

Limited Assurance Report of the Independent Auditor regarding the Non-Financial Group Statement ¹

To the Vonovia SE, Bochum

We have performed an independent limited assurance engagement on the non-financial group statement of Vonovia SE, Bochum (further the "Company"), as well as the section of the combined management report that are qualified as part of it through cross reference, "Fundamental Information About the Group", for the period from January 1 to December 31, 2022.

It was not part of our engagement to review references to external websites and information sources presented as "Further Information" in the non-financial group statement.

Management's Responsibility

The legal representatives of the Company are responsible for the preparation of the non-financial group statement in accordance with § 315c in conjunction with §§ 289c to 289e HGB and with Article 8 of REGULATION (EU) 2020/852 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of June 18, 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088 (further „EU Taxonomy Regulation“) and the supplementing Delegated Acts as well as the interpretation of the wordings and terms contained in the EU Taxonomy Regulation and in the supplementing Delegated Acts by the Company as disclosed in Section "EU Taxonomy" of the non-financial group statement.

This responsibility of the legal representatives includes the selection and application of appropriate methods to prepare the non-financial group statement and the use of assumptions and estimates for individual disclosures which are reasonable under the given circumstances. Furthermore, the legal representatives are responsible for such internal control as they consider necessary to enable the preparation of a non-financial group statement that is free from material misstatement, whether due to fraud or error.

The EU Taxonomy Regulation and the supplementing Delegated Acts contain wordings and terms that are still subject to substantial uncertainties regarding their interpretation and for which not all clarifications have been published yet. Therefore, the legal representatives have included a description of their interpretation in Section "EU Taxonomy" of the non-financial group statement. They are responsible for its tenability. Due to the innate risk of diverging interpretations of vague legal concepts, the legal conformity of these interpretations is subject to uncertainty.

¹ Our engagement applied to the German version of the non-financial group statement 2022. This text is a translation of the Independent Assurance Report issued in German, whereas the German text is authoritative.

Independence and Quality Assurance on the Part of the Auditing Firm

In performing this engagement, we applied the legal provisions and professional pronouncements regarding independence and quality assurance, in particular the Professional Code for German Public Auditors and Chartered Accountants (in Germany) and the quality assurance standard of the German Institute of Public Auditors (Institut der Wirtschaftsprüfer, IDW) regarding quality assurance requirements in audit practice (IDW QS 1).

Practitioner's Responsibility

It is our responsibility to express a conclusion on the non-financial group statement based on our work performed within a limited assurance engagement.

We conducted our work in the form of a limited assurance engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised): "Assurance Engagements other than Audits or Reviews of Historical Financial Information", published by IAASB.

Accordingly, we have to plan and perform the assurance engagement in such a way that we obtain limited assurance as to whether any matters have come to our attention that cause us to believe that the non-financial group statement of the Company for the period from January 1 to December 31, 2022 has not been prepared, in all material respects, in accordance with § 315c in conjunction with §§ 289c to 289e HGB and with the EU Taxonomy Regulation and the supplementing Delegated Acts as well as the interpretation of the wordings and terms contained in the EU Taxonomy Regulation and in the supplementing Delegated Acts by the legal representatives as disclosed in Section "EU Taxonomy" of the non-financial group statement. As the assurance procedures performed in a limited assurance engagement are less comprehensive than in a reasonable assurance engagement, the level of assurance obtained is substantially lower. The choice of assurance procedures is subject to the auditor's own judgement.

Within the scope of our assurance engagement we performed, amongst others, the following procedures:

- Inquiries of group-level personnel who are responsible for the materiality analysis in order to understand the processes for determining material topics and respective reporting boundaries for Vonovia SE
- A risk analysis, including media research, to identify relevant information on Vonovia SE's sustainability performance in the reporting period
- Evaluation of the design and the implementation of systems and processes for the collection, processing and monitoring of disclosures, including data consolidation, on environmental, employee and social matters, respect for human rights, and combating corruption and bribery
- Inquiries of group-level personnel who are responsible for determining disclosures on concepts, due diligence processes, results and risks, performing internal control functions and consolidating disclosures
- Inspection of selected internal and external documents
- Analytical procedures for the evaluation of data and of the trends of quantitative disclosures as reported at group level by all sites
- Evaluation of local data collection, validation and reporting processes as well as the reliability of reported data

- Assessment of the overall presentation of the disclosures
- Inquiries of responsible employees at Group level to obtain an understanding of the approach to identify relevant economic activities in accordance with EU taxonomy
- Evaluation of the design and the implementation of systems and processes for the collection, processing and monitoring of disclosures on turnover, capital expenditures and operating expenditures for the taxonomy-relevant economic activities for the environmental objectives of climate change mitigation and adaptation
- Assessment of data collection, validation and reporting processes and reliability of reported data for the taxonomy-aligned economic activities in relation to the assurance on the Technical Screening Criteria (substantial contribution for the environmental objective, DNSH criteria) and minimum safeguards

The legal representatives have to interpret vague legal concepts in order to be able to compile the relevant disclosures according to Article 8 of the EU Taxonomy Regulation. Due to the innate risk of diverging interpretations of vague legal concepts, the legal conformity of these interpretations and, correspondingly, our assurance thereof are subject to uncertainty.

In our opinion, we obtained sufficient and appropriate evidence for reaching a conclusion for the assurance engagement.

Emphasis of Matter

We refer to the section "EU Taxonomy Regulation" and section "Combating Corruption and Bribery", in which the legal representatives describe that Vonovia SE was notified on March 7, 2023 by the investigating authorities on the basis of a search warrant issued by the Local Court of Bochum of investigations against current and former employees. The subject matter of the proceedings is the suspicion of gang and commercial fraud, breach of trust, anticompetitive agreements in connection with tenders and particularly serious cases of passive and active corruption in business transactions, in each case also to the detriment of the Vonovia Group or selected affiliated companies. The findings from these investigative proceedings to date were taken into account for the calculation of the taxonomy-aligned key figures. In doing so, the performance indicators of economic activities 7.3 and 7.7 were slightly reduced by the estimated share of turnover or capital expenditure and operating expenses in connection with increased services for the Technical Building Services business area which are the subject of the investigation proceedings.

Our opinion is not modified in respect of this matter.

Assurance Opinion

Based on the procedures performed and the evidence obtained, nothing has come to our attention that causes us to believe that the non-financial group statement of Vonovia SE for the period from January 1 to December 31, 2022 has not been prepared, in all material respects, in accordance with § 315c in conjunction with §§ 289c to 289e HGB and with the EU Taxonomy Regulation and the supplementing Delegated Acts as well as the interpretation disclosed in Section "EU Taxonomy" of the non-financial group statement.

Restriction of Use/General Engagement Terms

This assurance report is solely addressed to Vonovia SE, Bochum.

Our assignment for the Vonovia SE, Bochum, and professional liability as described above was governed by the General Engagement Terms for Wirtschaftsprüfer and Wirtschaftsprüfungsgesellschaften (Allgemeine Auftragsbedingungen für Wirtschaftsprüfer und Wirtschaftsprüfungsgesellschaften) in the version dated January 1, 2017 (https://www.kpmg.de/bescheinigungen/lib/aab_english.pdf). By reading and using the information contained in this assurance report, each recipient confirms having taken note of provisions of the General Engagement Terms (including the limitation of our liability for negligence to EUR 4 million as stipulated in No. 9) and accepts the validity of the attached General Engagement Terms with respect to us.

Düsseldorf, March 16, 2023

KPMG AG
Wirtschaftsprüfungsgesellschaft
[Original German version signed by:]

Stauder
Wirtschaftsprüfer
[German Public Auditor]

Brokof
Wirtschaftsprüferin
[German Public Auditor]

Appendices

Non-Financial Group Statement for
the period from January 1 to December 31, 2022

Appendix 1

General Engagement Terms

Appendix 2

Appendices

Appendix 1
Non-Financial Group
Statement for the period
from January 1 to
December 31, 2022

Non-financial Group Declaration*

Explanatory Information on the Content of the Report and the Framework

Sustainability reporting is experiencing a period of upheaval. Due in particular to increasing requirements at a European level – as a result of the EU taxonomy and the adoption of the Corporate Sustainability Reporting Directive – we are now increasingly seeing reporting on sustainability-related topics featured in the annual report.

For Vonovia, this integrated approach aligns well with our understanding of sustainability, which is a key component of our corporate strategy and business processes. Consequently, information on sustainability is not limited to the Non-financial Group Declaration, but can be found throughout this annual report, such as in the description of our business model or in the risk assessment. Corresponding references point to chapters in the management report in which the required disclosures are reported. As such, we are underscoring our understanding of a sustainable business model in which all three dimensions of sustainability (ESG) are embedded within our sustainability strategy (see → [Fundamental Information About the Group](#)).

Vonovia SE's (hereinafter referred to as Vonovia) corporate reporting includes a Non-financial Group Declaration, which has its legal basis in Sections 315b, 315c in conjunction with Section 289c to 289e HGB.

The frameworks provided by the Global Reporting Initiative (GRI) for sustainability reporting and the UN Global Compact were taken into account when preparing this declaration. These standards also serve as a guide for the separate sustainability report. We also use the recommendations made by the Task Force on Climate-related Financial Disclosures (TCFD), which we describe in the section entitled → ["Environmental Issues"](#).

The provisions of the delegated act for Regulation (EU) 2020/852, subject to application of Articles 8 and 10 (EU taxonomy), are explained in the → ["Taxonomy"](#) section of this Non-financial Group Declaration and also include the

subgroup Deutsche Wohnen SE (referred to in the following as Deutsche Wohnen).

Vonovia acquired control of Deutsche Wohnen on September 30, 2021. The subsequent integration process began at the end of 2021 and encompasses the consolidation of concepts, applied due diligence processes, and targets and outcomes relating to the non-financial topics pursuant to Section 289c of the German Commercial Code (HGB) determined in the Vonovia materiality process. The operational go-live date on January 1, 2023 marked the successful completion of this process. As of this date, Vonovia and Deutsche Wohnen shall operate using joint systems and structures in line with the Vonovia organizational and process model (see → [Fundamental Information About the Group](#)).

Deutsche Wohnen is therefore included in the consolidated financial statements and the Non-financial Group Declaration of Vonovia. Deutsche Wohnen will not be issuing its own non-financial declaration for the 2022 fiscal year, as it is exercising its rights under the simplifying provision for CSR reporting pursuant to Sections 289b (2) and 315b (2) HGB.

In preparation for the integration process, the materiality assessments of the two companies were merged in 2021 and their validity was reviewed once again in the reporting year. Due to the high degree of concordance between the identified → [material sustainability topics](#) and the non-financial key performance indicators, the selection of indicators already used by Vonovia and their definitions have been adopted by Deutsche Wohnen. This also applies to the description of concepts and their implementation.

* The content of the Non-financial Group Declaration is not covered by the audit of the annual and consolidated financial statements, but rather are subjected to a separate limited assurance audit conducted by KPMG AG Wirtschaftsprüfungsgesellschaft in accordance with ISAE 3000.

The main relevant non-financial performance indicators are reported – together with information on the underlying concepts and objectives – in the individual chapters covering the content in question. These are allocated to the legally mandated aspects – environmental issues, social issues, employee issues, combating corruption and bribery, and observance of human rights. Consolidated reporting with Deutsche Wohnen is not possible for a few selected key performance indicators, as the company-wide criteria for determining these key figures will only be fully implemented in the course of the complete integration from the start of the 2023 fiscal year onwards. We refer to any existing differences in the disclosure for the key figure concerned. Deutsche Wohnen is included in the reported objectives for the 2023 fiscal year.

Six of the key figures listed in the Non-financial Group Declaration are non-financial performance indicators within the meaning of GAS 20, Paragraph 101 in conjunction with Paragraph 106. These are the key figures that together constitute the Sustainability Performance Index (SPI) since its introduction in 2021. The SPI, which is derived from the material sustainability topics, is a vital instrument in terms of managing our sustainable activities. It represents the leading non-financial performance indicator applicable for the Vonovia Group. For the 2022 fiscal year, the reported SPI does not include Deutsche Wohnen. This will only be reported on a consolidated basis for the 2023 fiscal year following full integration (see → [Management System](#)).

The company's activities in Austria and Sweden are also covered by this Non-financial Group Declaration. This initially concerns the qualitative presentation of the non-financial information of the business entities. Due to the ongoing integration of the corresponding processes, the full consolidation of a few of the key performance indicators is still in the implementation phase. With respect to each key performance indicator, we make reference to the degree of KPI integration.

Sustainability reporting is supplemented by a separate sustainability report. This contains further extensive information and key figures for individual non-financial topics as well as examples of implementation. The sustainability report for the 2022 reporting year will be published in the second quarter of 2023. Further information on [commitments and guidelines](#), for example, can be found on the website of the Investor Relations department. The final aspect of sustainability reporting is participation in numerous ESG ratings.

Both the Non-financial Group Declaration and the additional quantitative disclosures in the sustainability report are → **audited by the auditor of the annual financial statements**. All references to content outside the Non-financial Group Declaration are further information and are not covered by the audit

performed by KPMG. An exception to this rule applies to references to further chapters of the management report. These are covered by the audit.

Sustainability Management at Vonovia

Our business model means that our relationship with social and environmental change processes is one of great interdependence. Sustainability is thus a key component of our corporate strategy. In recent years, we have made great progress in integrating **sustainability into the company's business processes**.

With the launch of the → **non-financial performance indicator** SPI in 2021, these are linked to clear and remuneration-relevant targets for the Management Board and senior management (the first tier below the Management Board).

The **SPI** comprises six sub-indicators based on the material topics of Vonovia. They include the carbon intensity of the housing stock, the energy efficiency of new buildings, the share of accessible (partial) modernization measures in relation to newly let apartments, the increase in customer and employee satisfaction and proportion of female managers in the company's top management team. The SPI for Vonovia achieved an index value of 103% in the reporting year (see → [Report on Economic Position](#)). For a more detailed description of our **sustainable business model**, please refer to the chapter entitled → **"Fundamental Information About the Group."**

Vonovia's understanding of sustainability illustrates how we interpret sustainability at the company. It is published on our [Investor Relations website](#).

At Vonovia, sustainability lies at the very top level of management. The individual responsible for the issue of sustainability is the Chief Executive Officer. On the part of the Supervisory Board, the Audit Committee, in particular, performs the corresponding control function.

Central coordination of sustainability activities is the responsibility of the Sustainability/Strategy department. This department reports directly to the Chief Executive Officer. Its core duties include, in particular, the further development of the sustainability strategy, the definition and monitoring of sustainability targets, the providing of impetus and the implementation of sustainability projects. It also handles sustainability reporting, which includes not only sustainability reporting within the annual report, but also the preparation of the sustainability report and the management of numerous ESG ratings.

A **sustainability committee** meets three to four times a year – as required – to discuss the overall strategic direction and to evaluate the company's sustainability performance. The committee comprises the entire Management Board (including the chief representatives), as well as the heads of Sustainability, Corporate Communications, Controlling, Accounting and Investor Relations. This ensures that decisions on the implementation of our sustainability strategy are borne by all relevant divisions and all the way through to local implementation levels.

The operational implementation of sustainability aspects takes place in all relevant departments and in our local neighborhoods in the various regions.

In Austria and Sweden, sustainability coordination is embedded in the relevant staff positions. They coordinate the interaction between the Sustainability/Strategy department and the individual countries, as well as the country-specific sustainability strategies pursued by the Austrian BUWOG companies and the Swedish company Victoriahem. In order to take the development business of the German company BUWOG into account, a coordination function for sustainability has been set up there, too.

Risk Assessment Based on Sustainability Aspects

The analysis and assessment of risks, taking into account sustainability considerations, plays a major role for Vonovia. Since 2020, such sustainability risks have been firmly integrated into the company's risk management system. We not only analyze the risks in relation to business operations (outside-in perspective), but also in relation to the possible impacts on the environment and society (inside-out perspective). We provide information on these risks, as well as on the reconciliation of the Deutsche Wohnen risk assessment, in our → [risks and opportunities report](#).

In the Non-financial Group Declaration, material risks associated with the Group's own business activities – and business relations or products and services of the Group – which are very likely to occur and which could have very challenging negative effects on non-financial topics must be reported. On the basis of the risk analyses performed and in

the opinion of Vonovia's management, there are **no non-financial risks** subject to a reporting requirement that meet the materiality criteria pursuant to Section 289c (3) Nos. 3 and 4 HGB following application of the net method and taking risk mitigation measures into consideration.

