

Corporate governance declaration in accordance with sections 289f and 315d HGB

In this corporate governance declaration in accordance with section 289f HGB and section 315d HGB, LEG Immobilien AG reports on the principles of corporate governance and corporate governance at the company. This declaration includes (i) the declaration of compliance in accordance with section 161(1) of the German Stock Corporation Act (AktG), (ii) relevant information on corporate governance practices exceeding statutory requirements, (iii) a description of the working methods of the Management Board and the Supervisory Board plus the composition and working methods of their committees, (iv) targets for the participation of women in managerial positions and (v) a description of the diversity concept for the Supervisory Board and Management Board.

Declaration of Compliance in accordance with section 161(1) AktG

The Management Board and Supervisory Board of LEG Immobilien AG approved the following declaration pursuant to section 161 AktG in November 2020:

1. The Management Board and Supervisory Board of LEG Immobilien AG (the „Company“) hereby declare in accordance with section 161 of the German Stock Corporation Act (AktG) that the Company has complied with all the recommendations of the German Corporate Governance Code as of 16 December 2019 (“code 2020”) published by the German Federal Ministry of Justice in the official section of the Federal Gazette (Bundesanzeiger) on 20 March 2020 since the entry into force of the code 2020 and that it will continue to do so in future.

2. The Management Board and Supervisory Board of LEG Immobilien AG hereby further declare that the Company complied with all the recommendations of the German Corporate Governance Code as of 7 February 2017 published by the German Federal Ministry of Justice in the official section of the Federal Gazette (Bundesanzeiger) on 24 April 2017 during the period from submitting the Company’s last declaration of conformity in November 2019 until the entry into force of the code 2020 on 20 March 2020.

Dusseldorf, November 2020

The Management Board of LEG Immobilien AG
The Supervisory Board of LEG Immobilien AG

LEG Immobilien AG’s current and former declarations of compliance can be accessed on the Company’s website at www.leg.ag.

Relevant disclosures on Corporate Governance Practices exceeding Statutory Requirements

Compliance and value management

LEG Immobilien AG is geared towards sustainable, successful portfolio management and growth. The foundation for sustainable management is lawful, responsible and honest conduct. LEG Immobilien AG’s objective and strategy, as well as its values that are essential for working with customers, employees, investors, business partners and society, are set out in LEG Immobilien AG’s declaration of fundamental values. These values include integrity and fairness, commitment and professionalism, confidentiality, transparency and sustainability.

The LEG Immobilien AG Code of Conduct describes the guiding principle in more detail and puts the values set out here into practice for every-day business by way of standards of conduct for employees and executives. Details on these standards of conduct can be found in internal Group rules and guidelines.

Executives and employees are made aware of these issues and advised on them in regular training sessions and through advisory services. A whistle-blower system gives employees and third parties the opportunity to give notices on compliance violations in a protected environment.

Details on LEG Immobilien AG’s compliance management system can be found in the Risks, Opportunities and Forecast Report starting on [page 62](#) of this annual report.

Responsibility and sustainability

LEG Immobilien AG aims to act sustainably and responsibly. An understanding of sustainability and a sustainability strategy are outlined in its sustainability model.

At the heart of LEG Immobilien AG’s sustainability strategy are the key areas of business, tenants, employees, the environment and society, which cover the three dimensions of sustainability – environmental, social and economics. Each year, LEG Immobilien AG sets specific targets for all three dimensions that contribute to the implementation of the sustainability strategy and that are tracked and reviewed on an ongoing basis. In addition, sustainability targets will be part of variable Management Board remuneration effective 2021. A sustainability group was set up as a committee for strategic decisions and to pool activities, comprising heads of central areas and operations managers.

LEG Immobilien AG's sustainability efforts in the 2020 reporting year focussed heavily on social activities to mitigate the social repercussions of the pandemic. The company established ten points to safeguard and protect customers and employees. For example, the company offered tenants rent deferrals and instalment payment options that went above and beyond legal initiatives, suspended terminations, supported initiatives to accommodate the homeless and granted its employees additional childcare hours and a corona bonus. Despite restrictions on account of Covid-19, LEG also continued its long-standing investment program aimed at increasing environmental protection in its portfolio as planned.

LEG Immobilien AG's sustainability report provides annual reporting on sustainability management and on targets, measures, activities and progress in this area. The sustainability report is available on LEG Immobilien AG's website at www.leg.ag.

