervisory Board and the Management Board. Compliance at Vonovia also includes product-related compliance.

Compliance with all rules is monitored by a central compliance management system based on IDW Standard PS 980. Compliance management at Vonovia is part of the legal department.

A central compliance officer is assigned the task of identifying compliance risks, taking suitable measures to avoid and detect these risks and taking appropriate action in response to determined compliance risks. This officer is supported by compliance managers and compliance specialists in individual departments who, along with the officer, are the key contacts for compliance matters and suspected cases at the company.

An external ombudsperson is available to all employees and business partners as a confidante for compliance matters. If necessary, the ombudsperson accepts

information about suspected compliance cases on an anonymous basis.

A Compliance Committee also discusses and coordinates compliance issues. The Compliance Committee meets every quarter to discuss current cases as well as the refinement of Vonovia's compliance management system. Along with the compliance officer, the compliance managers and the ombudsperson, other members of the Compliance Committee include representatives from the areas of internal audit, risk management, HR and the works council.

Regular Training on Governance and Compliance:

Vonovia employees are routinely trained on compliance issues, particularly on the issue of combating corruption. Procurement, for which the issue is particularly relevant, receives special training on corruption and criminal law pertaining to corruption. In order to establish the topic of compliance more firmly in the company and be able to inform and train employees in this regard more comprehensively, employees have had access to the special e-learning tool on the intranet since 2018.

The Supervisory Board is also regularly and comprehensively briefed on the issues of compliance, corruption and existing guidelines and procedures. The Audit Committee regularly receives a compliance report, which reports on suspected cases, measures and training offered on the issue of corruption. 205-2

In the 2017 fiscal year, there were several suspected cases of corruption, which we investigated diligently. None of the cases were confirmed. 103-3, 205-3

Furthermore, in 2017 – as well as in previous years – we were not aware of any material violations of valid provisions regarding the health of customers that were not immediately remedied. 416-2

There were several non-material compliance violations or suspected cases during the reporting year. This clearly shows, however, that the system we have put in place is proving effective. Cases are reported and addressed and corresponding consequences ensue. 103-3, 419-1

Dealing with Antitrust Proceedings in a Forward-looking Manner:

As a rule, Vonovia deals with antitrust-related situations in a careful and forward-looking manner. Specifically, this means that Vonovia, for example, reports acquisitions as soon as possible to the German Federal Cartel Office and begins to integrate the acquired companies or portfolios only after approval has been granted by it. There were no violations of competition law guidelines. 103-3, 206-1

Business Partner Code and Supplier Management: Our supplier management includes the selection of suppliers, and the evaluation and classification of supplier performance and supplier development.

The Business Partner Code along with the general terms and conditions of purchasing and individual agreements forms the basis for cooperation with our suppliers and service providers. By signing the Code, our business partners undertake to adhere to the anti-corruption guidelines set out therein. Non-compliance with the Code can lead to significant restrictions or even to the complete termination of the business relationship. 102-16, 205-2, 414-1

Both our Code of Conduct and our Business Partner Code pay particular attention to the issue of corruption. Both documents make it unmistakably clear that evidence of corruption will not be tolerated by Vonovia and will lead to appropriate consequences.

In order to also ensure transparency and security within the company, compliance management rules, Group guidelines for purchasing and the Code of Conduct are also taken into consideration in the purchasing processes.

No violations by suppliers or service providers against labor standards, human rights or corruption regulations were discovered by central purchasing in the reporting period. 414-2

Outlook for 2018

The composition of both the Management and Supervisory Board changed with the Annual General Meeting in May 2018. Upon the merger with the Austrian company BUWOG AG, Daniel Riedl was appointed to the Management Board of Vonovia SE. He is responsible for the development business and the company's Austrian activities. Helene von Roeder has also been newly appointed to the Management Board as CFO. Dr. A. Stefan Kirsten and Gerald Klinck left the Management Board at the 2018 Annual General Meeting. Jürgen Fitschen – who has taken over the vacant mandate left by Dr. Wulf Bernotat and the position of Chairman of the Supervisory Board – and Vitus Eckert were both appointed to the Supervisory Board. Hendrik Jellema has left the Board.

The purchasing guidelines, general terms and conditions and the Business Partner Code are currently being reviewed. The current documents are partly outdated and the necessary amendments are being made. They are due to come into force on January 1, 2019.

In order to expand the application of the Code of Conduct within the company, we plan to carry out an online training course in 2018 that will be mandatory for all employees and managers. The training course will focus on practical examples taken from everyday work situations and link them with the individual regulations in the Code of Conduct. They are designed to give employees an idea of when they should turn to their supervisors or their colleagues in the Compliance department if they are confronted with compliance-relevant issues – that is, when they do not conform with general regulations.

In order to give more weight to the protection of human rights – which is a matter of course for Vonovia – Vonovia plans to gradually introduce the measures from the Federal Government's national action plan for the implementation of guiding principles for the economy and human rights set out by the United Nations. Vonovia plans to complete and publish its Declaration of Respect for Human Rights in 2018.

The reviewed guidelines and codes will also be published in order to improve transparency. In 2018 this will concern the Code of Conduct in particular.

Society and Customers

038		Customer Satisfaction as a Key Success Factor
040		Portfolio Maintenance and Tenant Health and Safety
045		Creating Living Space and Affordable Rents
048	↓	Neighborhood Development

Customer Satisfaction as a Key Success Factor

☒ 102-43, 102-44, 103-1, 103-2, 103-3

Vonovia's success depends entirely on the satisfaction of our tenants. We are, thus, always guided by their needs when it comes to the services we provide for their apartments, their residential environments and their neighborhoods. We regularly review customer satisfaction levels. This allows us to see where we can make further improvements to our services for tenants.

Management Approach 103-2

The economic success of our company – which also implies the success of our Value-add Strategy → p.19 – is directly related to the satisfaction of our tenants. Improving customer satisfaction is the task of all business areas and the management task of every manager. 103-1

Our customer orientation is based on a holistic approach that includes the apartments, the residential environment and the neighborhood in our actions and decisions. It is based on two pillars: First, our central service center together with local caretakers and our company's own technicians and residential environment organization ensure that our tenants' concerns are attended to in a timely, straightforward and reliable manner. We also take the residential environment into consideration. We make sure that it is habitable, attractive and safe. We also make comprehensive investments in the maintenance and modernization of our properties.

And with our Value-add Strategy, we also offer our customers innovative services. These help us to improve customer satisfaction further and gain long-term customer loyalty. We take care that our services represent a real added value for our customers and make their lives easier. We can see whether we are on the

right track with our services from their popularity among our customers. 103-3

[Highlights in 2017](#)

We redesigned our online customer portal in the reporting period. This included expanding the service for our customers. In order to meet our customers' needs as closely as possible in the design of the portal, we included our customers in the test phase. Their responses were used during development. The result: As part of the digitalization of the communication channels, we integrated self-service functions into the platform, so that our customers can contact us immediately, flexibly and regardless of their location. [AR 2017, p. 41](#)

Objectives, Measures and Indicators

Current developments have shown us that customer service is increasingly important for tenants. Vonovia employs a service-based approach and has managed to position itself well on the market with this approach. In order to maintain this position, our customer service continually strives to improve the service it offers, e.g., by further optimizing the interaction between central contacts and on-site employees – our technicians, caretakers and gardeners.

The process management performed by our central customer service has many benefits for our customers: Information consistency is guaranteed and misunderstandings are avoided, which increases process speed and improves the quality of services.

Measuring Customer Satisfaction 103-3

Since customer satisfaction is an important part of our strategic focus, we have made CSI (the customer satisfaction index) our third central performance indicator, after FFO 1 and adjusted NAV. We determine CSI using systematic customer surveys performed by an external service provider.

We use the customer surveys to address general customer satisfaction aspects, such as image, loyalty and overall satisfaction, and to provide topical feedback relating, for example, to customer service, maintenance and modernization measures. This allows any particular references made by our customers to repair reports, a specific residential building or external installations to be addressed and followed up on directly, so that corresponding investments and measures can be taken and implemented in a targeted manner. 102-43, 102-44

Our operating business offers additional insight into customer satisfaction through the vacancy rate, tenant fluctuation and direct feedback from our tenants in day-to-day business.

In addition to the regular surveys, we continually perform interviews related to specific events as an internal quality control measure, such as service calls, e. g., to hear the opinions of new tenants shortly after they've moved in. During these interviews, we have customers describe to us directly whether they are satisfied with the manner in which Vonovia handled their last issue.

The customer surveys and interviews are key tools for us when it comes to managing customer satisfaction. The fact that we conduct the surveys regularly allows us to recognize any changes in customer satisfaction in a timely manner and take the right (corrective) measures quickly.

+33%

increase

of the customer satisfaction index
between 2012 and 2017

Continually Improving CSI 103-3

The positive development in the survey results and the fact that we were able to achieve all of the objectives we had set for ourselves in 2017 show that our customer satisfaction efforts are paying off. The results for 2016 were either up on, or on a par with, the prior-year level in almost all categories of the customer satisfaction survey.

In particular, our customers appreciated our move to extend our service hours in our two customer service locations in Duisburg and Dresden. This resulted in a marked increase in telephone availability. 102-43, 102-44

All in all, CSI improved considerably in 2017. It climbed around 2 percentage points compared to 2016. This represents a total increase of 33% since 2012.

Outlook for 2018

In the coming years, we will continue to concentrate on improving customer satisfaction levels and raising customer loyalty. The measures will include expanding customer services and examining hidden potential in customer services.

In order to pool our services even more and be able to offer our customers services from a single source, we will, for example, take over customer service for our electricity customers starting mid-2018.

We will also continue to commission our external service providers to carry out customer surveys. This guarantees that the results are comparable, which in turn means we can use the results more purposefully.

Portfolio Maintenance and Tenant Health and Safety

☒ 102-15, 103-1, 103-2, 103-3, 203-3

The approximately 350,000 apartments we own in Germany and Austria are the material foundation of our business activities and, based on the fair value, account for 89.1% of the Group's assets. That is why it is vital to us that our portfolio properties are in a good structural condition and that our tenants can live in their apartments safely and without any health risks. Only then can we continue to successfully pursue our objectives of ensuring long-term customer loyalty and developing our company further.

Management Approach 102-15, 103-2

All of our business activities center on the objective of continually raising the value of our company by pursuing a strategy of profitability and sustainability. We want to make our portfolio properties efficient and pleasant for our customers to live in. The quality of our properties play a central part in this – we can only gain our tenants' loyalty and generate continuous income if we provide high-quality real estate that offers our tenants added value and a high quality of life. 103-1

On the one hand, we define portfolio quality as the good structural condition of our properties. This includes all issues relating to maintenance and modernization. On the other hand, we aim to improve our portfolio quality – the value of our portfolio and the income which it generates – with new construction, integrated neighborhood development projects and targeted sales and acquisitions. This also includes all issues relevant to the security and health of the tenants living in our apartments.

Objectives, Measures and Indicators 103-2

Increasing Portfolio Quality

We preserve and improve structural quality through maintenance and modernization. These maintenance measures ensure that the substance of our buildings is preserved in a targeted manner and over the long term. With our modernization measures, we elevate properties and apartments to a new standard of use. 103-1

We make decisions about portfolio investments for both operating and strategic reasons. In any case, they support our goals – and this includes, first and foremost, customer satisfaction. Our investments cover our entire portfolio in Germany and Austria.

Maintenance: We include maintenance measures under routine and long-term planned economic expenses. By practicing continuity, we avoid spikes in expenses and space out our capacities. This regularity also helps us to avoid additional costs, which often result from deferred maintenance.

Where and which maintenance measures we implement is determined in part from long-term planning and in part from recently identified needs that become known to us during regular inspections. The resulting savings may be another factor prompting a decision to implement maintenance measures. If maintenance work is due to be performed in the immediate vicinity or in case of cost advantages for other reasons, we will also perform work on properties that are not yet entirely due for maintenance, in order to optimally utilize – also in the interests of our customers – the economies of scale resulting from the size of our company.

Modernization: By investing in modernization, we elevate properties and apartments to a new standard of use and increase the practical value of the real estate. We usually opt for an integrated approach. But the scope of the modernization measures essentially depends on the state of the property. For the 2017 fiscal year and the following years, we are aiming for a modernization ratio (renovation ratio) of more than 3%. During the 2017/2018 modernization program, almost 5% of the property portfolio was addressed, totaling approximately 18,000 apartments. [103-2](#)

We differentiate between measures aimed at energy efficiency and those to improve the standard of living. Energy-efficiency modernization measures generally involve improvements to the building shell, e.g., attic conversions and communal areas as well as the heat and electricity supply systems. For example, we improve the apartments' heat insulation, renew windows and roofs, and install new and technically superior heating systems. This considerably reduces energy consumption – and thus also the apartments' CO₂ emissions as well as our tenants' ancillary costs. → [pp. 56-61](#)

Measures to improve the standard of living include the installation of new balconies or the modernization of bathrooms and, nowadays, even new fitted kitchens. These upgrading measures are implemented within the actual living area. The measures to improve the standard of living are often related to conversions for the elderly, which allow our customers to remain in their homes even as they grow older.

Another area we focused on in 2017 was optimizing green spaces. We have transformed old wooded areas near homes into lawns that are easy to care for. This reduces gardening costs and creates more appealing and usable space for our customers in the neighborhood.

Health Safety of the Building Materials

We employ modern standards in our maintenance and modernization measures and select the building materials carefully. We only use materials in our apartments that pose no risk to health, for example, to prevent mold formation.

If mold has formed despite all precautions, our technical service takes all necessary measures to eliminate the mold and prevent formation of new mold. We get rid of any mold immediately and do not ask any questions about who is responsible. The priority for us is ensuring that our customers have a healthy living environment. We also regularly inform customers about the right way to heat and ventilate their homes so that the risk of mold forming remains as low as possible and the energy consumed for heating is reduced.

Vonovia's procurement department and product management stipulates the standard building materials that may be used in the apartments and ensures that they have previously undergone and successfully passed various quality tests. We place a particular emphasis on the potential impact of the materials over their entire utilization cycle through disposal. With our product guide, we can ensure that the materials used and the products installed in Germany meet all health, safety and environmental requirements. This allows us to react in a swift and comprehensive manner to any legal changes, for example, adjustments to ERP guidelines, and implement the changes. Our product regulations also apply to our subcontractors. This is to ensure that we can achieve the same quality in all measures undertaken. When selecting products, we also look at energy efficiency – for instance, in choosing boilers – and pay

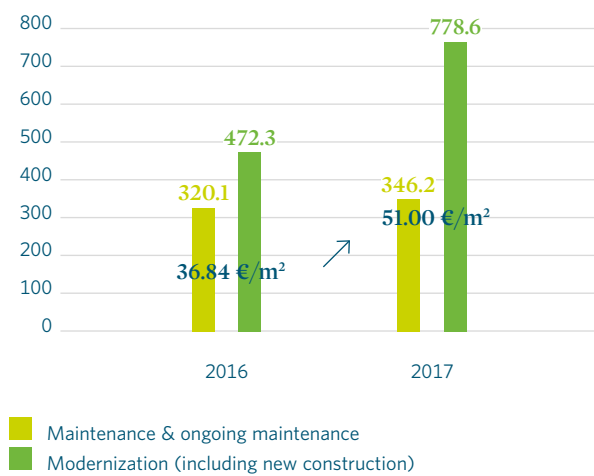
particular attention to water quality in the portfolio properties, e.g., by installing special filter systems. 103-1

Any disposals performed by our subcontractors on our behalf are subject to strict documentation duties regarding correct disposal. There was no need to conduct any special health and safety checks in connection with the materials used in the reporting year.

Before an apartment can be transferred to a new tenant, it is subject to a standardized acceptance process. This allows any defects in the apartment, that could pose a health or safety risk, to be identified and rectified before the new tenant moves in.

Portfolio Investments in 2017

in € million



Expenses for Maintenance and Modernization

In 2017, we spent € 346.2 million (2016: € 320.1 million) on maintenance and ongoing maintenance as well as € 778.6 million for the modernization and further enhancement of the portfolio (2016: € 472.3 million). This is a total of € 1,124.8 million (2016: € 792.4 million), or € 51.00 per square meter of living area. We have thus significantly expanded our investment activities in

comparison with 2016 by a good 34% per square meter over the previous year (€ 36.84). 103-3

Measures to improve the standard of living amounted to around € 200 million in 2017 (2016: € 130 million). Altogether, these measures were completed in 11,000 apartments last year (2016: 9,500). By 2020 we intend to invest an additional total of € 500 million in the area of senior-friendly homes.

Vonovia expands its investment program: The company has decided on an investment program in the amount of around € 1 billion for 2018. The key areas of focus are improvements to existing building stock, new construction and adding extra stories to existing buildings.

Safety Concepts and Other Measures

Safety Concepts: As the landlord, we are responsible for the safety of our customers even beyond their apartments. The need for safety is a basic human need and is essential to our customers' well-being. Safety is essential to leading a happy life. Whether or not our customers feel safe in our neighborhoods depends on their subjective sense of safety. We are, therefore, focusing on eradicating "scary spaces", such as unlit parking lots or densely overgrown paths. We are making sure that paths and parking spaces, entryways and halls are well lit and have good overall visibility. We are also piloting a number of different safety solutions that our tenants can choose from to protect against burglary. These range from reinforced bolts to more secure apartment doors. The solutions we develop and our offerings relating to apartment safety are based on discussions with the State Office of Criminal Investigations in North Rhine-Westphalia. 102-15

We also inspect all open spaces belonging to our portfolio on foot every two years to identify possible dangers. This includes regular playground safety inspections. Of course, we also fulfill all public safety provisions without exception, thus potential hazards can be minimized over the long term. If any faults or risks are identified during the inspections, we immediately

launch measures to remedy them as to avoid accidents occurring in our open spaces. 103-3

Reduction of Noise Pollution: Excessive noise disturbances can also harm the well-being of our customers. We employ a number of different measures to ensure that our tenants live with as little noise pollution as possible. For properties located on busy streets for example, we ensure that noise pollution in the apartments is minimized through good window insulation.

During maintenance or modernization measures, construction noise makes impaired living comfort unavoidable. In these cases, we attempt to inform those affected as soon as possible and organize some small compensation on-site, such as a neighborhood barbecue.

Particularly in connection with our new construction activities, we take a great deal of care to keep the inconvenience to a minimum. This applies to a particular degree to the addition of extra stories to buildings, as tenants continue to live in their apartments while the construction work is being carried out. The modular construction system makes a key contribution to keeping the construction period to a minimum. The apartment modules are already prefabricated when they are delivered to the building site, meaning that they only need to be assembled before work on the interior fittings can commence to finalize the property.

Customer complaints about noise also often relate to noise caused by other tenants. In these cases, we focus on promoting a sense of community and try to mediate between the parties in order to arrive at a solution. In addition, by taking measures like posting house rules in different languages, we contribute to creating a common understanding of living together.

Further Value-add Services

Vonovia has added housing-related services to our rental business in a quest to offer our customers added value and convenience as opposed to just a place to live. We are continually expanding our services and developing new services in order to meet the needs of our customers.

Before an idea is developed further and makes it past the pilot phase and on to the product launch stage, it has to meet three requirements: First, it has to offer customers added value. Second, it has to be cost-effective and affordable for customers. And third, it has to be a candidate for standardization and implementation on a larger scale.

For some years now, we have been offering our customers services that improve their sense of comfort yet are affordable – and will remain so. We can achieve this by always implementing our services on a large scale and making them accessible to all customers. This allows our customers to benefit from cost advantages, which we can achieve by virtue of our size and pass on to our customers in the form of discounts. An example of this is bathroom and kitchen modernizations, which we perform at our customers' request. 203-2

Energy Services: As many of our tenants are not at home during the day, we also develop services that offer them significant added value in terms of flexibility, such as smart metering – where water and heat consumption meter readings are performed automatically via wireless data transfer. This makes preparing ancillary cost invoices much faster and the tenants benefit from automated meter reading off-site, which means they do not have to wait at home on the day of a meter reading. We are already billing the costs for around 80,000 units (2016: around 30,000) with the help of state-of-the-art technology via a wholly-owned subsidiary for our customers. The company plans to continue to grow in this area in the years to come, too.

We are also expanding our decentralized power generation concept. Vonovia operates 206 photovoltaic (PV) plants. In 2018, we plan to extend the photovoltaic project to cover electricity for tenants. With our 27 cogeneration plants (CHP) we are using the heat generated to support heating systems and heat drinking water. In 2018, we aim to expand our energy services and sales offers further. → p. 61

Residential Environment Services: We ensure with our caretakers, technicians and gardeners that repairs or modernization measures are carried out quickly and to a good standard and that the residential environment is well maintained. Vonovia is continually expanding the services it offers in relation to the residential environment. Our service portfolio includes, among other things, the cleaning of stairwells, paths and park areas, tree and hedge-trimming services, lawn maintenance and the fertilization of green spaces, as well as many more services. Our customers also benefit here from size-related price advantages that arise through our standardized, efficient processes or in the procurement of materials. 203-2

We also offer special services for our older tenants beyond conversion measures. This includes smart home solutions with innovative assistance systems and cooperations with social institutions and care services.

For additional information about our services, we refer to the 2017 Annual Report. [📄 AR 2017, p. 39 et seq.](#)

Outlook for 2018

In 2018, we will add more residential services for our customers to our standard rental activities. We also intend to test hand-held, battery-operated tools, such as chainsaws and string trimmers, at certain locations. The aim is to reduce noise pollution for our tenants and the emissions caused by our business operations.

Creating Living Space and Affordable Rents

☒ 102-15, 103-1, 103-2, 103-3, 203-2, 413-1

The pressure on the German residential real estate market remains high. Particularly in the country's metropolitan areas, the demand for housing continues to significantly exceed supply. Rents are climbing higher and higher. Despite this trend, Vonovia pursues a strategy of keeping its homes affordable and building new homes through efficient processes and economies of scale. We also include our stakeholders in our planning.

Management Approach 103-2

Since the IPO in July 2013, Vonovia's aim has been to offer attractive and affordable apartments as a modern service provider.

Over the last seven years, Germany's population has grown. One of the reasons for this is international migration. This increase in the population has caused demand and prices to rise, particularly in major cities. In order to take some of the pressure off the residential market, one of the most urgent challenges that the housing economy in Germany is facing right now is creating affordable housing in central locations. Vonovia offers conditions that, in some cases, are significantly lower than the standard local comparative rents. 103-1, 103-3

Challenges, Opportunities and Risks 103-1

The German federal government would like to create approximately 1.5 million new apartments over the next four years. In light of this, as the largest provider of apartments with the corresponding amount of new construction activity, Vonovia is one of the focal points of the discussion. The three aspects of importance to the German government – boosting investment activity, reviving social housing construction and support in the

form of balanced tenancy law and social policy – present both risks and opportunities for us in providing affordable housing.