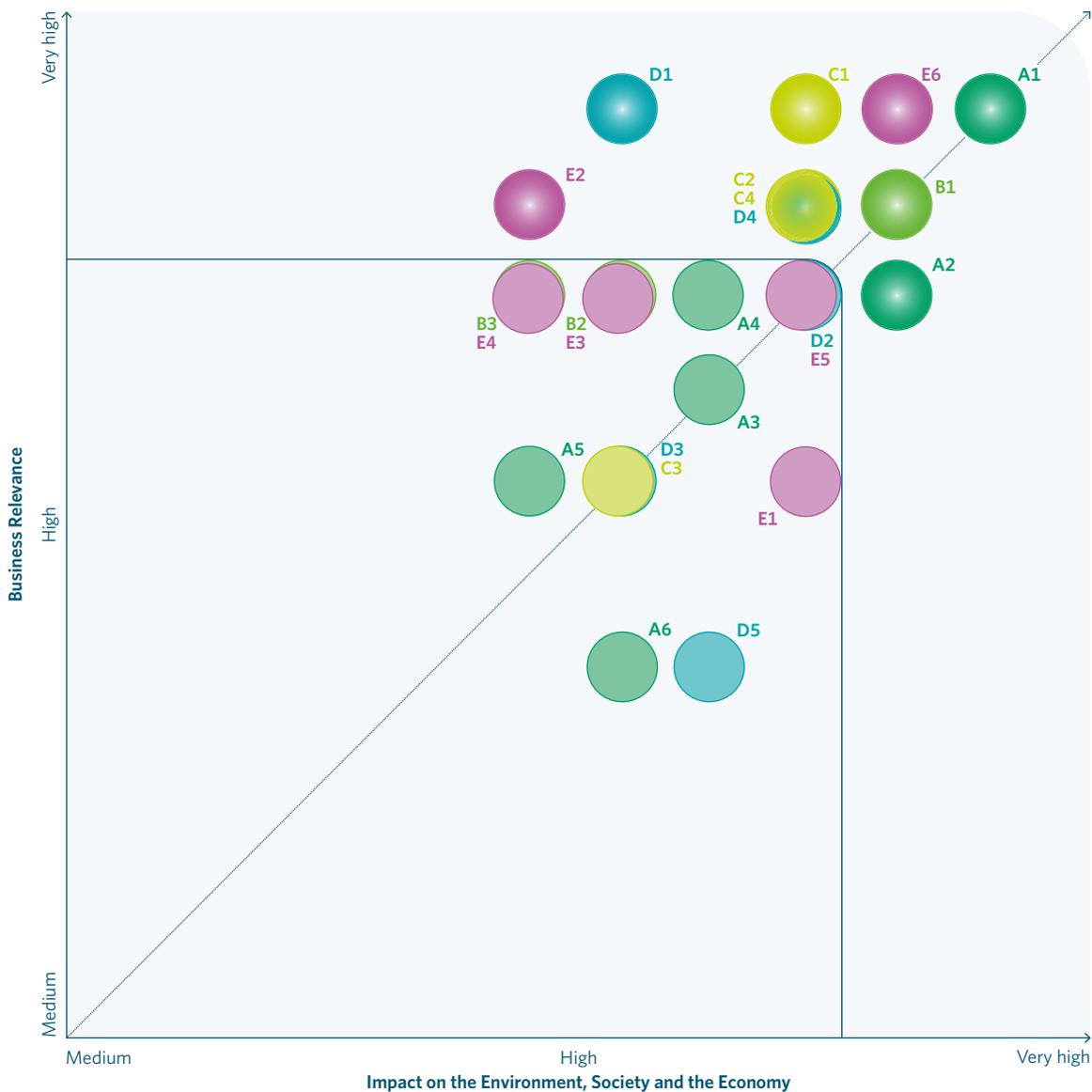
Key Materiality Aspects at Vonovia

A home is a basic human need. We meet this basic need by creating new living space and letting existing living space. We do so responsibly and sustainably by paying attention to the environmental footprint of our buildings and by having committed to the goal of virtually climate-neutral housing stock. We also do so by living up to our social responsibility and offering residential units at fair prices for all different groups within society. We do so through a governance structure that meets high value benchmarks and that is well suited to being perceived as trustworthy and reliable by our stakeholders.

Vonovia classifies the company's material sustainability topics based on two dimensions according to the **double materiality** concept: the relevance of social and environmental changes to the business and value creation (outside-in perspective) and the impact of the business model and company activities on the environment, society and the economy (inside-out perspective). As part of this process, the perspectives of our relevant stakeholder groups are taken into consideration in our assessment of the material topics.

The **materiality matrix**, which builds on this, categorizes ten material topics – which will be explained in more detail in the subsequent chapters of this Non-financial Group Declaration – and 14 further important sustainability topics within five areas for action.

Materiality Matrix



Action Area A: Environment and Climate

- A1 Reducing CO₂ in the housing portfolio
- A2 Sustainable construction and refurbishment
- A3 Sustainable materials and products
- A4 Protecting biodiversity
- A5 Water, effluents and waste
- A6 Resource and climate protection in business operations

Action Area B: Society and Contribution to Urban Development

- B1 Neighborhood development and contribution to infrastructure
 - B2 Inclusion, diversity and social cohesion
 - B3 Dialogue with tenants and participation
- Action Area C: Homes and Customers**
- C1 Living at fair prices
 - C2 Homes that meet people's needs and demographic change
 - C3 Maintenance for health and safety
 - C4 Customer satisfaction and service quality

Action Area D: Corporate Culture and Employees

- D1 Appeal as an employer
- D2 Training and personal development
- D3 Remuneration and flexible working models
- D4 Diversity and equal opportunities
- D5 Promoting health and safety

Action Area E: Sustainable Governance and Responsible Business Practices

- E1 Sustainable corporate strategy
- E2 **Governance and compliance**
- E3 Digitalization and data security
- E4 Human rights due diligence and supply chain
- E5 Contribution to socio-political dialogue
- E6 **Appeal on the capital market**

Material topics are defined by their high significance for the following dimensions: impact on the business and value creation, and impact of the business model on the environment, society and the economy.
Material topics are marked in bold.

Due to the merger between Vonovia and Deutsche Wohnen, we compared the materiality analysis of both companies in 2021, assigning the Deutsche Wohnen sustainability topics to those of Vonovia. In the summer of 2022, we once again performed a critical review of all topics against the backdrop of integration and consolidated reporting, as well as new regulations and changes in general conditions. This review resulted in us slightly upgrading individual topics (“Protecting biodiversity,” “Digitalization and data security,” “Human rights due diligence and supply chain”) due to increased regulatory requirements (EU taxonomy and the Act on Corporate Due Diligence Obligations in Supply Chains) or higher impact assessments. No changes have been made to their assignment to the material topics. Furthermore, we have revised how the topics are structured in some cases in order to eliminate redundancies and allow for more rigorous reporting. All previous topics remain unchanged.

The materiality analysis of sustainability topics that is presented here applies to the entire Group and represents the leading system for the non-financial topics.

In terms of the direction of its sustainability strategy, Vonovia is also **guided by international standards and frameworks**, such as the Sustainable Development Goals (SDGs), the UN Global Compact and – as of January 2023 – the United Nations Guiding Principles on Business and Human Rights. As a company with international operations, we aim to contribute to achieving these goals with our business in Germany, Austria and Sweden. To this end, we have identified **eight central SDGs** that guide our actions (see also the SDG policy on the [Investor Relations website](#)). We show our progress in terms of achieving these goals, especially in our sustainability report.

Key SDGs for Vonovia



EU Taxonomy Regulation

Reporting Principles

The EU taxonomy is a classification system for “green” economic operations and is intended to promote investments in sustainable activities and to help create greater transparency and comparability. In accordance with the EU taxonomy, we disclose the share of turnover generated with products/services that are associated with environmentally sustainable economic activities. We also report the shares of capital expenditure and operating expenses linked to assets or processes that are associated with environmentally sustainable economic activities.

We reported on our climate-related **taxonomy-eligible** business activities for the 2021 fiscal year. For the current reporting year and for the first time, Vonovia is reporting the shares of **taxonomy-aligned** and non-taxonomy-aligned turnover, capital expenditure and operating expenses in accordance with the requirements set out in Article 8 of the EU Taxonomy Regulation for the EU environmental objectives of climate change mitigation and climate change adaptation. The EU Commission is currently developing technical screening criteria for the other four EU environmental objectives (sustainable use and protection of water and marine resources, transition to a circular economy, pollution prevention and control, and protection and restoration of biodiversity and ecosystems), which in the future will also be subject to a reporting obligation. When determining if a particular taxonomy-eligible economic activity is taxonomy-aligned, it must be established that,

- > firstly, it makes a substantial contribution to the achievement of one or more EU environmental objectives (“substantial contribution”),
- > secondly, it does not significantly harm any other EU environmental objective (“do no significant harm”),
- > and thirdly, it will be practiced in compliance with minimum standards of protection (“minimum social safeguards”).

The construction industry and real estate sector are covered by the taxonomy, as they are responsible for a substantial share of CO₂ emissions within the EU. Accordingly, companies operating in these industries can make a significant contribution to climate change mitigation (EU environmental objective 1) by reducing CO₂ emissions and improving energy efficiency.

Identification and Categorization of Economic Activities Eligible for Taxonomy

Alongside the letting of housing, our business model includes the development and construction of new rental units for the company's own stocks and for the purpose of sale. Vonovia is also a modern provider of housing-related services, such as energy services, senior-friendly apartment modernization, and caretaker and craftsmanship services.

Based on Annex I and Annex II of the delegated act of the EU taxonomy, Vonovia has analyzed all business activities and determined those that are deemed **taxonomy-eligible** based on the descriptions in the taxonomy. With regard to those activities that are deemed taxonomy-eligible, there are no changes as against the 2021 reporting year. In July 2022, Commission Delegated Regulation (EU) 2022/1214 was published (Delegated Regulation of 9 March 2022 amending Delegated Regulation (EU) 2021/2139 as regards economic

activities in certain energy sectors and Delegated Regulation (EU) 2021/2178 as regards specific public disclosures for those economic activities). The amending regulation now classifies specific atomic energy and fossil gaseous fuels activities as environmentally sustainable economic activities as defined in the EU taxonomy, subject to certain conditions. The Vonovia Group itself does not conduct any activities relating to nuclear power or fossil gas.

Although Vonovia is already implementing individual measures to adapt to the effects of climate change, these are currently of secondary importance overall. Only economic activities that are taxonomy-eligible with regard to EU environmental objective 1 "Climate change mitigation" were therefore identified.

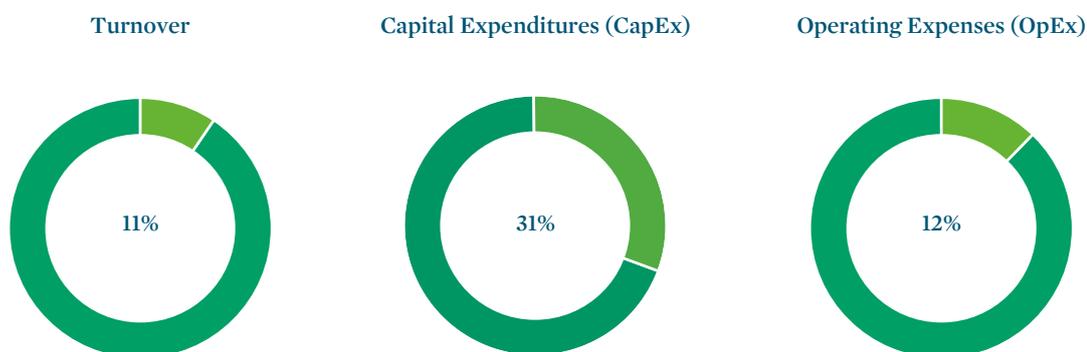
We have identified the following activities carried out by Vonovia as taxonomy-eligible with regard to EU environmental objective 1:

EU Taxonomy Criteria	Activities undertaken by Vonovia	Turnover	Capital Expenditures	Operating expenses
7.1 Construction of new buildings	Turnover from Development to sell	<input checked="" type="checkbox"/>		
7.2 Renovation of existing buildings	Investments for energy modernizations		<input checked="" type="checkbox"/>	
7.3 Installation, maintenance and repair of energy efficiency equipment	Investments for measures that are not covered by 7.2 (e.g. heating modernization, insulation, window replacement)		<input checked="" type="checkbox"/>	
7.4 Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)	Investments for charging stations and wallboxes		<input checked="" type="checkbox"/>	
7.5 Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings	Investments for metering technology and smart metering		<input checked="" type="checkbox"/>	
7.6 Installation, maintenance and repair of renewable energy technologies	Investments for photovoltaic facilities		<input checked="" type="checkbox"/>	
7.7 Acquisition and ownership of buildings	Turnover from rental income and recurring sales, investments for acquisitions, Development to hold and capitalized internal expenses without energy-related effects (e.g., major maintenance measures and vacant apartment renovations), operating expenses for non-capitalized maintenance (e.g., minor maintenance)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
4.1 Electricity generation using solar photovoltaic technology	Turnover from the sale of self-generated electricity to tenants and/or feed-in to the grid	<input checked="" type="checkbox"/>		

Turnover from the condominium administration business, energy sales from VESG's energy trading activities, Deutsche Wohnen's Care segment, and multimedia are not taxonomy-eligible.

At Group level, the following key figures are obtained from the taxonomy-aligned shares of turnover, capital expenditure and operating expenses for the 2022 reporting year:

Taxonomy-aligned Shares of Vonovia's Business Activities



The largest share of taxonomy-aligned turnover can be attributed to the acquisition and ownership of buildings (activity 7.7), in particular rental income from taxonomy-aligned buildings. A large share of taxonomy-aligned capital expenditure is accounted for by the renovation of existing buildings (7.2) and the acquisition and ownership of buildings (7.7) in particular. The taxonomy-aligned operating expenses include only maintenance expenses from the income statement, including those relating to services provided by the internal craftsmen's organization.

Reviewing Taxonomy-eligible Economic Activities for Taxonomy Alignment

The taxonomy alignment of activities is reviewed at a number of different levels. As a general rule, substantial contribution to climate change mitigation is evaluated at the level of the respective asset, e.g., the respective rental, modernization or construction project. This does not include economic activities that can generally be assumed to make a substantial contribution to climate change mitigation without meeting specific criteria.

Compliance with the "do no significant harm" criteria is generally assessed at activity level, insofar as fundamental aspects of the business activity are subject to investigation, e.g., compliance with statutory law. Compliance with the "do no significant harm" criterion for EU environmental objective 2 "Climate change adaptation" was analyzed for the Group portfolio to assess the activity for any substantial negative impact. At Vonovia, the minimum social safeguards are also implemented at group level.

The EU Taxonomy Regulation and the corresponding delegated acts contain wording and provisions which, even taking into account the supplementary publications issued by the EU Commission, are subject to interpretation and for which clarifications have not yet been published in every case. As such, some of the discretionary decisions made here are based on the ways in which Vonovia has chosen to interpret the EU taxonomy.

Review of an Economic Activity's Substantial Contribution to the Achievement of One or More EU Environmental Objectives ("Substantial Contribution")

In the following, we explain how we assess compliance with the technical screening criteria relevant to us in the construction, residential property and energy sectors with regard to EU environmental objective 1.

In accordance with Vonovia's business model, the relevant **screening criteria** for determining taxonomy-aligned turnover stem from activities 7.1, 7.7 and 4.1:

Turnover associated with **new construction (activity 7.1)** is deemed taxonomy-aligned if the relevant buildings have a primary energy demand that is at least ten percent below the national standard for nearly zero-energy buildings. This is defined differently depending on the EU member state. In Germany, it is set out in the German Buildings Energy Act (GEG). The relevant buildings undergo the thermal integrity and airtightness test. These tests are carried out if either the buildings have a space of >5,000 sqm or they are required as part of the energy performance certificate. Where required to do so, Vonovia determines the global warming potential for each phase of the building life cycle (for buildings with a space of >5,000 sqm) using a model calculation of life cycle emissions based on emission factors that have been determined for different types of construction.

Turnover generated from the **acquisition and ownership of buildings (activity 7.7)** is deemed taxonomy-aligned if the relevant buildings, provided they were constructed before December 31, 2020, have been assigned energy efficiency class A (or better) or are among the top 15 percent of regional or national housing stock in terms of primary energy demand in operation. For buildings constructed after December 31, 2020, the same criteria for significant contribution to climate protection apply as for new construction (activity 7.1).

Vonovia checks compliance with the relevant threshold values by obtaining an energy performance certificate for each building. We base our assessment of the top 15 percent on relevant threshold values for primary energy demand for Germany, Austria and Sweden, which were determined by external experts in a recent benchmark study. If proof of consumption is available, primary energy consumption is applied in the same way as primary energy demand. Further information on the calculation is publicly available and can be found in the requirement criteria of the Vonovia [Sustainable Finance Framework](#).

Turnover from **electricity generation using solar photovoltaic technology (activity 4.1)** is treated as a direct climate change mitigation measure in the EU Taxonomy Regulation, meaning that no additional technical criterion needs to be assessed.

In accordance with Vonovia's business model, the **relevant criteria** for determining taxonomy-aligned capital expenditure stem from activities 7.2, 7.3, 7.4, 7.5, 7.6 and 7.7:

At Vonovia, capital expenditure associated with the **renovation of existing buildings (activity 7.2)** always relates to energy-efficient modernization. This makes a substantial contribution to climate change mitigation if the renovation results in at least a 30 percent reduction in primary energy demand within three years or qualifies as a major renovation. In Germany, Vonovia checks compliance with this criterion through energy-efficiency assessments, which are carried out prior to each renovation and determine the savings potential. If these are not available, the savings are documented by the energy performance certificates. This applies to all countries. Capital expenditure as part of energy-efficient modernization projects is allocated to activity 7.2. Where it relates to individual investment measures such as heating modernization or window replacement, the capital expenditure is assigned to activity 7.3.

Capital expenditure on heating modernization, charging stations and wall boxes, measurement technology and smart metering, and photovoltaic systems is generally treated as a direct climate protection measure, meaning that no additional technical criteria need to be assessed. These measures are allocated to the following activities 7.3, 7.4, 7.5, and 7.6.

Activity 7.7 "**Acquisition and ownership of buildings**" also includes capital expenditure from acquisitions, development to hold, investments not including energy efficiency measures (e.g., refurbishment of vacant apartments or major maintenance measures) or other internal expenses that can be capitalized. These qualify as taxonomy-aligned if the building-related technical valuation criteria are met.

In accordance with Vonovia's business model, the relevant criteria for determining **taxonomy-aligned operating expenses** stem from activity 7.7. This is non-capitalized maintenance (usually minor maintenance). In addition to maintenance services provided by third parties, this also includes services provided internally by the company's own craftsmen's organization.