Other corporate governance disclosures

Suggestions of the German Corporate Governance Code

LEG Immobilien AG goes beyond simply complying with all recommendations of the Code. It also complies with the suggestions of the Code, which can be deviated from without disclosure in the declaration of compliance, with the following exceptions:

In accordance with suggestion A 5, in the event of a takeover bid, the Management Board should convene an extraordinary general meeting at which shareholders discuss the takeover bid and possibly decide on corporate action. It is questionable as to whether the organisational effort of convening a general meeting would be justified if no corporate action was to be resolved. Accordingly, the Management Board reserves the right to convene an extraordinary general meeting only if a resolution is required.

Corporate Governance Code of the German Real Estate Industry Association

LEG Immobilien AG is a member of the Corporate Governance Institute of the German Real Estate Industry Association (ICG). At www.icg-institut.de, the ICG has created and published a "Corporate Governance Code of the German Real Estate Industry" (as at October 2020, "ICGK"), which supplements the German Corporate Governance Code with industry-specific recommendations and is intended to bring about greater transparency, an improved reputation and stronger competitiveness of the property sector. The Supervisory Board and the Management Board of LEG Immobilien AG are committed to the key goals and principles of the ICG.

The ICG developed a certification system for compliance management systems at property companies. LEG had its compliance management system certified using this system in 2019.

Description of the working methods of the Management Board and the Supervisory Board and the composition and working methods of their committees

As a stock corporation under German law, LEG Immobilien AG has a dual management system consisting of the Management Board and the Supervisory Board. Executive management and control are clearly separated in a dual management system.

The Management Board

As per section 5.1 of the Articles of Association, the Management Board of LEG Immobilien AG comprises at least two members. As at 31 December 2020, there were three people on the Management Board. The Management Board manages LEG Immobilien AG on its own responsibility in accordance with the provisions of law,

the Articles of Association and the Rules of Procedure for the Management Board. The Rules of Procedure for the Management Board were most recently amended by the Supervisory Board on 5 March 2020. Among other things, these stipulate that certain transactions of particular significance require the prior approval of the Supervisory Board or one of its committees. The Management Board reports to the Supervisory Board regularly, comprehensively and in a timely manner on all issues of strategy, planning, business performance, the risk situation, risk management and compliance relevant to the company. The Management Board performs its management duties as a collective body. Regardless of their overall responsibility, the individual members of the Management Board manage the departments assigned to them in the context of Management Board resolutions on their own responsibility. The allocation of duties among the members of the Management Board is based on the assignment plan.

Supervisory Board

The Supervisory Board has seven members according to the statutes and monitors and advises the Management Board. It appoints and dismisses the members of the Management Board and, together with the Management Board, ensures long-term succession planning. Its duties and rights are determined by the legal provisions, the Articles of Association and the Rules of Procedure for the Supervisory Board. The Supervisory Board most recently amended the Rules of Procedure at its ordinary meeting on 25 March 2014. The Supervisory Board regularly reviews the efficiency of its work, most recently in 2019. The review was performed in the form of a self-evaluation using an anonymous questionnaire that is drawn up externally.

Cooperation between the Management Board and the Supervisory Board

The Management Board and the Supervisory Board work together closely for the good of the company. The intensive and constant dialogue between the bodies is the basis for efficient and targeted business management. The Management Board develops the strategic orientation of LEG Immobilien AG, coordinates this with the Supervisory Board and ensures its implementation. The Management Board discusses the status of the strategy implementation with the Supervisory Board at regular intervals.

The Chairman of the Supervisory Board maintains regular contact with the Management Board, particularly with the Chairman of the Management Board, and advises on issues of strategy, planning, business performance, the risk situation, risk management and compliance at the company. He is immediately informed by the Chairman of the Management Board of key events significant to the assessment of the position and development of the company and Group companies and their management. He then reports to the Executive Committee or the Supervisory Board and convenes extraordinary meetings if necessary.

Committees of the Supervisory Board

The Supervisory Board had three committees in the 2020 financial year: the Executive Committee, the Nomination Committee and the Audit Committee. Further committees can be formed if required.

Executive Committee of the Supervisory Board

The Executive Committee discusses key issues and prepares resolutions by the Supervisory Board. In particular, the Executive Committee discusses resolutions by the Supervisory Board on the following matters:

- The appointment and dismissal of members of the Management Board, the appointment of the Chairman of the Management Board;
- The conclusion, amendment and termination of employment agreements with members of the Management Board;
- The structure of the remuneration system for the Management Board, including the key contract elements and the total compensation paid to the individual members of the Management Board; and
- The acquisition of property portfolios.