Construction costs have risen sharply, firstly due to new and stricter legal regulations for new construction, such as the energy saving ordinance (EnEV) and rising quality and accessibility demands and, secondly, higher taxes and fees. If these costs continue to rise, it will be more difficult for Vonovia to provide affordable new housing.

Long approval times are also posing a challenge. According to current studies, the construction of an apartment building takes around four years from project planning to completion. With our modular construction approach, we could speed this process up considerably and create the desperately needed housing fast.

Tenancy law also has a considerable impact on our business. Over-regulation in the area of tenancy law carries the potential risk of lowering incentives to create new housing and renovate existing housing. One effect of this is a reduction in fluctuation caused by elderly tenants moving from a large non-accessible apartment to a small accessible apartment, thus making room for families. A regulated rental market also creates reliability, thus providing opportunities and development possibilities.

We fundamentally believe that we are on the right track with our serial/modular construction approach. It allows us to take advantage of space potential in existing real estate and to create housing in areas where people want to live. As a pioneer in cost-effective construction, we have the opportunity to increase the popularity of new construction and densification, even in high-influx cities.

Objectives, Measures and Indicators [103-2](#), [203-2](#)

Achieving Economies of Scale

Vonovia manages its housing stocks using standardized systems and processes. Our size allows us to achieve economies of scale on the property management side, reducing the costs per residential unit. We also achieve cost advantages when we purchase services, which our tenants also benefit from, for example, through lower ancillary costs.

We reinvest a large share of our (rental) income in the portfolio itself. As a leading residential real estate company, we have considerable opportunities open to us when it comes to using standardized procedures and materials to achieve economies of scale in our investment activities. Wherever it is appropriate and technically feasible, we try to use standard products for our maintenance and modernization measures. The volumes we can generate as a result enable us to agree on special conditions with our suppliers, allowing us to either receive higher-quality goods for the same price, or to purchase the material to be used at a lower price.

New and Serial Construction [102-15](#), [413-1](#)

As a portfolio holder, our clear focus is on building rented homes and renting them at prices that an average earner can easily afford. This, however, also puts us under increased cost pressure because we can only rent out apartments at affordable prices if the construction costs are low. This is why our approach to construction activities is a novel one within the real estate industry: series production and modular construction. The future apartment is split into modules. They are prefabricated, transported to the construction site and assembled there. In order to take the relevant demographic and infrastructure-related requirements into account,

individual adjustments are made to the building that is constructed by putting the various modules together.

At the same time, the building projects are not implemented individually, but rather in series using systematic, standardized processes. This allows us to both reduce the costs associated with the new construction measures and to shorten the construction period considerably, thus reducing disruption to residents. What is more, the precise prefabrication of the modules in the factory allows the method to meet high quality standards. [103-3](#)

A significant advantage for Vonovia stems from the fact that we have land and vertical expansion potential in our portfolios, and we do not have to acquire expensive building plots. These are either not available, or the high prices would be reflected in the costs.

Different local building regulations and amendments to these regulations make construction difficult and modular new construction systems can only be adapted to a certain extent. Wooden hybrid construction properties with five upper floors, for example, cannot be erected in all federal states due to different fire protection requirements. In addition, the additional requirements that apply in terms of accessibility have a significant impact on the modular concept – and, as a result, on the construction costs.

We are engaged in an intensive dialogue with policy-makers and municipalities at various levels in order to master these challenges. Planning that is as long term and detailed as possible, as well as a functioning regional network and good cooperation with the building authorities, also play a decisive role in determining the success of the construction projects.

When it comes to measures to add extra stories to existing buildings, it is not uncommon for existing tenants to voice concerns over the construction projects. Any initial reservations that tenants may have can be resolved by making sure that regional authorities and construction managers work together to provide tenants with information and involve them early on.

In 2017, we began and completed several new serial construction projects in all regions in Germany, such as three apartment buildings with steel modules in Bochum and a new building with a wooden structure in Bottrop.

Senior-Friendly Conversions and Extensions

102-15, 413-1

Demographic change in Germany – caused by an aging population on the one hand and by migration flows within and to Germany on the other – is creating a need for new living space that meets people's needs.

We therefore review where we can eliminate obstructions during every modernization measure, such as leveling thresholds and steps or eliminating differences in flooring height that exceed two centimeters. And all new buildings constructed by Vonovia have as few obstructions as possible, even beyond the legal requirements. The installation of wider apartment entrance and internal doors, which make it easy to use walkers within the apartment, are standard. In bathrooms, we install curbless walk-in showers and accessible wash basins. In addition, all of Vonovia's new buildings feature an elevator system. During building modernizations, we may retrofit elevators in individual cases and create accessible balconies.

During construction, we also level communal areas such as entries and create separate spaces for tenants to park their walkers or other aids.

Civic Participation

Civic participation is becoming increasingly important when it comes to construction measures. It is also important for Vonovia to invite tenants and stakeholders to participate in new construction and extension planning and to include their suggestions in order to successfully complete the projects. We therefore integrate local advisory boards and a selection of tenants early on in the project planning stage and organize regular informational and participatory events. In cases in which we are modernizing properties, the focus is primarily on neighborhood development and this is influenced by specific regional aspects. The tenants are usually mainly

interested in the real consequences of any construction work. In a number of smaller projects, for example, in Düsseldorf, we have successfully brought mediators on board in order to deal with complex situations.

Outlook for 2018

We completed 182 apartments in 2017, with another 443 still under construction. We will also expand our investment program – in 2018 we will invest more than € 1 billion. The focus of our work will be on energy efficient modernizations and creating more homes.

We are currently working with regional architecture firms and specialist planners to implement the projects. When extra stories are added to existing buildings, the interior fitting process is already partly handled by our own craftsmen's organization technical service. Our goal is to also complete the specific interior fittings for new construction projects with the organization. Currently, our employees are primarily assuming responsibility for coordination with the partner firms.

Vonovia has also set itself the objective of expanding the modular new construction concept and further reducing its construction costs. One possible option lies in optimizing the layout plans for stairwells. This improves the living area factor and reduces the construction costs per square meter of rentable living area without impairing the quality of the apartment.

Vonovia also plans to use construction components it has developed itself, such as balcony systems or windows, in new construction projects or projects to add extra stories in the future.

We are currently checking if modular new construction elements can receive sustainability certification. This would help us to communicate the sustainability of this type of construction to the outside world and it would enable Vonovia's bonds to be classified as green and sustainable bonds, giving us access to new groups of investors.

Neighborhood Development

☒ 102-15, 103-1, 103-2, 103-3, 413-1

For the people who move into our apartments, the residential environment is often as important as an appealing amount of space and an affordable rent. Infrastructure, social diversity and appropriate leisure facilities all are an important factor, which is why neighborhood development is a priority for us and a central aspect of our work. Through direct contact to the local policymakers and initiatives, we are working together on concepts that promote the long-term sustainable development of our neighborhoods.

Management Approach 103-2, 102-15

We understand “neighborhood development” as an integrated approach to developing entire areas of towns or cities. Contiguous groups of buildings – their environment and the district itself – are seen as an inseparable unit. We take both financial and social criteria into account in our development measures. We also actively include local residents, public interest groups and other stakeholders in our neighborhood development projects. And we are working with the federal states, municipalities and social agencies to come up with solutions for appealing neighborhoods and social projects to encourage community and interaction in our neighborhoods. The aim is to achieve a long-term increase in the value of our property portfolio, which is reflected in visible improvements for our tenants in the quality of their living space and the neighborhood alike.

Establishment in the Organization

Regional responsibility for neighborhood development lies with the regional managers, who coordinate measures with the regional managing directors. The measures are increasingly implemented by our own neighborhood developers on-site in the neighborhoods, which allows us to deal with special issues that come up as needed.

Challenges, Opportunities and Risks 103-1

Due to the ongoing lack of housing, public opinion toward neighborhoods that have undergone densification is improving, and it has found more support among politicians. Nevertheless, residents may react defensively toward structural and social changes, taking a “not in my backyard” attitude. This can influence public opinion. We consider it our duty to counter these developments with open communication and active work in the neighborhood, solving critical discussions in a cooperative manner.

If we manage to create a positive image for sustainable neighborhood development and raise public opinion of it, then there is an opportunity for Vonovia to increase customer satisfaction and become an active designer of sustainable environments in entire districts. Introducing new products, such as car sharing, charging stations for electric vehicles and other offers can be used as additional supporting elements in neighborhood development.

Objectives, Measures and Indicators 103-2

For Vonovia, neighborhood development means the integrated and forward-looking orientation of whole neighborhoods. This also always impacts urban development extending beyond improvements to the existing infrastructure. These measures often strengthen the

provision of local basic services as well and improve the extent to which residents identify with their neighborhood.

We achieve holistic neighborhood development by working with the city and municipal authorities. Taken together, all of these measures have an impact today and in the future, which is why it is absolutely crucial for the measures to focus on the needs of the specific target group. That's why planning and implementation take place locally and are adapted to fulfill individual needs and requirements within the neighborhood.

Neighborhood development contributes to the long-term and sustainable value preservation or increase in the value of real estate, and it also creates attractive living spaces and social focal points for the people living there.

Find out more on our website. www.vonovia.de

Structural Measures

Our investment measures in the areas of maintenance, modernization, shaping the residential environment and new construction/adding extra stories are bundled in a neighborhood development plan spanning a period of several years and expanded to include further measures. These measures comprise infrastructure improvements for any demolition measures that have to be taken, the realization of integral energy concepts and urban development issues. We are pursuing neighborhood development in all of our business areas, adding an additional strategic aspect to our investment programs nationwide - for example, through carrying out densification studies and developing mobility concepts. We prepare development decisions and development planning procedures in such a way that we can expect a positive outcome. 103-3

We also improve the social infrastructure by building new residential homes for the elderly or daycare centers. We aim to improve the well-being of our tenants and the appeal of neighborhoods through social diversity and broad age ranges. High rental ratios in residential homes for the elderly are a helpful indicator for us. Through measures to improve the residential environment, we can also improve the social quality of life for our tenants. This includes creating a safe, relaxing and

green environment by constructing playgrounds, promoting mobility and local amenities, and offering energy services. With an approved investment volume of more than € 350 million since 2016, we believe that we are making sustainable improvements to our neighborhoods and expect further neighborhood development measures to be launched in the future, too. 103-3

Participation Concepts

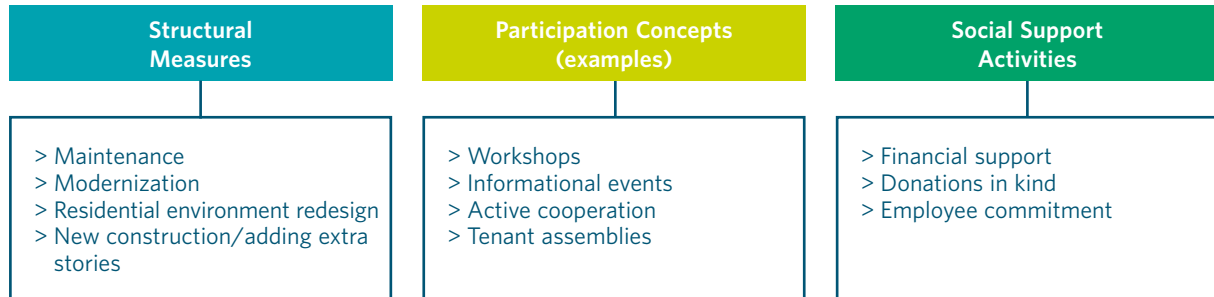
"Soft" factors are also very important when it comes to implementing neighborhood development measures. We often have to take conflicting interests into account. The active involvement of residents, public interest groups and other stakeholders in the neighborhood as well as cooperation with federal states and municipalities will help identify solutions to create livable neighborhoods.

This is why we always try to inform our tenants of the planned measures early on and encourage them to play an active role in the process. In this way, our tenants are involved in designing the residential environment (for example, in tenant workshops, measures allowing them to actively contribute to facade and playground design, route/pathway design, etc.), among other things. We are currently working on an extensive participation concept for tenants and policymakers in cooperation with an external civic participation service provider in Berlin. Resonance among tenants for tenant assemblies and the high level of willingness to voice their ideas and hopes help us to understand their views and develop the right measures. 103-3

Social Support Activities 413-1

We know that an effective, sustainable improvement in our customers' quality of life cannot be achieved using only the aforementioned maintenance and improvement measures to the buildings' structure and infrastructure. The people of the community - neighbors, residents and business operators - make the biggest contribution to the development of neighborhoods. It is their neighborhood initiatives, social institutions, associations and cultural institutions that bring stability, diversity and well-being to the neighborhood. But each neighborhood is different and has different requirements and faces different challenges - sometimes access to education is lacking, sometimes there is no interaction between the

Neighborhood Development Measures



different age groups, sometimes the neighborhoods lack cultural institutions.

This is why Vonovia cooperates with local social and state institutions such as daycare centers and schools, welfare organizations and other social agencies, and charitable and cultural institutions. Our business areas also support specific local projects and initiatives. We base our conduct in this area on our donation and sponsoring guidelines and support projects that promote community, education and culture and thus contribute to the development of our neighborhoods. We differentiate between three categories: financial support, in-kind donations and our employees' personal commitment. These categories are not always clear-cut, as a combination of categories is often employed.

The objective of all these measures is to provide neighborhoods in which we have portfolio properties with the support that they need and help them develop. At the moment, the effect of the measures carried out is not investigated systematically. But the impressions of those involved are collected and processed during feedback and discussion rounds.

The following examples are just a small sampling of our many activities.

Financial Support: Vonovia supports the charitable educational organization **Teach First Deutschland**, which promotes fair opportunities and a right to education for all children, by providing financial support to five "fellows." The fellows are deployed at high-risk or struggling schools in Berlin, Dortmund, Hamburg, Cologne and Stuttgart. They support students, work in "welcoming classes" and help during normal school lessons to encourage integration in the neighborhoods. They also organize projects, such as urban gardening, building nature observation stations and renovating school buildings to establish a stronger link to the students' neighborhoods and immediate environment. They also arrange career advice and company visits in order to find suitable future opportunities for the young people.

The project "**Anti Anti- Museum goes Schule**" was organized by Vonovia, the Jewish Museum in Frankfurt and the associated education center as an effort to prevent extremism. The program is aimed at vocational schools, where the number of students with migrant backgrounds is particularly high or many students have a spotty history with education and where the cultural offerings for students are particularly poor. Both teachers and students at vocational schools in Frankfurt can improve their intercultural skills through workshops over a period of half a year. For the young people, the focus is on personality development and cultural participation. And the most special part is that the learning doesn't

take place in a classroom or museum but where the students feel at home: in their neighborhoods and all around their city.

Many of the other projects are aimed at **providing advice for people** with financial difficulties or who rely on support services. For example, Vonovia supports Diakonie's debt counseling work in Heidenheim and Caritas' energy savings consultation service in Dortmund. In Bremen, Vonovia and Haus der Zukunft support the cost of a social worker, who provides individual tenant advice, and in Hamburg advice and support services are provided for the elderly in cooperation with AWO.

In-Kind Donations: In order to promote solidarity among tenants and a sense of community in the neighborhoods, Vonovia supports **tenant and Christmas parties** – donating crockery and table cloths, Christmas trees or other practical commodities, for instance. Neighborhoods will be a hot topic for us in 2018. This is because Vonovia is sponsoring the German Neighborhood Award, organized by the charity nebenan.de Stiftung. The national award rewards neighborhood initiatives.

Providing **rent-free or reduced-rent space** is an important tool in supporting social institutions and organizations. This type of support, which is most appropriate for a housing company, is commonplace for Vonovia, and it enables our social cooperation partners to set up and expand their organizations. The range of opportunities for involvement is large and is based on the requirements and options available at the location.

SOS Kinderdorf in the north of Bremen, for example, is able to operate a daycare center in one of our properties. The diversity of possibilities is shown through a "street school" in Dresden that provides young people in difficult situations the opportunity to study and complete a high school degree, the conversion of an old pharmacy into a social center in Cologne and pop-up gallery in Eltingviertel in Essen. A creative movement is starting to take root in Essen: Two industrial design students from the Folkwang University have been provided free use of the adjoining studio for their projects. They make furniture out of bulky waste items bringing creativity to the neighborhood. And two other artists are running the "Interconnected Neighborhood" project from the same studio. In

Hanover, Vonovia cooperates with the project "Nachbarschaftsarbeit" and has provided three free apartments, for a kids club, a fitness center and a computer club respectively, to promote the integration of people of different nationalities, religions and cultures. A neighborhood meeting point in Osnabrück supports children and teenagers' educational and inclusion opportunities.

An example of a project carried out in Gremberghoven in Cologne shows just how important a cooperative community is. Together with the city of Cologne, the Lukas Podolski Foundation and the youth charity Rhein-Flanke e. V., the neighborhood was redeveloped to meet the needs of young people. The focus was on a new functional and modern sports field (the grounds were donated by Vonovia, the table tennis table by the Vonovia Foundation and the financial building costs were borne by the Lukas Podolski Foundation). A new youth center, created from converted shipping containers, was built directly next to it. Vonovia technical service fitted the bathrooms. The center is operated by the RheinFlanke association, which concerns itself with the youth of Gremberghoven. The association offers football training, special programs for girls, children's gymnastics and manual skills courses in a bicycle workshop along with individual career advice. Festivals and holiday leisure activities are also organized together with the partners and the many associations based in the area. The youth association also works to help residents of the local refugee accommodation to integrate into the area. The aim is to enable the children in this district to grow up together peacefully. The city of Cologne supports the project by providing a youth social worker.

Employee Commitment: Vonovia's employees volunteer at a number of projects and initiatives. Despite the fact that we do not yet pursue this in a strategic or targeted way, we support the commitment of our employees in their private lives. Committed employees fit in well in our corporate culture. This means that a number of initiatives and projects reach our company even without any central management. Many employees support disadvantaged children around the holidays with gifts, for instance.

Our technicians are able to provide a great wealth of technical skills and support. This is in high demand in a number of social institutions. At the Oberlinhaus Center of Excellence in Potsdam, where physically disabled people and people with multiple handicaps are cared for, Vonovia employees with their expertise and the help of children, teenagers and carers redesigned the common room at Vonovia's expense within just one day. We believe that this is an approach that could be expanded upon in the future.

[Group-Wide Projects](#) 413-1

In addition to neighborhood development, which is planned and implemented at a local level, Vonovia also centrally organizes its own select projects:

Vonovia Photo Competition: Vonovia launched its photo competition in 2017 with the topic "home." The prize money amounts to € 42,000 and is divided into three main prizes and one new talent award. The award is aimed at professional photographers and up-and-comers. An independent jury decides the winners, with experts from the areas of photography, journalism, art and teaching as well as the real estate industry. Following the successful pilot, we hope to keep the competition going and make it one of the leading photography competitions in Germany. The core element of this competition will remain the topic of home.

Vonovia Sculpture Competition: Vonovia launched a sculpture competition in 2017 as part of the cultural development of neighborhoods. The sculptures in Berlin, Essen and Frankfurt are meant to create a connection to distinctive local issues and make them tangible. The aim of the sculptural projects is to create a new sense of loyalty and increase identification with the area.

VfL Bochum: In order to express our special connection with Bochum, the stadium of the second division football team VfL Bochum will be called Vonovia Ruhrstadion for five years, starting in the 2016/2017 season. The club and Vonovia will also work on a number of other joint activities as part of the cooperation. Vonovia will, for example, support VfL Talentwerk, the club's youth training program. Together with the football school, a football camp was organized in 2017 for around 100 children from Essen's Eltingviertel. Vonovia Mieterstiftung e. V., covered the transportation, catering and participation costs, and Vonovia trainees were able to complete a merchandising project with the help of VfL Bochum.

Stifterverband: Rolf Buch, Vonovia's CEO, is a board member of Stifterverband. The joint initiative of companies and foundations advises, networks and provides support in the areas of education, science and innovation. Vonovia shares this attitude to education and supports Stifterverband with an unrestricted donation.

[Foundation Work](#) 413-1

Vonovia also contributes to society through four foundations.

The **Vonovia Stiftung (Vonovia foundation)** is a charitable foundation under German civil law. The foundation is committed to social affairs, community life, helping others to help themselves and vocational training. Its mission is to provide help in cases of social hardship to individuals who need assistance and to promote intact neighborhoods and vocational training. In this respect, the foundation makes a key contribution to shaping and ensuring social and neighborhood cohesion in Vonovia's properties. It expressly supports active citizenship, personal responsibility and individual initiative within a residential context.

During the reporting period, the foundation provided € 175,000 to support various measures. In Cologne, for example, it was involved with the renewal of a playground in cooperation with the Catholic parish of St. Pankratius. In Porz, Cologne, the foundation was involved with the establishment of the youth center "Grembox," which offers local youth a varied leisure program and individual careers advice.

Modern equipment that allows them to access digital networks is a prerequisite for children and teenagers to have fair opportunities in education. The Vonovia Foundation has donated € 25,000 to the Berliner Arche for this purpose. This money paid for special school routers at six locations in the capital, so that the children could use the computers in the homework rooms to do their homework and surf safely.

Vonovia Mieter-Stiftung e. V. was established in 2003 by members of Deutsche Annington Immobilien GmbH and Deutscher Mieterbund (German Tenants' Association) Nordrhein-Westfalen e. V. The foundation aims to improve the sense of community between different age groups and cultures in the Vonovia neighborhoods and support care institutions for children, teenagers and the elderly.

In 2017, the foundation provided financial support in the amount of € 21,000 for the replacement of toys and many other events in Wohlers Eichen, such as a joint playground renovation, a sewing group, lantern festivals and communal cooking.

“Stiftung Mensch und Wohnen” (people and living foundation) focuses on promoting a residential environment that brings young and old people together and fosters a sense of community spirit between these groups in Vonovia's housing developments. The foundation finances meeting places, playgrounds and other assistance and support services with a focus on social activities. The foundation only supports charitable work.

In 2017, the foundation donated a total of € 46,800 to a cooperation with AWO Hamburg in Steilshoop. This has enabled a neighborhood coordinator to be employed for 20 hours a week in the local meeting place. The coordinator organizes visiting hours for people who rarely leave their homes as well as volunteer companion services and consultation services.

In Wohlers Eichen, Bremen, the foundation funds advice and support offers for tenants in the neighborhood, e. g., by designing playgrounds together with the residents, cooking courses to encourage healthy eating, and a garden project, where children learn about tending to garden plots and flowers.

Stiftung Pro Bochum is a cooperation project involving numerous companies based in Bochum to assume responsibility, within the city boundaries, for the city itself and the place where the company has its registered headquarters. The project provides support to cultural, academic and sports-related projects within Bochum, in particular.

Outlook for 2018

We will continue to develop our neighborhoods and initiate new neighborhood development projects. We will also carry out potential analyses and viability studies in all regions in the appropriate locations and neighborhoods for new construction and densification in order to identify future project options.

