

Redefine sustainable living

SUSTAINABILITY REPORT 2018

Separate non-financial Group report of LEG Immobilien AG 2018

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About this Report

This Sustainability Report constitutes a separate non-financial Group report as required by Sections 315b and 315c in conjunction with Sections 289c and 289e of the German Commercial Code (HGB) for the financial year 2018. Certain sections within the separate non-financial Group report are marked with a green background.

This report was published on 11 March 2019 at the following web address: www.leg-wohnen.de/unternehmen/investor-relations/news-publikationen/nachhaltigkeitsberichte.

Unless indicated otherwise, the contents of the report relate to the entire LEG Group, i.e. all fully consolidated companies as per the 2018 consolidated financial statements (a comprehensive list of the consolidated companies can be found in the [2018 Annual Report in the Notes under "List of shareholdings"](#)). **GRI 102-45**

The reporting period equates to the 2018 financial year and runs from 1 January 2018 to 31 December 2018. **GRI 102-50**

This Sustainability Report has been prepared in accordance with the GRI Standards: Core option. **GRI 102-54** We also complied with the supplement G4 Construction and Real Estate Sector Disclosures (CRE) specific to the real estate industry.

For this separate non-financial Group report, we used the GRI Standards as a guide, in particular also for carrying out the materiality assessment and in defining policies.




In addition to the GRI Standards, the report was prepared taking into account the second edition of the Best Practices Recommendations on Sustainability Reporting of the European Public Real Estate Association (EPRA) published in 2014. The EPRA Sustainability Performance Measures are listed in a separate index at the end of the report.

The consolidated financial statements do not report any figures which relate to the aspects addressed in this separate non-financial Group report.



The separate non-financial Group report was audited by the audit firm PricewaterhouseCoopers GmbH in accordance with the ISAE 3000 (Revised) standard with limited assurance. References to information outside the Group management report as well as the consolidated and separate financial statements of LEG Immobilien AG relate to supplementary information and are therefore likewise not part of the audit.

LEG reports every year on its sustainability activities **GRI 102-52**

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Foreword by the Management Board



THOMAS HEGEL
Chief Executive Officer

ECKHARD SCHULTZ
Chief Financial Officer

GRI 102-14

**Ladies and gentlemen,
dear readers,**

Providing citizens with appropriate housing is currently one of the most important and most discussed societal objectives in our society. With its apartments our company makes an important contribution here. We want to give our customers a secure, affordable, liveable and likeable home. We regard ourselves as a good employer, reliable business partner and an economically sound and successful company.

To put things in a nutshell: with some 134,000 apartments, we are the market leader in North Rhine-Westphalia and also one of the largest housing companies in Germany. We offer our approximately 360,000 tenants contemporary and affordable housing. We are conscious of our corporate social responsibility and thus are there for our tenants. We aim to achieve medium-to long-term value enhancement. This means that we want to grow on an ongoing and sustainable basis. We are aware that the expectations external stakeholders have of real estate companies are increasing in view of the challenges that our society is currently facing, be it climate change, demographic change, the integration of immigrants and refugees or the creation of new housing in conurbations.

The second LEG Sustainability Report shows in a transparent fashion where we current stand in relation to these aspects, what targets we have for the future – with optimised reporting processes, a roadmap for the years to 2023 and our sustainability strategy. Here we feel committed equally to our customers, business partners and shareholders.

We would like to thank all employees wholeheartedly for their daily commitment. We hope you find this report informative reading.

THOMAS HEGEL
Chief Executive Officer

ECKHARD SCHULTZ
Chief Financial Officer

Company Profile

GRI 102-1; GRI 102-5 With around 134,000 rental apartments and approximately 360,000 tenants, the LEG Group based in Düsseldorf is one of Germany's leading listed housing companies. **GRI 102-3; GRI 102-4** It is included on Germany's mid-cap DAX index (MDAX) and generated revenue from renting and leasing of around 767 million euros in the 2018 financial year. **GRI 102-2.**

As the largest landlord in Germany's most populous federal state, North Rhine-Westphalia, **GRI 102-6; GRI 102-9** LEG has a systematic tenant focus via a finely honed management concept, extensive knowledge of the local markets and its wide presence. Its portfolio of apartments serves the growing demand for living space that offers good value for money. LEG's sustainably value-oriented business model based on growth and a tenant focus combines the interests of shareholders and tenants with a systematic growth strategy that draws on value-enhancing portfolio investment, the acquisition of suitable assets and services creating added value. Customer satisfaction is particularly important for LEG which is why it endeavours to continuously improve its level of service by means of target group orientation, social and neighbourhood management and personalised service.