The Executive Committee regularly discusses long-term succession planning for the Management Board with the involvement of the Management Board. In place of the Supervisory Board but subject to the above and other mandatory responsibilities of the Supervisory Board, the Executive Committee passes resolutions on the following matters:

- Transactions with members of the Management Board in accordance with section 112 AktG;
- Approval of transactions with a value in excess of EUR 25,000 between the company or one of its Group companies on the one hand and a member of the Management Board or persons or undertakings related to a member of the Management Board on the other;
- Consent to other activities by a member of the Management Board in accordance with section 88 AktG and approval of other additional employment, in particular holding supervisory board mandates and mandates in similar executives bodies of companies outside the Group;
- Granting loans to the persons named under sections 89, 115 AktG;
- Approval of contracts with Supervisory Board members in accordance with section 114 AktG;
- Any other approval required in accordance with the Articles of Association of the company or the Rules of Procedure for the Management Board for measures by the Management Board if the matter cannot be delayed and a resolution by the Supervisory Board cannot be passed in a timely manner.

The members of the Executive Committee are Mr Michael Zimmer, Mr Stefan Jütte and Dr Johannes Ludewig. As the Chairman of the Supervisory Board, Mr Michael Zimmer is also the Chairman of the Executive Committee. Dr Jochen Scharpe has been elected deputy member (in the case of absence).

Nomination Committee

The Nomination Committee meets as required and suggests suitable candidates to the Supervisory Board for its nominations for the Annual General Meeting. The members of the Nomination Committee are the members of the Executive Committee (Mr Michael Zimmer, Mr Stefan Jütte, Dr Johannes Ludewig). As per the Articles of Association, the Chairman of the Supervisory Board is also the Chairman of the Nomination Committee.

Audit Committee

In particular, the Audit Committee deals with the monitoring of the accounting process, the effectiveness of the internal control system and the internal audit system, the audit of the financial statements – in particular the independence of the auditor, the other services performed by the auditor, the granting of the audit mandate to the auditor, the determination of the key areas of the audit, the fee agreement and compliance. The Audit Committee also deals with the non-financial declaration or the non-financial report in accordance with section 315b HGB in connection with section 289b HGB. The Audit Committee prepares the resolutions by the Supervisory Board on the annual financial statements (and the consolidated financial statements where applicable) and the agreements with the auditor (in particular, the granting of the audit mandate to the auditor, the determination of the key areas of the audit and the fee agreement). The Audit Committee takes appropriate measures to determine and monitor the independence of the auditor. Thus, the Audit Committee released a white list of a limited number of non-audit services that can be provided by the

auditor. If the auditor is commissioned to perform further tasks, the Audit Committee must approve the task. In addition, on the Audit Committee's behalf, the company has established a process to ensure that no prohibited non-audit services are contracted to the current auditor or potential future auditors. The work of the Audit Committee is based on particular Rules of Procedure that were most recently amended on 17 June 2016.

The members of the Audit Committee are Mr Stefan Jütte (Chairman), Dr Jochen Scharpe (Deputy Chairman) and Ms Natalie C. Hayday (until 6 January 2021)/Dr. Claus Nolting (since 7 January 2021). The Chairman of the Audit Committee is independent and has special expertise and experience in the application of accounting policies and internal control procedures.

Detailed information on the work of the Supervisory Board and the composition of the committees of the Supervisory Board in the 2020 financial year can be found in the section [> Report of the Supervisory Board, which begins on page 26](#) of this annual report.

Composition of the Boards

Targets for the participation of women

In accordance with section 76(4) and section 111(5) of the German Stock Corporation Act, the Supervisory Board and the Management Board are required to set targets for the participation of women in (i) the Supervisory Board, (ii) the Management Board and (iii) the two management levels below the Management Board, to stipulate a timeframe for when this goal must be achieved, to report on the achievement of this goal, or give reasons in the event of non-achievement of this goal.

Supervisory Board

At its meeting on 8 March 2017, the Supervisory Board agreed a share of 16.6%, which it is aiming to achieve by 31 December 2021.