We will also continue to carry out structural measures and measures to improve the standard of living in and around our neighborhoods. Together with “Die Johanner” (Order of St. John charitable organization), we will open a residential home for the elderly in Tegel, Berlin, in 2018. We will convert the building in such a way that the layout and equipment makes caring for the residents as easy as possible. In Kornwestheim, near Stuttgart, we are currently in talks with the city regarding the concept for adding floors to existing properties and new modular constructions. The planning procedure is expected to get underway in 2018, so that we can begin implementing the plans in 2019.

As part of the development of our social cooperation, we will apply a more strategic approach with our donation and sponsoring management in 2018 and implement the necessary internal processes. We are aiming for a more demand- and goal-oriented process. We also want to show our support for neighborly communities by supporting the 2018 German Neighborhood Awards organized by the nebenan.de Stiftung.

Environment

055		Protecting the Climate by Optimizing the Portfolio
056		Energy Efficiency and Reducing Greenhouse Gas Emissions in the Portfolio
062		Environmental Protection in the Portfolio
065		Company Environmental Protection
066	↓	Impact of Transport and Logistics

Protecting the Climate by Optimizing the Portfolio

☒ 103-2

Management Approach 103-2

Vonovia has a two-fold impact on the environment: firstly through the condition of the apartments and secondly the way that the portfolio is managed. In the course of our business activities we consume natural resources and energy and contribute to the emission of greenhouse gases.

Our responsibility to the environment is equal to the size of our portfolio. Although we can only influence consumption levels to a certain degree in our capacity as the landlord - ultimately, tenants are free to decide how much electricity, water and heating they want to use - energy-efficient modernization, modern heating boilers or solutions such as smart thermostats can contribute to a marked reduction in energy consumption and, as a result, emissions.

We are always looking for opportunities to increase resource efficiency, reduce energy, water and materials consumption, and thereby reduce our impact on the climate and the environment. The main areas in which we can have an impact are our construction work and management, the operation of our headquarters and locations, and our transport and logistics services.

Energy Efficiency and Reducing Greenhouse Gas Emissions in the Portfolio

☒ 102-13, 103-1, 103-2, 103-3, 302-1, 302-3, 302-4, 302-5, 305-5, CRE1

Vonovia has almost 350,000 residential units in Germany and Austria – all consuming energy every day. As a result, the buildings are responsible for a significant portion of our company's CO₂ emissions. We aim to increase the energy-efficiency of our portfolio and reduce the amount of emissions through comprehensive energy-efficiency modernization measures and by constructing modern new buildings.

Management Approach to Protecting the Climate Through Modernization and New Construction 103-2, 302-5

Vonovia aims to achieve the government's climate targets and support the Paris Climate Change Agreement target in its new construction activities and with its energy-efficient building upgrades. Our aim is to have a virtually climate-neutral building stock by 2050. In light of this, we are taking measures to reduce energy consumption in our properties and greenhouse gas emissions.

Challenges, Opportunities and Risks 103-1

The high energy standards that we can achieve through energy-efficient building upgrades and new construction lower energy consumption in the apartments. This results in lower ancillary costs for the tenants and allows Vonovia to position itself on the market with attractive and affordable housing.

It is important to us that the construction and modernization measures that we carry out remain affordable for our tenants. We therefore adapt the modernization measures – and the costs we pass on to tenants – to suit the individual properties because we are aware that acceptance levels for higher rent are limited. The necessary balance between implementing the ideal ecological measures and minimizing the social burden is, however, an aspect that poses quite a challenge to us in light of the current construction boom and rising legal requirements. This is because the prices for materials and construction services are continually rising. We therefore intend to expand the technical service further in order to offer important services ourselves and keep costs as low as possible.

We understand that the real estate industry can only meet the target of climate-neutral buildings by 2050 if considerable effort is made in the area of energy efficient building renovations. Vonovia is able and willing to make a significant contribution to this.

We are actively involved in the discussions about controlling climate change and include ideas from our stakeholders from the political, scientific, economic and social arenas in our deliberations. For example, we are a member of the Klima.Diskurs.NRW e. V. association and participate in the “Wirtschaft macht Klimaschutz” (business drives climate protection) dialogue forum, which was launched in June 2017 by the Federal Ministry for the Environment, Nature Conservation and Nuclear Safety (BMU). The intention of this forum, which will run over a period of two years, is to allow companies from different sectors to connect and exchange ideas about real measures that can be implemented by the companies. 102-13



Modernization ratio 2017

ratio above the annual goal of 3%

Objectives, Measures and Indicators

Energy-efficient Modernizations

We expanded our modernization program in the 2017 fiscal year in order to reach our ecological targets. Our aim is to carry out energy-efficiency modernizations on at least 3% of our building stock each year.

Building Shell: The focus of our modernization measures for building shells was on facade insulation, window replacements as well as roof and basement ceiling insulation in 2017. We comply completely with the legal requirements of the German Energy Saving Ordinance (EnEV). The German Reconstruction Loan Corporation (KfW) is subsidizing a major portion of the modernization measures. The KfW standard required to obtain a subsidy actually exceeds the EnEV efficiency requirements. In 2017, within the scope of our modernization program, a total of 17,264 rented units were refurbished with KfW funds - this figure includes energy-efficient building upgrades as well as modernization of heating systems.

KfW’s subsidy programs differentiate between two main aspects when it comes to building modernizations:

- > The KfW 152 standard covers the implementation of individual energy-efficiency measures such as replacing windows or facade insulation.
- > The KfW 151 standard covers the renovation of a building, where individual measures together lead to the building achieving a KfW energy-efficient building standard.

The amount of the subsidy depends on the energy efficiency level achieved (KfW 151 standard) and with the achievement of the efficient building standard or the measures taken (KfW 152 standard).

We successfully completed a building modernization pilot project in Berlin within the scope of the KfW 151 subsidy program for the first time in 2017. The goal was to construct an energy-efficient building, which meets the KfW 100 standard. This represents a further approach to building upgrades in addition to our building upgrades within the scope of the KfW 152 development scheme. Other KfW 151 projects are currently underway or have been completed from a construction point of view. 103-3

Heating Systems: The main focus of our heating modernization measures in 2017 was on the boiler replacement program, i.e., the installation of new gas condensing boilers. Our portfolio still contains properties with outdated heating systems such as individual coal and oil stoves and night storage heaters. These are not up to the latest living and energy-efficiency standards, and we are in the process of replacing them.

With the 2017 heating system modernization program, heating systems that supply around 15,000 households were replaced. This has allowed us to reduce CO₂ emissions from our heating systems by around 7,400 metric tons. 103-3

Building Upgrades in 2017 by Region



TOP 10 Modernization Locations by Investment Amount

Region	City	Units	Area (in m ²)	Investment volume (in € million)
West	Dortmund	2,391	141,286	50.1
West	Essen	1,589	97,023	40.7
Southeast	Dresden	2,309	125,321	35.5
North	Hanover	1,060	60,296	25.9
North	Hamburg	632	44,316	18.7
West	Bielefeld	634	41,252	17.4
East	Berlin	860	56,181	16.7
North	Bremen	685	41,495	14.0
North	Osnabrück	361	23,883	13.3
Central	Frankfurt	342	21,729	11.6
Total volume		10,863	652,782	244.0

Greenhouse Gas Reduction: In 2017, as part of the “energy-efficient building upgrade” program, we renewed the insulation for a living area of over 1.1 million square meters in just under 390 projects, or around 17,600 residential units. 103-3, 302-5

The measures that were carried out in 2017 resulted in savings of more than 69,000 MWh (2016: 42,000 MWh) of final energy demand for our building stock. In 2017, CO₂ emissions were reduced by approximately 22,400 metric tons (2016: 13,000 metric tons). This corresponds to energy savings for the buildings refurbished in 2017 of 46%, or a 47% reduction in CO₂ emissions (2016: 47.5% and 48%). 302-4

Based on the energy certificates for 42,481 residential buildings, the average energy intensity of our buildings in 2017 was approximately 158.4 kWh/m² (2016: 46,407 residential buildings and 165.1 kWh/m²). We have therefore once again exceeded previous year’s results. 302-3, CRE1

New Construction

The energy efficiency framework for our new construction projects is set by EnEV requirements. In some cases our numbers were up to 10% below the basic level set by the EnEV. This is due to the fact that we use intelligent construction methods, such as wood panel construction, core insulation, or the use of solar thermal energy and photovoltaic (PV) plants. In addition, our building permits – for example, for our project in Frankfurt’s Westring – are subject to other urban development program requirements, which means we must comply with special energy-efficiency measures and savings. This shows that if municipalities and companies work together, it is possible to attain figures up to 10% below the levels set by the EnEV. 103-3

As soon as new construction projects fulfill the KfW energy-efficient building energy standards, they can be implemented with the help of the KfW 153 subsidy program.

Modular and prefabricated construction is the standard approach for our new construction segment. Through high-volume factory preproduction, buildings can be constructed in a more energy-efficient manner. This helps to conserve environmental resources.

Outlook for 2018

The initial experience gleaned in 2016 and 2017 will serve as an important foundation for significant expansion of the new construction volume over the next few years. Following Bochum, Bayreuth and Dortmund, upcoming projects include new construction in Munich, Bremen, Hamburg, Berlin and Frankfurt. In its new construction activities, Vonovia is placing particular emphasis on targeted densification and vertical expansion using prefabricated modules and the following three modular construction concepts: wood hybrid, steel skeleton and precast concrete construction. Due to the sometimes long lead times in planning and building law, not all of the projects will commence on-site work in 2018 or 2019. We plan to start work on over 1,000 new apartments (new construction and additional floors) in 2019. For example, construction of 20 new residential units has already begun as part of our project in Münster. This should be completed by summer 2018. Another project to build around 65 new residential units in Essen is currently in the planning stage. Construction is due to begin in the fall of 2018. Both projects will comply with the KfW 40 efficient building standard in accordance with KfW 153. We are also continually carrying out energy-efficiency modernization measures and installing new heating systems in our properties.

Management Approach to Decentralized Energy Supply and Renewable Energy 103-2

The use of renewable energy sources is becoming increasingly important in new construction and modernization projects. We consider renewable energy a compelling and effective tool in protecting the climate and making a contribution toward a successful energy transition here in Germany. The range of interesting subsidy programs and developments in legislation, e. g., Landlord-to-Tenant Electricity Act, are also a boost to decentralization projects. Vonovia strives to take the use of renewable energy sources and decentralized energy systems into consideration in the early planning stages of new construction and modernization projects in order to help shape the energy supply of the future.

Challenges, Opportunities and Risks 103-1

Vonovia intends to continually expand electricity generation from PV plants. We see this as a great opportunity for our portfolio properties to produce and store energy, rather than just consume it. It is not just about the production of energy, but also using it intelligently. We therefore endeavor to install all of our PV plants in such a way that they can produce electricity for tenants, i.e., the electricity is primarily used directly in the building or at a charging station. The challenge lies in developing a concept for monitoring consumption and invoicing, and to ensure that individual buildings and neighborhoods remain connected to the grid. We intend to install digital metering solutions – smart meters – that allow the tenants to see the amount of electricity produced and consumed.

Objectives, Measures and Indicators

Photovoltaics

During the reporting period, another 47 PV plants with an output of 2,096 kWp were installed and put into operation, increasing the plant portfolio to 206 plants with a total output of 5,500 kWp. This puts the electricity generated annually up to a total of around 5,500 MWh (2016: 3,500 MWh), which is equivalent to a reduction in CO₂ emissions of approximately 2,900 metric tons. 302-1, 302-4

In cooperation with external partners, we launched the first pilot project for decentralized energy supply in Mainz at the end of 2016. The project supplies our tenants with locally produced, low-cost solar power. The first tenant has been receiving tenant-produced electricity since February 2017 – tenant participation in the project is, however, still below expectations. In order to increase tenant participation in such projects, we plan to hand this business area over fully to Vonovia Energie Service GmbH in order to make customer recruitment simpler and more effective. 302-4

We have also launched a pilot battery storage system that temporarily stores electricity from PV plants. The system provides the building with electricity for heating and lighting in the evening.

Cogeneration Units

In order to increase the energy efficiency of our apartments, we also use cogeneration (CHP) units. CHP units are utilized to supply tenants with heat and for efficient electricity production. In 2017, 27 gas-powered cogeneration units were operated within Vonovia's portfolio. The electricity generated climbed once more to a total of 494 MWh. We aim to increase the operating times of existing CHP units through optimization efforts. The first pilot projects are already being planned. 302-1, 302-4

Energy Sales

Vonovia offers its tenants simple and convenient electricity and gas contracts. We exclusively supply green electricity to our customers. At the end of a supply period we send certificates to prove where we sourced the electricity – usually Norwegian hydropower plants. In 2017 we launched our energy sales pilot project. We aim to roll energy sales out to all regions in 2018.

Tenant Information

Vonovia has very little direct influence on the energy and water consumption habits of its tenants. In order to explain the significance of saving energy and conserving resources to our tenants, we regularly inform them about energy-saving options through our customer magazine “zuhause” and flyers. For example, we explain how modern heating systems operate and provide tips on how to use them effectively. We are also trying to raise awareness among our tenants of how to handle water consumption in a responsible and resource-saving manner.

Mobility

On project basis, car and e-bike charging stations will be included in the plans for future new construction. We are also increasingly including car sharing schemes in our plans. The aim is to win our tenants over to alternative mobility options and to actively participate in the travel revolution – along with the energy transition. That is why we are building more car sharing spaces and reducing the number of private car parking spaces. The

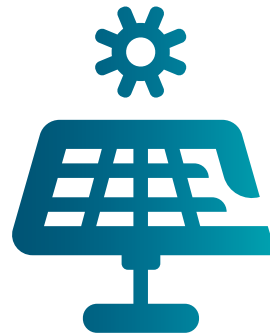
new construction in Frankfurt’s Westring has three car sharing spaces instead of 12 private car parking spaces, for instance. 103-3

Our company is participating in the Federal Ministry of Transport and Digital Infrastructure (BMVI) subsidy program at approximately 45 locations. The first subsidized charging stations are set to be built on Vonovia sites in 2018. Our tenants have also recently been given the opportunity to have a charging station installed at their car parking space in exchange for a monthly fee.

Outlook for 2018

We intend to expand the photovoltaics business area in future. We are currently working on a strategy to implement a mass process for equipping Vonovia portfolio properties with PV plants. We are performing a solar cadastre analysis in order to digitally identify suitable roofs. The next step will be to set up a long-term expansion plan and make the construction of PV plants suitable for mass production using serial and standardized designs. We also aim to make PV plants a standard feature of new buildings and are checking all building projects to see where this can be implemented.

We are also looking into generating additional value from our PV plants. We are planning a pilot project in Dresden that will see a PV plant combined with a stationary battery storage system and an e-mobility concept. In Berlin we are a planning a building complex with a PV plant, a cogeneration unit and e-mobility offers. In Delmenhorst we are looking into plans featuring an area network with a PV plant and cogeneration unit as part of a neighborhood modernization program.



206

Photovoltaic plants in 2017

+47 against 2016

5,510 MWh

Electricity generated annually by photovoltaic plants

2,900 metric tons

CO₂ reduction through PV

Environmental Protection in the Portfolio

☒ 102-9, 103-1, 103-2, 103-3, 203-2 204-1

For Vonovia, protecting the environment goes beyond increasing energy efficiency and reducing the amount of resources consumed. It includes protecting the environment during conversions and new construction, and waste management issues in the portfolio and our supply chain. Here, too, environmentally friendly conduct is important to us.

Management Approach to Environmental Protection During Conversions and New Construction 103-2, 103-3

During our construction activities we ensure that legal environmental protection standards are complied with without exception, as we do with new and innovative concepts, such as the construction of a wooden hybrid building in Knorr, Frankfurt. For our new buildings we examine the DGNB (German Sustainable Building Council) certification options and strive to achieve these as far as possible.

Objectives, Measures and Indicators

Waste Management: Waste and waste water management are particularly important issues on our construction sites. The professional disposal of used materials is part of the training of every technician, for whom environmental and workplace safety often go hand in hand. Technical service employees receive instruction on proper separation and professional disposal of various construction and other materials, etc., during their initial training and subsequently receive further guidance on this from their supervisors and managers. Many environmental issues at Vonovia are covered by environmental, health and safety (EHS) regulations. 103-1

During maintenance and modernization work on properties, we are frequently faced with harmful substances

which require special disposal. Residual waste and harmful substances such as asbestos must be identified in good time so as to ensure their proper disposal. Subcontractors are obliged to handle the entire waste management process for these construction projects. In the case of disposal of asbestos, our procurement department monitors licenses and documentation.

Waste and toxic materials are disposed of throughout Germany by our partner Dortmunder Gesellschaft für Abfall (DoGA), which handles all of the documentation relating to disposal quantities and waste categories. The technical service receives regular reports. The necessary notifications under Section 53 of the German Waste Management Act (KrWG) have been submitted to the relevant environmental authorities for the craftsmen's organization.

Building components and materials suspected of contamination are analyzed by a certified laboratory prior to excavation and, where necessary, disposal plans are drawn up with the contractors and the authorities. The performance of this work is monitored by these firms' technical personnel and is reviewed by health and safety coordinators tasked with this on the construction sites. The disposal certificates are documented.

Environmentally Friendly Materials: As a rule, Vonovia ensures that the firms carrying out this work use environmentally friendly materials which will not cause water pollution (mineral plaster, etc.). Particular atten-

tion was paid to the use of purely mineral insulation materials for steel module construction types. We only use FSC-certified timber for sandboxes and benches.

Outlook for 2018

We are examining the introduction of environmental protection guidelines and standards for new construction projects in the coming years, which employees and service providers can use as a guide. We will also extend waste management on our construction sites and through our subcontractors and increase checks on the use of environmentally friendly materials.

Management Approach to Waste Management in the Portfolio 103-2, 103-3

Objectives, Measures and Indicators

In the area of waste prevention and recycling, we support our tenants with waste separation. A service provider assumes responsibility for re-sorting household garbage, which increases the recycling rate. In this way, about 50% of the residual waste can be saved or largely recycled. The use of a service provider and higher recycling rates pay off for the tenants through reduced waste fees and lower ancillary costs. 203-2

At the same time, here, too, we aim to achieve product improvements for our tenants. This could be through innovative service provider initiatives, for instance, such as the design of the refuse collection points at new buildings. Standardized and modular waste storage location concepts are currently being developed whose modular new design will enable them to be installed efficiently, while offering easier handling and a uniform look.

Outlook for 2018

We are aiming for accessible refuse disposal to make our neighborhoods more appealing. We therefore check the possibility of creating accessible refuse collection points as part of neighborhood development. Refuse containers are placed in the ground and are therefore more accessible.

Management Approach to Environmental Standards in the Supply Chain

Objectives, Measures and Indicators

Vonovia purchases large volumes of materials. This includes plumbing, electrical and painting supplies, floor covers, tiles and thermal insulation systems as well as tools, work uniforms, the vehicle fleet and office equipment. These materials are purchased almost exclusively from production plants within the European Union. We source all of our shrubs and plants regionally. German and European standards and regulations are complied with in consultation with the company's technical managers and the procurement department. 102-9, 204-1

For all of its new buildings and modernization measures, Vonovia seeks to fulfill KfW standards. We purchase construction materials with this goal in mind.

Sustainability criteria such as the environmental impact of the materials used or production methods and conditions play a particularly important role for the standardization of product lines. We choose our suppliers and subcontractors carefully and ensure close cooperation. We also expect our subcontractors to submit and renew all of the necessary building service licenses regularly. This process is actively managed by Vonovia. 103-3

At the end of 2017, we introduced a new modular playground initiative. In choosing the manufacturer, we looked at energy footprint as part of our selection criteria. This also reflects how much energy is used in producing vandalism-resistant steel equipment. [308-1](#)

In various pilot projects, Vonovia is cooperating directly with the manufacturers. This enables us to engage in a direct exchange with the manufacturer in relation to product characteristics or even the joint development of products. Ultimately, this leads to strengthened quality assurance as well as increased transparency in the supply chain.

Outlook for 2018

We are examining the introduction of a standardized process and uniform system for the selection and evaluation of suppliers, based on ecological aspects, for the future. The same applies to our procurement of environmentally friendly products, and that of our subcontractors, as well as the introduction of ecological standards and guidelines for suppliers.

Company Environmental Protection

☒ 103-2, 302-3, CRE1

Vonovia aims to keep the impact on the environment caused by its activities as low as possible. We are therefore continually checking our processes for potential for optimization.

Management Approach

Objectives, Measures and Indicators 103-2

A large proportion of Vonovia employees work primarily in leased office space, especially in our Bochum, Duisburg and Dresden locations as well as in the large metropolitan areas.

In selecting suitable commercial space for planned new rentals, we take into account the energy efficiency of buildings in order to enable use that conserves energy and reduces the consumption of resources.

In business operations, we optimize the use of resources by using environmentally friendly fittings and office materials. The digitalization of tenant records and internal administrative procedures has already led to a reduction in paper consumption in business operations. Through our digital technician portal we have been exploiting the potential of digitalization in processing subcontractor jobs for a number of years now. We would like to expand this further and have launched a pilot project with a cooperation partner.

The use of energy-saving IT and printing technology has also optimized our resource consumption. If we have to replace hardware, the old hardware is resold wherever possible rather than disposed of. As a further measure to reduce the use of resources in our own business processes and to increase efficiency, Vonovia has identified various opportunities for energy and resource savings in the administrative buildings which it uses. These measures are being implemented within the

scope of its ongoing property management. For example, we are fundamentally committed to reducing the number of printouts throughout the company and business trips are taken by rail rather than car whenever possible.

The energy consumed from the use of electricity and heating in Vonovia's main administration in Bochum plus the two customer service centers in Duisburg and Dresden amounted to a total of 7,768 MWh (3,390 MWh electricity and 4,377 MWh heating) in 2017. This corresponds to a consumption level of 263 KWh per square meter of office space. The high level of energy consumption described is particularly due to the fact that Vonovia's main administration office was still located within a leased office property during the reporting period. Due to various features of this building, it no longer conforms to today's requirements for an energy-efficient building.

Outlook for 2018

Vonovia has constructed new headquarters in Bochum. The office property satisfies current requirements regarding energy efficiency, energy consumption and sustainability. The DGNB Gold Standard certified office building was inaugurated in June 2018. The building has an energy-efficient heating and cooling system along with a PV plant to generate electricity, and nine 22kW charging stations were installed for electric vehicles. This means our new company headquarters also contribute to making energy consumption in our operations as resource friendly as possible [302-3, CRE1](#)

Impact of Transport and Logistics

☒ 103-2, 103-3, 302-4

An important part of Vonovia's work takes place where our portfolio properties are located. Through the presence of our employees on site we can guarantee our customers the best possible service. Our employees' work involves driving to the properties. Despite a fundamentally sound logistical approach, we have found certain areas where we could save resources and be more environmentally friendly.