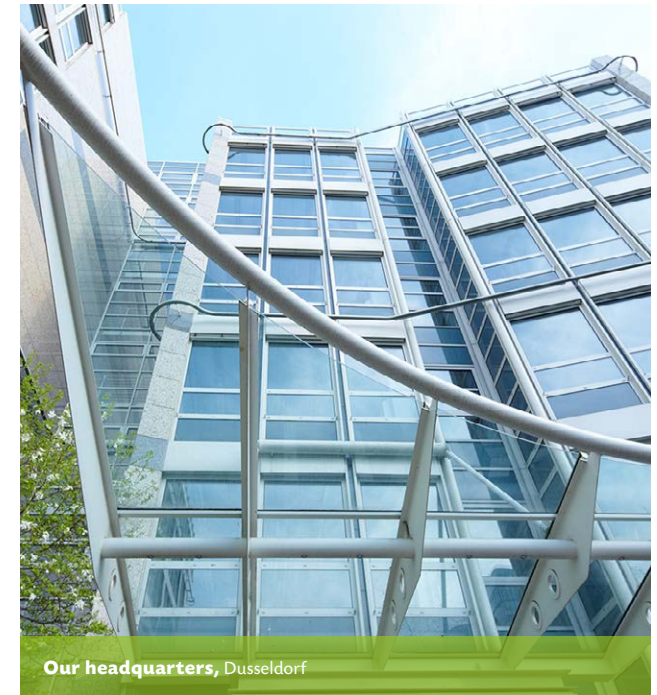
Creating added value for tenants

With carefully selected services, it creates added value for tenants while also generating additional revenue. For example, thanks to a cooperation agreement between LEG and Unitymedia, a regional multimedia provider, tenants benefit from a significantly more extensive and more affordable portfolio of TV service and Internet products.

Through EnergieServicePlus GmbH (ESP), LEG has been providing a portion of its rental apartments with environmentally friendly heating at fair prices in partnership with innogy SE since early 2016. Together with the company B&O, LEG founded the joint venture TechnikServicePlus GmbH (TSP) for small repair management. The new company, VitalServicePlus (VSP) aims to mediate services for LEG tenants relating to nursing, everyday assistance, comfort, safety, vitality and family.


Another focus at LEG is on having good neighbourhoods. The tenant parties organised by LEG bring together people from many countries, different age groups and situations in life. In 2017, the company invited its tenants to more than 150 parties and events. In 2018, there were more than 155 neighbourhood parties and events.

LEG continuously invests in maintenance and modernisations in order to bring its portfolio into line with modern living standards, to increase tenant satisfaction and to improve the quality of its portfolio. In 2017, approximately EUR 188 million (around EUR 22.4 per square metre) were spent on offering the tenants modern, environmentally friendly living spaces. Thanks to an additional strategic investment programme, capital expenditure increased in 2018 to some 253 million euros (around 30 euro per square metre). In 2019, it is expected to be of the order of EUR 270 to 280 million (around EUR 30 to EUR 32 per square metre). The investment strategy makes sense not only for the LEG shareholders, but also for the Group's tenants and the environment, and underscores the sustainability of LEG's entrepreneurial focus.



Our headquarters, Düsseldorf

As an employer, LEG makes efforts to ensure the well-being of its employees. Career development prospects, team spirit and reliability are values that our employees associate with LEG. In 2018, the company had 1,368 employees. The company offered twelve young people a training position.

Further information on the business model of LEG Immobilien AG can be found in the  **Group's Management report in the section "Basic information about the Group".**

Managing Sustainability Efficiently and Reliably

Sustainability Management and Governance Structures Established

At all times, LEG management and the Supervisory Board feel committed to sustainable governance in line with the legal, ethical and ecological requirements. This is increasingly reflected in the relevant organisational structures, specific processes and documentation.