Assessing Significant Harm of an Economic Activity on One or Several EU Environmental Objectives (“Do No Significant Harm”)

In the following, we explain which “do no significant harm” criteria apply to our economic activities that have been identified as taxonomy-eligible and how we meet these criteria. Generally the criteria are EU regulations or directives that have been transposed into national law in Germany, Austria and Sweden.

In order to avoid significantly compromising **adaptation to the effects of climate change** (EU environmental objective 2), the EU taxonomy requires that a robust climate risk and vulnerability assessment be carried out for all taxonomy-aligned economic activities. Vonovia uses an IT tool to identify and evaluate physical climate risks for the Group-wide portfolio on a continuous basis using the prescribed climate scenarios (RCP2.6, RCP4.5 and RCP8.5) (see → **“Environmental issues”**). The risk assessment is based on scenario RCP4.5, which, according to the United Nations (UNEP Emissions Gap Report 2022), represents the probable increase in the global average temperature that will result from the national contributions to climate change mitigation that have currently been defined and implemented. In this scenario, no material risk has been identified for any of the climate-related hazards up to 2045. Therefore, no adaptation plan is required in accordance with the EU Taxonomy Regulation. As part of the neighborhood strategy, potential adaptations are to be defined at portfolio level in the future and subsequently implemented individually for the properties or neighborhoods for which there are material risks at the corresponding level.

With regard to the **sustainable use and protection of water and marine resources** (EU environmental objective 3), no criteria need to be assessed for the taxonomy-eligible economic activities, as these do not apply to **residential building units**. At Vonovia, the review of taxonomy alignment is limited to residential building units.

The requirements for the recycling and reuse of non-hazardous construction and demolition waste generated by new construction and renovation work for **transitioning to a circular economy** (EU environmental objective 4) are met through the implementation of the German Circular Economy Act (KrWG) or by means of other national legislation. The photovoltaic systems installed by Vonovia also meet the requirements for preventing significant harm to EU environmental objective 4 on account of their design and service life.

In order to avoid and prevent environmental pollution (EU environmental objective 5), compliance with certain EU directives must be ensured (listed in Appendix C to Annex 1 to the Supplement to EU Regulation 2020/852). This is regulated by law in Germany, Austria and Sweden. Vonovia only purchases and uses finished construction products that are approved within the EU, bear the CE mark, meaning that they have an EU declaration of conformity, which is consistent with the applicable EU legislation. Compliance with statutory requirements is defined in Vonovia’s Business Partner Code that all subcontractors and suppliers have to sign. Vonovia has established a toxic materials management system to ensure the safe handling of toxic materials. Among other measures, safety fact sheets and operating instructions are kept for affected products and the company’s own employees are trained on how to handle these products correctly from an occupational safety perspective. Given the shortage of housing, new construction is crucially important for society. The same applies to energy-efficient building refurbishment, as well as to the installation, maintenance and repair of energy-efficient systems. These measures to decarbonize the real estate portfolio and to continually improve energy efficiency help, for example, to save heating costs, taking pressure off tenants and at the same time improving the quality of housing and life for society.

Vonovia’s economic activities do not significantly harm the achievement of EU environmental objective 6 (**protection and restoration of biodiversity and ecosystems**), as Vonovia only builds in designated areas. Relevant aspects are taken into account by the competent authorities in the approval procedures preceding such activities.

Compliance with Minimum Standards at Group Level (“Minimum Social Safeguards”)

We are committed to our human rights due diligence obligations and align our conduct with internationally recognized frameworks such as the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights.

Vonovia adopts a Group-wide approach to meeting minimum safeguards: comprehensive procedures forming part of the compliance management system, including Group-wide guidelines and complaints mechanisms, have been put in place to prevent and uncover violations (see → **“Combating Corruption and Bribery”**).

Accordingly, the findings from the investigations conducted by the public prosecutor's office that have been disclosed were taken into account for the calculation of the taxonomy-aligned key figures. In doing so, the performance indicators for economic activities 7.3 and 7.7 were slightly reduced by the estimated share of turnover or capital expenditure and operating expenses in connection with increased services in the Technical Building Services business area which are the subject of the investigation proceedings.

A due diligence process to prevent business activities negatively impacting people and the environment forms the core element of compliance with minimum safeguards. Vonovia implements this process based on the OECD guidelines and has implemented all recommended due diligence steps: integrating human rights due diligence into strategy and processes and adopting a declaration of commitment, performing a regular risk analysis to identify and assess potentially negative impacts in consultation with stakeholders, implementing measures to end, prevent, mitigate and correct any failings in this regard, including monitoring such measures and reviewing their effectiveness, and communicating with the public regarding the approach taken and the measures implemented in order to fulfill human rights due diligence obligations. More information on the implementation of human rights due diligence at Vonovia can be found in the section entitled → "Respect for Human Rights".

Performance Indicators

Definition and Calculation Method

In order to determine the key figures (KPIs) that are to be reported, the taxonomy-eligible and taxonomy-aligned net turnover, capital expenditure and operating expenses are calculated as a share of the total net turnover, capital expenditure and operating expenses that are to be taken into account in accordance with EU taxonomy requirements. The definition of each KPI is based on Annex I of the Delegated Act on Article 8 on the content and presentation of the information to be disclosed.

Duplicate counting is avoided by means of direct allocation of the taxonomy-eligible or taxonomy-aligned turnover, capital expenditure and operating expenses to a taxonomy-eligible or taxonomy-aligned economic activity.

Turnover

The **Group's consolidated** turnover is taken into account in the denominator (total net turnover). For more details on accounting methods, please refer to the accounting and valuation methods within the Notes to the IFRS consolidated financial statements → [B10] **Income from property management**, → [B11] **Profit on the disposal of properties** and → [B12] **Profit on the disposal of properties (development)**.

Taxonomy-aligned net turnover (**numerator**) is comprised of amounts generated through taxonomy-aligned economic activities. Rental income from the Rental segment accounts for the largest share of turnover (€ 593 million). In this case, compliance is assessed on a building-by-building basis taking into account the technical criteria for activity 7.7. Turnover from completed residential properties for our own use (development to hold) has been reported under turnover for 7.7. based on the completion date. The addition of Deutsche Wohnen increased the taxonomy-eligible turnover from activity 7.7 by € 2,337 million year-on-year.

The turnover from development to sell (€ 354 million), which is shown under activity 7.1, is based on the proceeds from the disposal of new builds. The turnover for activity 4.1 (€ 1.4 million) is generated by the feed-in tariff paid for supplying electricity to the grid as well as the direct sale of electricity to tenants.

Completed residential property for our own use (development to hold) is shown in the consolidated financial statements as capital expenditure under 7.7; no turnover is gained from this. The internal turnover of the Value-add companies, e.g., services provided by craftsmen, is eliminated in the course of Group consolidation and is therefore not taken into account in taxonomy-eligible turnover. If the services provided internally are larger projects, e.g., energy-efficient modernization measures, they are capitalized and shown as capital expenditure (CapEx).

Capital Expenditures

In accordance with the EU taxonomy, the **denominator** for capital expenditure (CapEx) is composed of additions to property, plant and equipment and intangible assets. As such, Vonovia incurs amounts that are recognized as additions on the basis of IAS 16.73(e) (i) and (iii), IAS 38.118 (e) (i), IAS 40.76 (a) and (b) and IFRS 16.53 (h) pursuant to this definition. For accounting details, please refer to chapters → [D26] Intangible assets, → [D27] Property, plant and equipment and → [D28] Investment properties in the Notes to the IFRS consolidated financial statements. The individual additions were taken into account when calculating the denominator. As far as investment properties are concerned, there were also transfers from advance payments to IPs due to the transfer, in economic terms, of a purchased new construction in the reporting year.

For projects lasting several years in the areas 7.2, 7.3 or 7.7, the capitalized amount for the relevant reporting year is reported as taxonomy-eligible and, provided the relevant criteria are met, taxonomy-aligned capital expenditure. For activities 7.4, 7.5 and 7.6, the capital expenditure is shown in the year of asset capitalization. When it comes to capital expenditure, the EU Taxonomy Regulation makes a distinction between different categories of capital expenditure. Due to Vonovia's business model, it largely invests (activity 7.2. and 7.7.) in assets or processes associated with economic activities that are taxonomy-aligned (category A). It also makes investments (activity 7.3.-7.6.) relating to the acquisition of products from taxonomy-eligible economic activities and individual measures through which the target activities are carried out in a low-carbon manner or the emission of greenhouse gases is lowered (category C).

With regard to developed land, the CapEx for buildings and land has been included as additions, as economic activity 7.7. cannot be performed without the relevant land. In addition, as the building is one of the key components of a plot of land, the building and the plot of land are considered one and the same legal entity.

Capital expenditure in the context of Vonovia's capitalized internal expenses is reviewed for taxonomy alignment and allocated to 7.2, 7.3 or 7.7 depending on the type of investment. In order to avoid duplicate counting of capital expenditure, the items are allocated to just one activity in each case. Taxonomy alignment is assessed for each building or project. In addition to capitalized internal expenses, the addition of other property, such as development to hold additions or other acquisitions of investment properties, is reported under 7.7.

With regard to economic activity 7.1, the corresponding properties do not constitute fixed assets but rather are reported within current assets in the real estate inventories (see → [D36] Real Estate Inventories) or receivables, and are therefore not included in the denominator of the key figure for taxonomy-relevant capital expenditure.

The taxonomy-aligned capital expenditure (numerator) comprises aligned Development to Hold additions (€ 256 million), aligned modernization measures pursuant to activity 7.2 (€ 239 million), additions of purchased real estate (€ 143 million), capitalized right-of-use assets (€ 50 million), capitalization due to measures in taxonomy-aligned buildings (€ 44 million), aligned individual measures pursuant to activity 7.3 (€ 27 million) and additions relating to property, plant and equipment (€ 16 million). The property, plant and equipment comprises measurement technology (€ 6 million), photovoltaic systems (€ 6 million) and heating systems (€ 4 million). There were no additions resulting from business combinations during this reporting year. The absolute value and the relative share of taxonomy-eligible capital expenditure decreased year-on-year due to the inclusion of Deutsche Wohnen in 2021. € 28 billion in investment property additions were recorded as a result of this merger. This brought about a significant increase in the taxonomy-eligible share, which grew to 98 percent.

We have issued green bonds on the capital market based on the [Vonovia Sustainable Finance Framework 2022](#). The proceeds from these issues are used exclusively to (re)finance real estate that has been confirmed to be green. We use a portfolio-based approach, which means that funds cannot be allocated to specific properties. As a result, it was not possible to make adjustments for the taxonomy-aligned capital expenditure financed using these bonds or debentures, or corresponding turnover from environmentally sustainable buildings for the purposes of reporting the taxonomy-aligned performance indicators.

Operating Expenses

Pursuant to the EU taxonomy, the operating expenses (OpEx) **denominator** encompasses direct, non-capitalized expenses relating to research and development, building renovation measures, short-term leasing, maintenance and repair, as well as all other direct expenses in connection with day-to-day maintenance of property, plant and equipment that are necessary in order to ensure the continuous and effective functionality of these assets. To this extent, this is an addition to the performance indicator of the recognized capital expenditure values rather than a full presentation of the operating expenses of Vonovia, as shown under Section → **[B15] Cost of Materials** in the Notes to the consolidated financial statements.

We regard direct expenses as those expenses that can be clearly attributed to an identified activity, but not to a specific building. Pursuant to the requirements, we include expenses for upkeep and repair (maintenance) when defining the denominator. Expenses for research and development and short-term leasing are usually capitalized and therefore part of capital expenditure. At Vonovia, maintenance measures are mainly carried out by the internal craftsmen's organization, which is why we also include these items (technicians' and administrative costs) in the denominator. The non-taxonomy-eligible shares, e.g., condominium administration maintenance expenses, are not taken into account. Duplicate counting is avoided due to the fact that capitalized shares, as capital expenditure, reduce maintenance costs accordingly. The remaining maintenance expenses form the denominator. Minor repairs are therefore included in the denominator. These maintenance costs and, in particular, the personnel costs associated with the company's own staff cannot be allocated separately to the individual buildings when posting expenses. In addition, the operating expenses incurred for the individual activities 7.2. to 7.7. cannot be attributed individually. Vonovia thus allo-

cates all maintenance costs to activity 7.7. We use an allocation factor to determine the taxonomy-aligned data. This allocation factor for maintenance expenses is based on the area of the building (in sqm). This share is multiplied by the taxonomy-eligible operating expenses to calculate the **numerator**. The share of green sqm in relation to the total area is 12.9%.

In this case, operating expenses are comprised of € 729 million for maintenance (see → **[B15] Cost of Materials**), less € 602 million for the capitalized share and € 272 million from our own craftsmen's organization. € 19 million of the maintenance expenses is attributable to condominium administration. This activity is not taxonomy-eligible. As a result, the numerator is calculated as 12.9% of € 381 million.

The addition of Deutsche Wohnen increased the taxonomy-eligible operating expenses by € 68 million year-on-year.

Presentation of Performance Indicators Linked to Taxonomy-eligible and Taxonomy-aligned Economic Activities

In order to comply with regulatory requirements for the 2022 fiscal year, Vonovia discloses the following shares in performance indicators that are associated with taxonomy-aligned and non-taxonomy-aligned economic activities. As of the 2023 reporting year, we also plan to report on the taxonomy-eligible and taxonomy-aligned share of the performance indicators with regard to the additional EU environmental objectives 3 to 6. Furthermore, we will include prior-year figures on taxonomy alignment for EU environmental objectives 1 and 2 in the reporting (see Article 8 (3) of the Delegated Act on Article 8 regarding the content and presentation of the information that is to be disclosed).

Turnover

	Code(s)	Absolute turnover	Proportion of turnover	Substantial contribution criteria*					
				Climate Change mitigation	Climate Change adaptation**	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems
Economic Activities		€ m	%	%	%	%	%	%	%
A. Taxonomy-eligible activities									
A.1 Environmental sustainable activities (Taxonomy-aligned)									
7.1 Construction of new buildings	F41.1, F41.2, F43	354	3.9	3.9	0.0	-	-	-	-
7.7 Acquisition and ownership of buildings	L68	593	6.6	6.6	0.0	-	-	-	-
4.1 Electricity generation using solar photovoltaic technology	D35.11	1	0.0	0.0	0.0	-	-	-	-
Turnover of environmental sustainable activities (Taxonomy-aligned)		949	10.6	10.6	0.0	-	-	-	-
A.2 Taxonomy-eligible but not environmental sustainable activities (not Taxonomy-aligned activities)									
7.1 Construction of new buildings	F41.1, F41.2, F43	234	2.6	2.6	0.0	-	-	-	-
7.7 Acquisition and ownership of buildings	L68	7,414	82.5	82.5	0.0	-	-	-	-
4.1 Electricity generation using solar photovoltaic technology	D35.11	0	0.0	0.0	0.0	-	-	-	-
Turnover of Taxonomy-eligible but not environmental sustainable activities (not Taxonomy-aligned activities)		7,648	85.1	85.1	0.0	-	-	-	-
Total (A.1 + A.2)		8,597	95.7	95.7	0.0	-	-	-	-
B. Taxonomy-non-eligible activities									
Turnover of Taxonomy-non-eligible activities		386	4.3						
Total (A + B)		8,983	100.0						

* For the reporting year 2022, the disclosure of the performance indicators covers EU environmental objectives 1 and 2. The determination and disclosure of the taxonomy-aligned portions of the performance indicators with reference to EU environmental objectives 3 to 6 is not part of the reporting requirement for fiscal year 2022.

** Vonovia discloses taxonomy-aligned shares of business activities related to EU environmental objective 1 (climate change mitigation). We have not identified any significant contribution of our business activities to EU environmental objective 2 (climate change adaptation). DNSH criteria are not available for all taxonomy-relevant activities of Vonovia. Since there is no significant harm on the respective EU environmental objective in these cases either, we have entered "Y" accordingly.

*** In accordance with reporting requirements, the prior-year figures will be disclosed for the first time for the reporting year 2023.

CapEx

	Code(s)	Absolute CapEx	Proportion of CapEx	Substantial contribution criteria*					
				Climate Change mitigation	Climate Change adaptation**	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems
Economic Activities		€ m	%	%	%	%	%	%	%
A. Taxonomy-eligible activities									
A.1 Environmental sustainable activities (Taxonomy-aligned)									
7.2 Renovation of existing buildings	F41, F43	239	9.6	9.6	0.0	-	-	-	-
7.3 Installation, maintenance and repair of energy efficiency equipment	F43, C33.12	80	3.2	3.2	0.0	-	-	-	-
7.4 Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)	F43	1	0.0	0.0	0.0	-	-	-	-
7.5 Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings	F43	7	0.3	0.3	0.0	-	-	-	-
7.6 Installation, maintenance and repair of renewable energy technologies	F43	6	0.2	0.2	0.0	-	-	-	-
7.7 Acquisition and ownership of buildings	L68	443	17.9	17.9	0.0	-	-	-	-
CapEx of environmental sustainable activities (Taxonomy-aligned)		774	31.2	31.2	0.0	-	-	-	-
A.2 Taxonomy-eligible but not environmental sustainable activities (not Taxonomy aligned activities)									
7.2 Renovation of existing buildings	F41, F43	256	10.3	10.3	0.0	-	-	-	-
7.3 Installation, maintenance and repair of energy efficiency equipment	F43, C33.12	0	0.0	0.0	0.0	-	-	-	-
7.4 Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)	F43	0	0.0	0.0	0.0	-	-	-	-
7.5 Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings	F43	0	0.0	0.0	0.0	-	-	-	-
7.6 Installation, maintenance and repair of renewable energy technologies	F43	0	0.0	0.0	0.0	-	-	-	-
7.7 Acquisition and ownership of buildings	L68	1,359	54.7	54.7	0.0	-	-	-	-
CapEx of Taxonomy-eligible but not environmental sustainable activities (not Taxonomy-aligned activities)		1,615	65.0	65.0	0.0	-	-	-	-
Total (A.1 + A.2)		2,389	96.2	96.2	0.0	-	-	-	-
B. Taxonomy-non-eligible activities									
CapEx of Taxonomy-non-eligible activities		94	3.8						
Total (A + B)		2,483	100.0						

* For the reporting year 2022, the disclosure of the performance indicators covers EU environmental objectives 1 and 2. The determination and disclosure of the taxonomy-aligned portions of the performance indicators with reference to EU environmental objectives 3 to 6 is not part of the reporting requirement for fiscal year 2022.