Management Approach 103-2, 302-4

Vonovia's property portfolio covers all of Germany and also Vienna in Austria, which is why our processes must be efficient. Our technicians, caretakers and gardeners are on duty at all of our locations every day. That is why mobility is an important issue for us. In order to minimize our environmental impact, we have implemented various measures to optimize our processes in the area of transportation and logistics as far as possible.

The technical service is a central part of our business activities and we intend to expand this service wider in the future. The level of availability and the response time will at least remain at their current high levels, since these two factors have a key impact on customer satisfaction. The mobility of our technicians and optimization of the related support processes are key aspects in order to enable this goal. This also applies to our caretakers, who are constantly on the move around our portfolio properties. → p. 67

Our employees' mobility is ensured, above all, through the considerable size of our vehicle fleet. Our technical service accounts for 3,654 cars, while Vonovia's total fleet comprises 4,244 vehicles. The fleet's consumption and CO₂ emissions are correspondingly high. To improve our use of resources and reduce our environmental impact, despite a constantly growing vehicle fleet,

Vonovia is closely addressing its vehicle fleet and the number of kilometers driven. The increase in fuel consumption and, as a result, the CO₂ emissions should be less than the increase in the fleet.

Objectives, Measures and Indicators

Vehicle Fleet

Vonovia relies upon modern fuel-efficient vehicles and regular maintenance in order to optimize the efficiency of its vehicle fleet. Each vehicle is generally ordered with a navigation system, allowing the user to select the best possible route. Vonovia also uses travel optimization to ensure that no empty trips are made, distances are kept as short as possible and vehicles are more consistently used to capacity.

We ensure that the cars in our vehicle pool feature the latest technology and therefore comply with the latest emission standards. All new vehicles in the fleet comply with the EURO 6 standard.

In addition, a total of 169 employees ride company bikes through our neighborhoods, nine of which are e-bikes. The initiative for this type of mobility originated in our central region. The initiative started with 20 bicycles and now has 19 in Frankfurt alone. Out and about on their

bikes, our employees are even more conspicuous, and make it easier for our tenants to approach them while also protecting the environment.

Vonovia was also one of the first companies to add the electric transporter StreetScooter to its fleet. We have been testing four vehicles since May 2017 for everyday viability, and we are also testing a possible conversion of our fleet to electric vehicles.

Fleet Software

In 2017, we introduced fleet software to systematically record and evaluate fuel consumption. We actively notify heavy users of the resulting costs and CO₂ emissions and encourage them to drive in a fuel-efficient manner. All of the communication and documentation is digital.

Reducing the Number of Kilometers Driven

Centralized Processes: In the area of transportation and logistics, we focus as much as possible on centralization. For example, our repair center accepts repair queries and coordinates the appointments for our technicians. The employees can see from the orders precisely where there is a need and estimate how long the technician will require before scheduling a resource-conserving and cost-efficient sequence of appointments. In this way, travel is planned efficiently. This saves time, distances traveled and money, and protects the environment.

In addition, when assigning tasks to technicians, we ensure that these jobs are situated close to where they live, thus avoiding long journeys at the start of their working day. Some of the properties are situated far away from where our service technicians are based – in this case, we commission local subcontractors to carry out the work, so as to avoid our technicians covering long distances.

In addition, we want our technicians to think in an integrated and networked manner so that, where possible, only one trip is required to deal with a particular task. For instance, once on site, a service technician will carry out minor jobs in other trades so as to complete the repair. Our technicians receive training for this where necessary.

Innovative Logistics Concepts: Most of the spare parts and materials our technicians require every day are delivered directly to their vehicles overnight. With this overnight delivery system, we save valuable time and mileage, since it is no longer necessary to collect materials from the site or from the building material trader. The volume of direct deliveries was increased by 25% in 2017 by consistently pursuing this approach, training our employees and optimizing our range. Where overnight delivery is not possible for some materials and spare parts, the goods can be collected from one of our trade partners who have a dense network of branches, thus enabling short distances.

Our “empty apartment deliveries” system, where Vonovia bundles the materials for several trades and makes one delivery, has also proven successful. This approach has allowed us to reduce inefficiency and environmental pollution. The process is now also firmly established in our workflows across Germany. The developments in the purchase and transport volumes, which contribute to the reduction of CO₂ emissions, show how successful our measures are. [103-3](#)

Deploying New Technology: Through smart metering, apartments are equipped with an intelligent system that records and bills heating consumption and transmits the data directly to the central system using wireless technology. As a result, individual meter reading of the heating units is no longer necessary. This saves time, travel and fuel and thus reduces greenhouse gas emissions. Following the success of the pilot project, we expanded smart metering in 2017. We now use this new technology to bill customers in around 80,000 residential units (2016: 30,000 residential units) via a wholly-owned subsidiary.

Employees

069		Constant Development Key to Competitiveness
073		Training and Education
078		Health Management and Occupational Safety
082		Family and Career
083	↓	Diversity and Equal Opportunities

Constant Development Key to Competitiveness

☒ 102-8, 102-16, 102-41, 103-1, 103-2, 103-3, 401-1, 402-1, 405-1

Vonovia's success depends on our employees' skills and abilities, because they ensure that our customers are happy with us and that our company is constantly evolving. Their skills and dedication secure our company's long-term competitiveness and success. That is why we continually invest in their professional and personal development in a targeted manner.

Management Approach 103-2

In order to execute our growth strategy, Vonovia needs well-trained, qualified employees, because our success rests to a decisive degree on their expertise, commitment and motivation. Changes in our environment and the challenges that our employees face in their daily work make it necessary for us to continually develop our company and services, as well as our employees' skills. That is why our HR management activities aim to ensure performance, appreciation and responsibility together with team spirit. Throughout the company, we pursue the strategy of professional development for each employee based on their strengths and placing them in the right position.

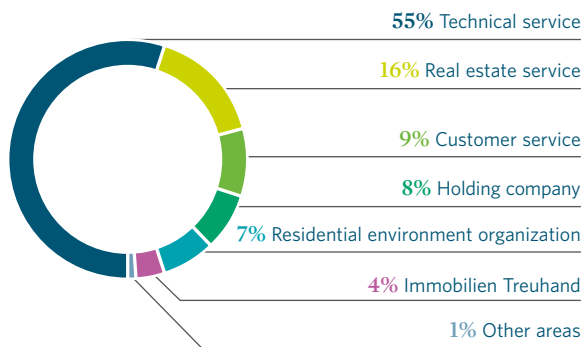
We pursue a holistic approach in HR, aiming for a long-term focus as well as a sense of community. Employee training and education in both professional and personal skills, employee health and safety, particularly in Vonovia's technical service, and a good work-life balance are all important aspects. In addition, we promote diversity and aim for a prejudice-free work environment. Our mission statement, which we produced in 2015, is our guide in this and defines both our mission and vision clearly and forms the foundation of our corporate culture. → p. 8 102-16

There are various contracts and works agreements in place in the various company departments. Nearly all of our employees are covered by works agreements, which set out most of our rules and regulations. 102-41

HR Structure

As of December 31, 2017, Vonovia employed 8,448 people (December 31, 2016: 7,437 employees); 1,838 are female and 6,610 male. The increase in the number of employees is due to the increase in the number of employees working for the technical service and the residential environment organization. The significantly higher proportion of male employees reflects the size of our technical service, which mainly consists of male employees.

Vonovia Group Employees by Area



4,615 employees (55%) work in the technical service. 16% work in real estate service, 9% in customer services, 8% in the holding company, 7% in the residential environment organization, 4% in Immobilien Treuhand and 1% in other areas. 102-8

Highlights in 2017

In 2017, the focus of HR management was on standardizing works council structures and integrating the newly acquired conwert along with the expansion of the organization, particularly the technical service and residential environment organization. We have successfully standardized the two works council structures that have existed since the integration of GAGFAH, as a result of which the works council committees were reelected virtually across the Group.

Challenges, Opportunities and Risks 103-1

Our employees' expectations of their employer are changing. The services a company offers its employees are much more important nowadays than they used to be. Extra benefits, initial and further training opportunities for professional and personal development, health-oriented measures and possibilities for balancing career and personal life are particularly significant in this respect.

In order to be successful in this area in the long term, Vonovia must position itself as an attractive employer on the labor market with a strong employer brand. Only then will it be able to gain the best employees and retain them over the long term. This is quite the challenge, particularly in light of demographic changes and the associated lack in qualified staff. Finding and retaining the right technicians is a particular challenge for the technical service. That is why we place so much value in our training, and consider the significant expansion of the technical service an outstanding success.

All in all, HR management plays a vital role due to the challenges the company is facing. With our innovative HR work we are countering the developments listed above and making a real contribution the company's future viability. With innovative HR work we can maintain Vonovia's competitiveness over the long term and even improve it, make personnel management processes more stable and efficient, and increase employee satisfaction.

Objectives, Measures and Indicators 103-2

Employee Recruitment

Where possible, we fill leadership positions with internal candidates. In order to achieve this, we rely on well-planned successor management and targeted employee development. Where necessary, we also recruit top performers and high-potential candidates from outside our company.

We have numerous commercial and technical positions to fill. We take a traditional approach to recruiting staff, such as posting vacancies on job portals or on Vonovia's career website, and working with employment agencies. But we are also testing innovative approaches and developing existing opportunities further, such as the tried-and-tested "speed-dating" method for recruiting technicians and gardeners. The speed-dating method is an open application day that people can attend without having to register or apply in advance. The objective is to lower the requirements for the application process so that we can speak to as many candidates as possible. During the "speed date," the applicants speak to a Vonovia representative – if the first impression is good on both sides, another meeting is arranged. We have

had quite a lot of success with this recruitment method, e.g., in the residential environment, technical service and customer service areas. Communication via social media or at events boosts the measures used for filling vacancies quickly.

Since the beginning of 2017, we have been working on our image as an employer as part of our employer branding project – the focus is on our attractiveness on the labor market and employee retention. We will continue along this path in 2018.

We also have a lot to offer young professionals: internships for management roles, training for commercial and trade professions, activities as working students, dual-degree programs and a trainee program.

Employee Retention

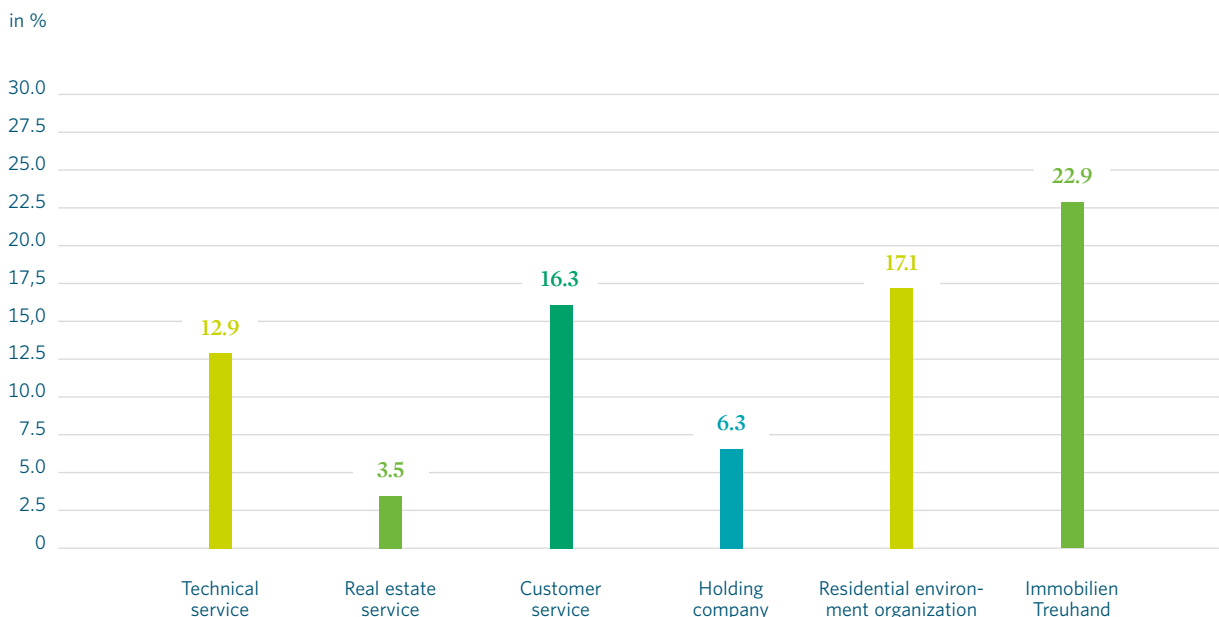
We attach great importance to long-term commitment. Around 90% of our employees have permanent contracts. In order to increase employee motivation and retention further, we offer our employees a number of attractive social benefits. → p. 82

The number of applications we receive for each vacancy we post and the turnover rate that we report every year show us whether we are on the right track. In 2017, the turnover rate was 11.7%. 102-8, 103-3, 401-1

Co-determination

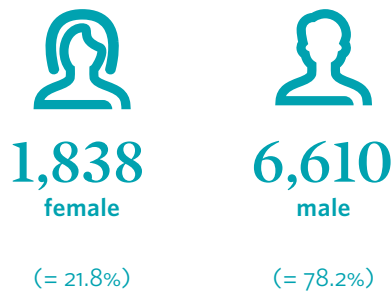
Works councils have been established in all Vonovia Group companies in order to represent employees. This enables employees and employer’s representatives to pursue a trust-based and constructive dialogue. In case of significant changes within the company, Vonovia informs its workers within the legally prescribed notice periods. 402-1

Turnover Rates in the Reporting Period

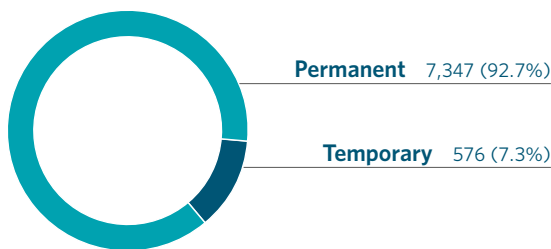


Employees by Gender and Age Group
(2017) 102-8, 405-1

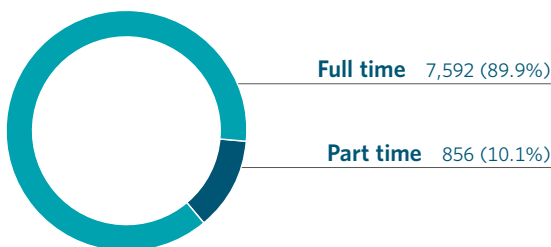
By gender



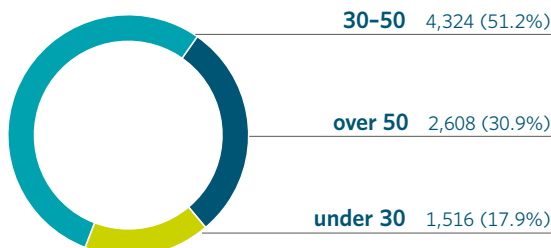
By contract*



By employment type



By age group



* Temporary employment contracts excluding interns, trainees, students, temporary staff, marginal employees, semi-retired, bodies, external staff, those on leave of absence and part-time employees, on parental leave

Outlook for 2018

As in the previous year, in 2018 we will continue working on integrating the companies acquired over the last few years into our organization - both from a structural and intercultural point of view. We will also expand our measures to promote our attractiveness as an employer. And we will redesign our careers page on our website to boost our recruiting activities.

We still intend to significantly increase the volume of personnel in our technical service and our residential environment sector over the next few years. To achieve these goals, Vonovia will use proactive and innovative recruitment channels such as mobile recruiting. A cooperation project with the German Federal Employment Agency (Bundesagentur für Arbeit) for the integration of refugees is set to be rolled out nationwide following completion of the pilot phase, too. We also intend to show that we are an attractive employer, and in 2018 will continue the employer branding campaign launched in 2017. At the same time, we will deepen our activities in the fields of HR development and succession planning.

Training and Education

☒ 103-1, 103-2, 103-3, 404-1, 404-3

Developments on the real estate market are resulting in numerous changes. For our employees these changes mean a wave of new tasks and development opportunities. With targeted investments and measures, we are ensuring that they are fit to face these new challenges and are able to make the most of the new opportunities that present themselves.

Management Approach ¹⁰³⁻²

Traineeships

Training is a top priority in our company because it is an indispensable part of our personnel policy through which we keep qualified young staff and important knowledge in the company. We are proud to be continually expanding our commitment to training, thereby securing Vonovia's competitiveness over the long term. Our training concept provides an optimum basis for finding creative solutions to respond to individual challenges, such as part-time traineeships.

Vonovia employed a total of 462 trainees as of December 31, 2017 (Dec. 31, 2016: 430), at 22 locations and in 14 different occupations (144 commercial and 318 technical trainees) as well as offering dual-degree programs. This means that trainees account for 5.5% of the total workforce.

During the reporting year, 43 commercial and 23 technical trainees had reached the first milestone in their careers by successfully completing their traineeship at Vonovia in 2017. We have offered permanent contracts to 46 former trainees.

Further Training

Our employees ensure that our customers feel that they are well looked after at Vonovia.

The aim of HR development is to support our employees in their tasks. That is why we offer them a range of options for preparing themselves individually for the challenges they face in the company. Our mission statement, our values and our leadership philosophy serve as the basis for all of our HR development tools and measures.

Highlights in 2017

Supporting measures include HR development tools and targeted measures such as creating individual development plans, individual coaching and management training with different focal areas.

Our managers bear special responsibility and act as role models in their leadership duties. With the help of a current situation assessment, we can determine the strengths of our managers and areas that need more attention, and create suitable development measures.

Vonovia's different business areas face quite specific challenges to some extent. We therefore also expanded our area-specific offers in the reporting period to ensure that employees were qualified for current and future functions and challenges.

In 2017, we organized the certified course in specialist real estate management for residential property (Chamber of Industry and Commerce, IHK) for the first time. 23 employees took part. It focuses on a range of topics

including management duties, recent court decisions and communications.

Awards

The German Olympic Sports Association, representatives of the conference of sports ministers and of the Association of German Chambers of Industry and Commerce crowned Vonovia as one of the top sports-friendly companies of 2017. Our company was recognized for its exceptional commitment, which provides top athletes with the ideal conditions to allow them to combine competitive sports with a professional career. Vonovia was also named one of Germany's best training company by the business magazine Capital.

Challenges, Opportunities and Risks 103-1

Traineeships

In 2017, we concentrated on recruiting trainees for technical occupations in order to further expand our technical service. This brings us into contact with employees at the beginning of their careers, enabling us to prepare them for the specific challenges that we face in our company. This makes us less dependent on the external labor market and mitigates the risk of qualification bottlenecks. A drop in the number of applicants also means we have to increase our commitment to traineeship marketing, test innovative recruitment channels and address more target groups such as those leaving university without a degree. Other challenges that we face include preventing trainees leaving without completing their traineeship and gaining the loyalty of talented young individuals.

If they perform well, all of our trainees have a chance of obtaining permanent employment; our hiring rate over the past five years has averaged more than 83%. This allows us to keep knowledge specific to Vonovia in the company and develop it. Vonovia's training system is distinguished by individual solutions, a commitment to diversity and, in particular, the promotion of individuals with migrant backgrounds as well as the children of tenants. The training system helps us to expand personnel structures over the long term, systematically renew the workforce and guarantee a constant influx of new knowledge.

Further Training

The rising number of employees enables us to set up more in-house events designed especially for Vonovia, and enter into close cooperation with various education providers. In this way we can purposefully support our employees in their individual development.

Objectives, Measures and Indicators 103-2

Traineeships

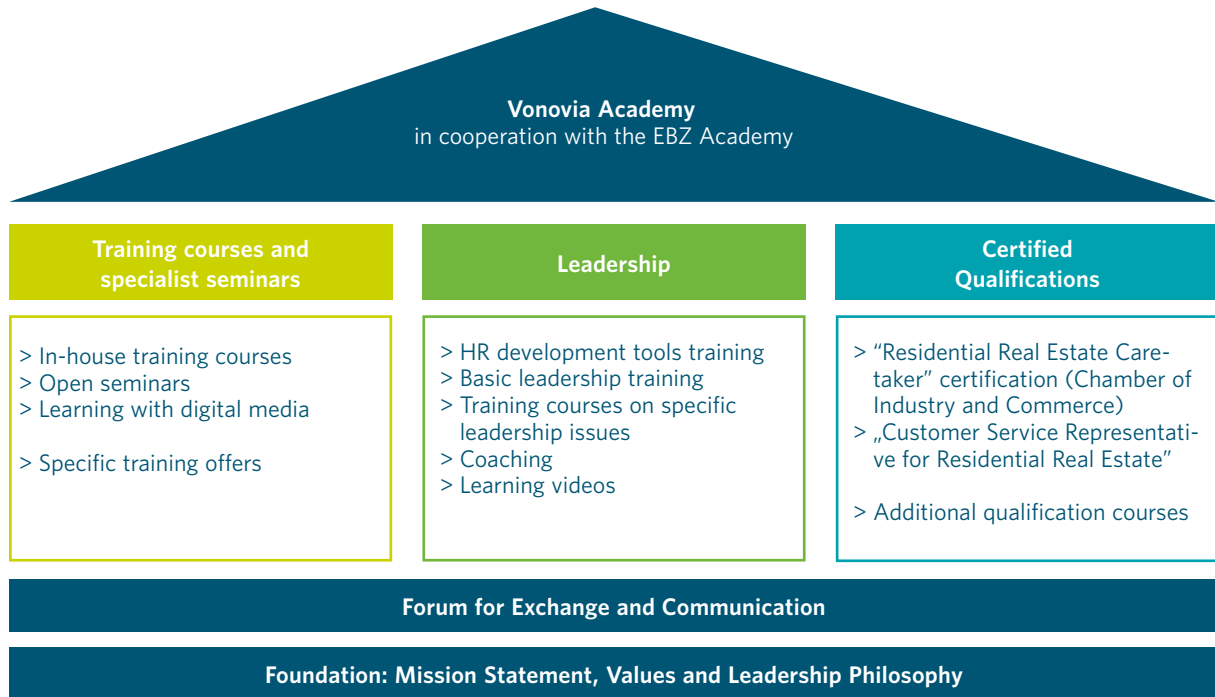
Trainees, who complete their training with Vonovia, have attractive career opportunities in our Group, the real estate sector and even in areas outside of this sector.

During their traineeship, our trainees receive individual support, e.g., tutoring offers, and benefit from our structured development system. We have established regular, development-oriented feedback as a key HR development tool in our commercial training. We are currently setting up the same in our technical training. Our trainees also complete practical projects and receive training to develop their professional and social skills. We also support internships abroad.

Our trainers receive regular training to ensure that the quality of training that each trainee receives is constant.