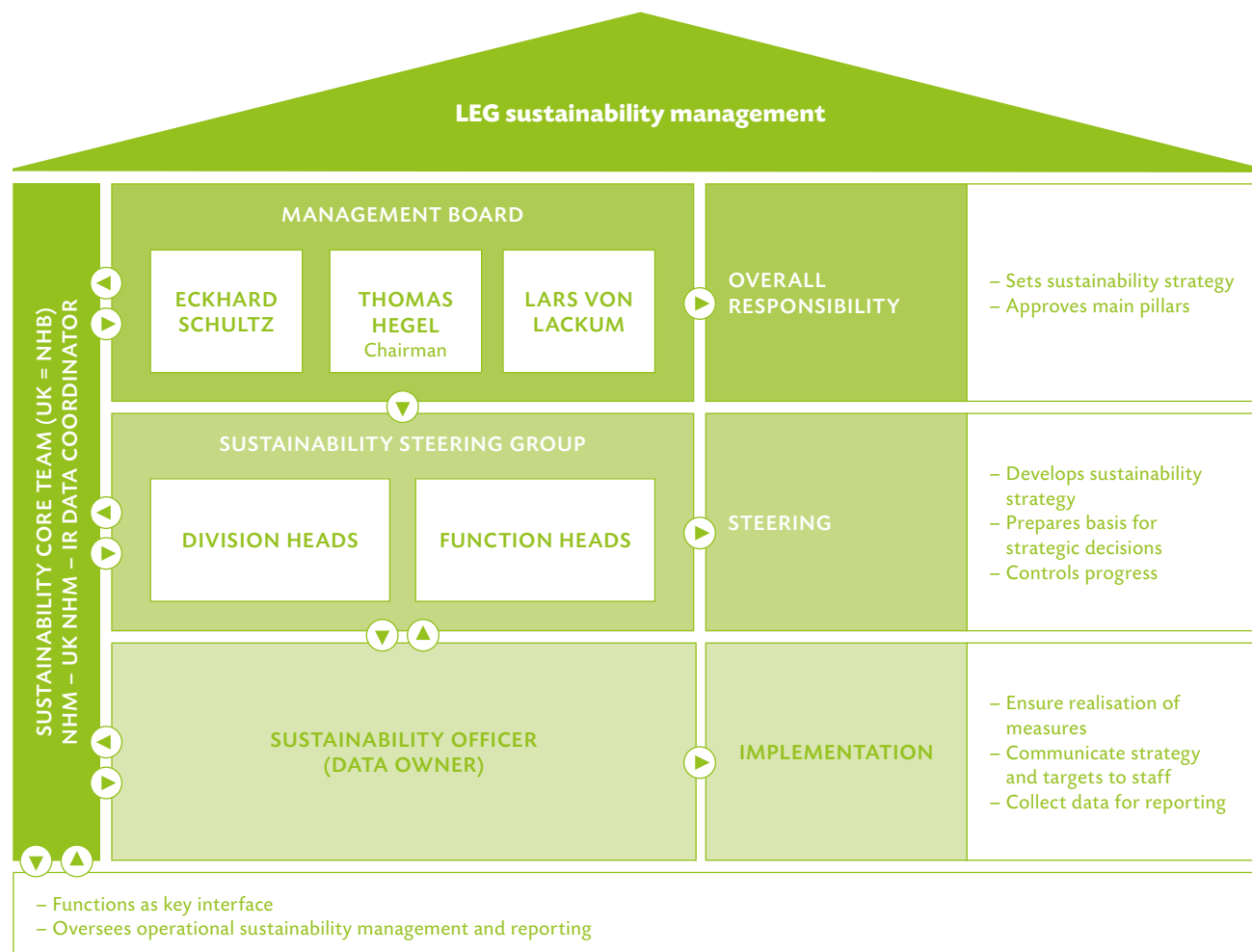
Thus in 2017 the first task was to take stock of the existing measures and programmes and to define the processes for recording non-financial performance indicators. At the same time, LEG created an initial organisational structure for its sustainability management, identified sustainability issues with the highest level of materiality and drew up a Sustainability Mission Statement based on the existing guiding principles for responsible business (e.g. Code of Conduct). In the 2018 reporting year, we again made considerable progress. With professional external support we established a sustainability strategy and a roadmap for the next few years, reached or moved forward on initial objectives and achieved a higher level of professionalism in sustainability management.

LEG sees sustainability as a corporate obligation, which it meets for its tenants, investors, business partners and employees in a variety of ways. The Management Board bears overall responsibility for the area of sustainability. The top decision-maker in the Management Board for matters relating to sustainability is the CEO, Thomas Hegel. A Sustainability Steering Committee was created for strategic decisions and to pool the activities; **GRI 102-18**; it comprises more than ten heads of the key divisions and the function heads.