** Vonovia discloses taxonomy-aligned shares of business activities related to EU environmental objective 1 (climate change mitigation). We have not identified any significant contribution of our business activities to EU environmental objective 2 (climate change adaptation). DNSH criteria are not available for all taxonomy-relevant activities of Vonovia. Since there is no significant harm on the respective EU environmental objective in these cases either, we have entered "Y" accordingly.

*** In accordance with reporting requirements, the prior-year figures will be disclosed for the first time for the reporting year 2023.

OpEx

	Code(s)	Absolute OpEx	Proportion of OpEx	Substantial contribution criteria*					
				Climate Change mitigation	Climate Change adaptation**	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems
Economic Activities		€ m	%	%	%	%	%	%	%
A. Taxonomy-eligible activities									
A.1 Environmental sustainable activities (Taxonomy-aligned)									
7.7 Acquisition and ownership of buildings	L68	49	12.3	12.3	0.0	-	-	-	-
OpEx of environmental sustainable activities (Taxonomy-aligned)		49	12.3	12.3	0.0	-	-	-	-
A.2 Taxonomy-eligible but not environmental sustainable activities (not Taxonomy-aligned activities)									
7.7 Acquisition and ownership of buildings	L68	331	82.9	82.9	0.0	-	-	-	-
OpEx of Taxonomy-eligible but not environmental sustainable activities (not Taxonomy-aligned activities)		331	82.9	82.9	0.0	-	-	-	-
Total (A.1 + A.2)		381	95.3	95.3	0.0	-	-	-	-
B. Taxonomy-non-eligible activities									
OpEx of Taxonomy-non-eligible activities		19	4.7						
Total (A + B)		399	100.0						

* For the reporting year 2022, the disclosure of the performance indicators covers EU environmental objectives 1 and 2. The determination and disclosure of the taxonomy-aligned portions of the performance indicators with reference to EU environmental objectives 3 to 6 is not part of the reporting requirement for fiscal year 2022.

** Vonovia discloses taxonomy-aligned shares of business activities related to EU environmental objective 1 (climate change mitigation). We have not identified any significant contribution of our business activities to EU environmental objective 2 (climate change adaptation). DNSH criteria are not available for all taxonomy-relevant activities of Vonovia. Since there is no significant harm on the respective EU environmental objective in these cases either, we have entered "Y" accordingly.

*** In accordance with reporting requirements, the prior-year figures will be disclosed for the first time for the reporting year 2023.

DNSH criteria										Category	
Climate Change mitigation	Climate Change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Minimum safeguards	Taxonomy-aligned proportion of OpEx 2022	Taxonomy-aligned proportion of OpEx 2021****	Enabling activity	Transitional activity	
Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	%	E	T	
-	Y	Y	Y	Y	Y	Y	12.3	-			
-	-	-	-	-	-	-	12.3	-			
-	-	-	-	-	-	-	-	-			
-	-	-	-	-	-	-	-	-			
-	-	-	-	-	-	-	-	-			

Reporting on Aspects of the Non-financial Group Declaration

The Non-financial Group Declaration sets out the relevant concepts, the accompanying due diligence processes, the results of the concept and the status of implementation of the measures for each material topic.

Vonovia has prepared Group guidelines for describing the concepts and their implementation, which Deutsche Wohnen has adopted in the course of its integration. As such, the Group's regulations, concepts and processes are thus also adapted to the new business activities.

Unless stated otherwise, the concepts presented for the 2022 reporting year still apply to the Vonovia Group excluding Deutsche Wohnen.

Nine out of the ten topics that are material for Vonovia can be allocated to the aspects covered by the German Commercial Code (HGB) in the context of the Non-financial Group Declaration:

- > Environmental issues: reducing CO₂ in real estate portfolio/sustainable new construction and refurbishment
- > Social issues: Neighborhood development and contribution to infrastructure/fairly priced housing/homes that meet people's needs and demographic change/customer satisfaction and service quality
- > Employee issues: Appeal as an employer/diversity and equal opportunities
- > Combating corruption and bribery: Governance and compliance

"Appeal on the capital market" has been identified as an additional material topic for Vonovia. Information on the "Respect for human rights" aspect, which is a requirement under the German Commercial Code (HGB), is also reported in the Non-financial Group Declaration.

Environmental Issues

Environmental issues include the following material topics for Vonovia: "Reducing CO₂ in the real estate portfolio" and "Sustainable new construction and refurbishment" (see → [materiality matrix](#)).

The mitigation of global warming and the protection of natural resources for life on earth are some of the most important challenges facing society as a whole in our time. As such, environmental and climate protection is accorded paramount importance within our sustainability strategy. Targets set at international level, such as the Paris Agreement and the European Union Green Deal, as well as those

set at national level, such as the goal set by the German Federal Government to achieve climate neutrality by 2045, are of high significance for Vonovia in this regard.

As Europe's housing industry market leader with our own real estate portfolio of 548,524 residential units and our development activities, we possess significant levers for protecting the environmental and climate. Here, our main concern is greenhouse gas emissions that can be largely influenced directly, known as scope 1 & 2 emissions. These are produced by supplying heat and hot water to our buildings, with the majority of our housing stock being located in Germany. Greenhouse gas emissions from the upstream value chain and other environmental aspects are also becoming increasingly important to us.

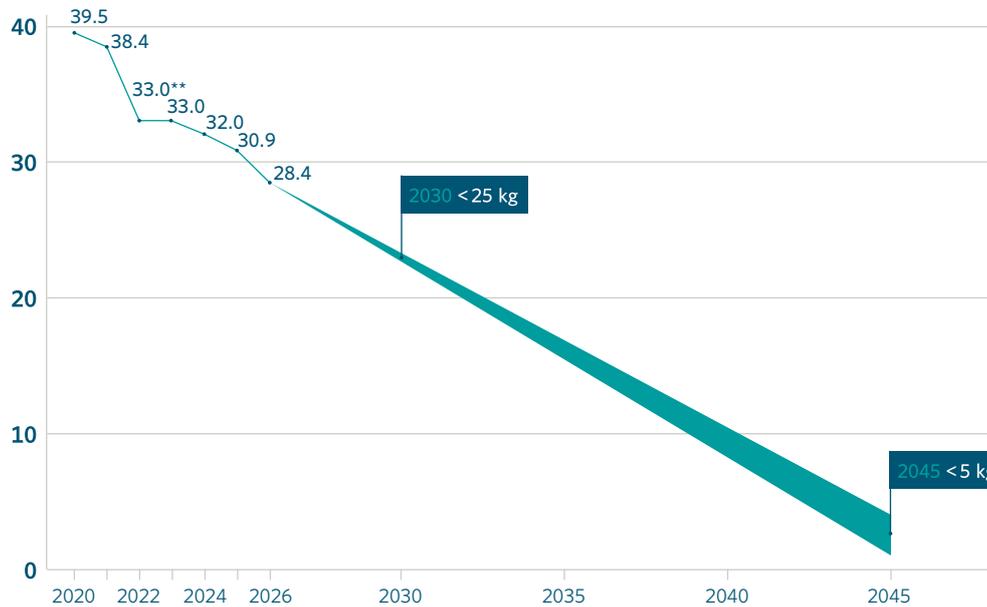
Vonovia has set itself the target of achieving a virtually climate-neutral housing stock by 2045, **with carbon intensity of less than 5 kg of CO₂ equivalents per sqm of rental area**. By 2030, our housing stock in Germany is to have a CO₂ intensity of less than 25 kg CO₂e/sqm. These targets remain unchanged following the merger with Deutsche Wohnen and were confirmed in 2022. Binding interim targets for the next five years have also been defined.

During the reporting year, we had the Vonovia climate pathway's compatibility with the Paris Agreement target calculated using the XDC model from right.based on science. The XDC model converts CO₂ emissions based on our climate pathway into a number of degrees that shows by how much the earth's temperature would increase if the entire world's climate performance were identical to that of Vonovia. This calculation reveals that, taking into account sales that are already planned, **Vonovia's climate pathway is compatible with global warming of 1.4° Celsius**. The 1.5° target path of the Carbon Risk Real Estate Monitor (CRREM) for multifamily homes in Germany (as at 07/2021) was used as a benchmark.

Defining and implementing the climate pathway is part of our systematic way of tackling climate change – with regard to both Vonovia's contribution to mitigating climate change and the effects of climate change on our company's economic development. Our climate pathway combines grand ambitions for CO₂ reduction with the economic efficiency required to implement them. In continuing to develop this path further, we maintain an overview of the risks, e.g., those resulting from future increases in prices for causing CO₂ emissions or the impact of climate change on our buildings, as well as the opportunities, e.g. in the form of climate-resilient and particularly competitive neighborhoods. The recommendations made by the Task Force on Climate-related Financial Disclosures (TCFD) constitute important guidance in this regard.

Vonovia's Climate Pathway: Strategy for Decarbonizing the Housing Stock

CO₂ intensity in kg CO₂e/m²a*



The 3 elements of the climate path

- 1**
 - > Continuation of comprehensive energy efficient refurbishment
- 2**
 - > Replacement of conventional heating units with hybrid systems and heat pumps
 - > Photovoltaic systems on all suitable roofs
 - > Establishment of a local heating network in the neighborhood with renewable energies
- 3**
 - > Conversion of the energy sector to carbon-free district heating and green electricity

* Includes scopes 1 & 2 as well as scope 3.3 "Fuel- and energy-related activities upstream"; referring to German building stock. Development of the energy sector according to the Agora Energiewende KNDE 2045 scenario; comparison: CRREM path MFH 1.5° DE 2045 = 5.4 kg/CO₂/m² (July 2021); development of climate path supported by Fraunhofer ISE.

** Carbon intensity in 2022 better than was assumed at time of planning.

During the reporting year, Vonovia developed an IT tool in partnership with Deutsche Wohnen in accordance with EU taxonomy requirements in order to analyze the physical risks associated with climate change. This tool enables physical climate risks to be identified and evaluated for the Group-wide portfolio on a continuous basis using the prescribed climate scenarios (RCP2.6, RCP4.5 and RCP8.5).

This **climate risk tool** covers Vonovia's portfolio and development projects in Germany, Austria and Sweden and allows analysis of material negative impacts on our business activities due to the effects of climate change at portfolio and property level. The climate risks examined using this tool are heat, cold, drought, increases in precipitation, wind and storms, snow loads and flooding. Depending on the granularity of the available data source, we measure climate risks at the property or neighborhood level and are able to complete a climate risk assessment for each building in the portfolio.

The risk assessment is based on scenario RCP4.5, which, according to the United Nations (UNEP Emissions Gap Report 2022), represents the probable increase in the global average temperature that will result from the national contributions to climate change mitigation that have currently been defined and implemented. In this scenario, no material risk has been identified for any of the climate-related hazards up to 2045.

As part of the neighborhood strategy, potential adaptations are to be defined at portfolio level in the future and subsequently implemented individually for the properties or neighborhoods for which there are material risks at the corresponding level. Adaptation measures include, in particular, insulating buildings and replacing windows to provide protection against heat and cold, creating shade using blinds and shutters, and installing suitable equipment designed to handle the infiltration and absorption of larger amounts of precipitation. In the future, the individual findings from the climate risk analysis will be incorporated into the specific neighborhood profiles that provide the guidelines for managing a neighborhood.

Implementation of the TCFD Recommendations at Vonovia

Content of the Recommendations	Implementation at Vonovia	Further Information
Governance		
Organizational Structure of the Company Regarding Climate-Related Risks and Opportunities	<ul style="list-style-type: none"> > The entire Management Board bears responsibility for sustainability and climate protection, as well as climate-related risks and opportunities. > The Sustainability Committee - comprising the entire Management Board and representatives of the central functional departments Sustainability/Strategy, Controlling, Communication, Investor Relations and Accounting - determines the strategy and targets and monitors progress. > The central department Sustainability/Strategy, within the executive division of the CEO, coordinates and spearheads the development and implementation of relevant measures. > Climate-related risks are calculated and collated on a half-yearly basis as part of the company-wide risk management process; the process is coordinated by Controlling, with the Management Board taking the final decision on the risk assessment. > Energy efficiency modernization in the existing portfolio in Germany is the responsibility of the CRO (Regions and Portfolio Management); for Austria, the CDO is responsible, for Sweden the CEO of Victoriahem. > The Value-add segment is responsible for the technical implementation and use of new technologies. > The central non-financial performance indicator is the Sustainability Performance Index (SPI), which includes the carbon intensity of the housing stock in Germany and the primary energy consumption targets for development projects. 	<p>2022 Annual Report: The Company Corporate Structure Sustainability Management at Vonovia</p> <p>2021 Sustainability Report: Environment and Climate Management of Opportunities and Risks</p>
Strategy		
Actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy and financial planning	<ul style="list-style-type: none"> > As key drivers of long-term business success, climate protection and CO₂ reduction are fundamental components of the corporate strategy. > A binding climate pathway, taking into account various scenarios, defined in cooperation with the scientific community. > An extensive modernization program to increase energy efficiency, as well as the use of neighborhood solutions with renewable energies (fuel switch). > No material physical risks currently determined; transitory risks including through legislation in Germany (CO₂ pricing) and the European Union, as well as through a lack of cost-effectiveness of energy efficiency modernization and the development of renewable energy generation (balance between investments and capacity for passing on costs/affordability for tenants). > Opportunities can be found, in particular, in optimization at neighborhood level and our own decentralized energy generation for supplying heat and providing tenants with electricity from renewable energy sources, especially photovoltaics. 	<p>2022 Annual Report: Strategy Sustainability Management at Vonovia</p> <p>2021 Sustainability Report: Environment and Climate New Construction and Conversions</p>
Risk Management		
How the Organization Identifies, Assesses, and Manages Climate-Related Risks	<ul style="list-style-type: none"> > Climate-related risks form part of the company-wide risk management process; half-yearly evaluation of all risks by the management. > Physical risks are analyzed in a separate tool using various IPCC scenarios. Material risks are addressed in the further development of the neighborhoods and in the planning for development projects, and appropriate potential adaptations are defined and implemented. > The climate risk analysis performed using the climate risk tool does not indicate any material physical risks for Vonovia's housing stock. 	<p>2022 Annual Report: Environmental Issues Risk Assessment Based on Sustainability Aspects Opportunities and Risks</p> <p>2021 Sustainability Report: Management of Opportunities and Risks</p>
Metrics and Targets		
Metrics and Targets Used to Assess and Manage Relevant Climate-Related Risks and Opportunities	<ul style="list-style-type: none"> > Comprehensive carbon footprint for the housing stock and business operations in accordance with the GHG Protocol and IW.2050 > CO₂e in the portfolio (in Germany) in 2022: 1,019,431 metric tons (scopes 1,2,3*) > Expansion of renewable energies through PV: 533 systems with a nominal output of 19.3 MWp <p>Targets:</p> <ul style="list-style-type: none"> > Virtually climate-neutral housing stock by 2045 (< 5 kg CO₂e per sqm rental area) > Reduction of CO₂ intensity from current level of 33.0 to less than 25 kg CO₂e per sqm of rental area by 2030 in Germany > Installation of photovoltaic systems with a nominal output of around 280 MWp by 2030 > Reduction in average primary energy consumption in new buildings to 27 kWh per sqm by 2025 	<p>2022 Annual Report: Strategy Management System Environmental Issues</p> <p>2021 Sustainability Report: Environment and Climate Sustainable Construction and Development Environmental Key Figures</p>

* Scope 3.3 "Fuel and energy-related emissions upstream"

CO₂ Reduction in the Real Estate Portfolio

The **CO₂ intensity of the building portfolio** represents the central indicator of our climate performance management. It is also an extremely important component of the Sustainability Performance Index (SPI) and therefore of the Corporate Management System. In the reporting year, the CO₂ intensity for our housing stock in Germany was **33.0 kg CO₂e/sqm** (2021: 38.4 kg CO₂e/sqm, excluding Deutsche Wohnen). As we switched to using the Carnot method to calculate district heating CO₂ emissions in the reporting year, as announced in the previous year, the values are not entirely comparable. Once adjusted for method, there is a reduction of around 10 % compared with the previous year's

figure (CO₂ intensity in 2021 taking into account the Carnot method: 35.6 kg CO₂e/sqm, excluding Deutsche Wohnen). CO₂ intensity has therefore already reached the level planned for 2023. In addition to the modernization measures, this can also be attributed to our further improved monitoring, as part of which numerous energy performance certificates were updated and the specific emission values of a major district heating supplier were taken into account. As we have already met the original 33.0 kg CO₂e/sqm target for 2023, the lowered expectations for modernization in 2023 due to the increase in construction costs and changes in the interest rate environment do not jeopardize our chances of staying on our climate pathway.