We offer our trainees flexible working time models, e.g., part-time training and individual time plans. With this Vonovia supports, for example, professional athletes juggling work and training, or the family responsibilities of single parents. We also promote diversity among our trainees. Young people with refugee backgrounds were taken on as trainees at several locations through joint projects with the Joblinge initiative. The young refugees are largely in technical trades, but also in areas such as customer service. These traineeships are often preceded by trial placements in order to give the refugees an idea of what they would be doing. If the job profile and applicant are not a good fit, Vonovia has numerous alternative opportunities that we actively point out to the candidate. The refugees also work in support positions to begin with, for instance, so that they can join us as trainees at a later point in time. The various demands of the traineeship – the practical work, the

The Pillars of the Vonovia Academy



vocational lessons and the supporting measures such as job-specific language courses – are all considerable challenges that the young refugees have to overcome. High levels of motivation and perseverance are therefore prerequisites for using a traineeship as a springboard to a long-term career. Our cooperation with the Joblinge initiative means the young people also have volunteer mentors to help them outside of the working world. We also benefit from a solid network that allows us to meet any difficulties with individual solutions. Thanks to our positive experience in this regard we will remain committed to integration in the future. By participating in events like the Girls’Day we also hope to encourage girls and women to take up technical occupations and we intend to expand our commitment in this area further in 2018.

Further Training

The Vonovia Academy

The Vonovia Academy forms part of our HR development measures. In collaboration with professional education providers, we offer our employees a broad range of development opportunities based on their specific needs. Our offers include training courses, skills and management seminars and certified qualifications.

Our further training offers are continually revised and adapted to meet the needs of our employees. Our offers help to highlight the importance of customer and service-oriented attitudes.

We also provide our employees with individual support through extra-occupational training courses and courses of study, e.g., "Bachelor of Arts Real Estate," "Bachelor of Arts Business Administration," or master craftsman training.

HR Development Tools

Important HR development tools at Vonovia include annual reviews, HR meetings/retreats and summer appraisals. These tools support managers in fulfilling their tasks and enable structured employee development.

During the annual reviews, employees and managers discuss employee work performance and potential for continued development. They then agree on development measures and targets based on the review. The review response rate was 91.2%. 404-3

At the HR meetings/retreats, managers discuss the results of the annual reviews directly with their supervisors or their Board member. This gives us an overview of the potential in the company, and allows us to draw up individual development plans as well as systematic succession plans.

Through the summer appraisals, Vonovia employees have an opportunity to give their managers confidential feedback and share their thoughts about the work relationship. Depending on the size of the company unit, the summer appraisal may take place individually or as a team. If necessary, measures to improve collaboration can be derived from the appraisal and agreed on. The appraisal response rate was 83.4%. 404-3

We set up a special training course in 2017 to help our managers carry out the annual reviews and summer appraisals. We developed and tested an annual review questionnaire for the technical service division aimed specifically at technicians. This pilot project was continued in 2017.

Altogether, 132 out of 242 managers received annual review or summer appraisal training in 2017. 103-3

Utilization of Further Training Offers

In 2017, 1,487 (2016: 1,023) employees spent a total of 4,888 (2016: 2,600) working days in further training. 404-1

The further training ratio was therefore 17.6% in 2017 (2016: 13.8%), up three percentage points against the previous year, despite an increase in the number of employees. In total, we invested approximately € 2.4 million (2016: € 2.5 million) in training for our employees.

91 employees attended our in-house training course "Residential Real Estate Caretaker (Chamber of industry and Commerce)." 35 people took part in our basic manager training, aimed at employees who are new to a managerial position or who will soon be taking on such a role. As communicating with customers is an important issue, training on this topic was delivered to 251 employees in a number of different programs.

1,487

employees

took part in further training
in 2017.

2.4

€ million

was invested in further training
in 2017.

160

new trainees

started work at Vonovia
in 2017.

14

traineeships and
study courses

are available at Vonovia.

Integration of Sustainability Issues in Initial and Further Training

Sustainability issues are gaining in importance in the real estate industry, too. We raise awareness of these issues early on and continually train our employees in this area. For example, we include topics such as demographic change, energy efficiency and renewable energy in our initial training and deal with them again in further training, e. g., in the certified real estate technician course or in building technology seminars.

Outlook for 2018

We intend to expand our training offers further in 2018, and to introduce and carry out more new seminars and training courses.

The goals for 2018 and subsequent years include focusing more strongly on identifying and developing talents and establishing structured succession planning.

Health Management and Occupational Safety

☒ 103-1, 103-2, 103-3, 403-2, 403-3

We want to support our employees' performance over the long term – our company health promotions and measures to balance the private and professional lives of our employees support us in our efforts. And the issue of occupational safety is of great importance to us in protecting our employees from danger in their everyday work.

Management Approach to Health Management 103-2

Vonovia aims to promote a healthy work-life balance for its employees with comprehensive health management. Our objective is to maintain employee health and performance over the long term.

Challenges, Opportunities and Risks 103-1

Offers to promote employee health are an important tool with which Vonovia can position itself as an attractive employer on the labor market.

Physical strain caused by work is something that particularly concerns our employees in the technical service. This results in the risk that well trained employees leave the company earlier than planned and valuable skills have to be learned again, costing a considerable amount of time and money. In light of the lack of skilled workers, too, it is important for Vonovia to maintain employees' performance over the long term with targeted health-promoting measures.

Objectives, Measures and Indicators

The health and social affairs department offers our employees two programs, each with a different focus: "Health and Relaxation" focuses on prevention and the healthy behavior of employees, while "Family and Career" offers a diverse range of measures to support the balancing of family and career needs. → **p. 82**

The offers included in the "Health and Relaxation" program range from colorectal cancer prevention and flu shots to massages. As part of our preventive measures, we offer partnerships with fitness centers, a service line providing advice for employees and executives as well as coaching sessions. In addition, we regularly evaluate workplace ergonomics and workplace equipment.

HR development offers stress-management seminars to avoid burnout through the Vonovia Academy. There is an additional seminar for managers on health-oriented management, which teaches managers about the health and health-promoting issues that affect employees. The "Time for Health" portal also provides information about health topics, such as nutrition tips and recipes, exercises for the office and information for upcoming medical check-ups. Vonovia also organizes regular company events such as running competitions and soccer tournaments that employees can join in with. 103-3

If employees return to the company after a long illness, they are reintegrated into the work routine through corporate reintegration management.

Management Approach to Occupational Safety ¹⁰³⁻²

Vonovia attaches great importance to offering employees a work environment in which they are protected against risks and threats to their health while carrying out their work. To the extent that such risks exist, our goal is to minimize them as much as possible throughout our company by taking appropriate measures and complying with applicable laws and regulations. We also expect our employees to carry some responsibility themselves for the state of their own health. Our managers have a particular responsibility for ensuring the occupational safety of the employees they manage.

Establishment in the Organization ¹⁰³⁻²

Health promotion and occupational safety are divided up into two separate departments at Vonovia. These departments regularly exchange information about overarching topics in health meetings; in special cases these may even be ad-hoc meetings and include company doctors and occupational safety specialists.

Occupational safety is a company-wide issue and the responsibility of the facility management department. The central contact for occupational safety in the company is the company representative appointed by the Management Board. The representative has regular contact with the company coordinators for occupational safety in the Vonovia Group companies and collaborates with them on central issues. In addition, a process of defining Group-wide occupational safety standards has now been initiated, so as to provide more intensive technical support for the Group's companies in fulfilling their tasks and duties.

Occupational safety committees (OSC) are also organized regularly in Vonovia's Group companies to optimize occupational and workplace safety. The representatives of the works councils are notified of any changes on a quarterly basis at the OSC meetings and participate in implementing necessary measures.

The potential threat to the company headquarters is relatively low, which is why occupational safety is merely a subordinate process here. This is supplemented by a broad range of preventive measures. These include, for example, annual safety briefings for all employees and up-to-date instruction cards and operating instructions.

The technical service has its own occupational and workplace safety department in order to comply with the special requirements that apply for a large number of trades.

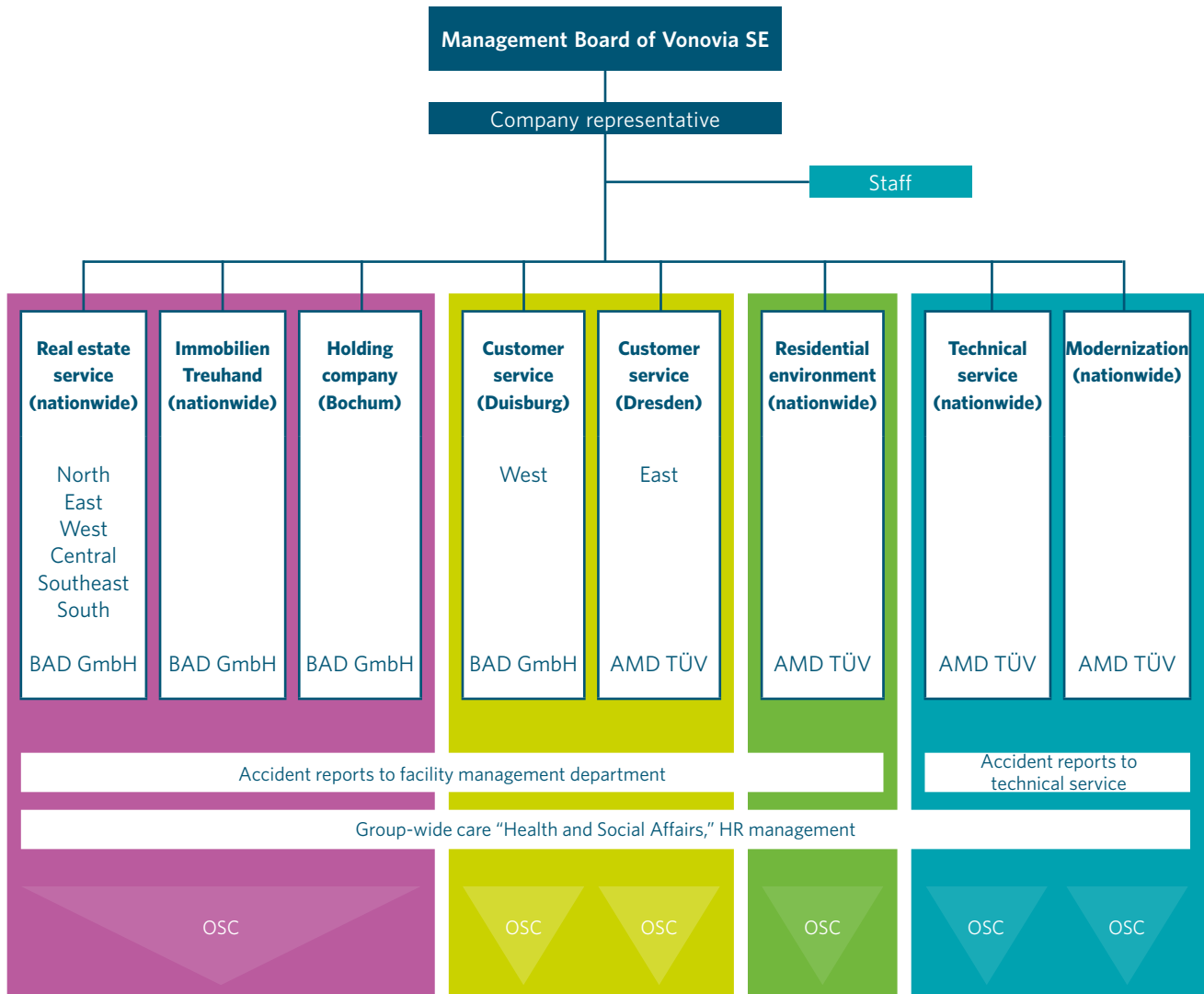
Highlights in 2017

During the reporting period, we continued to concentrate on the issue of occupational safety at Vonovia. We have developed a Group guideline on occupational safety that was approved by the Management Board at the end of 2017. To prepare for the implementation of this guideline we have standardized the Group-wide coordination of occupational safety. The internal coordinators' first meeting was held in Bochum in November 2017.

We are also still working on making the contents of the TÜV Rhineland Online Toxic Materials Management System (TOGs®) usable for all locations. The safety fact sheets in the system have already been converted in to individual and Group operating instructions. We began substituting toxic materials with alternative materials in 2017 - this work is ongoing.

In terms of training, we have redesigned the occupational safety training course for managers and will offer the course in 2018. The technical service also organized skills training courses. Depending on requirements and the employee's position, there was training on operating lifting platforms, electrical work and authorized scaffolding inspection and approval. Chief officers were also appointed and trained for all locations and departments across the country in 2017.

Organizing Occupational Safety at Vonovia



We also focused more on cooperation with departments that primarily work on building sites and started working on an optimization plan in 2017. We will continue this process in 2018. The aim is to ensure the occupational safety coordination between these departments and contractors and subcontractors - including external safety coordinators and occupational safety specialists - and to guarantee Group-wide coordination on occupational safety issues.

Challenges, Opportunities and Risks 103-1

Functioning occupational safety standards in the company should help to prevent accidents at work, or at least reduce the number. If we recognize potential dangers or threats we take measures to mitigate them in order to protect our employees effectively. However, we can never fully rule out residual risks from unforeseeable impacts or events and human error. This is especially true in cases where we have hired service providers. Vonovia obliges service providers to comply with applicable guidelines, laws and regulations and to

only deploy qualified personnel according to the general terms and conditions and the Business Partner Code.

Objectives, Measures and Indicators

The aim of all measures employed by Vonovia is to increase employee awareness of potential dangers. Procedural and operating instructions provide for the safe performance of duties. During regular training and instruction sessions, employees are informed and made aware of the safety risks and potential dangers in order that they can take precautions by behaving appropriately.

The results of the risk assessment are included in the safety briefings for employees in all business areas. As well as general safety-related rules of conduct, such as how to behave in case of an emergency, all issues are discussed in the risk assessments for which potential threats have been determined. In addition, necessary measures are determined in case of identified risks. Any instruction sessions held are documented in writing. Where necessary, the company's employees are provided with personal protective gear suitable for their job.

For the technical service, an audit of the applicable risk assessments was launched in the second half of 2016 with effectiveness reviews performed at six different locations. These were completed at the end of the first quarter of 2017. The results were included in the trade-specific risk assessments. As part of their revisions, risk assessments will in future be tested using random effectiveness checks and adapted if necessary.

Notification and Documentation of Accidents and Injuries 103-2

Accidents are reported to the departments for occupational safety for administrative roles or occupational safety for technical roles (technical service). The frequency of accidents at Vonovia was 54 per 1,000 employees in 2017. Most of the accidents occur during activities performed by craftsmen. None of our employees has been shown to have a high illness rate or threat of illness due to his or her job. 403-2, 403-3

Injuries are documented in an accident log that must be preserved for five years. Since July 1, 2016, accident reports have been processed separately for Vonovia and for the technical service for statistical purposes. Ever since, where necessary, preventive measures are derived from the findings gained from investigating the accidents.

Outlook for 2018

In 2018, Vonovia will practice evacuation drills company-wide in numerous larger locations in order to test the effectiveness of its fire protection organization.

We will continue to perform company-wide risk assessments for comparable positions in 2018. Central training courses for employees to become qualified ladder and step inspectors are also being organized.

We will be introducing a skin protection scheme and a guideline for computer screen glasses in the technical service in 2018.

Family and Career

☒ 102-8, 401-3

When choosing an employer, employees are increasingly considering offers that ensure a healthy work-life balance. Companies can take advantage of this opportunity to boost the long-term loyalty of their employees and improve performance.

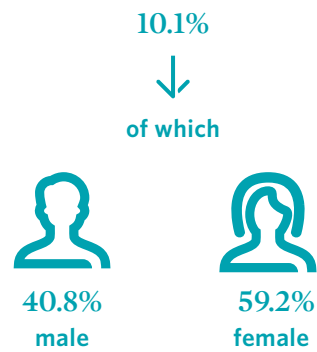
We are continually developing and introducing offers to support employees in achieving a healthy work-life balance. Within the scope of our “Family and Career” program, we offer various working hours models as well as the option of individual part-time arrangements (part-time employees as of December 31, 2017: 10.1%, of which almost 41% were male). We also provide our employees with information on maternity rights, parental allowance and parental leave. For the first time, approximately 41% of the 219 employees who took parental leave were male in 2017. 102-8

Childcare

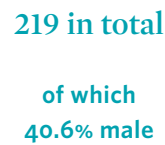
We support our employees with children by working with a family service provider. The main focus is on childcare offers, such as daycare, support in finding a daycare facility, plus help at short notice when daycare is unavailable or on public holidays. During school holidays, PME offers day and week programs for children as well as longer holiday trips. A parent-child office is also available to our employees at the Bochum and Duisburg offices.

These measures are popular among Vonovia employees and help to increase loyalty to the company. This can be seen in the number of parents who return to us after parental leave. The large majority of mothers and fathers come back to the company after their parental leave. 401-3

Part-time employees as of Dec. 31, 2017



Employees on parental leave



Caring for Family

We support our employees who care for family members. With help from PME, we arrange home-based and hospital care assistants and services, provide advice on the financing of care and senior-friendly home modifications, and offer support for assisted living. We also provide information regarding legal issues such as living wills, powers of attorney and care directives. Offerings of psychosocial counseling for dealing with illness and the need for care in the family are also part of “Family and Career.”

Diversity and Equal Opportunities

☒ 102-12, 103-2, 406-1

Vonovia promotes diversity in its workforce – because we consider it to be a competitive advantage. We take it for granted that all people are treated equally and their individuality is respected. This allows us to benefit from the different perspectives and ways of thinking, which result from our employees' social, cultural and linguistic backgrounds, in a respectful and open atmosphere.

Management Approach 103-2

Vonovia is committed to promoting diversity in the company. We support our employees equally regardless of their gender, age, sexual orientation and identity, race, nationality, ethnic origin, religion or world views. They all benefit from a work environment characterized by appreciation, tolerance and respect, and free from prejudice. To underscore its principles, Vonovia signed the "Diversity Charter" in 2013. We are unaware of any discrimination cases in 2017. [102-12, 406-1](#)

The diversity among our employees is especially valuable when it comes to contact with our customers, who come from more than 170 different countries. Their knowledge of different cultures and languages facilitates communication with our customers and allows our employees to deal with their concerns quickly. And due to their different cultural and social backgrounds, they bring a wealth of experience, views and perspectives into their work and help us to keep Vonovia evolving.

We take diversity into consideration right from our traineeships. In 2017, more than 15% of our trainees in the commercial area had a migrant background, but that is not all, we also endeavor to get women and girls interested in technical careers and recruit them to our company. We inform girls, e. g., at schools, about internships at Vonovia and participate in the nationwide

Girls'Day. Our female trainees also report on their work with us at schools as part of the "Training Ambassador" program organized by the Chamber of Industry and Commerce and the Chamber of Trades.

In connection with this we are also publishing the Gender Pay Gap for all employees for the first time (excluding Management Board and executive employees). This is not based on the comparison of identical positions, but rather reflects the different types of positions. On average, female employees earn more than male employees in our company. → [p. 97](#)

We report on diversity in top-level management in the chapter entitled "Sustainable Corporate Governance" → [pp.16-36](#) and in the 2017 Annual Report. ☑ [AR 2017, p. 22](#)

Integration of Refugees

Vonovia intends to grow throughout Europe in the coming years. We are therefore continually looking for employees, particularly for the technical service and the residential environment sector, but also for commercial positions. This is why we also include refugees in our personnel recruitment selection, thereby supporting them in starting a normal life in Germany. Following the first pilot projects with job centers and refugee organizations, we now work regularly with national employment agencies and job centers in order to recruit

refugees as, for example, laborers in the technical service. Many people with a refugee background are now also applying for positions with us independently of the cooperative projects we are involved in. The greatest challenges remain the regulatory requirements, such as the status of the asylum application, restricted work and residential permits, the lack of a driver's license or language skills.

Internships enable young refugees to gain an initial insight into the world of work and various occupations, while also getting to know our training system. In 2017, a total of 14 refugees completed on-the-job training at our company. We will maintain this commitment in 2018.

For additional information on the structure of our workforce (age structure, gender distribution, share of disabled employees), we refer to the key figures chapter of this report. → pp. 90-97



2013

Diversity
Charter
signed



60

countries

Our Employees come from various nations.



170

nations

Our Customers come from 170 nations.

Information and Key Figures

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About This Report

☒ 102-2, 102-5, 102-45, 102-46, 102-48, 102-50, 102-51, 102-52, 102-54, 102-56

Our Sustainability Report is designed to show our stakeholders how Vonovia takes responsibility for society, the environment and employees, and incorporates these aspects into its core business without losing sight of the economic aspects.

Content and Structure of the Report

This is our third sustainability report, with which we are broadening our reporting. One of the focal points in the reporting period has been on expanding the range of key figures taken as a basis, particularly with regard to environmental matters.

The report presents our company's performance based on financial and non-financial information. Financial information includes disclosures about our business model, corporate goals, business development in 2017 and selected financial key figures. The non-financial aspects involve the social and ecological dimensions of our company.

The thematic focus is on the areas of sustainable corporate governance, customers and society, the environment and employees. The report is structured according to our sustainability activities, which reflect the material economic, social and ecological aspects of Vonovia SE.

[Inclusion of the GRI Sustainability Reporting Standards](#)

This report was prepared in accordance with the core option of the GRI standards, including the voluntary sector-specific disclosures for "Construction and Real Estate." We have informed GRI of the application of the GRI standards and the publication of this report. 102-54

Vonovia's Sustainability Report is published on an annual basis. This reporting period relates to the 2017 fiscal year (Jan. 1 to Dec. 31, 2017), meaning that it picks up exactly where the 2016 Sustainability Report, which was published in June 2017, left off. Unless stated otherwise, the calculated key figures as well as qualitative information relate to this time period and encompass the entire Vonovia Group. 102-45, 102-50, 102-51, 102-52

In order to base our report on the needs of our stakeholders, we identified our relevant stakeholders as part of the 2015 Sustainability Report and gathered key topics for the sustainability of our business activities. In line with the GRI guidelines, the content of the report was selected based on the criterion of materiality.

In early 2017, we used a structured stakeholder survey and expert interviews to perform a materiality analysis in order to validate these topics. The results of this process have been incorporated into this report. This means that our Sustainability Report covers all topics that either reflect areas in which Vonovia has a major economic, social or ecological impact, or could have a significant impact on our stakeholders. We have refrained from applying for the Materiality Disclosures GRI logo again this year, as the material topics have not changed since the 2016 reporting period and therefore remain valid. → pp. 12-15 102-46, 102-48

In addition, we are following the EPRA Best Practice Recommendations on Sustainability Reporting (sBPR) as well as the Code of Conduct of the ZIA Zentraler Immobilien Ausschuss e. V. (the German Property Federation). The key figures were collected and calculated by Controlling and by the Product Management, Ancillary Expenses, HR and Procurement departments. Any year-over-year deviations or instances in which figures have been recalculated are indicated in the corresponding section of this report.

An independent third party has not conducted an external review of the report's content. [102-56](#)

Boundaries of Environmental Key Figures and CO₂ Balance Sheet

The parent company of the Vonovia Group is organized in the legal form of a European corporation (SE) and performs the function of 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. [AR 2017, p. 33](#) [102-5](#)

Vonovia's core operating business is divided into six business areas - the regions north, east, southeast, central, south and west. Plus *conwert* real estate in Austria.