The Sustainability Steering Committee's key responsibilities includes checking the Sustainability Mission Statement formulated in 2017 and determining the sustainability goals. During the year, the Steering Committee coordinates several times. To obtain information on the targets on monitoring achievement, numerous performance indicators are collected in various specialist departments, for which there is

a specially appointed Sustainability Officer. They also ensure that the sustainability goals are achieved through corresponding measures. The structures for which an outline was established in 2017 were continued and expanded in the reporting year. For this reason, in 2018 LEG created the new function of sustainability manager, operating in corporate communications and serving as the primary interface

between the individual divisions. The employee is responsible for sustainability reporting and is supported by the IR department in respect to the capital market requirements relating to CSR issues. The Head of Corporate Communications is responsible for coordination of the functions at the second management level.



NHB – sustainability report, NHM – sustainability manager, UK – corporate communications, IR – investor relations

Materiality Assessment and Stakeholder Dialogue

Key sustainability issues determined

In 2017, LEG implemented an extensive materiality analysis **GRI 102-46**. Within the framework of a coordination process accompanied by external experts, 23 topics were identified which were assigned to four areas. We described the process in detail in the 2017 Sustainability Report.

This materiality analysis is also the basis for the 2018 Sustainability Report. It is made up of a stakeholder analysis and an assessment of the financial, environmental and social impact of the company's activities.

Surveys to analyse stakeholder interests

LEG used a structured process to analyse and select the stakeholders. **GRI 102-40; GRI 102-42; GRI 102-43** The company focused on those stakeholders which are related to its core line of business and which have a high degree of expertise in their respective areas. The stakeholder groups included comprise:

- Tenants' associations
- Policymakers
- Real estate industry
- Suppliers/service providers
- Financial market
- Industry associations
- Employees
- Scientists

For the purposes of the analysis, a total of 26 stakeholders were surveyed anonymously in 2017, with their evaluations being given equal weighting. The data was collected using a quantitative assessment form complemented by qualitative interviews for verifying the quantitative results and obtaining additional information. We described the stakeholder survey process in detail in the 2017 Sustainability Report. **GRI 102-44**

LEG Materiality Matrix

Business management

- A1** Economic performance
- A2** Indirect economic impacts
- A3** Fair business
- A4** Political influence
- A5** Compliance

Environment

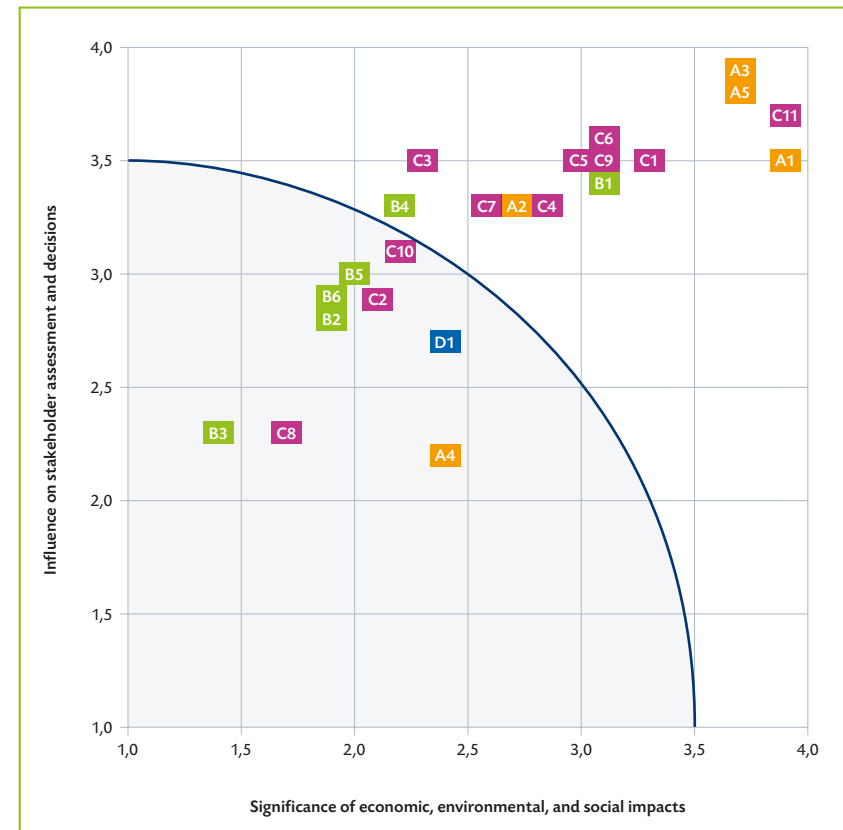
- B1** Energy
- B2** Water
- B3** Biodiversity
- B4** Emissions
- B5** Effluents, waste
- B6** Climate change adaption

Social affairs

- C1** Employment
- C2** Occupational safety and health
- C3** Vocational and professional training
- C4** Diversity and equal opportunity
- C5** Local communities
- C6** Societal challenges
- C7** A liveable environment
- C8** Corporate Citizenship
- C9** Customers' health and safety
- C10** Product labelling
- C11** Customer satisfaction

Supply chain

- D1** Suppliers



LEG has taken up the issues and concerns of the stakeholders in its various areas of action and incorporated them into the management of its measures. Other matters of concern to the stakeholders included the desire to see greater transparency. Moving forward, this is achieved on the basis of LEG's regular sustainability reporting.