Material Performance Indicator – SPI

Category	Unit	2021	2022	Target for 2023
Carbon intensity of the housing stock Vonovia SE (in Germany)*	kg CO ₂ e/ m ² living area	38.4**	33.0	Roughly same level as the previous year***

* Total portfolio, based on final energy demand from energy performance certificates and related to rental space, in some cases including specific CO₂ factors from district heating suppliers.

** Exclusive Deutsche Wohnen.

*** Carbon intensity in 12/2022 lower than expected in planning, therefore target value in 2023 roughly at previous year's level.

We have identified three levers for implementing Vonovia's climate pathway: comprehensive energy-efficient modernization work, increasing the share of renewable energies within neighborhoods and a fundamental transformation of the energy sector.

Energy-related modernization to improve energy efficiency is an essential pillar of our climate pathway. In order to determine the optimal modernization path for the portfolio, Vonovia developed the decarbonization tool (DCT), which includes both environmental and economic targets. The DCT shows how the various neighborhoods need to be modernized in order to meet the Group's overall target and the time frame in which this must be done. Differentiated solutions will be identified for all neighborhoods in the future, which are then set out in more specific detail in the development plans for each particular neighborhood.

For this purpose, a new end-to-end process for ensuring efficient cooperation between all departments involved in neighborhood development was defined during the reporting year. The neighborhood advisors provide an interface between the various stakeholders, bundle requirements and information in the context of neighborhood development and act as the link between Vonovia's internal departments. In the future, this will allow the different neighborhoods to be treated individually, and tailored, economically viable concepts to be developed in terms of a modular system for scalable solutions that focus on linking the heat, electricity

and mobility sectors. In doing so, we adopt a holistic view of the neighborhood, examining both the modernization of the building envelope (insulation of facades, basement ceilings and attics, and replacement of windows) and the conversion of the energy supply to climate-friendly systems in their wider context. We believe that many integrated solutions for energy provision with renewable energies and CO₂ optimization can only be implemented in a technically feasible and economically viable way within larger neighborhoods.

The Portfolio Management department, which reports to the Chief Rental Officer (CRO), is responsible for coordinating the energy-efficient modernization activities. The neighborhoods to be modernized are selected in a targeted manner in cooperation with the regions, and the optimal degree of modernization for each building is defined. The investments for the modernization programs are approved by the Management Board as a whole.

Public-sector subsidy programs are being used for many of the modernization measures in order to minimize the costs for our tenants. Here, the federal subsidy program for energy-efficient buildings (BEG) play a particularly crucial role. Planning in the real estate sector involves long time-scales and is complex, especially in a neighborhood context. The BEG's subsidy eligibility conditions, however, which changed multiple times at short notice, made it much more difficult for us to plan in the reporting year.

For us to be able to successfully implement our climate pathway, we need reliable framework conditions and predictable subsidy eligibility conditions. While the inclusion of district heating in the CO₂ Cost Sharing Act provides an incentive to reduce emissions, it also represents an additional liability for future investment opportunities.

A total **refurbishment rate of 1.9%** (excluding Deutsche Wohnen) was achieved in the reporting year. The year-on-

year drop (2021: 2.3%) is, among other things, attributable to the new conditions for subsidies and the adjustments to the internal management system to focus on the neighborhood level, which requires more complex and therefore longer planning. In the year ahead, the refurbishment rate is expected to fall between 0.3% and 0.8% due to the challenging interest rate environment, increased construction costs and reduced subsidies.

Material Performance Indicator

Category	Unit	2021	2022	Projection for 2023
Refurbishment rate (in Germany)*	%	2.3	1.9	0.3-0.8

* Excluding Deutsche Wohnen, planned value 2023 including Deutsche Wohnen.

In order to make energy-efficient building refurbishment even more cost-effective in the medium and long term, we continued to forge ahead with serial refurbishment in the reporting year. In Bochum, a refurbishment project comprising 24 apartments was completed in accordance with the Energiesprong principle. Preparations for further serial refurbishment projects are currently underway. Additionally, Vonovia is undertaking remote digital monitoring of heating systems to ensure optimized operational management and early detection of faults.

With regard to heating modernization, we have begun to ramp up the electrification of heat production against the backdrop of the current situation on the energy markets. We therefore launched a heat pump initiative in the reporting year, allowing us to play a pioneering role in the installation of heat pumps in multifamily homes. This represents a further step in the implementation of our climate pathway. Our aim here is to further reduce the CO₂ intensity of buildings that already have a good energy efficiency standard and thus cut demand for gas within the portfolio by up to 30%. In Dortmund, a pilot-scale batch of single-energy-source systems will be installed in 50 heating networks with over 100 buildings. Building on the results of this pilot, the initiative is to be rolled out to other regions in 2023. We repeatedly come up against obstacles, particularly due to the time and costs involved in extending domestic electrical connections, which will require a political solution in the long run. We are involved in the political discourse on ramping up the use of heat pumps and are advocating for viable solutions.

Another aspect of implementing the climate pathway is **increasing energy generation from renewable sources**. To achieve this, Vonovia launched a long-term program in 2021 to expand photovoltaic capacity. In the reporting year, Vonovia owned **533 photovoltaic systems with an installed output of 19.3 MWp**. The 24.4 MWp target was not met due to supply difficulties and delays associated with the network operators.

Overall potential has increased as a result of the merger with Deutsche Wohnen. Our new aim is to continuously increase the additional installed output per year and to achieve an installed output of around 280 MWp by 2030 (compared to 18.0 MWp in 2021). Since 2022, we have focused exclusively on tenant installations, where the electricity generated is used within the neighborhood itself - to supply our tenants and to power heat pumps. The installation of these systems is therefore also closely interlinked with the heat pump initiative and the modernization program.

All activities relating to renewable energies and energy distribution are organized in the Value-add business area and are managed by a chief representative who reports directly to the Chief Transformation Officer (CTO) of Vonovia. In order to achieve the targets for PV output, we are also investing in in-house installation capacities and creating about 100 new jobs in total. In 2023, installed output is set to more than double to around 43 MWp. In the long term, we intend **to fit all suitable roof spaces in the German portfolio with PV panels by 2050**.

Material Performance Indicator

Category	Unit	2021	2022	Target for 2023
Number of photovoltaic plants*	number	510	533	
Installed output	MWp	18.0	19.3	43.3

* Photovoltaic plants owned by Vonovia at reporting date Dec. 31.

The newly formed energy innovation team, which is part of the Innovation & Business Building department, actively works to support that climate pathway targets are met by analyzing and testing innovative technologies. Targeted efforts have already been made to scout out new technologies at all stages of the stringent innovation process, which are then assessed for technical feasibility and economic viability with the involvement of relevant stakeholders. Particular focus is given to the testing of innovative generation and storage solutions in the context of decentralized energy supplies.

Vonovia is offering its customers the opportunity to purchase electricity from renewable energy sources via its own energy distribution company (VESG). By providing green energy that has been generated or certified in the neighborhood, we are supplying them with cheap electricity and helping them to reduce greenhouse gas emissions. Our objective is to maximize the share of energy we produce ourselves for the benefit of our customers and the environment, and also to use it for our housing-related services, e.g., e-mobility. The purchase of certified green electricity to supply communal areas makes a further contribution to our climate strategy.

A further component of our climate pathway is the supply of sufficient quantities of CO₂-free district heating and electricity by the energy sector. This requires that the energy sector implement the targets set by policymakers for phasing out coal and increasing the share of renewable energies in energy or electricity generation. We consider the proposal of the German Federal Ministry for Economic Affairs and Climate Action (BMWK) on municipal heating planning to be an important step towards this goal. This can provide long-term planning security with respect to the availability of district heating within the municipalities. In this regard, adopting an integrated view of heat and electricity generation that takes all stakeholders into account is of particular importance. District heating is always an important lever for us where it is economically viable to connect additional properties to a district heating network while making consistent progress in decarbonizing heat generation. During the reporting year, Vonovia therefore examined the decarbonization strategies of the most important district heating providers in depth and, based on these conclusions, drew up potential courses of action for incorporating them into its long-term neighborhood strategy.

In Austria, energy efficiency modernization measures are, just like overall business operations in Austria, the responsibility of the Chief Development Officer (CDO) under the BUWOG umbrella, where they are led by the Real Estate Management division. Since 2011, BUWOG has been a partner of the "Klimaaktiv Pakt" climate protection initiative launched by the Austrian Federal Ministry for Climate Action, Environment, Energy, Mobility, Innovation and Technology. As part of this initiative, BUWOG has defined the goal of achieving a reduction of 55% by 2030 compared to the baseline year of 2005. The highest share of the CO₂ reduction will be accounted for by modernization and improvements to existing stocks, particularly energy-efficient refurbishment, improvements in the efficiency of heating systems and conversion to renewable energy sources. Furthermore, all oil heating systems are to be replaced by 2030, five years earlier than required by law. BUWOG has had a certified energy management system that is consistent with ISO 50001 standards in place in Austria since 2013/14 and in Germany since 2018. The system is a tool used voluntarily to systematically manage energy performance and improve it continuously. The corresponding establishment of processes that reflect this policy in the company and clear objectives serve to increase energy efficiency, reduce energy consumption and cut energy costs.

In Sweden, virtually all existing Victoriahem buildings are supplied with district heating, the generation of which already produces extremely low CO₂ emissions. Therefore, the road to climate neutrality will primarily be shaped by further decarbonization of heating supply, coupled with ongoing improvements in energy efficiency. As such, the aim is to reduce energy consumption per sqm by 30% by 2030 compared to 2015. In 2022, Victoriahem also joined the Swedish housing association's "Allmännyttans klimatinitiativ," which also aims to achieve a CO₂-free energy supply by 2030.

Sustainable Construction and Refurbishment

Vonovia's new construction activities are helping to create urgently needed new and affordable homes, especially in metropolitan areas. The development business operating under the BUWOG brand is active in both the development of high-quality residential neighborhoods for the company's own portfolio (to hold) and for direct sale (to sell) in Germa-

ny and Austria, and the densification and adding of extra stories to buildings as part of the development of existing neighborhoods in Germany. The activities of the BUWOG development business in Germany and Austria are the responsibility of the Chief Development Officer (CDO), and the individual development projects are approved by the Management Board.

By taking a holistic neighborhood-based approach to developments, we bring together planning expertise and construction. This involves focusing on vertical expansion and densification in order to provide additional homes while minimizing surface sealing. Our approach is complemented by our Building Information Management (BIM) strategy, which allows us to identify effective measures on the basis of data from across the entire life cycle of our neighborhoods. This reflects our commitment to long-term sustainability, which takes a close look at every stage of a building's life - from finding plots of land through to handing over the keys to the demolition phase - in order to minimize its emissions, the impact it has on the environment and the

amount of resources that it consumes. In its new construction and refurbishment projects, Vonovia takes care to ensure optimized energy design and the use of renewable energies. We achieve this, for instance, by using the German efficiency house standard or the new-build criteria of the Austrian "Klimaaktiv Pakt" initiative.

The average primary energy demand of newly constructed buildings, in relation to rental area, **is the most important non-financial performance indicator in development**. This performance indicator is part of the Sustainability Performance Index (SPI) and planning process and must be made transparent as part of all Management Board approvals of new-build and development projects. In 2022, the **average primary energy demand was 37.7 kWh/sqm per year**, lower than that of the previous year and below the target for 2022, for which we had assumed a significantly higher value compared to 2021. This can be explained in particular by the early completion of a relatively large project with a low primary energy demand. We expect to see a significantly lower primary energy demand in 2023.

Material Performance Indicator – SPI

Category	Unit	2021	2022	Target for 2023
Average primary energy demand - new construction*	kWh/m ² p. a.	38.6**	37.7	31.3

* Based on energy performance certificates, excluding commercial projects and extensions.

** Exclusive Deutsche Wohnen.

In the reporting year, resource-saving and eco-friendly construction and, in particular, analysis of the entire life cycle came more to the fore. As part of our "perspectives on the future of construction" dialogue process, we discussed the necessary framework conditions for climate-neutral construction with representatives of the scientific community, building materials manufacturers, planners and the construction industry. We presented the results at our final conference in November and discussed them with representatives from the world of politics. As part of this, Vonovia committed itself to give greater consideration to life cycles and to increase the use of sustainable building materials and those made from renewable raw materials. Improving the recyclability of constructions and construction products and cooperating more closely with our suppliers are also set to become even more important in the future.

In 2023, we will translate these aims into specific measures and continue to develop our processes with these in mind. The dialogue process shows that policymakers in particular need to adapt the framework conditions; to name but a few examples, it calls for the harmonization and simplification of regulations, acceleration of approval procedures for sustainable materials, higher subsidy rates for using sustainable building materials, the strengthening of centralized collection and return systems, and mandatory deconstruction concepts for new buildings.

Designing the residential environment and preserving biodiversity are top priorities for us. Numerous buildings feature green spaces that serve as natural habitats for flora and fauna at ground level, on roofs or on facades. In addition to the optical effects, these green spaces also offer a practical added value, for example, by slowing the flow of rainwater into the partially overburdened municipal sewage system and by making a considerable contribution to the microclimate, especially by preventing urban heat islands in built-up areas. We also take care to conserve resources and protect the environment during construction.

Social Issues

Within the context of the statutory requirements in the Non-financial Group Declaration, social issues include the following material topics: “Neighborhood development and contribution to infrastructure,” “Fairly priced housing,” “Homes that meet people’s needs and demographic change” and “Customer satisfaction and service quality” (see → [materiality matrix](#)).

Neighborhood Development and Contribution to Infrastructure

The social megatrends of climate change, urbanization and demographic change continue to determine the framework conditions under which housing providers must develop their services and solutions. Whether it is climate-neutral housing stock (see → [Environmental Issues](#)), the provision of sufficient affordable housing in large metropolitan areas (see → [Fairly Priced Housing](#)) or services for an aging society (see → [Homes that Meet People’s Needs and Demographic Change](#)) – the requirements are wide-ranging and call for integrated solutions.

Therefore, the neighborhood, people’s direct residential environment, is becoming an increasingly prominent area of focus for the housing industry. Quality of living is being associated more closely with the neighborhood level. People want to feel at home in their environment and identify with their place of residence. The neighborhood level is also the starting point for networked environmental and social measures.

Thinking and acting in terms of neighborhoods is our answer to these crucial megatrends – it is also the approach we adopt to find solutions for the economic, environmental and social (new) development of our urban housing portfolios, which are largely located in urban quarters. We understand a neighborhood– as per the definition of the Association of German Housing and Real Estate Companies (GdW) – as a visually coherent urban development structure that is seen by its residents as a distinct area and that represents an area for action in which the residential real estate company can make a difference and see positive effects. It comprises at least 150 apartments (see → [“Portfolio Structure”](#)).

This **neighborhood-based, holistic view of the portfolio** expands our spectrum of measures for designing our portfolio using networked approaches and new technical capabilities, thereby helping us to develop places of shared living with a socially and environmentally viable future. The

potential of the neighborhood approach can be seen particularly in the synergistic effects that can be achieved through its application. Our neighborhood developments are designed to comply with clear climate protection requirements. They use innovative concepts to offer a strong platform to counter the challenges associated with climate change and reduce CO₂ emissions. We design our residential environments and green spaces to strengthen participation and urban community life and to be sustainable and resilient from an ecological perspective.

Environmental and social aspects go hand in hand within our neighborhood approach. Vonovia is equally committed to both aspects and to promoting social interaction in the local community. Measures to strengthen shared living only become manageable and effective through the neighborhood approach. This is a process involving city and municipal authorities, local stakeholders and our tenants in order to jointly develop solutions for the neighborhood. It uses various participatory processes, instruments and cooperation initiatives to achieve this, e.g., by making premises available, establishing services, neighborhood meet-ups and day care centers hand in hand with cooperation partners that focus on the greater good.

The investment program for neighborhood developments is where Vonovia’s neighborhood approach is implemented at an operational level. In 2022, **18 neighborhood developments across Germany, accounting for around 9,600 residential units**, were involved in this program, which is set to run for a period of several years. This approach will also be extended to Deutsche Wohnen’s portfolios and developed further as part of the integration process.

However, due to the deterioration in the investment climate during the reporting year, we were forced to push back the start date for new neighborhood developments to reflect general economic conditions. The frequent changes to subsidy eligibility conditions by public authorities during the reporting year – e.g., for new-build energy standard requirements and the sudden discontinuation of certain types of support – make neighborhood development planning, which is long-term and complex by its very nature, immensely difficult. In this area, in particular, we are dependent on reliable support schemes. Nevertheless, we are trying to forge ahead with our plans for further multi-year neighborhood developments and are unwavering in our commitment to our long-term goal of optimizing all urban quarters in the portfolio in the course of neighborhood developments moving forward.

Material Performance Indicator

Category	Unit	2021	2022	Projection for 2023
Investment volume for neighborhood development in Germany (fiscal year)*	in € million	61.6	78.5	62.8

* Excluding Deutsche Wohnen, planned value 2023 including Deutsche Wohnen.

We were therefore unable to use the €117.8 million that had been earmarked for investment in neighborhood developments in Germany for the 2022 fiscal year in full. We also expect a reduced investment volume for 2023. Nevertheless, we are ensuring that our plans for further neighborhoods are at a stage where we will be able to implement them as soon as the investment environment allows. We hope to use the associated transition phase to improve internal structures and processes – with respect to standardization, innovations, learning and networking – and to emerge from the crisis stronger than ever.