Responsibility for product management, new construction and modernization, acquisition and sales as well as the commercial and operational support functions, is centralized. [102-2](#)

The total fair value of the portfolio is € 33,436.3 million (2016: € 27,115.6 million) and contained 344,586 residential units across Germany (2016: 333,381) and 2,058 residential units in Austria as of Dec. 31, 2017. Vonovia also manages 62,631 residential units (2016: 58,969) for other owners. Most of the properties in the Group's portfolio are multifamily residences.

Organizational Boundaries

Vonovia SE consolidates its environmental key figures and thus also its greenhouse gas emissions in accordance with the **operational management approach** (operational control) as defined by the Greenhouse Gas (GHG) Protocols. The CO₂ emissions of all business activities that Vonovia controls are recorded in their entirety in the CO₂ balance sheet.

This excludes the portfolio of *conwert Immobilien Invest SE*, which has 2,058 residential units in Austria. Their environmental key figures are currently not taken into account and are thus not part of the CO₂ balance sheet, as the Austrian portfolio will be reorganized as a result of the acquisition of BUWOG AG, Vienna, Austria, in 2018. Residential units that we manage on behalf of other owners are also excluded.

This means that of the 346,644 residential units managed by Vonovia, 344,586 (99.4%) are recorded in the following key figure list and the CO₂ balance sheet. In principle, we do not value any data. If it does, however, become necessary, this is indicated.

Due to portfolio changes from sales and purchases as well as possible changes to regional boundaries, there may, in part, be considerable deviations from the previous year's values. Like-for-like considerations and intensity figures are therefore more suitable when it comes to performance considerations.

Operational Boundaries

The operational boundaries at Vonovia consist of three areas that are characterized by different activities:

- > Business operations (work locations, supralocal activities, energy services)
- > Portfolio properties (operation, maintenance, modernization)
- > New construction

Water: For its own business processes, Vonovia obtains water directly from municipal suppliers (for owner-occupied properties) or from the landlords of our offices. Water supply for our property portfolio comes predominantly from municipal suppliers. The water is passed on directly to the tenants. Water consumption of

the property portfolio relates to the rentable and communal areas. Only consumption per delivery point can be registered. It is not possible to present rentable and communal areas separately. We only report consumption of water obtained from the landlord. 103-2

Energy: The individual areas and their specific features for the CO₂ balance sheet are described below.

Business Operations

It is Vonovia's objective to attain as complete a view as possible of the energy consumption and greenhouse gas emissions of the Group, which is spread across a number of different locations. In addition to the company headquarters in Bochum and the large customer service centers in Duisburg and Dresden, there are a number of regional administration offices, caretakers' offices, and offices and workshops used by the technical service and the residential neighborhood services. Some of these belong directly to the Vonovia portfolio.

The company headquarters in Bochum and the customer service centers in Duisburg and Dresden have been included in the CO₂ balance sheet for the 2017 reporting period. Due to their size, these locations have a significant impact on the CO₂ balance of our business processes. Due to the large number of rented office space, recording the consumption of all work locations for the 2017 reporting year is connected with a disproportionately high effort. System boundaries are due to be extended for the 2018 reporting period in line with data availability.

Energy Services

Vonovia acts as an energy service provider, fulfilling the following roles:

- > Electricity generator (PV and CHP plants)
- > Electricity supplier (trading electricity from the electricity exchange)
- > Heating supplier (gas, district heating, heating oil, coal, contract, solar thermal energy, geothermal energy)

Electricity Generated by Vonovia – Renewable Energy:

Vonovia generates electricity from renewable sources through 206 photovoltaic (PV) plants on the roofs of its properties. [AR 2017, p. 41](#) This electricity is fed directly into the grid and, with the exception of one pilot project

in Mainz, has not been used by the company or sold to Vonovia customers.

There are plans in place for the large-scale expansion of electricity generation using PV plants on the roofs of newly constructed properties and existing portfolio properties. The amount of electricity generated through PV plants will be greatly expanded with this plan and the electricity generated can be marketed as tenant electricity in the future.

Generating electricity through PV plants results in no CO₂ emissions that have to be recorded. Nevertheless, the amount of electricity generated is a key figure for Vonovia's sustainability reporting.

Electricity Generated by Vonovia – Fossil Fuels: Vonovia operates 27 cogeneration (CHP) plants in order to generate electricity and heating for its residential units. [AR 2017, p. 42](#) The electricity is fed into the grid and the heating is used to heat homes and provide warm water in Vonovia's rented properties.

In addition to the CHP plants that the company owns and operates, there are also plants that are not operated by Vonovia but by contract partners. In these cases, Vonovia buys the heating from the contract partner and makes it available to customers.

Electricity Supplied by Vonovia: On request, Vonovia supplies customers with electricity via Vonovia Energy Service GmbH (VESG), which buys electricity on the electricity exchange and sells it on to its customers. The electricity needed for communal areas in the property portfolio and for its own business processes, i.e., business locations, is also being gradually switched to electricity bought by Vonovia on the electricity exchange.

Emissions that relate to the generation of the electricity that is purchased and sold are included in the CO₂ balance sheet as indirect emissions.

Vonovia intends to only use and sell green electricity.

Heating Supplied by Vonovia: Vonovia supplies its customers with heating. Firstly, Vonovia provides the necessary building equipment, e.g., in the form of central heating. And secondly, Vonovia procures natural gas, heating oil, district heating, coal and coke for its customers or makes heating from CHP plants available and invoices customers.

In cases in which Vonovia supplies heating, the CO₂ emissions relating to the heat generation are entered into the CO₂ balance sheet as indirect CO₂ emissions. Due to the fact that consumer behavior has a significant impact on the amount of heating used and Vonovia cannot control consumer behavior, heating consumption emissions from the property portfolio are entirely assigned to scope 3 emissions.

Heating that is only forwarded by Vonovia (e.g., district heating, CHP plants operated by others) is assigned to the subgroup "other energy-related activities." Heating from CHP plants that is generated with Vonovia's own boilers and plants is assigned to the group "leased assets (downstream)."

Heating that is not invoiced by Vonovia is not included in Vonovia's CO₂ balance sheet, e.g., if a tenant with a gas heating system signs a contract with an independent gas supplier.

Vonovia also operates a comparatively small number of solar thermal energy and geothermal energy plants to generate heating from renewable sources. Due to the small number of these plants and the fact that they cause no CO₂ emissions, these plants are not included in Vonovia's CO₂ balance sheet.

Portfolio Properties

Rented Units: The heating consumed in the rented units that is invoiced by Vonovia in the ancillary costs is taken into account. This consists of gas for heating systems and central heating, district heating, heating oil, coal and contract as well as gas sold by VESG to tenants for gas heating systems (see "Heating Supplied by Vonovia").

Emissions are also created by the generation of electricity used by tenants. In supplying tenants with electricity, we differentiate between electricity supplied by Vonovia (see "Electricity Supplied by Vonovia") and electricity supplied by others. Only those emissions that relate to electricity sold by Vonovia to its customers are included in Vonovia's CO₂ balance sheet. Emissions from electricity bought by tenants from other companies are not under Vonovia's control and cannot be known, and are therefore not included in the CO₂ balance sheet.

Communal Areas: Electricity is also used to light communal areas and operate lifts. This is invoiced to the customer by Vonovia as part of the ancillary costs. This electricity is currently still bought from electricity suppliers. The emissions caused by the generation of this electricity are included in Vonovia's CO₂ balance sheet as indirect emissions. In the future, the communal areas will be supplied by VESG.

New Construction

The construction of new apartments is a new business area for Vonovia. Construction emissions are caused by, e.g., the energy consumed on the building site, the manufacture of building materials and transport.

Energy consumed for electricity and heating during construction is currently not systematically recorded. They are therefore not included in the CO₂ balance sheet. The same applies to the consumption of building materials. New construction activities may become a more important topic for Vonovia in the future, but this is still in the early stages at the moment. If the topic does become more relevant in the future, we will reexamine whether CO₂ emissions resulting from new construction can be recorded.

Key Figures

This chapter contains additional GRI standards and EPRA sustainability indicators that are relevant to us in relation to employees, the environment and procurement, and which we report on collectively in order to maintain reading flow in the main chapters.

Employee Key Figures

Key Figures	Dec. 31, 2016	Dec. 31, 2017	GRI Standard
Total Number of Employees by Employment Contract and Gender			
Total headcount	7,437	8,448	
Full-time equivalents	-	8,123.3	
of which female	-	1,666.6	
Employees with permanent contracts	6,507	7,347	
of which female	1,371	1,381	
Employees with temporary contracts	930	576	
of which female	420	236	102-8
Temporary workers	0	73	
of which female	0	38	

The numbers of employees at Vonovia are not subject to any seasonal variation.
Temporary contracts, excluding interns, trainees, students, temporary staff, marginal employees, pre-retirement part-time workers, bodies, external staff, those on a leave of absence, part-time employees, on parental leave.

Key Figures	2016	2017	GRI Standard	GdW
Total Number of Permanent Employees by Type of Employment and Gender				
Full-time employees	6,517	7,592		
of which female	1,279	1,331		
Part-time employees	920	856		
of which female	512	507		
Marginal employees*	-	181		
of which female	-	48		
Proportion of part-time employees (in %)	12.4	10.1		
proportion of which are women (in %)	-	59.2		
proportion of which are men (in %)	-	40.8	102-8	PE7

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

Key Figures	Dec. 31, 2016*	Dec. 31, 2017	GdW
Traineeships			
Total number of trainees	430	462	
	-	122	
of which female	-	26.4%	
	-	144	
Commercial trainees	-	31.2%	
	-	318	
Vocational trainees	-	68.8%	
Proportion of trainees in total workforce (in %)	5.8	5.5	PE8
Hiring rate (in %)	-	72.7	PE9

* Key figures regarding Vonovia trainees have not yet been accounted for as regards 2016.

Key Figures	2016*	2017	GRI Standard	EPRA	GdW
Personnel Turnover					
	2,193	2,957			
Newly hired employees	29.5%	35.0%			
	500	988			
Employees leaving the company	7.3%	11.7%			
Turnover rate (in %)	7.3	11.7			
Turnover rate in technical service	-	12.9			
Turnover rate in real estate service	-	3.5			
Turnover rate in customer service	-	16.3			
Turnover rate in holding company	-	6.3			
Turnover rate in residential environment	-	17.1			
Turnover rate in Immobilien Treuhand	-	22.9	401-1	Emp-Turnover	PE12

Employees joining and leaving the company: Figures in accordance with the German Commercial Code (excluding trainees, external staff, bodies and miscellaneous employees).

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

* The 2016 figures for employees leaving the company include only voluntary resignations. The calculation method was changed to the EPRA standard.

Key Figures	2016	2017	GRI Standard
Employees on Parental Leave*			
Total number of employees on parental leave	41	219	
	41	130	
of which female	100%	59.4%	
	0	89	
of which male	0	40.6%	
Employees returning to their workplace after parental leave	30	120	
of which female	30	51	
Rate of return (in %)	73	55	
Employees returning to their workplace after parental leave and still employed 12 months after their return	20	103	
of which female	20	47	401-3

* Only employees who were on parental leave for the full year were counted in 2016. Since 2017, parental leave that covered only part of the year has been included.

Key Figures	Dec. 31, 2016	Dec. 31, 2017	GRI Standard	EPRA	GdW
Employee Occupational Safety					
Total number of work and commute-related accidents, total employees	379	456			
of which commute-related accidents	34	40			
of which workplace accidents of employees in technical service	299	337			
of which workplace accidents of real estate service employees	20	27			
of which workplace accidents of customer service employees	17	5			
of which workplace accidents of holding company employees	18	2			
of which workplace accidents of residential environment employees	-	41			
of which workplace accidents of Immobilien Treuhand employees	-	4			
of which workplace accidents of employees in other areas	25*	-			
Number of work and commute-related accidents per 1,000 employees	-	54			
Number of workplace accidents per 1 million working hours	36.1	32.9			
Work-related employee deaths	0	0			
Work-related employee deaths (in %)	-	0.0			
Time lost (in days)***	-	4,884			
Time lost (in %)****	-	0.3			
Absence (in days)*****	-	103,173			
Absence (in %)*****	-	5.9	403-2	H&S-Emp	PE11

Vonovia does not yet record the accident figures of its subcontractors.

* Other areas in 2016, including residential environment and Immobilien Treuhand.

** Fatalities/number of working hours of all employees (ODR).

*** Only time lost due to work and commute-related accidents; occupational diseases cannot be evaluated as the reason for occupational diseases is not recorded in Germany.

**** Total days lost due to work-related accidents of all employees/Total required working days of all employees (FTE).

***** 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.

***** Total days lost due to illness of all employees/Total required working days of all employees (FTE).

Key Figures	2016	2017	GRI Standard	EPRA	GdW
Further Training					
Number of participants in further training	1,023	1,487			
Further training rate	13.8	17.6			
Cost of further training (in € million)	2.5	2.4			
Total further training days	2,600	4,888			
Further training intensity*	-	0.60			
Total hours of further training	-	39,100			
Average hours of further training per employee**	-	4.8	404-1	Emp- Training	PE10

* 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).

** Total hours of further training/Total for all employees (FTE).

Key Figures	2016	2017	GRI Standard	EPR
Performance Appraisal				
Employees who have had an appraisal interview/performance appraisal	-*	2,700		
Employees who have had an appraisal interview/performance appraisal (in %)	-	32.0		
	-	1,495		
of which female	-	55.4%		
	-	1,205		
of which male	-	44.6%	404-3	Emp-Dev

Key figures excluding technical service employees.

* We are reporting on performance appraisal for the first time in 2017.

Key Figures	Dec. 31, 2016	Dec. 31, 2017	GRI Standard	EPR	GdW
Employees by Category, Gender and Age Group					
Total number of employees	7,437	8,448			
	1,791	1,838			
of which female	24.1%	21.8%			
	-	9			
of which under 20 years	-	0.1%			
	-	1,507			
of which 20-29 years	-	17.8%			
	-	2,226			
of which 30-39 years	-	26.3%			
	-	2,098			
of which 40-49 years	-	24.8%			
	-	2,151			
of which 50-59 years	-	25.5%			
	-	386			
of which 60-65 years	-	4.6%			
	-	71			
of which over 65 years	-	0.8%	102-7 102-8 405-1	Diversity-Emp	PE1 PE2 PE3
Average age (in years)	-	41.11			
Employees in technical service	3,756	4,615			
	247	323			
of which female	6.6%	7.0%			
	-	3			
of which under 20 years	-	0.1%			
	-	892			
of which 20-29 years	-	19.3%			
	-	1,341	102-7 102-8 405-1	Diversity-Emp	PE1 PE2 PE3
of which 30-39 years	-	29.1%			

Key Figures	Dec. 31, 2016	Dec. 31, 2017	GRI Standard	EPRA	GdW
	-	1,198			
of which 40-49 years	-	26.0%			
	-	1,011			
of which 50-59 years	-	21.9%			
	-	161			
of which 60-65 years	-	3.5%			
	-	9			
of which over 65 years	-	0.2%	102-7 102-8 405-1	Diversity- Emp	PE1 PE2 PE3
Average age (in years)	-	39.55			
Employees in real estate service	1,477	1,359			
	427	349			
of which female	28.9%	25.7%			
	-	2			
of which under 20 years	-	0.1%			
	-	83			
of which 20-29 years	-	6.1%			
	-	214			
of which 30-39 years	-	15.7%			
	-	345			
of which 40-49 years	-	25.4%			
	-	562			
of which 50-59 years	-	41.4%			
	-	113			
of which 60-65 years	-	8.3%			
	-	40			
of which over 65 years	-	2.9%	102-7 102-8 405-1	Diversity- Emp	PE1 PE2 PE3
Average age (in years)	-	47.69			
Employees in customer service	989	771			
	619	506			
of which female	62.6%	65.6%			
	-	0			
of which under 20 years	-	0.0%			
	-	185			
of which 20-29 years	-	24.0%			
	-	248			
of which 30-39 years	-	32.2%			
	-	152			
of which 40-49 years	-	19.7%			
	-	165			
of which 50-59 years	-	21.4%			
	-	21	102-7 102-8 405-1	Diversity- Emp	PE1 PE2 PE3
of which 60-65 years	-	2.7%			

Key Figures	Dec. 31, 2016	Dec. 31, 2017	GRI Standard	EPRA	GdW
	-	0			
of which over 65 years	-	0.0%	102-7 102-8	Diversity- Emp	PE1 PE2
Average age (in years)	-	38.74	405-1		PE3
Employees in holding company	464	700			
	215	318			
of which female	46.3%	45.4%			
	-	1			
of which under 20 years	-	0.1%			
	-	144			
of which 20-29 years	-	20.6%			
	-	166			
of which 30-39 years	-	23.7%			
	-	181			
of which 40-49 years	-	25.9%			
	-	177			
of which 50-59 years	-	25.3%			
	-	31			
of which 60-65 years	-	4.4%			
	-	0			
of which over 65 years	-	0.0%	102-7 102-8	Diversity- Emp	PE1 PE2
Average age (in years)	-	39.45	405-1		PE3
Employees in residential environment	742	580			
	283	64			
of which female	38.1%	11.0%			
	-	2			
of which under 20 years	-	0.3%			
	-	114			
of which 20-29 years	-	19.7%			
	-	157			
of which 30-39 years	-	27.1%			
	-	115			
of which 40-49 years	-	19.8%			
	-	142			
of which 50-59 years	-	24.5%			
	-	34			
of which 60-65 years	-	5.9%			
	-	16			
of which over 65 years	-	2.8%	102-7 102-8	Diversity- Emp	PE1 PE2
Average age (in years)	-	41.01	405-1		PE3

Key Figures	Dec. 31, 2016	Dec. 31, 2017	GRI Standard	EPRA	GdW
Employees in Immobilien Treuhand	-	332			
	-	231			
of which female	-	39.8%			
	-	1			
of which under 20 years	-	0.2%			
	-	80			
of which 20-29 years	-	13.8%			
	-	65			
of which 30-39 years	-	11.2%			
	-	80			
of which 40-49 years	-	13.8%			
	-	78			
of which 50-59 years	-	13.4%			
	-	23			
of which 60-65 years	-	4.0%			
	-	5			
of which over 65 years	-	0.9%	102-7 102-8 405-1	Diversity- Emp	PE1 PE2 PE3
Average age (in years)	-	40.82			
Employees in other sectors	-	91			
	-	47			
of which female	-	8.1%			
	-	0			
of which under 20 years	-	0.0%			
	-	9			
of which 20-29 years	-	1.6%			
	-	35			
of which 30-39 years	-	6.0%			
	-	27			
of which 40-49 years	-	4.7%			
	-	16			
of which 50-59 years	-	2.8%			
	-	3			
of which 60-65 years	-	0.5%			
	-	1			
of which over 65 years	-	0.2%	102-7 102-8 405-1	Diversity- Emp	PE1 PE2 PE3
Average age (in years)	-	42.24			

A differentiation is made between age groups: under 20 years, 20-29 years, 30-39 years, 40-49 years, 50-59 years, 60-65 years and over 65 years did not take place in 2016. No figures in this regard could therefore be reported.

Key Figures	Dec. 31, 2016	Dec. 31, 2017	GRI Standard
Composition of Controlling Bodies			
Members of the Supervisory Board	12	11	
	4	4	
of which female	33.3%	36.4%	405-1

Key Figures	Dec. 31, 2016	Dec. 31, 2017	GRI Standard	GdW
Disabled Employees				
Disabled employees*	269	301		
Disabled employees (in %)	3.6	3.6		
	85	109		
of which employees in technical service	1.1%	1.3%		
	100	95		
of which employees in real estate service	1.3%	1.1%		
	46	36		
of which employees in customer service	0.6%	0.4%		
	17	25		
of which employees in holding company	0.2%	0.3%		
	-	18		
of which employees in residential environment	-	0.2%		
	-	9		
of which employees in Immobilien Treuhand	-	0.1%		
	21	9		
of which employees in other sectors	0.3%	0.1%	405-1	PE4

* According to the social law definition for disabled status pursuant to SGB IX Section 2.
Unlike the presentation in the 2016 Sustainability Report, the percentages have been adjusted for the year 2016.

Key Figures	2016	2017*	GRI Standard	EPRA
Salary Structure				
Average income male employees (in €)**	-	34,305.68		
Average income female employees (in €)**	-	41,504.32		
Average income ratio between female and male employees (in %)	-	121	405-2	Diversity-Pay

* The average income of the Vonovia employee is reported for the first time in 2017.

** Employee remuneration in accordance with the German Commercial Code (excluding Fo, F1 and executive employees): monthly salary + allowances + holiday and vacation bonus.

Environmental Key Figures

Key Figures*	Unit	2017	GdW**
General Key Figures			
Portfolio			
Number of rented residential units	Number	344,586	
Number of rented commercial units	Number	3,888	
Rentable area	m ²	22,198,880	
of which residential	m ²	21,530,449	
of which commercial	m ²	668,431	
Housing stock by age category			
up until 1939	Number	48,314	
1940-1949	Number	5,704	
1950-1959	Number	100,404	
1960-1969	Number	72,919	
1970-1979	Number	62,023	
1980-1989	Number	29,985	
1990-1999	Number	23,412	
2000-2009	Number	1,642	
from 2010	Number	183	
Number of landmarked buildings	Number	4,405	
Rented units sold - residential	Number	11,582	
Rented units sold - commercial	Number	347	
Rented units purchased - residential	Number	22,602	
Rented units purchased - commercial	Number	852	
Maintenance & Modernization			
Number of modernized buildings	Number	Approx. 2,000	
Number of modernized rented units	Number	Approx. 18,000	
Modernized rentable area	Mio. m ²	Approx. 1.1	
Number of rented units with upgraded heating systems	Number	Approx. 15,000	
Modernization ratio (renovation ratio)	%	Approx. 5	
Expenses for maintenance and ongoing maintenance	€	346,200,000	
Intensity of maintenance	€/m ² /a	15.7	BM4
Expenses for modernization	€	778,600,000	
Intensity of modernization	€/m ² /a	35.3	BM2
New construction			
Number of new constructions	Number	182	

* The following key figures relate to Vonovia's activities in Germany.