Assessment of the impact by the Steering Committee

The Sustainability Steering Committee assessed the impact of LEG's business activities on economic, environmental and social dimensions of sustainability, taking into account the requirements of the GRI Standards, Germany's CSR Directive Implementation Act (HGB) and other relevant legislation.

Materiality Matrix created

The joint evaluation of stakeholders on the one hand and the assessment of the financial, environmental and social impact of the company's activities on the other hand results in a materiality matrix for LEG's sustainability topics. An additional check was performed to determine whether there were any issues that had not been considered which were necessary in order to understand the course of business, the business result or the company's situation. No such topics were identified.

The findings were then validated by the Steering Committee and the Management Board. As all 23 issues were rated relatively highly on a scale of 1 to 4, the 3.5 mark was used to distinguish between material and less material issues. This allows LEG to focus on 14 topics, which also form the core of the report.

Deriving the sustainability areas of action

For the non-financial reporting, in line with HGB an analysis is made as to which material aspects are relevant for understanding the course of business, the business results, the company's situation and the impact on its activities (> Table). The 14 issues which were determined to be material were assigned to five areas of action. They serve

List of areas of action (incl. GRI/EPRA)

Topic	GRI/EPRA-disclosures	HGB aspect
Business management		
Economic performance	GRI 201 Economic Performance	
Indirect economic impacts	GRI 203 Indirect Economic Impacts	
Fair business	GRI 205 Anti-corruption GRI 206 Anti-competitive Behaviour	Combating corruption and bribery Human rights
Compliance	GRI 307 Environmental Compliance GRI 419 Socioeconomic Compliance	
Tenants		
Tenant satisfaction	–	Social aspects
Tenants' health and safety	GRI 416 Customer Health and Safety GRI 418 Customer Privacy	
Employees		
Employment	GRI 401 Employment GRI 406 Non-discrimination	Employee aspects
Vocational and professional training	GRI 404 Training and Education	
Diversity and equal opportunity	GRI 405 Diversity and Equal Opportunity	
Environment		
Energy	GRI 302 Energy GRI CRE1 Building energy intensity GRI CRE8 Type and number of sustainability certification, rating and labelling schemes EPRA Electricity consumption EPRA District heating & cooling consumption EPRA Fuel consumption EPRA Building energy intensity EPRA Type and number of sustainably certified assets	Environmental aspects
Emissions	GRI 305 Emissions GRI CRE3 Greenhouse gas emissions intensity from buildings EPRA Direct greenhouse gas emissions EPRA Indirect greenhouse gas emissions EPRA Greenhouse gas intensity from building energy consumption	
Society		
Local communities	GRI 413 Local Communities	Social aspects
Societal challenges	–	
A liveable environment	–	

as the basis of LEG's sustainability management and are therefore also the focus of the report, with a main chapter dedicated to each issue. Each area of action corresponds to certain aspects of HGB and also the GRI and EPRA disclosures (> [Table](#)).

LEG's materiality assessment was based on the generally accepted reporting principles in accordance with the GRI Standards. Stakeholder involvement was ensured by means of stakeholder analysis, while the sustainability context was established by generating topics taken from established frameworks. Each topic's materiality was determined on the basis of a materiality assessment. Exhaustiveness is achieved by addressing the topics identified in their respective chapters of the report. [GRI 102-46; 102-47](#)

The human rights aspect stipulated in CSR-RUG is taken up in the "Business Management" area of action. On this matter, LEG has not yet developed any management approach including performance indicators.

Taking into account the outlined concepts and measures, LEG did not identify any risks that have or will have negative impacts on the aspects and which are very likely to occur.