Neighborhood development calls for complex teamwork and extensive, forward-looking skills from all employees to ensure successful on-site implementation. Here, Vonovia follows the approach of providing central support services for local decision-makers and actors and ensuring the transfer of best practice. Thanks to the Neighborhood Academy, an internal training and networking format, Vonovia employees are trained as neighborhood development experts. The Neighborhood Academy not only teaches innovative concepts and basic knowledge of how the neighborhoods of tomorrow are developed and managed, but also focuses on the training of specific skills. At the same time, it enables the systematic sharing of experiences of neighborhood-related topics among participants. This is supported by a Web-assisted knowledge management system, the Vonovia Guide, which can be used throughout the Group.

In order to further spearhead research in the field of neighborhood development and living, Vonovia sponsors a foundation professorship – held by Prof. Dr. Jan Üblacker – at the EBZ Business School in Bochum.

Neighborhood development is planned and managed on a decentralized basis via the regions. The Chief Rental Officer (CRO) is the Management Board member responsible for the property management business as well as for customer service and portfolio management. We are increasingly using our own neighborhood developers for on-site implementation. This allows us to address any specific issues as and when they arise.

The investment and participation formats are also the responsibility of, and are managed by, the regions, just like Vonovia's social commitment. This approach is supplemented, also from a quality assurance perspective, by centrally managed supporting measures via corporate communications.

Fairly Priced Housing

As a responsible company, we are committed to providing affordable housing that meets people's needs. As such, we meet the basic human need for housing. In this context, the needs and life circumstances of our customers – as a reflection of society – differ in all kinds of ways. There are also differences in the situation on individual housing markets. In metropolitan areas, in particular, shortages of available housing often go hand in hand with strong demand.

This already high demand is exacerbated further by the influx of refugees due to Russia's war of aggression on Ukraine. The marked increase in demand coincides with an increasingly unfavorable investment environment resulting from rising construction and land costs, fewer subsidies, a lack of skilled labor and disproportionately higher interest rates.

These developments continue to unfold against the background of high climate protection requirements, the fulfillment of which is particularly cost-intensive in the buildings sector. Particularly with regard to modernization, it is therefore important to balance the economic and ecological perspectives without losing sight of what our tenants and those searching for an apartment can actually afford. The significantly higher energy costs associated with the war are putting further pressure on housing costs for many people.

For us, it is of fundamental importance to be able to offer long-term housing prospects to as many people as possible. The fundamental challenge involves being able to provide a **broad supply of housing at fair and transparent prices, while at the same time achieving a virtually climate-neutral housing stock**, even in a more challenging environment.

By further expanding our core business through letting and development, we make a substantial contribution to easing the current situation on housing markets. Our rental prices are based on the usual local rents and – if available – on qualified rent indices. We are in favor of regulatory intervention in the housing markets, as we believe that it helps to ensure social balance and creates a stable business environment as a result. When letting, we always observe the applicable country-specific legislation.

When passing on modernization costs, we are always mindful to ensure that the burden placed on our tenants is socially just and offer individual solutions as part of our social management system. That said, reasonable compromises must be made in favor of additional climate change mitigation measures. In the 2022 reporting year, **an average of €1.20/sqm in modernization costs was passed on.**

Vonovia’s Group-wide portfolio has grown considerably as a result of the merger with Deutsche Wohnen, especially in Berlin. At the same time, the housing situation there is extremely challenging. As responsible partners, Vonovia and Deutsche Wohnen together sent several signals already in 2021 that we wish to change the situation in Berlin through cooperation between politicians, society and housing companies.

As part of the “Future and Social Housing Pact” agreed with the Senate of Berlin in 2021, we have made three voluntary commitments: to strengthen the municipal housing portfolio, build more new homes and limit rises in rents for existing properties. In June 2022, Vonovia – one of only two private residential real estate companies to do so – signed the “Alliance for New Housing Construction and Affordable Housing in Berlin,” which replaces the previous agreement and will remain in effect until at least 2027. The Alliance now provides a new basis for commitments to Berlin’s tenants that far surpass the scope of the old agreement.

Deutsche Wohnen also has its own regulation, the “Tenants’ Promise,” which will apply to its portfolio until mid-2024 and continue to exist in parallel with the Berlin Alliance. However, the agreement that is more favorable for our tenants shall always apply.

Material Performance Indicator

Category	Unit	2021	2022
Average rent	€/m ²	7.33	7.49

In other cities and municipalities, too, we also offer subsidized – in Germany around 41,000 of our homes are currently price-controlled – and independently financed homes for people on low incomes and are responding to location-

specific challenges with services tailored to needs. The focus of such services can vary: In Frankfurt am Main, we are addressing the issue of homelessness, for instance, while in Cologne we are focusing our efforts on a new construction offensive, and in Dresden our aim is to strengthen the municipal housing association as well as to work together to develop neighborhoods and ensure a coordinated climate strategy.

The fundamental concept on which all agreements are based is Vonovia’s desire to work in partnership with politicians and society to tackle municipal challenges and that the company takes specific societal and social challenges present within cities into account within its planning.

Individual support programs constitute a further supplementary component of our work to enable fairly priced housing. The aim is to ensure that people can stay in their homes for a long time and that housing remains affordable for them. We support them in this matter and offer personalized assistance to all tenants who are actively working with us to find a solution. These forms of assistance range from deferring rent and allowing payment to be made in installments, to offering help with housing allowance applications and other dealings with the authorities, relocation assistance and other practical forms of help.

As part of our **established social management system**, we apply uniform standards to hardship cases in the event of modernization work and follow guidelines based on those of welfare associations. These standards and guidelines were agreed with the Tenants’ Association and other residential real estate companies in 2021. As such, we are contributing to greater reliability and transparency in cases of hardship.

Also still in place are our special vested rights for people aged over 70, which have also – as of January 2023 – been extended to Deutsche Wohnen’s portfolio, and our active support for people who have fallen into payment difficulties as a result of the coronavirus pandemic.

Due to the sharp rise in energy costs, many tenants are worried about high additional heating costs and ancillary expenses. Just like during the coronavirus pandemic, our promise, which is that no one who is taking active steps to find a solution will have to move out of their home due to unaffordable energy costs, still stands. With this in mind, we have developed a comprehensive package of measures to counteract the increase in costs caused by the energy crisis and inflation. These include reducing the heating temperature in our properties to save energy, energy-saving tips, help with claiming government benefits and individual solutions when tenants find themselves unable to cover energy costs.

2022 was primarily dominated by the suffering in Ukraine. Just like during the refugee crisis in 2015, which resulted in a comparable situation, rapid and pragmatic help was needed here. Particularly in the large metropolitan areas of Berlin and Dresden, employees of the company provided support at a number of different levels - whether that be through the provision of housing, furniture donations, volunteer work or donations to charities. Deutsche Wohnen - which focused on Berlin - has run numerous campaigns of this kind, and others, under the hashtag #Wirhelfen ("We are helping").

The very vulnerable groups include, in particular, people who are homeless or at risk of becoming homeless. Vonovia therefore makes this target group a key focus of its social commitment efforts. As such, we continued to engage in a number of projects and measures in this area in the reporting year. In doing so, we pursue the **"housing first" approach**, which envisages providing homeless people with a standard tenancy agreement with all of the normal rights and obligations, regardless of any mental or physical health conditions that they might have. It is only after this that they are offered help in order to get some stability into their lives. Vonovia provides homes for this purpose as part of numerous cooperative initiatives.

Rent structures and agreements with municipalities are managed in a decentralized manner via the regions. The individual measures are planned and coordinated in the Portfolio Management department.

Homes That Meet People's Needs and Demographic Change

Our aging society, a result of demographic change, means that our customers' needs are changing, too. This poses new challenges for the real estate market. In Germany, the demand for senior-friendly housing will outstrip supply by around two million by 2035.

We are adapting our offering in response to these changing housing needs. Our aim is to ensure that our tenants can stay safe, healthy and independent in their homes over the long term. In the event that architectural conditions no longer support independent living, it is important that the barrier to accessing further care services is low.

We are already planning to make a large share of our newly built apartments accessible and/or wheelchair-friendly. More important, however, is the **low barrier for equipping and refurbishing apartments for people with impaired mobility**. Homes that are completely barrier-free, according to German industry standard DIN 18040-2, are only necessary in very rare cases. Rather, a small number of measures, such as the fitting of non-slip flooring or flush-to-floor showers, are often sufficient to significantly increase the level of living comfort in old age.

We therefore aim to modernize around 30 percent of newly rented apartments every year so that they meet the demands of an aging society. To this end, we are reviewing existing buildings to determine their potential for accessibility. In 2022, around 10,100 apartments were (partially) modernized to make them accessible. Due to the limited investment opportunities, we expect the share of accessible, (partially) modernized apartments to account for only around ten percent of new rentals in 2023. However, we are planning to have this share back at its historical level as soon as possible. As of 2023, Deutsche Wohnen has joined the program of (partial) modernization measures to make its portfolio properties fully accessible.

Material Performance Indicator – SPI

Category	Unit	2021	2022	Target for 2023
Proportion of accessible (partially) modernized newly rented apartments (in Germany)*	%	30.0	32.4	around 10

* Includes both measures in the event of a change of tenant and modernisations at the request of the tenant; number of new lettings bases on like-for-like analysis excluding newly constructed living space. Excluding Deutsche Wohnen, target 2023 including Deutsche Wohnen.

The Care segment, which is new for Vonovia and for which reporting is carried out separately, comprises Deutsche Wohnen's nursing care and nursing care properties business segments. As of December 31, 2022, we employed a total of 3,798 people in care service or care home management within this segment. Care business operations are based on

an independent system and process landscape. 39 retirement and care homes are operated under the brands KATHARINENHOF and PFLEGEN & WOHNEN HAMBURG, 38 of which are owned by Deutsche Wohnen. There are also an additional 33 nursing care properties run by other agencies.

These facilities provide full residential care, the aim being to maintain an active lifestyle and residents' independence to the greatest possible extent. Demand remained at a consistently high level in the reporting year. Senior citizen-friendly services are also provided within the context of assisted living. With its Care segment, Deutsche Wohnen makes a substantial contribution in the area of demographic change.

In addition to structural measures, the social infrastructure in the neighborhood also plays a key role. Alongside special forms of housing, such as senior-friendly apartments, Vonovia also works with cooperation partners that focus on the greater good to offer services and neighborhood meet-ups, for example.

Responsibility for the senior-friendly housing programs lies with the Management Board (CRO). The structure of the renovation program is managed centrally and is implemented via the regions.

Customer Satisfaction and Service Quality

Customer satisfaction is instrumental in the success of a company. For us, this is mainly associated with the question of whether our tenants feel at home in their apartments and neighborhoods and whether they feel that they are treated fairly by us as their landlord. Here, the quality of customer care and services plays a central role. Our experience shows that accessibility, speed and transparency in service are decisive factors for achieving customer satisfaction.

Our central, multilingual customer service department acts as the first port of call, whereas our caretakers and craftsmen look after the needs of tenants on location. This allows us to ensure fast and reliable service. We run our own customer service centers in Essen and Dresden, and since January 2023 also in Berlin. This takes the merger with

Deutsche Wohnen – and the increase in customers that came with this – into account. The aim is to be able to guarantee the same level of quality for the entire portfolio in Germany.

In order to further boost flexibility and speed, we are pressing ahead with the **digitalization of our service functions**. The key channel in this regard is the tenant app, which has already been downloaded more than half a million times and is used actively by some 145,000 users. The new features introduced to the app in 2021, the digital lease agreement and apartment search, were well received. In 2022, the feature for providing consumption data that can be read remotely was added. As a result, we can show the entire customer journey in the app: from searching for an apartment and scheduling viewing appointments through to digital contract drafting, ancillary expense bills and all other topics for existing customers. The customer app has thus replaced the customer portal, which was previously run in parallel to the app. The portal was closed down at the beginning of the fourth quarter of 2022.

Customer satisfaction is measured using a quarterly customer survey and is reflected in the Customer Satisfaction Index (CSI). It is incorporated into the Management Board's remuneration as a direct non-financial indicator and component. Year-on-year, we once again succeeded in achieving an **all-time high for Vonovia in the CSI**, surpassing the previous year's result, which at that time had been our best yet. The aim is to cement this positive trend on a permanent basis. BUWOG in Austria and Victoriahem in Sweden also carry out regular customer satisfaction surveys.

Looking forward, we aim to introduce a harmonized CSI in Germany, Sweden and Austria in order to be able to compare the results of the individual surveys.

Material Performance Indicator – SPI

Category	Unit	2021	2022	Target for 2023
Increase in Customer Satisfaction (Customer Satisfaction Index (CSI) in Germany)*	%	+4.5	+1.3	Same level as the previous year

* Customer Satisfaction Index (CSI) in glossary, excluding Deutsche Wohnen, 2023 target including Deutsche Wohnen.

Deutsche Wohnen continued to conduct its established annual tenant survey in the 2022 fiscal year. This is comprised of various parameters and investigates how satisfied Deutsche Wohnen's customers are with their housing situation as well as how satisfied they are with Deutsche Wohnen as a landlord. It is not comparable with the Vonovia CSI. Year-on-year, satisfaction with Deutsche Wohnen as a

company increased by almost three percentage points (2021: 80.7% to 2022: 83.4%). The score for satisfaction with housing remained at a consistently high level, increasing slightly to reach 87.2% (2021: 86.6%). The first ever consolidated survey on the CSI is scheduled for 2023.

At Vonovia, responsibility for the central customer service center lies with the CRO. While customer satisfaction is assigned to the central customer service center in strategic terms, it affects all customer-facing operating departments and is ensured by each and every Vonovia employee. The design and management of the tenant app are also the responsibility of the central customer service center.

Employee Issues

Within the context of the statutory requirements in the Non-financial Group Declaration, employee issues include the following material topics: “Appeal as an employer” and “Diversity and equal opportunities” (see → [materiality matrix](#)).

Appeal as an Employer

With regard to the commercial sector, Vonovia relies on an insourcing strategy, i.e., key tasks along the value chain – from caretaker work to garden maintenance to the carrying out of modernization work – are largely performed by the company’s own employees. Due to the independence from the market that this brings, we are able to exploit synergies, offer a consistently high level of quality, and reduce risks relating to the availability of skilled workers, e.g., trade services.

Accordingly, we consistently refined our human resources strategy during the reporting year, focusing on the **three central levers: recruiting, initial and further training, and retaining existing employees.**

In the context of recruiting, we rely on a set of measures comprising the further development of the application and hiring process, the recruitment of skilled workers from abroad, and an optimized training concept and targeted further training for technical skilled workers and auxiliary staff.

The training provided by the company itself also plays an important role in enabling us to meet future staffing requirements. We are therefore aiming to maintain a high number of trainees or to increase this further. In 2022, we were able to increase the number of trainees once again, from 561 in 2021 to 617 trainees, thus setting a new peak for Vonovia. Due to the integration of Deutsche Wohnen, Berlin has also grown in importance as a training location. Therefore, a new training center for manual trades is to be set up here, which

is scheduled to open its doors in time for the start of the training year in 2023. In Austria, we established the apprentice program in 2021. Thanks to this, in the reporting year, five apprentices were being supported in their training, four of whom have already reached the third year of their apprenticeship. A trainee program has also been set up at BUWOG. At our Swedish subsidiary, particular emphasis is placed on local recruiting and targeted outreach measures, in schools and within the neighborhood, for example, with around 800 young people taking up employment (60 of whom at Victoriahem itself) during the reporting year.

Our recruiting measures are supported by targeted job advertisements and image campaigns that were run via various media channels such as radio or social media. These include our “Hand aufs Werk” format, which was first established in 2021 and expanded in the current reporting year.

Our initiative to recruit skilled electrical installation and landscaping workers from Colombia, which was also launched in 2021 in partnership with the German Federal Employment Agency, led to the subsequent employment of the new skilled workers at several Vonovia locations in the fall of 2022. A second round of the initiative has since been launched in Colombia. The hiring process represents another component of our recruitment strategy, which we intend to expand further in the future.

In addition to recruiting new skilled workers and providing training, retaining existing employees is the third key lever in our human resources strategy. In this context, Vonovia seeks to continually improve from within and to individually promote the potential and talents that our employees have to offer. At our Vonovia Academy, we are developing our employees’ skills and knowledge in an even more targeted way with a view to specific roles, functions and requirements in the workforce and have also expanded our offering to include new training programs, curated learning content and guides. On-demand and e-learning services, such as digital training courses for managers and employees on the topics of self-management, storytelling and leadership issues, are designed to make further training and gaining additional qualifications at Vonovia a more flexible and personalized process overall in the future.

At a time when prices for gas, electricity and the general cost of living have risen substantially, Vonovia wishes to acknowledge the good job that its employees do, while

ensuring its own competitiveness as an employer, by paying a compensatory inflation bonus of up to 3,000 euros in total over a period of 24 months in addition to an income-based pay rise. The majority of Vonovia's and Deutsche Wohnen's workforce in Germany are eligible for these benefits, which were agreed during constructive discussions with the co-determination committees. During this process, we focused on income groups that are particularly badly affected by rising prices. These groups can expect to see salaries increase significantly in the 2023 calendar year as a result of the combined provisions.

While the pandemic continued to dominate working life and work organization at Vonovia to a large extent in the current fiscal year, the hybrid working models that have been put in place on an ongoing basis since 2021 and our transformation steps towards flexible, digitalized work processes have continued to prove effective in the current fiscal year. Accordingly, the works agreement on mobile working that had already been negotiated between senior management and

the works council in 2019 and corresponding agreements for our Austrian colleagues at BUWOG remain in place.

The company's HR processes support this flexibility through the gradual expansion and further development of digital processes at Vonovia. For example, a range of bundled functionalities such as reporting absences due to illness via an app or digitally recording working hours already make it easier for our employees in many of the company's departments to work from a location of their choosing.