** Association of German Housing and Real Estate Companies (GdW).

Environmental Key Figures Business Operations

Key Figures	Unit	2016	2017	EPRA	GdW	GRI Standard
Energy Consumption						
Total energy consumption*	MWh	5,693	7,768		GP1	
Electricity consumption						
Electricity consumption of business buildings	MWh	2,424	3,390			
of which from renewable energy sources	MWh	-	1,520			
Share of renewable energy from electricity consumed	%	-	44.8	Elec-Abs		302-1
Heating consumption						
Total heating consumption**	MWh	3,268	4,377			
of which natural gas	MWh	3,268	3,171	Fuels-Abs		
of which district heating	MWh	-	1,206	DH&C-Abs		302-1
Energy intensity						
Energy intensity (consumption of electricity and heating per m ² of office space)**	MWh/m ²	0.27	0.26	Energy-Int	GP2	302-3, CRE1
Total fuel consumption**	MWh	54,285	71,049			
of which Diesel	MWh	51,819	67,026			
of which Gasoline	MWh	2,466	4,023	Fuels-Abs		302-1

* Total energy consumption includes the electricity and heating used in Vonovia's offices. The figure reported last year for 2016 has been adjusted accordingly. The consumption of electricity and heating as well as the energy intensity for 2017 concern the company headquarters in Bochum and both main locations in Duisburg and Dresden (29,530 m² total net floor space). The figures cannot be compared to the ones from 2016, since prior-year values only comprise the company headquarters in Bochum.

** Fuel consumption relates exclusively to the Vonovia vehicle fleet. No fuels from renewable sources were used.

Key Figures	Unit	2016	2017	GRI Standard		
Sale of electricity						
Total sale of electricity*	MWh	-	4,234			
of which bought-in**	MWh	-	54			
	MWh	-	3,740			
Share of renewable energy from electricity sold	%	-	88.3			
of which self-produced using photovoltaic plants***	MWh	-	3,686			
of which self-produced using cogeneration plants***	MWh	-	494			
Electricity sold (own production)	MWh	-	-			
Electricity sold (tenants)	MWh	-	54			
	MWh	-	54			
Share of electricity from renewable energy sources (tenants)	%	-	100			302-1

* Electricity generation from PV plants, own CHP and electricity that is procured on the electricity exchange for resale. Electricity from PV plants and cogeneration units is fed into the grid.

** 100% green electricity is purchased by means of proof of origin.

*** The electricity produced by cogeneration units and PV plants is fed into the grid. With the exception of one pilot project, in which tenants can use electricity generated by our own PV plants, Vonovia does not sell electricity that it produces to tenants.

Key Figures	Unit	2016	2017	EPRA	GdW	GRI Standard
Company Consumption of Water and Wastewater						
Company water usage						
Water usage from business operations*	m ³	11,098	15,698	Water-Abs	GP6	303-1
Company water intensity						
Water usage per m ² of office space	m ³ /m ²	0.52	0.53	Water-Int	GP7	CRE2
Company wastewater						
Wastewater discharges from business operations*	m ³	11,098	15,698			306-1

* The water consumption figures for 2017 concern the company headquarters in Bochum and both main locations in Duisburg and Dresden (29,530 m² total net floor space). The figures cannot be compared to the ones from 2016, since prior-year values only comprise the company headquarters in Bochum in the period from February 17, 2016, to February 23, 2017. Vonovia obtains water exclusively from the municipal supply. All wastewater is drained into the public sewage system.

Key Figures	Unit	2016	2017	EPRA	GRI Standard
Waste and Recycling Within the Company (Non-hazardous waste*)					
Total amount of waste from commercial developments**	t	72	74		
Amount of recycled waste from commercial developments	t	37	28		
Share of recycled waste from commercial developments	%	51.5	38.0		
Amount of residual waste from commercial developments	t	35	46		
Share of residual waste from commercial developments	%	48.5	62.0	Waste-Abs	306-2

* Hazardous waste is generated during our renovation and demolition works. The precise amount is currently not being recorded, however.

** The waste figures for 2017 concern the company headquarters in Bochum and both main locations in Duisburg and Dresden (29,530 m² total net floor space). The figures cannot be compared to the ones from 2016, since prior-year values only comprise the company headquarters in Bochum.

Key Figures	Unit	2016	2017
Mobility Within the Company (Business trips)			
By train	km	-	2,958,119
Number of trips*		-	-
By plane	km	-	2,130,323
Number of flights		-	3,670

* Is not currently being compiled.

Environmental Key Figures Portfolio

Key Figures	Unit	2016	2017	EPRA	GdW	GRI Standard	Like-for-like (Lfl)			EPRA
							2016	2017	Scope	
Energy Consumption in the Portfolio										
Total energy consumption in the portfolio	MWh	1,963,606	2,303,855			302-1				
Energy intensity										
Total energy intensity										
Electricity* and heating per rented unit	MWh/r.u.	8.60	8.03							
Electricity* and heating per m ² of rentable area	kWh/m ²	-	126.11		BM5/6					
Electricity* per rented unit	MWh/m ²	0.15	0.13							
Electricity* per m ² of rentable area	kWh/m ²	-	2.02							
Heating consumption per rented unit	MWh/r.u.	8.44	7.90							
Heating consumption per m ² of rentable area	kWh/m ²	-	124.08	Energy-Int		302-3				
Electricity consumption in communal areas										
Total electricity consumption in communal areas	MWh	51,600	44,909				5,543	4,662	36,177	Elec-Lfl
of which from non-renewable sources	MWh	28,807	26,357				-	-		
Share from non-renewable sources	%	55,8	58,7				-	-		
of which from renewable sources	MWh	22,793	18,552				-	-		
Share from renewable sources	%	44.2	41.3				-	-		
Electricity consumption per region										
North region	MWh	9,244	8,006				208	175	1,357	r.u.
East region	MWh	5,708	5,831				89	75	583	r.u.
Southeast region	MWh	606	6,799				-	-	0	r.u.
Middle region	MWh	7,298	6,596				568	478	3,707	r.u.
South region	MWh	7,721	7,070				590	496	3,851	r.u.
West region	MWh	13,068	10,116				4,087	3,438	26,677	r.u.
Central region	MWh	44	492	Elec-Abs		302-1	0.3	0	2	r.u. Elec-Lfl

* Electricity consumption in communal areas

Key Figures	Unit	2016	2017	EPRA	GdW	GRI Standard	Like-for-like (Lfl)			EPRA
							2016	2017	Scope	
Heating consumption in the portfolio*										
Total heating consumption in the portfolio	MWh	1,889,490	2,258,946							
of which from non-renewable sources	MWh	1,886,490	2,257,746							
Share from non-renewable sources	%	99.8	99.9							
Natural gas										
Total consumption of natural gas	MWh	1,090,000	1,035,222				637,879	681,819		71,872 r.u.
North region	MWh	236,903	142,498				87,802	93,852		9,893 r.u.
East region	MWh	70,634	32,952				20,306	21,703		2,288 r.u.
Southeast region	MWh	37,134	45,413				27,984	29,910		3,153 r.u.
Middle region	MWh	206,382	175,598				108,198	115,652		12,191 r.u.
South region	MWh	162,059	182,360				112,369	120,106		12,661 r.u.
West region	MWh	349,861	456,372				281,202	300,576		31,684 r.u.
Central region	MWh	1,645	30				18	19		2 r.u.
Heating oil*										
Total consumption of heating oil	MWh	103,835	167,957				103,835	109,655		11,622 r.u.
North region	MWh	14,521	23,487				14,521	15,722		1,826 r.u.
East region	MWh	28,982	46,880				28,982	29,854		2,977 r.u.
Southeast region	MWh	197	318				197	213		22 r.u.
Middle region	MWh	18,626	30,128				18,626	19,573		2,092 r.u.
South region	MWh	16,291	26,351				16,291	17,638		1,742 r.u.
West region	MWh	24,365	39,412				24,365	25,732		2,856 r.u.
Central region	MWh	853	1,380				853	924		107 r.u.
Consumption of heating from renewable sources										
Amount of heating consumed from renewable sources	MWh	3,000	1,794				-			
Share of heating consumed from renewable sources	%	0.3	0.1			BM7	-			
of which biogas	MWh	3,000	1,794	Fuels-Abs			-			Fuels-Lfl
of which from cogeneration plants	MWh	-	-	DH&C-Abs		302-1	-			DH&C-Lfl

Key Figures	Unit	2016	2017	EPRA	GdW	GRI Standard	Like-for-like (Lfl)			EPRA
							2016	2017	Scope	
District heating*/**										
Total consumption of district heating	MWh	695,655	1,055,767				694,765	706,120	106,169 r.u.	
North region	MWh	112,903	171,349				115,458	114,602	17,668 r.u.	
East region	MWh	143,882	218,364				131,341	146,047	19,640 r.u.	
Southeast region	MWh	242,474	367,993				222,300	246,122	37,298 r.u.	
Middle region	MWh	54,700	83,017				67,928	55,523	8,914 r.u.	
South region	MWh	57,534	87,317				61,129	58,400	8,663 r.u.	
West region	MWh	83,024	126,003				95,477	84,273	13,793 r.u.	
Central region	MWh	1,136	1,724	DH&C-Abs		302-1	1,133	1,153	193 r.u.	DH&C-Lfl

For the year 2017, the absolute electricity consumption figures relate to the communal areas for 348,474 rented units (100% residential and commercial). This is based on an evaluation of the general energy consumption for an accounting area of Vonovia with a total of 36,177 rented units (residential and commercial). The accounting area is used as a basis for an extrapolation to the total portfolio. A total of 36,177 rented units were included in the like-for-like assessment of electricity consumption. This corresponds to approx. 10% of the residential and commercial units in 2017. The figures for the share of electricity from regenerative sources were calculated at approx. 70% of electricity consumption on the basis of the energy mix of our largest electricity supplier. The remaining 30% was calculated on the basis of a residual mix for Germany in accordance with the Association of Issuing Bodies.

The consumption of natural gas, heating oil and district heating relate to residential and commercial units which receive a heating bill from Vonovia. In 2017, these were 285,781 residential and commercial units (82% of the total portfolio).

Natural gas consumption in 2017 relates to consolidated consumption for all heating systems. 100% of the total volume of natural gas consumption in MWh has been regionally allocated. In 2016, 97% was allocated regionally, which resulted in deviations between the total amount and the amount of regional consumption. Overall, 109,125 rented units were supplied with gas in 2017.

A total of 71,872 rented properties were included in the like-for-like assessment. This corresponds to 66% of the rented units supplied with natural gas.

Heating oil consumption in 2017 relates to consolidated consumption for all heating systems. 100% of the total volume of heating oil consumption in MWh has been regionally allocated. Overall, 17,723 rented units are supplied with heating oil. In 2016, 87% of consumption was allocated regionally, which results in deviations between the total consumption and regional consumption.

A total of 11,622 rented properties were included in the like-for-like assessment. This corresponds to 66% of the rented units supplied with heating oil.

The heating consumption from renewable energy sources was calculated using the average percentage of biogas from the purchased natural gas. Only rented units with biogas mixtures were considered in this calculation.

* The values for 2016 have been adjusted in comparison with the previous year.

** Extrapolation to total portfolio and district heating stations not yet registered according to consumption figures available for registered stations per rented unit. Using the consumption figures available for registered stations per rented unit, an actual consumption figure for 2017 of 707 GWh was extrapolated to the overall portfolio as well as to district heating stations that have yet to be registered.

Key Figures	Unit	2016	2017	EPRA
Energy Efficiency Levels of Buildings (Energy Performance Certificates)				
According to rentable residential area*	m ²	20,626,016**	22,198,880***	
	m ²	20,219,331	19,756,313	
of which with energy certificates	%	98.0	89.0	
According to figures for buildings	Number	46,407	42,481	Cert-Tot
of which with needs-based energy certificates****	%	-	64.9	
of which with consumption-based energy certificates	%	-	35.1	
According to energy efficiency category				
	Number	91	78	
of which energy level A+	%	0.2	0.2	
	Number	195	203	
of which energy level A	%	0.4	0.5	
	Number	2,397	2,896	
of which energy level B	%	5.2	6.8	
	Number	6,225	6,558	
of which energy level C	%	13.4	15.4	
	Number	9,404	9,305	
of which energy level D	%	20.3	21.9	
	Number	8,932	8,297	
of which energy level E	%	19.3	19.5	
	Number	7,768	6,528	
of which energy level F	%	16.7	15.4	
	Number	4,450	3,833	
of which energy level G	%	9.6	9.0	
	Number	5,984	4,714	
of which energy level H	%	12.9	11.1	
	Number	961	69****	
Not reported	%	2.1	0.2	Cert-Tot
Average energy efficiency*****	kWh/m ² /a	165.1	158.4	Energy-Int

* The rentable area comprises residential and commercial properties

** Only single-family homes, duplexes and multifamily residences were included in 2016 – commercial properties, retirement homes, dormitories and other specialized properties were not included. The rentable area consists exclusively of residential areas.

*** Non-landmarked single-family homes, duplexes and multifamily residences were included in 2017. Commercial properties were also included if they were individual commercial units located in residential buildings. Large commercial properties, retirement homes, dormitories and other specialized property were not included. As a result, the values from 2016 to 2017 cannot be directly compared.

**** For 69 buildings, there are no available figures clearly attributable to energy certificates or energy levels.

***** The average energy efficiency and the breakdown according to type of certificate was not yet reported on in 2016.

Key Figures	Unit	2016	2017	EPRA	GRI Standard	Like-for-like (Lfl)			
						2016	2017	Scope	EPRA
Water Consumption for the Portfolio									
Total water consumption*	m ³	20,586,428**	19,064,546	Water-Abs	303-1	17,311,822	17,725,418	174,140 r.u.***	Water-Lfl
North region	m ³	2,535,375	2,238,993			2,053,232	2,089,320	40,040 r.u.	
East region	m ³	732,964	1,277,446			740,289	734,594	24,685 r.u.	
Southeast region	m ³	728,243	654,947			632,637	634,023	9,330 r.u.	
Middle region	m ³	4,734,581	4,487,450			4,125,831	4,208,342	26,134 r.u.	
South region	m ³	2,164,517	2,665,587			2,550,348	2,592,158	10,314 r.u.	
West region	m ³	9,680,101	7,736,930			7,209,486	7,466,980	63,637 r.u.	
Central region	m ³	10,6481	3,193			-	-	-	
Water intensity									
Water consumption per rented unit	m ³ /r.u.	102.2	102.7	Water-Int	CRE2				

* For the calculation of the absolute key figures, 185,666 rented units (2016: 201,412) were included, for which the water and wastewater items are apportioned separately from one another on the basis of the ancillary expense bill. Consumption relates to the rentable and communal areas. Only consumption per delivery point can be registered. It is not possible to present rentable and communal areas separately. The data refers to the relevant values billed in the previous year.

Consumption in m³ has been calculated on the basis of regional average prices per m³. For this purpose, the average figures of the largest utilities suppliers in each region were determined.

** Adjusted value from the previous year (previously: 20,586,447.6).

*** For the like-for-like assessment, 174,140 rented units (50.5% of the overall portfolio) were included, for which the water and the wastewater items are apportioned separately from one another on the basis of the ancillary costs bill. Consumption is calculated analogously to the absolute figures.

Key Figures	Unit	2016	2017	GRI Standard
Total wastewater volume	m ³	17,869,242	16,689,031	306-1
North region	m ³	2,750,591	1,998,331	
East region	m ³	538,408	1,049,984	
Southeast region	m ³	671,609	583,607	
Middle region	m ³	3,975,200	4,167,329	
South region	m ³	2,343,064	2,581,760	
West region	m ³	7,577,963	6,305,220	
Central region	m ³	12,407	2,801	

* For the calculation of the absolute key figures, 185,685 rented units (2016: 200,998) were included, for which the water and wastewater items are apportioned separately from one another on the basis of the ancillary expense bill. The wastewater volume relates to the rentable and communal areas. Only the volume per delivery point can be registered. It is not possible to present rentable and communal areas separately. The data refers to the relevant values billed in the previous year.

The volume in m³ has been calculated on the basis of regional average prices per m³. For this purpose, the average figures of the largest utilities suppliers in each region were determined.

Key Figures	Unit	2016	2017	Unit	2016	2017	EPRA	GRI Standard
Waste Volume for the Portfolio								
Total waste volumes	t	481,000	500,134	m ³	4,328,476	4,500,677		
Amount of residual waste	t	121,6840	126,525	m ³	1,216,841	1,265,251		
Proportion of residual waste	%	25.3	25.3	%	28.1	28.1		
Amount of waste paper	t	206,863	215,093	m ³	1,216,841	1,265,251		
Proportion of waste paper	%	43.0	43.0	%	28.1	28.1		
Amount of recycling ("Green Dot")	t	43,806	45,549	m ³	1,460,209	1,518,301		
Proportion of recycling ("Green Dot")	%	9.1	9.1	%	33.7	33.7		
Amount of organic waste	t	108,647	112,968	m ³	434,586	451,875		
Proportion of organic waste	%	22.6	22.6	%	10.0	10.0		
Recycling ratio	%	74.7	74.7	%	71.9	71.9	Waste-Abs	306-2

The waste volume is based on estimated figures for 346,644 apartments (2017) and 333,381 apartments (2016). The estimate is based on weekly average figures per rented unit and type of waste. These average figures are based on the waste containers provided and their volume, not the actual quantity filled. These figures are only available by volume, not on the basis of weight, as is otherwise common in Germany. The metric ton figures are therefore based on conversion factors for each type of waste (residual waste: 0.1 kg/l, waste paper: 0.17 kg/l, Green Dot: 0.03; organic waste: 0.25).

These figures do not represent households' actual waste volumes, since not all of the rented units' waste is disposed of via the containers provided by Vonovia; waste paper is also disposed of via public recycling containers, recycled waste is also disposed of in yellow bags and tenants can also use their organic waste for composting.

A like-for-like calculation has been omitted, since the values for 2016 and 2017 are only based on estimates. The basis of the estimates for the like-for-like assessment would have been identical to that of the absolute figures.

Key Figures	2016	2017	GRI Standard
Buildings/Housing Units Adjacent to Protected Areas (Vonovia Units)			
Buildings in			
Nature reserves	-	-	
National parks	-	-	
Bird sanctuaries	-	-	
Nature parks	1,749	1,397	
Landscape conservation areas	102	106	
Biosphere reserves	90	57	
Buildings that belong to more than one protected area category	16	7	
in nature parks and landscape conservation areas	9	3	
in nature parks and biosphere reserves	4	1	
in landscape conservation areas and biosphere reserves	3	3	304-1

The following protected area categories were analyzed: nature reserves, landscape conservation areas, nature parks, national parks, biosphere reserves and bird sanctuaries.

The number of Vonovia buildings that are located in these conservation areas was determined with the help of a geometric analysis in Vonovia's internal geographic information system. The locations of the Vonovia buildings are compared with comprehensive geodata in the individual conservation categories. This geodata was compiled by the German Federal Agency for Nature Conservation.

CO₂ balance sheet

Key Figures	Unit	2016	2017	EPRA	GRI Standard	Like-for-like (Lfl)			EPRA
						2016	2017	Scope	
CO₂ balance sheet of Vonovia									
Direct CO₂ emissions (Scope 1)									
Total direct CO₂ emissions	t CO ₂	14,453	18,979			-	-	-	-
Stationary combustion									
Own production of electricity through cogeneration units (business operations)*	t CO ₂	-	99			-	-	-	-
Mobile combustion									
Gasoline (business operations)	t CO ₂	649	1,014			-	-	-	-
Diesel (business operations)	t CO ₂	13,805	17,866	GHG-Dir-Abs	305-1	-	-	-	-
Indirect CO₂ emissions (Scope 2)									
Total indirect CO₂ emissions, location based	t CO ₂	1,955	2,923			-	-	-	-
Total indirect CO₂ emissions, market based	t CO ₂	1,955	2,286			-	-	-	-
Electricity									
Electricity consumption (business operations) - location based	t CO ₂	1,297	1,914			-	-	-	-
Electricity consumption (business operations) - market based	t CO ₂	-	1,278			-	-	-	-
Heating									
Natural gas (purchased through contracting or landlord)	t CO ₂	658	638			-	-	-	-
District heating (purchased) - location based	t CO ₂		370	GHG-Indir-Abs	305-2	-	-	-	-

Key Figures	Unit	2016	2017	EPRA	GRI Standard	Like-for-like (Lfl)			
						2016	2017	Scope	EPRA
Indirect CO₂ emissions (Scope 3)									
Other indirect CO₂ emissions	t CO ₂	482,449	657,089			-	-	-	-
Purchased goods and services						-	-	-	-
Stationery (business operations)*	t CO ₂	-	107			-	-	-	-
Business trips						-	-	-	-
Flights (business operations)*	t CO ₂	-	311			-	-	-	-
Train (business operations)*	t CO ₂	-	19			-	-	-	-
Waste disposal						-	-	-	-
Paper, cardboard, cardboard boxes*	t CO ₂	-	1			-	-	-	-
Plastics	t CO ₂	-	0			-	-	-	-
Glass	t CO ₂	-	0			-	-	-	-
Residual waste	t CO ₂	-	7			-	-	-	-
Lessors									
Heating with natural gas (rented units)**/****	t CO ₂	219,240	208,222			128,302	137,140	71,872 r.u.	
Heating with oil (rented units)**/****	t CO ₂	27,803	44,973			27,803	29,362	11,622 r.u.	GHG Indir-Lfl
Fuel and energy-based emissions (not Scopes 1 or 2)									
District heating (rented units)***/****	t CO ₂	213,608	324,184			213,335	216,821	106,169 r.u.	GHG Indir-Lfl
Electricity sales (rented units)*	t CO ₂	-	0			-	-	-	-
Electricity consumption (communal areas)	t CO ₂	21,798	18,971			2,342	1,970	36,177 r.u.	GHG Indir-Lfl
Gasoline upstream chain (business operations)*	t CO ₂	-	243			-	-	-	-
Diesel upstream chain (business operations)*	t CO ₂	-	2,069			-	-	-	-
Natural gas upstream chain (business operations)*	t CO ₂	-	214			-	-	-	-
Natural gas upstream chain (rented units)*	t CO ₂	-	50,675			-	-	-	-
Heating oil upstream chain (rented units)*	t CO ₂	-	7,092		GHG-Indir-Abs 305-3	-	-	-	-
Total CO₂ emissions, location based	t CO ₂	498,857	678,990			-	-	-	-
Total CO₂ emissions, market based	t CO ₂	498,857	678,354			-	-	-	-

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 4.93, ecoinvent 3.1, Deutsche Bahn, BCD Travel, fuel mix disclosure by the energy utilities.

The CO₂ emissions from the Duisburg and Dresden locations were first calculated in 2017. A retroactive calculation for 2016 was not carried out.

* Calculated for the first time in 2017.

** The value for 2016 was recalculated on the basis of adjustments to consumption data.

*** The value for 2016 was recalculated on the basis of adjustments to consumption values. For this, an emissions factor from the GEMIS database was used for district heating in Germany.

**** In 2017, the emissions from the heating in portfolio properties were categorized as Scope 3 - other indirect emissions (2016 - Scope 1 - direct emissions).