Sustainability Mission Statement and Strategy Developed

Values and principles are the foundation

LEG underpins its business activities with clear ethical principles and values, which are summarised in its Code of Conduct. Day-to-day compliance with this code is a key factor contributing to LEG's business success. Its central tenet is fair, responsible and transparent conduct when dealing with co-workers, customers, business partners and the public. The Management Board and Supervisory Board have made a commitment to observe the Code of Conduct. [GRI 102-12; GRI 102-16](#)

LEG attaches particular importance to long-term partnerships, compliance with agreements and mutual obligations, and honest dealings with its business partners. Business partners are required to comply with the Supplier Code of Conduct, which is based on the LEG Code of Conduct. [GRI 102-12; GRI 102-16](#)

LEG has made an explicit commitment to responsible corporate governance. In the past, it has complied without exception to the German Corporate Governance Code. (The declarations of compliance from past years are available online at www.leg-wohnen.de/unternehmen/investor-relations/corporate-governance/kodex-entsprechenserklaerung/).

LEG is a member of the Corporate Governance in the German Property Sector Initiative. The Corporate Governance in the German Property Sector Initiative works to support the real estate industry in its efforts to improve the level of professionalism. To do this it has drawn up guidelines and a certification system. As part of this system under www.icg-institut.de, the Corporate Governance in the German Property Sector Initiative has published a "Corporate Governance Code of the German Real Estate Industry" which contains property-specific recommendations going beyond the German Corporate Governance Code to reflect the specific features of the German real estate industry and to secure an improvement of its international competitive position. LEG – with the exception of the provisions of item 5.3.2i –

also complied with these recommendations in the past few years. In addition, LEG intends to have its compliance management system certified by the Corporate Governance in the German Property Sector Initiative. The audit process required for this has already been conducted.

LEG also engages in a variety of activities with a view to enshrining value-oriented corporate governance featuring transparency, integrity and sustainability in the real estate industry.

Mission statement provides guidance

As early as 2017, LEG used the identified areas of action to develop a Sustainability Mission Statement. In doing so, LEG also took into account the real estate industry's sustainability code as developed by the German Property Federation. The mission statement outlines LEG's understanding of responsibility, its sustainability strategy and its dialogue approach. The mission statement process was developed on the basis of close cooperation between the Steering Committee and the Management Board.

Sustainability strategy with a fixed road map from 2018

Following the appraisal of the Group's status quo and the determination of its areas of action in 2017, the company expanded and further developed its strategic sustainability activities in 2018. A number of overarching goals in this area were defined in the 2017 reporting year. These include the development of a sustainability strategy together with a road map up to the end of 2018. The purpose of the road map is to define LEG's future sustainability vision and to underpin it with short-, medium- and long-term goals and a concrete plan of action for the following five years. In 2018, LEG further professionalised its sustainability management and initiated it as a regular process. By the end of 2020, LEG plans to expand its recording of performance indicators, thereby plugging any gaps in collection.

In the chapters that follow, LEG describes its policies and management approaches in the five areas of action and presents its associated measures.

The LEG Group's Sustainability Mission Statement

Our Understanding of Responsibility

As the largest provider of affordable housing in North Rhine-Westphalia and as one of the largest housing companies in Germany, the LEG Group provides some 360,000 people in its core North Rhine-Westphalia market with homes in some 134,000 apartments. We have been a reliable landlord for more than 90 years and, as the designer of attractive housing and residential solutions, we are a strong partner to the housing industry and local authorities. We are also an important source of business for the skilled trades, the service sector and industry.

As a company with a tradition rooted in North Rhine-Westphalia, we have been engaging in social responsibility within our neighbourhoods for some time and are committed to acting sustainably. We are also aware of our particular responsibility regarding the balanced treatment of people within society and environmental development.

As a real estate company, we create and maintain long-term value with our apartments. As such, we consider sustainable development to be about acting with foresight and in a way that safeguards value. In addition to our responsibility towards our tenants, employees, shareholders and business partners, we see it as our duty to ensure that our actions and the impact of our business activities are also in keeping with societal expectations.

Our Sustainability Strategy

We embrace this corporate responsibility by seeking to exceed the minimum statutory requirements and achieve continuous improvements. Our sustainability strategy revolves around five key areas of action covering the three dimensions of sustainability – environment, social affairs and economy.

1. Business management

The aim of all stock corporations is to generate financial value for their shareholders. We support the economy and society both directly and indirectly by paying salaries, taxes and levies. In this area of action, we ensure that the value we create is generated fairly in compliance with national and international laws and regulations as well as the voluntary regulations to which we have committed. We make targeted ongoing investments in order to maintain and increase the quality as well as the environmental and economic added value of our portfolio.