The Management Board

At its meeting on 5 March 2020, the Supervisory Board defined a goal for the share of women on the Management Board of 33.33% and the deadline for achieving this goal as 31 December 2021.

Management levels below Management Board

LEG Immobilien AG itself has no employees and so no targets can be set for LEG Immobilien AG employees. However, at the Management Board meeting of 6 March 2017 the Management Board of LEG Immobilien AG voluntarily set Group-wide targets for the appointment of women to management positions. The Management Board set goal of a share of women of 30% in the first and second management levels below the Management Board, and is aiming to achieve this by 31 December 2021.

Supervisory Board and Management Board composition (Diversity Concept)

Diversity Concept of the Supervisory Board

For its composition the Supervisory Board has stated the following targets which include various diversity requirements:

- With the overall composition of the Supervisory Board, the competence profile set should be met. On the basis of their knowledge, skills and professional experience, the members of the Supervisory Board should be able to perform the duties of a Supervisory Board member of a listed property company with a focus on residential properties. The Supervisory Board has stated

that Group management, the housing industry, property transactions, bank and capital market financing, finances and management and regulation are special areas of competence which should be met by the Supervisory Board as a whole.

- The members of the Supervisory Board should satisfy the requirements of the German Corporate Governance Code.
- At least five members of the Supervisory Board must be independent as defined by the GCGC.
- In the interests of complementary cooperation, the members of the Supervisory Board should have sufficient diversity with regard to different professional backgrounds, specialist knowledge and experience when selecting candidates.
- There should be at least one woman on the Supervisory Board.
- Only candidates younger than 75 at the time of the election should be proposed for the Supervisory Board.
- The period of office of a member of the Supervisory Board should not generally be longer than fifteen years.

In its decision on candidates, the Supervisory Board takes into account not only the statutory requirements and the provisions of the Articles of Association, but in particular the above targets and the competence profile. The same applies to the Nomination Committee, which supports the Supervisory Board by providing assistance in its search for suitable candidates. The Supervisory Board most recently took account of the goals, including the competence profile, in its nomination of Mr Wiesmann in connection with the 2020 Annual General Meeting.

With the current composition of the Supervisory Board all goals have been achieved and the current composition of the Supervisory Board is balanced. The Supervisory Board members have the professional and personal qualifications considered necessary. Diversity is adequately taken into account on the Supervisory

Board, particularly with Natalie C. Hayday as a female Supervisory Board member until 6 January 2021. The Supervisory Board intends to propose to the Annual General Meeting in May 2021 that another, similarly qualified woman succeed Ms Hayday on the Supervisory Board. The Supervisory Board believes that it has a sufficient number of independent members. At present, all members of the Supervisory Board are independent as defined by recommendation C.6 of the GCGC. The regulation on the age limit (75 years at the time of the election) and the standard time limit for membership of the Supervisory Board of three full terms in office (15 years) are also taken into account.

To allow for an evaluation of their skills and a comparison with the goals, the CVs of the Supervisory Board members are published on LEG Immobilien AG's website.

Management Board diversity concept and succession planning for the Management Board

There are the following targets for the composition of the Management Board:

- Each member of the Management Board must have not only his own fundamental qualification, but also must be suitable for the company in its current situation and in view of future tasks.
- The Rules of Procedure for the Management Board specify that members of the Management Board should generally be not older than 65.

- The members of the Management Board should supplement each other in respect to competence and knowledge. Here the Management Board should be composed in a way that the Board as a whole not only has entrepreneurial and managerial competence but also knowledge of property management and extensive expertise concerning regional housing markets.
- Moreover, the composition of the Management Board should allow it to have financial markets expertise as well as social competence, e. g. in the area of social and neighbourhood management.
- At its meeting on 5 March 2020, the Supervisory Board defined a goal for the share of women on the Management Board of 33.3%.

Together with the Management Board, the Supervisory Board ensures long-term succession planning. The Supervisory Board and its Executive Committee ensure that the composition of the Management Board takes place taking due account of the targets set. In addition, account is taken of the relevant legislation and the recommendations of the German Corporate Governance Code. The Management Board as it stands at presents meets all targets.

The CVs of the Management Board members are published on LEG Immobilien AG's website so that these can be compared against the diversity concept.

The corporate governance declaration in accordance with sections 289f HGB and 315d HGB, including the above declaration in accordance with section 161 AktG and the other disclosures on corporate governance can also be found on the homepage of LEG Immobilien AG at www.leg.ag.