Key Figures	Unit	2016	2017	EPRA	GRI Standard	GdW
CO₂ Emissions from Vonovia's Business Operations						
Direct CO₂ emissions (Scope 1)						
Total direct CO₂ emissions	t CO ₂	14,453	18,979			
Stationary combustion						
Own production of electricity through cogeneration units	t CO ₂	-	99			
Mobile combustion						
Gasoline	t CO ₂	649	1,014			
Diesel	t CO ₂	13,805	17,866	GHG-Dir-Abs	305-1	GP4
Indirect CO₂ emissions (Scope 2)						
Total indirect CO₂ emissions, location based	t CO ₂	1,955	2,923			
Total indirect CO₂ emissions, market based	t CO ₂	658	1,916			
Electricity						
Electricity consumption (business operations) - location based	t CO ₂	1,297	1,914			
Electricity consumption (business operations) - market based	t CO ₂	-	1,278			
Heating						
Natural gas (purchased through contracting or landlord)	t CO ₂	658	638			
District heating (purchased) - location based	t CO ₂	-	370	GHG-Indir-Abs	305-2	GP4
Indirect CO₂ emissions (Scope 3)						
Total other indirect CO₂ emissions	t CO ₂	-	2,971			
Purchased goods and services						
Stationery (business operations)	t CO ₂	-	107			
Business trips						
Flights (business operations)	t CO ₂	-	311			
Train (business operations)	t CO ₂	-	19			
Waste disposal						
Paper, cardboard, cardboard boxes	t CO ₂	-	1			
Plastics	t CO ₂	-	0			
Glass	t CO ₂	-	0			
Residual waste	t CO ₂	-	7		305-3	GP4

Key Figures	Unit	2016	2017	EPRA	GRI Standard	GdW
Fuel and energy-related emissions (not Scope 1/2)						
Gasoline upstream chain (business operations)	t CO ₂	-	243			
Diesel upstream chain (business operations)	t CO ₂	-	2,069			
Natural gas upstream chain (business operations)	t CO ₂	-	214		305-3	GP4
Total CO₂ emissions business operations						
Total CO₂ emissions from Vonovia's business operations, location based	t CO ₂	16,408	24,873			
Total CO₂ emissions from Vonovia's business operations, market based	t CO ₂	15,111	23,866			GP4

Key Figures	Unit	2016	2017	EPRA	GRI Standard	Like-for-like (Lfl)			EPRA
						2016	2017	Scope	
CO₂ Emissions in the Portfolio									
Other indirect CO₂ emissions (Scope 3)									
Lessors									
Heating with natural gas (rented units)	t CO ₂	219,240	208,222			128,302	137,140	71,872 r.u.	
Heating with heating oil (rented units)	t CO ₂	27,803	44,973			27,803	29,362	11,622 r.u.	
Fuel and energy-related emissions (not Scope 1/2)									
Heating with district heating (rented units)	t CO ₂	213,608	324,184			213,335	216,821	106,169 r.u.	
Electricity consumption (communal areas)	t CO ₂	21,798	18,971			2,342	1,970	36,177 r.u.	GHG Indir-Lfl
Sale of electricity (rented units)	t CO ₂	-	0			-	-	-	-
Natural gas upstream chain (rented units)	t CO ₂	-	50,675			-	-	-	-
Heating oil upstream chain (rented units)	t CO ₂	-	7,092			-	-	-	-
Total CO₂ emissions in the portfolio	t CO ₂	482,449	654,117			-	-	-	-
Total CO₂ emissions (rented units)	t CO ₂	460,651	628,054			-	-	-	-
Total CO₂ emissions (communal areas)	t CO ₂	21,798	18,971		GHG-Indir-Abs 305-3	-	-	-	-

Key Figures	Unit	2016	2017	EPRA	GRI Standard	GdW
Total CO₂ relevant Key Figures						
Business operations						
CO ₂ emissions per square meter*	t CO ₂ /m ²	0.09	0.08		305-4 CRE3	
CO ₂ emissions per employee**	t CO ₂ / employees (FTE)	-	2.57			GP5
Portfolio (rented units and communal areas)						
CO ₂ heating intensity per rented unit***	t CO ₂ /r.u.	2.03	2.02			
CO ₂ heating intensity per m ² rentable area***	t CO ₂ /m ²	0.03	0.03	GHG-Int	305-4	
CO ₂ reductions through heating program	t CO ₂	-	7,400			
CO ₂ reductions through modernization	t CO ₂	-	22,358		305-5	
* CO ₂ emissions from heating and electricity in Vonovia's own offices (Bochum, Dresden and Duisburg).						
** CO ₂ emissions from heating, electricity, business processes and the vehicle fleet per employee were first compiled in 2017.						
*** The value includes the direct emissions from gas and heating oil as well as emissions from district heating.						

Procurement

Key Figures	Unit	2016	2017		GRI Standard
Suppliers					
Supplier structure					
Number of suppliers*	Number	4,200	4,259		
of which from Germany	Number	4,100	4,179		
of which from Europe (excl. Germany)	Number	100	80		
of which contract partners (minor maintenance work, vacant apartment renovation and construction)**	Number	2,650	2,530		
of which material suppliers	Number	550	729		
of which ancilliary costs**	Number	750	750		102-9
of which material costs***	Number	250	250		204-1
Local suppliers*					
Local suppliers as a proportion of the procurement budget	%	95	95		204-1
Review of suppliers					
Number of new suppliers reviewed on the basis of					
Environmental criteria	Number	-	-		308-1
Human rights	Number	-	-		
Labor standards	Number	5	3		414-1
Corruption	Number	-	-		-

* The figures include all suppliers that are recorded („actively managed“) in the course of central procurement processes.

** Includes everything apportioned to the tenant, e.g., stairwell lighting or cleaning, disposal costs or similar.

*** Includes, e.g., tools, work uniforms, office and business equipment, IT, telecommunications.

GRI Content Index

☒ 102-55

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.

Material topic	Name of the indicator	Page in the report	Omissions
GRI 101: Foundation 2016			
GRI 102: General Disclosures 2016			
Organizational Profile			
102-1	Name of the organization	p. 5	
102-2	Activities, brands, products, and services	pp. 5-6, p. 19, p. 87	
102-3	Location of headquarters	p. 5	
102-4	Location of operations	p. 5, p. 7	
102-5	Ownership and legal form	p. 5, p. 87	
102-6	Markets served	p. 5, p. 7	
102-7	Scale of the organization	p. 5, p. 7, pp. 93-96 As Vonovia is divided into companies and employs only a few people abroad, the figures are not presented according to the strategic regions.	
102-8	Information on employees and other workers	pp. 70-72, p. 82, p. 90, pp. 93-96	
102-9	Supply chain	p. 63, p. 111	
102-10	Significant changes to the organization and its supply chain	p. 20, AR 2017: pp. 47-51	
102-11	Precautionary Principle or approach	p. 22 Vonovia does not yet comply with the precautionary principle of the UN.	
102-12	External initiatives	p. 33, p. 83	
102-13	Membership of associations	p. 26, p. 57	
Strategy			
102-14	Precautionary Principle or approach	p.2	
102-15	External initiatives	p. 11, pp. 21-22, p. 40, p. 42, pp. 46-48, AR 2017: pp. 96-106	
Ethics and Integrity			
102-16	Values, principles, standards, and norms of behavior	p. 8, p. 33, p. 35, p. 69	
Governance			
102-18	Governance structure	p. 31, p. 33	
102-19	Delegating authority	p. 10, p. 31	

Material topic	Name of the indicator	Page in the report	Omissions
102-20	Responsibility for sustainability	p. 10	
102-22	Composition of the highest governance body and its committees	p. 31	
102-24	Nominating and selecting the highest governance body	p. 31	
102-25	Conflicts of interest	p. 31	
Stakeholder Engagement			
102-40	List of stakeholder groups	p. 27, p. 29	
102-41	Identifying and selecting stakeholders	p. 69	
102-42	Approach to stakeholder engagement	p. 26	
102-43	Key topics and concerns raised	pp. 27-29, p. 39	
102-44	List of stakeholder groups	p. 9, pp. 27-28	
Reporting practice			
102-45	Entities included in the consolidated financial statements	p. 86	
102-46	Defining report content	p. 12, p. 86	
102-47	List of material aspects	pp. 13-15	
102-48	Restatements of information	p. 12, p. 86	
102-49	Changes in reporting	p. 12	
102-50	Reporting period	p. 86	
102-51	Date of most recent report	p. 86	
102-52	Reporting cycle	p. 86	
102-53	Contact point for questions regarding the report	p. 121	
102-54	In accordance with the "core" option of the GRI standards	p. 86	
102-55	External assurance	p. 113	
102-56	Reporting period	p. 87	

Material topic**GRI 201: Economic Performance 2016**

103-1	Explanation of the material topic and its boundaries	pp. 14-15, pp. 21-24, p. 45, AR 2017: p. 35	
103-2	The management approach and its components	p. 5, pp. 18-20, pp. 45-47, AR 2017: pp. 35-46, pp. 66-87	
103-3	Evaluation of the management approach	p. 20, p. 45, AR 2017: pp. 52-55	
201-1	Direct economic value generated and distributed	p. 7, AR 2017: p. 146	
201-2	Financial implications and other risks and opportunities due to climate change	p. 11, p. 24	
201-3	Defined benefit plan obligations and other retirement plans	AR 2017: p. 130	

GRI 203: Indirect Economic Impacts 2016

103-1	Explanation of the material topic and its boundaries	pp. 14-15, p. 38, p. 45, p. 48	
103-2	The management approach and its components	pp. 38-39, pp. 45-49	
103-3	Evaluation of the management approach	p. 20, pp. 38-39, p. 61	
203-1	Infrastructure investments and services supported	p. 18, p. 21	Excl. extent, as figures are not currently available in this form.

Material topic	Name of the indicator	Page in the report	Omissions
203-2	Significant indirect economic impacts	p. 28, p. 44, p. 63	Excl. extent, as figures are not currently available in this form.
GRI 204: Procurement Practices 2016			
103-1	Explanation of the material topic and its boundaries	pp. 14-15, p. 31	
103-2	The management approach and its components	p. 35, AR 2017: p. 43, p. 60	
103-3	Evaluation of the management approach	AR 2017: pp. 97-98	
204-1	Proportion of spending on local suppliers	p. 63, p. 111	
GRI 205: Anti-corruption 2016			
103-1	Explanation of the material topic and its boundaries	pp. 14-15, p. 31	
103-2	The management approach and its components	pp. 31-35	
103-3	Evaluation of the management approach	p. 35	
205-2	Communication and training about anti-corruption policies and procedures	p. 35	
205-3	Confirmed incidents of corruption and actions taken	p. 35	
GRI 206: Management Approach 2016			
103-1	Explanation of the material topic and its boundaries	pp. 14-15	
103-2	The management approach and its components	pp. 31-35	
103-3	Evaluation of the management approach	p. 35	
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	p. 35	
GRI 302: Energy 2016			
103-1	Explanation of the material topic and its boundaries	pp. 14-15, pp. 56-57, p. 60	
103-2	The management approach and its components	pp. 56-61, p. 65	
103-3	Evaluation of the management approach	p. 57, pp. 59-61	
302-1	Energy consumption within the organization	p. 60, p. 99, pp. 101-103	
302-3	Energy intensity	p. 59, p. 65, p. 99, p. 101	
302-4	Reduction of energy consumption	p. 59, p. 60, p. 66	
302-5	Reductions in energy requirements of products and services	p. 56, p. 59, AR 2017: pp. 44-46	
CRE1	Building energy intensity	p. 59, p. 65, p. 99	
GRI 303: Water 2016			
103-1	Explanation of the material topic and its boundaries	pp. 14-15	
103-2	The management approach and its components	p. 88, p. 60	
103-3	Evaluation of the management approach	-	*
303-1	Water withdrawal by source	p. 100, p. 105	
CRE2	Building water intensity	p. 100, p. 105	

* At the moment, the management approach is not yet subject to a structured evaluation.

Material topic	Name of the indicator	Page in the report	Omissions
GRI 304: Biodiversity 2016			
103-1	Explanation of the material topic and its boundaries	pp. 14-15	
103-2	The management approach and its components	This aspect is currently not evaluated at Vonovia by means of an explicit management approach. Of course, we keep in mind which of our residential buildings are located in, or adjacent to, protected areas and take appropriate actions if needed.	
103-3	Evaluation of the management approach		
304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	p. 106	
GRI 305: Emissions 2016			
103-1	Explanation of the material topic and its boundaries	pp. 14-15	
103-2	The management approach and its components	pp. 55-61, pp. 66-67	
103-3	Evaluation of the management approach	p. 57, p. 67	
305-1	Direct (Scope 1) GHG emissions	p. 107, p. 109	
305-2	Energy indirect (Scope 2) GHG emissions	p. 107, p. 109	
305-3	Other indirect (Scope 3) GHG emissions	p. 108, pp. 109-111	
305-4	GHG emissions intensity	p. 111	
305-5	Reduction of GHG emissions	p. 111	
CRE3	GHG emissions intensity from buildings	p. 111	
GRI 306: Effluents and Waste 2016			
103-1	Explanation of the material topic and its boundaries	pp. 14-15, p. 62	
103-2	The management approach and its components	pp. 62-63	
103-3	Evaluation of the management approach	-	*
306-1	Water discharge by quality and destination	p. 100, p. 105	
306-2	Waste by type and disposal method	p. 100, p. 106	
GRI 307: Environmental Compliance 2016			
103-1	Explanation of the material topic and its boundaries	pp. 14-15	
103-2	The management approach and its components	pp. 30-35	
103-3	Evaluation of the management approach	pp. 62-64	*
307-1	Non-compliance with environmental laws and regulations	During the reporting year, no material violations of applicable environmental laws and regulations became known. There were no significant fines or other monetary penalties.	

* At the moment, the management approach is not yet subject to a structured evaluation.

Material topic	Name of the indicator	Page in the report	Omissions
GRI 308: Supplier Environmental Assessment 2016			
103-1	Explanation of the material topic and its boundaries	pp. 14-15	
103-2	The management approach and its components	pp. 62-64	*
103-3	Evaluation of the management approach	pp. 62-64	*
308-1	New suppliers that were screened using environmental criteria	p. 64, p. 111	Excl. percentage.
308-2	Negative environmental impacts in the supply chain and actions taken	During the reporting period, no significant actual and potential negative environmental impacts in the supply chain became known.	
GRI 401: Employment 2016			
103-1	Explanation of the material topic and its boundaries	pp. 14-15, p. 70	
103-2	The management approach and its components	pp. 69-71	
103-3	Evaluation of the management approach	p. 71	
401-1	New employee hires and employee turnover	p. 71, p. 91 As Vonovia is divided into companies and employs only a few people abroad, the figures are not presented according to the strategic regions.	Vonovia does not provide a breakdown by age and gender.
401-3	Parental leave	p. 82, p. 91	
GRI 402: Labor/Management Relations 2016			
103-1	Explanation of the material topic and its boundaries	pp. 14-15	
103-2	The management approach and its components	-	**
103-3	Evaluation of the management approach	-	**
402-1	Minimum notice period regarding operational changes	p. 71	
GRI 403: Occupational Health and Safety 2016			
103-1	Explanation of the material topic and its boundaries	pp. 14-15, p. 78, pp. 80-81	
103-2	The management approach and its components	pp. 78-81	
103-3	Evaluation of the management approach	p. 78	
403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	p. 81, p. 92 As Vonovia is divided into companies and employs only a few people abroad, the figures are not presented according to the strategic regions.	
403-3	Workers with high incidence or high risk of diseases related to their occupation	p. 81	
GRI 404: Training and Education 2016			
103-1	Explanation of the material topic and its boundaries	pp. 14-15, p. 74	
103-2	The management approach and its components	pp. 73-77	
103-3	Evaluation of the management approach	p. 76	

* At the moment, the management approach is not yet subject to a structured evaluation.

** This aspect is currently not evaluated at Vonovia by means of an explicit management approach.

Material topic	Name of the indicator	Page in the report	Omissions
404-1	Average hours of training per year per employee	p. 76, p. 92	Excl. breakdown by gender, as the figures are not currently available in this form.
404-3	Percentage of employees receiving regular performance and career development reviews	p. 76, p. 93, AR 2017: p. 64	
GRI 405: Diversity and Equal Opportunity 2016			
103-1	Explanation of the material topic and its boundaries	pp. 14-15	
103-2	The management approach and its components	pp. 83-84	
103-3	Evaluation of the management approach	-	*
405-1	Diversity of governance bodies and employees	p. 31, p. 72, pp. 93-97	
405-2	Ratio of basic salary and remuneration of women to men	p. 97	
GRI 406: Non-discrimination 2016			
103-1	Explanation of the material topic and its boundaries	pp. 14-15	
103-2	The management approach and its components	pp. 83-84	
103-3	Evaluation of the management approach	-	*
406-1	Incidents of discrimination and corrective actions taken	p. 83	
GRI 407: Freedom of Association and Collective Bargaining 2016			
103-1	Explanation of the material topic and its boundaries	pp. 14-15	
103-2	The management approach and its components	pp. 31-35	
103-3	Evaluation of the management approach	pp. 31-35	
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	The right to freedom of association and collective bargaining is granted in all locations. Vonovia minimizes the risks associated with contractors in the area of labor law through its Business Partner Code.	
GRI 413: Local Communities 2016			
103-1	Explanation of the material topic and its boundaries	pp. 14-15, p. 25, p. 45, p. 48	
103-2	The management approach and its components	p. 25, pp. 45-53	
103-3	Evaluation of the management approach	p. 26, p. 49	
413-1	Operations with local community engagement, and development programs	pp. 46-47, p. 49, p. 52, AR 2017: pp. 46-47	Excl. percentage.

* At the moment, the management approach is not yet subject to a structured evaluation.

Material topic	Name of the indicator	Page in the report	Omissions
GRI 414: Supplier Social Assessment 2016			
103-1	Explanation of the material topic and its boundaries	pp. 14-15	
103-2	The management approach and its components	p. 35, AR 2017: pp. 44-45	
103-3	Evaluation of the management approach	pp. 31-35	
414-1	New suppliers that were screened using social criteria	p. 35, p. 111	
414-2	Negative social impacts in the supply chain and actions taken	p. 35	
GRI 415: Public Policy 2016			
103-1	Explanation of the material topic and its boundaries	pp. 14-15	
103-2	The management approach and its components	pp. 25-26	**
103-3	Evaluation of the management approach	-	**
415-1	Political contributions	p. 27	
GRI 416: Customer Health and Safety 2016			
103-1	Explanation of the material topic and its boundaries	pp. 14-15, pp. 40-42	
103-2	The management approach and its components	pp. 40-44	
103-3	Evaluation of the management approach	p. 43	*
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	p. 35	
GRI 417: Marketing and Labeling 2016			
103-1	Explanation of the material topic and its boundaries	pp. 14-15	
103-2	The management approach and its components	-	*
103-3	Evaluation of the management approach	-	*
417-2	Incidents of non-compliance concerning product and service information and labeling	During the reporting year, no significant violations of regulations and voluntary codes concerning product and service information and labeling became known.	
GRI 419: Socioeconomic Compliance 2016			
103-1	Explanation of the material topic and its boundaries	pp. 14-15, p. 31	
103-2	The management approach and its components	pp. 30-35	
103-3	Evaluation of the management approach	p. 35	
419-1	Non-compliance with product and service regulations	p. 35	
Portfolio Maintenance 2016 (Material topic not covered by GRI)			
103-1	Explanation of the material topic and its boundaries	pp. 14-15, p. 40	
103-2	The management approach and its components	pp. 40-44, p. 55, AR 2017: pp. 44-47	
103-3	Evaluation of the management approach	p. 42	

* At the moment, the management approach is not yet subject to a structured evaluation.

** This aspect is currently not evaluated at Vonovia by means of an explicit management approach.

EPRA sBPR

Overarching Recommendations

Code	Page
Organisational Boundaries	p. 87
Estimation of landlord-obtained utility consumption	p. 87
Boundaries - reporting on landlord and tenant consumption	pp. 87-89

Performance Measures

Code	Performance Measure	Unit	Page
Environment			
Elec-Abs	Total electricity consumption	MWh/year	p. 99, p. 101
Elec-Lfl	Total electricity consumption like-for-like	MWh/year	p. 101
DH&C-Abs	Total district heating & cooling consumption	MWh/year	p. 99, pp. 102-103
DH&C-Lfl	Total district heating & cooling consumption like-for-like	MWh/year	pp. 102-103
Fuels-Abs	Total fuel consumption	MWh/year	p. 99, p. 102
Fuels-Lfl	Total fuel consumption like-for-like	MWh/year	p. 102
Energy-Int	Building energy intensity	kWh/m ²	p. 99, p. 101, p. 104
GHG-Dir-Abs	Total direct greenhouse gas (GHG) emissions (scope 1)	t CO ₂ /year	p. 107, p. 109
GHG-Indir-Abs	Total indirect greenhouse gas (GHG) emissions (scope 2)	t CO ₂ /year	pp. 107-109, p. 111
GHG-Dir-Lfl	Total direct greenhouse gas (GHG) emissions (scope 1) like-for-like	t CO ₂ /year	p. 111
GHG-Indir-Lfl	Total indirect greenhouse gas (GHG) emissions (scope 2) like-for-like	t CO ₂ /year	p. 108
GHG-Int	Greenhouse gas (GHG) intensity from building energy	t CO ₂ /m ² and t CO ₂ /units	p. 111
Water-Abs	Total water consumption	m ³ /year	p. 100, p. 105
Water-Lfl	Total water consumption like-for-like	m ³ /year	p. 105
Water-Int	Building water intensity	t CO ₂ /m ² and t CO ₂ /units	p. 100, p. 105
Waste-Abs	Total weight of waste	t/year	p. 100, p. 106
Waste-Lfl	Total weight waste like-for-like	t/year	p. 106
Cert-Tot	Type and number of sustainably certified assets	Number	p. 104
Social			
Diversity-Emp	Employee gender diversity	%	pp. 93-96
Diversity-Pay	Gender pay ratio	Ratio	p. 97
Emp-Training	Training and development	Number	p. 92

Code	Performance Measure	Unit	Page
Emp-Dev	Employee performance appraisals	%	p. 93
Emp-Turnover	Employee turnover and retention	Number and %	p. 91
H&S-Emp	Employee health and safety	Number	p. 92
H&S-Asset	Asset health and safety assessments	%	-
H&S-Comp	Asset health and safety compliance	Number	-
Comty-Eng	Community engagement, impact assessments and development programmes	%	pp. 48-53

Governance

Gov-Board	Composition of the highest governance body	Number	AR 2017: pp. 6-7
Gov-Selec	Nominating and selecting the highest governance body		AR 2017: pp. 20-23
Gov-COI	Process for managing conflicts of interest		AR 2017: pp. 21-23

Contact

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Vonovia SE

Universitätsstraße 133
44803 Bochum
Phone +49 234 314-0
Fax +49 234 314-1314
info@vonovia.de
www.vonovia.de

Your contacts

Corporate Communications

Klaus Markus
Head of Corporate Communications
Phone +49 234 314-1149
Fax +49 234 314-1309
Email: klaus.markus@vonovia.de

Jonathan Przybylski
Sustainability Officer
Phone +49 234 314-1912
Fax +49 234 314-1309
Email: jonathan.przybylski@vonovia.de

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