2. Tenants

Our actions have a systematic tenant focus, both in our core line of business and in our extra and added value services. We offer our tenants attractive housing and residential solutions at appropriate prices in which they can live well and safely. We know our tenants and are happy to assist them. This area of action also comprises social and neighbourhood management measures, measures designed to integrate tenants into our neighbourhoods and measures for fair and conflict-free coexistence.

3. Employees

We offer our employees a motivational work environment that will continue to secure committed and qualified employees and which boosts the appeal of our company to job applicants. In our day-to-day interactions, we are guided by our Principles of Management and Working Together and observe the principles of sustainability when selecting, developing and managing our employees. This area of action comprises measures relating to employee satisfaction, vocational and further training, and the topics of diversity and equal opportunity. We also actively involve our employees in our sustainability endeavours and seek to inspire them to make a contribution.

4. Environment

The real estate industry has a major role to play in sustainable development, in particular with regard to the environmental dimension. In Germany, it is primarily the topics of energy efficiency and emissions reduction that are highly relevant to the sector. In this area of action, we therefore focus on measures that contribute to the achievement of global climate goals. We involve our tenants in this development by raising their awareness of environmental issues and teaching and informing them about targeted energy conservation measures.

5. Society

The strengthening of local structures for sustainable and liveable neighbourhoods is a key task to which we are committed. In addition to our social and integrative work within neighbourhoods, this area of action comprises measures through which we can contribute our real estate expertise toward the solving of general societal challenges, for example by maintaining living space in conurbations.

We set ourselves concrete annual goals in each of these five areas of action. These goals contribute to the implementation of our sustainability strategy and are continuously pursued. Our sustainability goals are summarised in a company-wide plan of measures. To firmly establish the principles of sustainability within our corporate structure and to steer our sustainability strategy, we created a governance structure for sustainability comprising the Management Board, the division heads and appropriate specialists. All the company divisions are coordinated centrally by Corporate Communications.

Our Understanding of Dialogue

We achieve transparency by publishing our goals, measures, activities and progress annually in our sustainability report. We regularly engage in dialogue with all our stakeholders in order to take external expectations into account. These stakeholders include tenants, employees, shareholders, business partners, associations, local policy-makers, municipalities, social organisations and society as a whole.

The Sustainability Strategy

In 2017, LEG established a sustainability management to more strongly bundle the ongoing activities for sustainable corporate management and to document this in a sustainability report for the 2017 reporting year. To manage this complex issue in the medium and long term, for 2018 LEG undertook to develop a sustainability strategy, to draft objectives and to find options for quantifying the successes already achieved.

To do this in the 2018 reporting year, a strategic sustainability program was developed in a cross-departmental internal discussion and coordination process.

Sustainability driven by responsibility

In many municipalities LEG is owner of numerous properties. In this role, our business decisions affect not only the company's economic concerns, but also impact the lives of our tenants and have a major impact on entire districts.

We are conscious of the related responsibility and have presented our stance on the matter in the [> Sustainability Mission Statement](#). But in the matter LEG wants to systematically continue down the path of integrating sustainability topics in everyday life and has combined all aspects in a comprehensive strategic approach.

Concentration on what is really important

LEG sees sustainability as a corporate obligation, which it meets for its tenants, investors, business partners and employees in a variety of ways. Being rooted in North Rhine-Westphalia and our position as the largest provider of affordable housing in North Rhine-Westphalia give us a strong incentive to design our endeavours in the area of sustainability in a way that can be managed and checked. For this reason, in the context of our strategy process we opted to formulate quantifiable objectives.

In 2017, LEG had already performed an extensive materiality assessment to identify the key sustainability management issues and to determine the reporting content (www.leg-wohnen.de/unternehmen/investor-relations/news-publikationen/nachhaltigkeitsberichte). (SR 2017)). The issues which were determined to be material were assigned to five areas of action. In addition, the Sustainability Management area of action was set up.