As of December 31, 2022, Vonovia had a workforce of **15,915 employees** (December 31, 2021: 15,871) and 926 apprentices (December 31, 2021: 857). Of these, 3,798 employees and 309 trainees belong to the Care segment and 54 employees to SYNZIA. This is not shown in the table below. Further information on the Care segment can be found in the section → "**Homes That Meet Tenant Needs and Demographic Change**".

Employee Key Figures*

Category	Unit	2021	2022
Total number of employees	number	12,088	12,063
of which female	number	3,414	3,404
of which permanent	number	11,137	11,180
Nationalities**	number	74	84
Average age (total)	years	42.8	43.3
People with disabilities**	number	344	346
Total number of trainees**	number	561	617
of which commercial	number	185	215
of which technical trade	number	376	402
Training rate**	%	4.6	5.1

* Total number of employees by headcount, including Deutsche Wohnen (excluding the Care segment and SYNZIA; 2021 incl. SYNZIA). The Care segment comprises a further 3,798 employees and 309 apprentices - 54 employees are accounted for SYNZIA.

** Not including Sweden. Germany and Austria taken into account.

Deutsche Wohnen's processes and systems were integrated into Vonovia's platform in the 2022 reporting year. Various team-building measures were implemented in both parts of the company in the course of the "Growing Together" integration campaign to bring the two corporate cultures and the employees of both workforces together under one Group roof. Alongside this process, Deutsche Wohnen offered its employees further training, e.g., on how to handle changes within organizations and transformation processes, to support the integration process in a targeted manner.

Vonovia is committed to the core labor standards of the International Labour Organization (ILO) in all areas, particularly with regard to freedom and rights of association. Works councils represent all Vonovia employees in Germany and Austria. Since July 2022, they have also represented Deutsche Wohnen employees.

The **satisfaction of our employees** is a key concern and thus a decisive indicator for allowing us to assess our appeal as an employer. Since the last reporting year, changes in the employee satisfaction level have been a component of the Group's key non-financial performance indicator (SPI) and offer a regular indication of the degree to which Vonovia is an attractive employer. Following our comprehensive survey in the last reporting year, this year we once again gave our

staff the opportunity to rate Vonovia as an employer as part of a Group-wide interim survey.

Material Performance Indicator – SPI

Category	Unit	2021	2022	Target for 2023
Increase employee satisfaction*	percentage points	+5.0**	-8.0	Above level of the previous year

* Excluding Deutsche Wohnen, 2023 target including Deutsche Wohnen.

** Referring to survey in 2019 (The comparison over time includes Germany and Austria, Sweden did not participate in 2019).

Unlike in previous years, this year employees were presented with a broader question, allowing them to evaluate their overall satisfaction with their job and report back to us. As a result, for the first time Vonovia recorded a decline of 8 percentage points from the previous year’s increase. We therefore plan to work together to find constructive measures that will help us return to the previous year’s level. We are fully committed to achieving this goal. Up until 2021, Deutsche Wohnen carried out surveys to measure employee satisfaction within its own group of companies. Due to the ongoing integration project, the survey did not take place in the current fiscal year. Once the integration process has been completed, employee satisfaction throughout the company will be measured again – this time including our colleagues at Deutsche Wohnen.

In Austria, the “trust index” increased by 15 percentage points compared to the 2019 survey; this led to certification being achieved in 2021. Having also taken part in the “cultural audit” for the very first time in 2022, BUWOG now officially ranks among Austria’s 40 best employers.

Diversity and Equal Opportunities

Our workforce at Vonovia is as diverse and international as our tenants: While people from over 140 nations have found a home in our apartments and neighborhoods, our Group as a whole employs people from over 80 different countries. They represent many different age groups, religions and world views, have a variety of physical disabilities, come from varying socio-economic backgrounds, and live their lives with a range of gender identities and sexual orientations.

We regard this **diversity as a great strength and opportunity**, which we support in a targeted manner and whose competitive advantage we aim to harness. By the same token, we regard not being able to meet diversity expectations as a risk for the company, which is why we have included it in our risk catalog. We currently measure this risk as having a low amount of loss and a very low probability of occurrence (<5%).

Even though we conclude from this figure that we have already achieved considerable equality of opportunity and that we embrace and promote diversity within the company, we continuously institute further measures in this context and/or adapt existing measures to reflect changes in underlying conditions. For example, we are updating our seminars on discriminatory behavior and continue to focus more closely on workforce diversity, e.g. through the integration of foreign skilled workers and displaced persons, as well as a high degree of flexibility in working hours so that all employees can structure their working time to suit their current phase in life. In order to more firmly anchor the issue of diversity at the strategic level of the company in the future, a comprehensive range of management development courses – focusing, for example, on the topic of “unconscious bias” – is currently being developed and is scheduled to be rolled out in 2023.

The gradual harmonization of social benefits aims to ensure corresponding equal rights for all employees. For example, our employee share program and a works agreement on mobile working are also in place in Austria. Following the introduction of a new, standardized company pension scheme in 2021, this offer is also available to all Vonovia employees in Germany (including Deutsche Wohnen, excluding SYN VIA and the Care segment). Reconciling one’s family life and professional life is another important issue at BUWOG in Austria, which offers its employees a variety of ways to achieve this balance. BUWOG is planning to seek recertification as a family-friendly company by the Austrian Federal Ministry for Labor, Family and Youth in 2023.

We see women’s empowerment in the company as a special mission, as they – chiefly due to the technical occupations in the field of skilled trades – are considerably underrepresented with a share of 28.2% of the workforce (excluding SYN VIA) as a whole. The SPI indicator “Proportion of women in leadership roles in the first and second level below the Management Board” clearly illustrates that we take care to proactively promote women and give them opportunities to pursue leadership positions and technical occupations. When setting the target – 30% by 2026 – we were guided by the representation of women in the Group as a whole. In

Austria, we were not only awarded the equalitA certification for the internal promotion of women in 2021. BUWOG has

also held state certification as a family-friendly company since 2017, being most recently recertified in 2020.

Material Performance Indicator – SPI

Category	Unit	2021	2022	Target for 2023
Proportion of women in management positions (first and second levels below the Management Board)*	%	28.0**	25.1	28.6

* Excluding Care segment and SYNVA.
 ** Excluding Deutsche Wohnen.

At the top level of management, the diversity concept for the composition of the management and control bodies is set out in detail in the corporate governance declaration.

Establishment in the Company

At Vonovia, the CEO is responsible for HR work, which is established centrally as a shared service within the HR department. In 2021, the shared service approach was transformed into an HR business partner model that continues to be developed on an ongoing basis. From January 1, 2023, this will also include the Deutsche Wohnen subgroup.

Austria and Sweden have their own HR departments. Austria reports to the HR department in Germany via dotted-line reporting, whereas Sweden is still not firmly established in the reporting line. Here, monitoring and reporting takes place as and when required. The Head of HR discusses developments with the CEO on a regular basis. The objectives and focus of HR work are developed in collaboration with the Management Board and are then cascaded down throughout the organization. With the exception of the SYNVA group and the companies in the Nursing and Assisted Living business area, the organizational integration of Deutsche Wohnen was completed by January 1, 2023 (see → [Nursing and Assisted Living](#)).

Combating Corruption and Bribery

Within the context of the statutory requirements in the Non-financial Group Declaration, this aspect includes one material topic: “Governance and Compliance” (see → [materiality matrix](#)).

Governance and Compliance

The foundation of our business model is based on reliable, transparent and trustworthy corporate governance, which the company manages and monitors responsibly and independently. Its function as a role model is decisive in terms of building and cementing credibility – and therefore trust among our stakeholders. This also applies with respect

to legally compliant conduct. Trust can be built through reliability if all rules are followed systematically – both those set out by law and, in particular, also those that we impose on ourselves. By contrast, any abuse of trust can damage the reputation and the business success of the company.

As a result, our governance endeavors are geared toward the establishment and implementation of, and systematic compliance with, a transparent and modern system of rules. Group-wide [guidelines and business principles](#) act as a framework in this regard: Our business philosophy, our Code of Conduct, the Business Partner Code, and our Management Board’s Declaration of Respect for Human Rights act as the maxims guiding us in our actions. We live up to this attitude with our independent supervisory board and [our commitment to the principles of the German Corporate Governance Code](#).

The [compliance management system](#) (CMS) supports the corporate governance’s direction and guards the company against misconduct. At Vonovia, the **CMS is based on three pillars: prevention, detection and response**. These pillars are underpinned by an extensive system of measures and processes as part of the compliance program. The basis takes the form of the Compliance Guidelines, which follow the Principles for the Proper Performance of Reasonable Assurance Engagements Relating to Compliance Management Systems (IDW PS 980). The CMS is subject to a periodic audit, which is carried out by an external auditor.

The Group-wide (excluding Deutsche Wohnen), Web-based compliance risk analysis that was conducted at management level in the 2021 fiscal year had identified potential for improvement in the areas of money laundering prevention and IT security, while performance in the other areas were considered good to very good. One measure resulting from this was the restructuring of the data protection department, which was merged with the central compliance department on January 1, 2022. This serves to simplify internal processes, thus making them easier to safeguard.

Regular training sessions are the cornerstone for preventing misconduct before it happens. A **comprehensive catalog of regular and mandatory training events** is already firmly

established and has been adapted for the various internal target groups. The procurement department, for which the issue is particularly relevant, receives special training on corruption and criminal law pertaining to corruption, for example. After focusing on the digitalization of training formats in 2021, such as mandatory training on the Code of Conduct and data protection, we were able to add five new formats to the compliance training we offer in the reporting year: Mandatory training on dealing with conflicts of interest and combating corruption is aimed at all employees and is repeated every year. The target group-specific training sessions are also run every year. We are acting on the recommendations made based on the compliance risk analysis by offering a new training format for the sales department on the topic of money laundering prevention. New additions to the program also include training on corruption and detecting fraud, which is aimed at all levels of management, and training on concluding contracts for the development department.

The complaints management and **whistleblower protection system**, expanded in 2021, has been in regular operation since that time. Bolstered by [Group guidelines](#) on preventing and tackling corruption, on preventing money laundering, on the whistleblower system and on compliance, the [anonymously whistleblower hotline](#) is not only available to employees, but also to external parties such as customers and business partners, in both German and English. Up to six additional languages are to be added in 2023 in order to minimize language barriers. The hotline complements and extends the existing system of the independent ombudsman. It is also integrated within the partner portal for business partners. The whistleblower report, prepared externally every six months, is included with the company's compliance report. The various elements of our whistleblowing system mean that we consider ourselves well prepared for the implementation of the Whistleblower Protection Act (Hinweisgeberschutzgesetz), which is due to come into force in Germany in 2023.

Information on potential cases of discrimination can also be submitted anonymously via the whistleblowing system. An additional reporting mailbox has also been set up in the HR department to identify potential violations of the General Act on Equal Treatment (Allgemeines Gleichbehandlungsgesetz). In Germany, this covers four European anti-discrimination directives that have been issued since 2000.

The Chief Executive Officer (CEO) is responsible for implementation of the CMS. A Compliance Committee comprising the Compliance Officer (Legal department), Compliance Managers, the ombudsperson, representatives of the Internal Audit, Risk Management and HR departments, members of the works council and representatives of the companies outside Germany (with Austria joining in 2021 and Sweden in 2022) regularly updates the system in line with current requirements and is responsible for its ongoing development. In this context, the Compliance Officer acts as a central contact point within the company for compliance-related questions and suspicions. The Compliance Officer reports to the CEO on a regular basis, and also on an ad hoc basis when special cases arise. The Compliance Officer's activities are supported by the compliance managers and specialists in the individual departments. The CMS and whistleblowing system apply to the entire Group. Deutsche Wohnen also maintains its own legal and compliance department, which is supported by Vonovia's compliance and data protection department under the terms of the agency agreements. Whenever legislation in Austria or Sweden conflicts with Group-wide rules, a different rule is adopted for the subgroup in the form of a national guideline. Responsibility for this lies with the respective managing directors.

The Supervisory Board regularly receives comprehensive information about compliance issues and corruption along with existing guidelines and processes. The compliance report, which is forwarded to the Audit Committee via the Compliance Officer (following prior consultation with the CEO), provides information about potential breaches, measures and training relating to corruption, as well as relevant data protection issues.

Material Performance Indicator

Category	Unit	2021	2022
Total number of proven cases of corruption (in Germany)	number	0	0*

* Exclusive segment care.

In the 2022 fiscal year, there were individual suspected cases of corruption, which we investigated diligently. None of the cases were confirmed. Furthermore, several other compliance violations or suspected cases were reported, although these can be described as minor in total.

On March 7, 2023, Vonovia SE received information from the public prosecutor's office in Bochum regarding investigations against current and former employees on the basis of a search warrant issued by the Local Court of Bochum. According to the information provided, Vonovia SE or selected affiliated companies are suspected of having suffered damage due to fraud, breaches of trust, anticompetitive agreements in connection with tenders and particularly serious cases of passive and active corruption in business transactions. The extent to which the actual damage may have also resulted in damage incurred by tenants has not yet been clarified with definitive effect. Measures have been taken to clarify the incidents in full. The auditing firm Deloitte has also been engaged to conduct an independent investigation. In this regard, we refer to the explanatory information in the combined management report concerning the **"Disclosures on the appropriateness and effectiveness of the ICS"** and **→ subsequent events**. Given that only fully completed proceedings are presented under key performance indicator "Total number of confirmed cases of corruption (in Germany)" in the reporting year in question, this incident has no impact on the key figures reported for 2021 and 2022.

Respect for Human Rights

The European legal framework in which Vonovia operates with its business model is strictly regulated and overseen in the markets in Germany, Austria and Sweden. This applies in particular to fundamentally enshrined human rights, to which Vonovia attaches great importance irrespective of the legal framework. Compliance with, and the fostering of, these rights is reflected in our ethos and mission statement. We regularly scrutinize our guidelines and adapt them to reflect changing underlying conditions. Due to the Supply Chain Due Diligence Act and the announced European regulation, the way in which supply chains are structured and the due diligence obligations associated with this are of increasing importance to the company.

In our **Declaration of Respect for Human Rights**, we communicate our clear conviction for a pluralistic democratic society and zero tolerance of human rights violations and our commitment to respect human rights in all aspects of our business. We adhere to the core labor standards of the International Labour Organization (ILO), the UN Guiding Principles on Business and Human Rights, and the principles of the UN Global Compact, which we committed to in 2020.

Vonovia's business model includes the construction, maintenance and modernization of homes. From a human rights perspective, compliance with labor and social standards on construction sites in the course of these activities is of particular relevance. Some trade/construction activities in

Germany are carried out by the company's own technical service – and therefore by its own employees. This lessens both dependency on the services of external construction companies and – thanks to the measures established in the company's own business area – the risk of noncompliance with labor and social standards.

Concrete **cooperation with external partners and contractors** is governed by Vonovia through its Business Partner Code, the general terms and conditions of purchasing, the general terms and conditions of Vonovia SE for building services, and individual contractual agreements within the scope of structured supplier management. The Business Partner Code must be signed prior to the conclusion of a contract. In this document, we set out, among other things, all material requirements necessary for compliance with human rights – from legal conformity and the fulfillment of legal standards for working conditions to an assurance of freedom of association and the exclusion of child labor, forced labor and discrimination. It is updated regularly – with the next update scheduled for 2023 – and applies to contractual relations in Germany and Austria. A corresponding separate Code is in place in Sweden.

As part of the regular evaluation of our major suppliers and contractors via our partner portal, we strive to ensure that the criteria stated in the Code are complied with. In the event of incidents and breaches, a structured management of measures is activated, which – once all other means have been exhausted – may result in blocks on orders and termination of contract. In Germany, contractual conclusion is preceded by an automatic check against EU sanctions lists, with the compliance department informed immediately in the event of a hit. In Austria, the procurement department reviews all new creditors and regularly reviews existing ones on a half-yearly basis as part of a compliance check that also includes an inspection of sanctions lists (via KSV1870). We also use long-term cooperation in the spirit of partnership to build a close relationship of trust with our contractual partners. This is largely the responsibility of the procurement department and allows any misconduct to be addressed. The procurement department has been assigned to the Chief Transformation Officer's (CTO) Management Board function since January 1, 2022.

In the reporting year, we revised the Group procurement guidelines to further strengthen compliance with due diligence obligations and internal governance procedures, for example. The new guidelines apply throughout the Group and have been in effect since January 1, 2023. We also began the gradual integration of Deutsche Wohnen's suppliers into Vonovia's partner portal in the reporting year. The structures of Vonovia's central procurement department were transferred to the Deutsche Wohnen subgroup.

Furthermore, in the reporting year we focused particularly on preparation for implementation of the requirements of the Supply Chain Due Diligence Act (LkSG), which has been applicable in Germany since January 1, 2023. This also includes reviewing existing guidelines, codes and processes as well as establishing responsibilities. In the course of this process, we updated our Declaration of Respect for Human Rights and republished it in the form of a Group guideline in January 2023.

The Compliance Officer was appointed Human Rights Officer as of January 1, 2023, and will report regularly to the Management Board in the future. The Compliance Officer will be supported by a committee that brings together due diligence coordinators from relevant departments. From 2023 onward, the committee will convene at least once per quarter and discuss the ongoing fulfillment of Vonovia's human rights and environmental due diligence obligations. In the reporting year, we looked at how we can plan training sessions in order to further improve awareness of our human rights and environmental due diligence obligations among employees in relevant business areas in the future.

In the reporting year, we launched a comprehensive risk analysis for our supply chain and identified initial priority risk areas. We describe our approach and the risk areas identified in the course of the risk analysis in our Declaration. There were no indications of human rights violations within our own business area during the reporting year.

Vonovia has set up various procedures to allow potential abuses (such as human rights violations, environmental pollution, other unlawful actions) to be reported by both internal and external parties (see → **"Combating Corruption and Bribery"**). We continued to develop our whistleblowing system in the reporting year and will integrate additional languages in 2023.

Appeal on the Capital Market

2022 was a turbulent year, not least on the capital markets. High inflation rates, rising interest rates, a slowdown in economic growth and the risk of a recession remain matters of concern to investors. This can also be seen in Vonovia's share price, which fell at an above-average rate in 2022. However, we are observing an ever-wider gap between capital market expectations on the one hand, and ongoing stable development on the residential real estate market on the other (see → **Vonovia SE on the Capital Market**).

The construction and management of residential real estate is a business with a long-term focus. Our aim in this segment is to bring economic activity hand in hand with environmental benefit, living up to the various expectations of stakeholders. It is important to us to provide relevant information on our company and our economic development as well as on the sustainable direction of Vonovia, thereby providing an accurate picture of Vonovia. We want to generate attractive risk-adjusted rates of return for our investors and achieve sustainable revenue and value increases. This strengthens trust in the Vonovia brand.

We are committed to the principles of the social market economy and profitability. Economic success is the prerequisite for further investments in environmental and social sustainability. At the same time, we firmly believe that these investments also pay off in terms of our appeal for investors. This is substantiated by the growing demand for sustainable financial products and the ever greater establishment of ESG criteria as a basis for investment decisions.

We value having access to a broad mix of financing instruments so that we can choose the right product at the right time, e.g., bonds, promissory notes, secured real estate loans, commercial papers, working capital facilities and subsidy loans from KfW and EIB. In November 2022, the EIB granted Vonovia an unsecured loan of € 600 million to support the company's multi-year energy-efficient building modernization program. The portfolio is rounded off with innovative financing sources such as a tokenized promissory note. This enables us to communicate with different capital market actors, such as investors, banks and insurers.

Sustainable bonds play a particularly important role in our financing strategy. After issuing our first green bond in 2021, all seven bonds placed in 2022, which accounted for a total sum of four billion euros and 1.25 billion Swedish kronor, were designed to be sustainable. These included three green bonds and four social bonds. Through these bonds, we are catering to capital market demand in a targeted manner, as demonstrated by the order books, which have been oversubscribed on multiple occasions.

The European Union Sustainable Finance Disclosure Regulation (SFDR) is aimed at providers of financial products and financial advisers such as banks, asset managers, institutional investors and insurance companies. Under the SFDR, these groups are required to align their products, processes and strategies with ESG guidelines. We have made our Sustainable Finance Framework consistent with the EU taxonomy, which was confirmed by an independent third party in a Second Party Opinion (SPO). All green bonds that we issue under this framework are environmentally sustainable as defined in the EU taxonomy (EU environmental objective 1 – climate change mitigation). For example, a fund classified under Article 9 SFDR has the option of investing in green bonds issued by Vonovia. We have published our [Sustainable Finance Framework](#) and further information about our sustainable bond strategy on our Investor Relations website.

Communication with our stakeholders on the capital market is handled by the Investor Relations (IR) division in close consultation with the Management Board. Transparency is the watchword here. Through formats such as investor conferences and roadshows, we seek out dialogue – including and especially on ESG topics – with our shareholders and potential investors. Face-to-face conversations, additional property tours and the participation in conferences for private investors represent additional communication channels.

After a two-year pause due to the coronavirus pandemic, Vonovia’s seventh Capital Markets Day was held in Bochum on September 27, 2022. We took the event, which focused on the ecological aspect of the megatrend of sustainability, as an opportunity to delve deeper into various topics including, in particular, decarbonization tools, the Energy Center of the Future and the “Internet of Things,” with around 50 investors and analysts. The Capital Markets Day concluded with a property tour in Bochum, where we presented and explained a number of projects, including our “Energy Center of the Future,” where we conduct research into innovative energy systems based on real-world conditions and test how they can be implemented in practice.

At the same time, IR acts in an inward-facing way so that the topics communicated to us by capital market actors come to the attention of the right people within the company.

Once again in 2022, we achieved **good to very good results in all ESG ratings and benchmarks relevant for Vonovia and its investors**, even managing to improve further in some cases. As such, we continue to be listed on the renowned Dow Jones Sustainability Index Europe as well as on sustainability indices such as the DAX 50-ESG or the STOXX Global ESG Leaders, to name but a few examples, and have been awarded Prime status by ISS-ESG. In terms of MSCI ESG Ratings, we were promoted to the highest rating category (AAA) in 2022, while at Sustainalytics we are among the top five performers in the real estate sector (out of 1,070 companies, as of December 31, 2022).

Material Performance Indicator: Performance in Relevant ESG Ratings*

Ratings	2021	2022
Sustainalytics ESG risk rating	6.7	6.7
MSCI ESG	A	AAA
CDP Climate Change	B	B
ISS ESG	C	C
S&P Global CSA	68	71

* Due to the integration, Deutsche Wohnen decided not to actively process its own ratings in the reporting year. The ratings of the Deutsche Wohnen subgroup are not explicitly reported. From 2023, all active ESG ratings will be serviced on a consolidated basis.

For 2023, we have set ourselves the goal of maintaining our consistently high performance in the relevant ESG ratings, including for the integrated Group, and continuing to present our sustainability performance to the capital market in a comprehensive and transparent way. As well as performing regular checks to see whether we are listed in the relevant indices, we also use the results of the rating process and peer group comparisons to further develop our sustainability measures in a targeted manner.

Within the company, the Sustainability/Strategy department is responsible for actively managing our participation in ESG ratings, involving the operating departments in this process. The Investor Relations department and the Sustainability/Strategy department report to the CEO. Decisions regarding ESG ratings are made in the sustainability committee, which also receives regular information on developments in this area. The Finance and Treasury department, which reports to the Chief Financial Officer (CFO), is responsible for the implementation of our financial instruments.

Appendix 2

General Engagement Terms

General Engagement Terms

for

Wirtschaftsprüfer and Wirtschaftsprüfungsgesellschaften

[German Public Auditors and Public Audit Firms]

as of January 1, 2017

1. Scope of application

(1) These engagement terms apply to contracts between German Public Auditors (*Wirtschaftsprüfer*) or German Public Audit Firms (*Wirtschaftsprüfungsgesellschaften*) – hereinafter collectively referred to as "German Public Auditors" – and their engaging parties for assurance services, tax advisory services, advice on business matters and other engagements except as otherwise agreed in writing or prescribed by a mandatory rule.

(2) Third parties may derive claims from contracts between German Public Auditors and engaging parties only when this is expressly agreed or results from mandatory rules prescribed by law. In relation to such claims, these engagement terms also apply to these third parties.

2. Scope and execution of the engagement

(1) Object of the engagement is the agreed service – not a particular economic result. The engagement will be performed in accordance with the German Principles of Proper Professional Conduct (*Grundsätze ordnungsmäßiger Berufsausübung*). The German Public Auditor does not assume any management functions in connection with his services. The German Public Auditor is not responsible for the use or implementation of the results of his services. The German Public Auditor is entitled to make use of competent persons to conduct the engagement.

(2) Except for assurance engagements (*betriebswirtschaftliche Prüfungen*), the consideration of foreign law requires an express written agreement.

(3) If circumstances or the legal situation change subsequent to the release of the final professional statement, the German Public Auditor is not obligated to refer the engaging party to changes or any consequences resulting therefrom.

3. The obligations of the engaging party to cooperate

(1) The engaging party shall ensure that all documents and further information necessary for the performance of the engagement are provided to the German Public Auditor on a timely basis, and that he is informed of all events and circumstances that may be of significance to the performance of the engagement. This also applies to those documents and further information, events and circumstances that first become known during the German Public Auditor's work. The engaging party will also designate suitable persons to provide information.

(2) Upon the request of the German Public Auditor, the engaging party shall confirm the completeness of the documents and further information provided as well as the explanations and statements, in a written statement drafted by the German Public Auditor.

4. Ensuring independence

(1) The engaging party shall refrain from anything that endangers the independence of the German Public Auditor's staff. This applies throughout the term of the engagement, and in particular to offers of employment or to assume an executive or non-executive role, and to offers to accept engagements on their own behalf.

(2) Were the performance of the engagement to impair the independence of the German Public Auditor, of related firms, firms within his network, or such firms associated with him, to which the independence requirements apply in the same way as to the German Public Auditor in other engagement relationships, the German Public Auditor is entitled to terminate the engagement for good cause.

5. Reporting and oral information

To the extent that the German Public Auditor is required to present results in writing as part of the work in executing the engagement, only that written work is authoritative. Drafts are non-binding. Except as otherwise agreed, oral statements and explanations by the German Public Auditor are binding only when they are confirmed in writing. Statements and information of the German Public Auditor outside of the engagement are always non-binding.

6. Distribution of a German Public Auditor's professional statement

(1) The distribution to a third party of professional statements of the German Public Auditor (results of work or extracts of the results of work whether in draft or in a final version) or information about the German Public Auditor acting for the engaging party requires the German Public Auditor's written consent, unless the engaging party is obligated to distribute or inform due to law or a regulatory requirement.

(2) The use by the engaging party for promotional purposes of the German Public Auditor's professional statements and of information about the German Public Auditor acting for the engaging party is prohibited.

7. Deficiency rectification

(1) In case there are any deficiencies, the engaging party is entitled to specific subsequent performance by the German Public Auditor. The engaging party may reduce the fees or cancel the contract for failure of such subsequent performance, for subsequent non-performance or unjustified refusal to perform subsequently, or for unconscionability or impossibility of subsequent performance. If the engagement was not commissioned by a consumer, the engaging party may only cancel the contract due to a deficiency if the service rendered is not relevant to him due to failure of subsequent performance, to subsequent non-performance, to unconscionability or impossibility of subsequent performance. No. 9 applies to the extent that further claims for damages exist.

(2) The engaging party must assert a claim for the rectification of deficiencies in writing (*Textform*) [Translators Note: *The German term "Textform" means in written form, but without requiring a signature*] without delay. Claims pursuant to paragraph 1 not arising from an intentional act expire after one year subsequent to the commencement of the time limit under the statute of limitations.

(3) Apparent deficiencies, such as clerical errors, arithmetical errors and deficiencies associated with technicalities contained in a German Public Auditor's professional statement (long-form reports, expert opinions etc.) may be corrected – also versus third parties – by the German Public Auditor at any time. Misstatements which may call into question the results contained in a German Public Auditor's professional statement entitle the German Public Auditor to withdraw such statement – also versus third parties. In such cases the German Public Auditor should first hear the engaging party, if practicable.

8. Confidentiality towards third parties, and data protection

(1) Pursuant to the law (§ [Article] 323 Abs 1 [paragraph 1] HGB [German Commercial Code: *Handelsgesetzbuch*], § 43 WPO [German Law regulating the Profession of Wirtschaftsprüfer: *Wirtschaftsprüferordnung*], § 203 StGB [German Criminal Code: *Strafgesetzbuch*]) the German Public Auditor is obligated to maintain confidentiality regarding facts and circumstances confided to him or of which he becomes aware in the course of his professional work, unless the engaging party releases him from this confidentiality obligation.

(2) When processing personal data, the German Public Auditor will observe national and European legal provisions on data protection.

9. Liability

(1) For legally required services by German Public Auditors, in particular audits, the respective legal limitations of liability, in particular the limitation of liability pursuant to § 323 Abs. 2 HGB, apply.

(2) Insofar neither a statutory limitation of liability is applicable, nor an individual contractual limitation of liability exists, the liability of the German Public Auditor for claims for damages of any other kind, except for damages resulting from injury to life, body or health as well as for damages that constitute a duty of replacement by a producer pursuant to § 1 ProdHaftG [German Product Liability Act: *Produkthaftungsgesetz*], for an individual case of damages caused by negligence is limited to € 4 million pursuant to § 54 a Abs. 1 Nr. 2 WPO.

(3) The German Public Auditor is entitled to invoke demurs and defenses based on the contractual relationship with the engaging party also towards third parties.

(4) When multiple claimants assert a claim for damages arising from an existing contractual relationship with the German Public Auditor due to the German Public Auditor's negligent breach of duty, the maximum amount stipulated in paragraph 2 applies to the respective claims of all claimants collectively.

(5) An individual case of damages within the meaning of paragraph 2 also exists in relation to a uniform damage arising from a number of breaches of duty. The individual case of damages encompasses all consequences from a breach of duty regardless of whether the damages occurred in one year or in a number of successive years. In this case, multiple acts or omissions based on the same source of error or on a source of error of an equivalent nature are deemed to be a single breach of duty if the matters in question are legally or economically connected to one another. In this event the claim against the German Public Auditor is limited to € 5 million. The limitation to the fivefold of the minimum amount insured does not apply to compulsory audits required by law.

(6) A claim for damages expires if a suit is not filed within six months subsequent to the written refusal of acceptance of the indemnity and the engaging party has been informed of this consequence. This does not apply to claims for damages resulting from scienter, a culpable injury to life, body or health as well as for damages that constitute a liability for replacement by a producer pursuant to § 1 ProdHaftG. The right to invoke a plea of the statute of limitations remains unaffected.

10. Supplementary provisions for audit engagements

(1) If the engaging party subsequently amends the financial statements or management report audited by a German Public Auditor and accompanied by an auditor's report, he may no longer use this auditor's report.

If the German Public Auditor has not issued an auditor's report, a reference to the audit conducted by the German Public Auditor in the management report or any other public reference is permitted only with the German Public Auditor's written consent and with a wording authorized by him.

(2) If the German Public Auditor revokes the auditor's report, it may no longer be used. If the engaging party has already made use of the auditor's report, then upon the request of the German Public Auditor he must give notification of the revocation.

(3) The engaging party has a right to five official copies of the report. Additional official copies will be charged separately.

11. Supplementary provisions for assistance in tax matters

(1) When advising on an individual tax issue as well as when providing ongoing tax advice, the German Public Auditor is entitled to use as a correct and complete basis the facts provided by the engaging party – especially numerical disclosures; this also applies to bookkeeping engagements. Nevertheless, he is obligated to indicate to the engaging party any errors he has identified.

(2) The tax advisory engagement does not encompass procedures required to observe deadlines, unless the German Public Auditor has explicitly accepted a corresponding engagement. In this case the engaging party must provide the German Public Auditor with all documents required to observe deadlines – in particular tax assessments – on such a timely basis that the German Public Auditor has an appropriate lead time.

(3) Except as agreed otherwise in writing, ongoing tax advice encompasses the following work during the contract period:

- a) preparation of annual tax returns for income tax, corporate tax and business tax, as well as wealth tax returns, namely on the basis of the annual financial statements, and on other schedules and evidence documents required for the taxation, to be provided by the engaging party
- b) examination of tax assessments in relation to the taxes referred to in (a)
- c) negotiations with tax authorities in connection with the returns and assessments mentioned in (a) and (b)
- d) support in tax audits and evaluation of the results of tax audits with respect to the taxes referred to in (a)
- e) participation in petition or protest and appeal procedures with respect to the taxes mentioned in (a).

In the aforementioned tasks the German Public Auditor takes into account material published legal decisions and administrative interpretations.

(4) If the German Public auditor receives a fixed fee for ongoing tax advice, the work mentioned under paragraph 3 (d) and (e) is to be remunerated separately, except as agreed otherwise in writing.

(5) Insofar the German Public Auditor is also a German Tax Advisor and the German Tax Advice Remuneration Regulation (*Steuerberatungsvergütungsverordnung*) is to be applied to calculate the remuneration, a greater or lesser remuneration than the legal default remuneration can be agreed in writing (*Textform*).

(6) Work relating to special individual issues for income tax, corporate tax, business tax, valuation assessments for property units, wealth tax, as well as all issues in relation to sales tax, payroll tax, other taxes and dues requires a separate engagement. This also applies to:

- a) work on non-recurring tax matters, e.g. in the field of estate tax, capital transactions tax, and real estate sales tax;
- b) support and representation in proceedings before tax and administrative courts and in criminal tax matters;
- c) advisory work and work related to expert opinions in connection with changes in legal form and other re-organizations, capital increases and reductions, insolvency related business reorganizations, admission and retirement of owners, sale of a business, liquidations and the like, and
- d) support in complying with disclosure and documentation obligations.

(7) To the extent that the preparation of the annual sales tax return is undertaken as additional work, this includes neither the review of any special accounting prerequisites nor the issue as to whether all potential sales tax allowances have been identified. No guarantee is given for the complete compilation of documents to claim the input tax credit.

12. Electronic communication

Communication between the German Public Auditor and the engaging party may be via e-mail. In the event that the engaging party does not wish to communicate via e-mail or sets special security requirements, such as the encryption of e-mails, the engaging party will inform the German Public Auditor in writing (*Textform*) accordingly.

13. Remuneration

(1) In addition to his claims for fees, the German Public Auditor is entitled to claim reimbursement of his expenses; sales tax will be billed additionally. He may claim appropriate advances on remuneration and reimbursement of expenses and may make the delivery of his services dependent upon the complete satisfaction of his claims. Multiple engaging parties are jointly and severally liable.

(2) If the engaging party is not a consumer, then a set-off against the German Public Auditor's claims for remuneration and reimbursement of expenses is admissible only for undisputed claims or claims determined to be legally binding.

14. Dispute Settlement

The German Public Auditor is not prepared to participate in dispute settlement procedures before a consumer arbitration board (*Verbraucherschlichtungsstelle*) within the meaning of § 2 of the German Act on Consumer Dispute Settlements (*Verbraucherstreitbeilegungsgesetz*).

15. Applicable law

The contract, the performance of the services and all claims resulting therefrom are exclusively governed by German law.