Social value added and minimising environmental impact planned

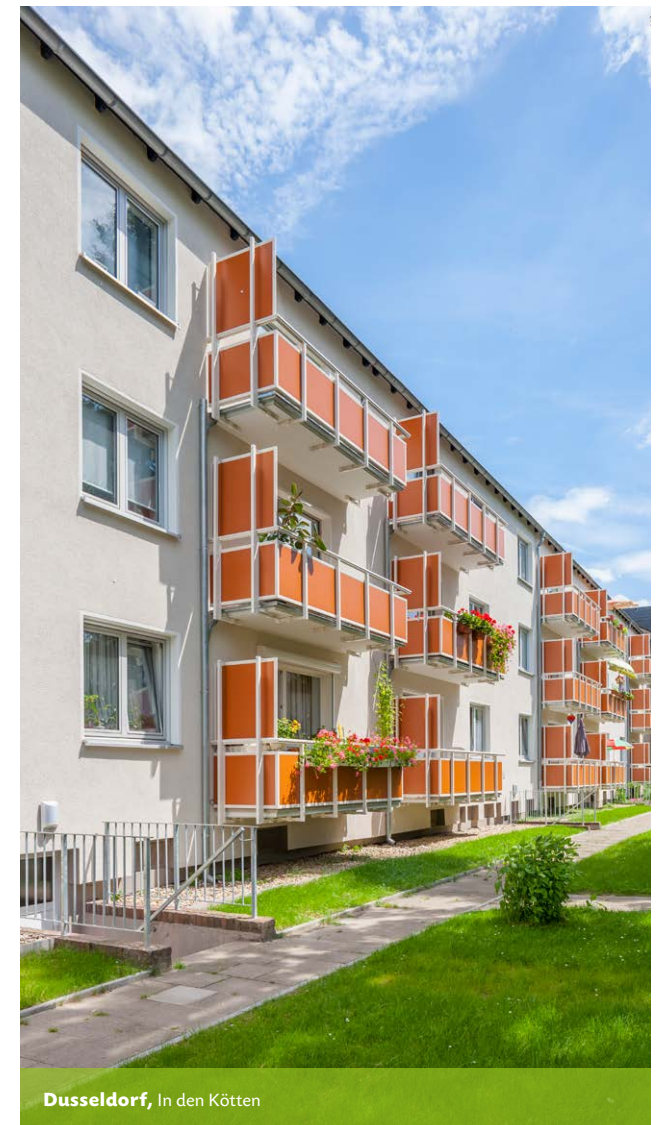
In the LEG target definition process, all relevant specialist departments were involved under the aegis of sustainability management. What is important for us is to formulate at least one strategic target for each of the areas of action. This was formulated with respective operationalised targets. Where possible, we quantified them and in every case set a target implementation date. The measures necessary were described together with the specialist departments. For a comprehensive presentation of all objectives and measures, please refer to the [> Roadmap 2023](#).

Annual progress now quantifiable

In formulating the targets, it was very important for us that they were very specifically stated and make a measurable value contribution to improving social issues or minimising the environmental impact.

The targets in our roadmap are selected with a run-time no later than 2023 so that they synchronised with the overall LEG strategy process.

We will report annually on the progress achieved for the individual targets.



Düsseldorf, In den Kötten

Our Sustainability Roadmap 2023

Strategic target I in the Sustainability Management area of action

LEG manages sustainability in a targeted and strategic fashion

Operationalised targets	Date	KPI/status
Development of a sustainability strategy together with a road map	2018	Publication in this sustainability report
Implementation of a sustainability strategy as part of the corporate strategy	2019	–
Setting SMART (specific, measurable, agreed up, realistic, time-based) targets in all areas of action, with regular updates and further development of the target catalogue	Annually	–

Strategic target II in the Sustainability Management area of action

LEG improves its sustainability management system on an ongoing basis

Operationalised targets	Date	KPI/status
Further increase in the professionalism of sustainability management with fixed responsibilities and project structures	2018	Established in the Management Board Appointment of a core NH team
Harmonise business and sustainability reporting	2019	–
Close data gaps	Annually	Each sustainability report is based on more extensive ¹ data than the preceding report (in the SR 2018 the following performance indicators were supplemented/extended: GRI 416-1 safety maintenance process)
Steadily expand scope of the audit by the external auditor	Annually	–

¹ For example, expanded scope, supplementing missing KPIs, less use of explain option

Strategic target in the Business Management area of action

LEG creates economic value in a responsible and fair way

Operationalised targets	Date	KPI/status
Reduction of compliance risks, and identification of compliance cases and sanctioning ¹	Annually	Number of compliance cases in 2017: 0 2018: 0
Secure fair dealing with employees, customers and business partners (aligned to the guiding principles of the 'reputable businessman'.)	Annually	–
Increased awareness of all employees for the issue of compliance, especially corruption and data protection	Annually	Number of participants in a compliance seminar in 2018: 142

¹ Definitions: Compliance case = infringement against laws, regulations or voluntary regulations to which the LEG has made a commitment

Strategic target in the Tenants area of action

LEG is a fair landlord with satisfied and loyal tenants

Operationalised targets	Date	KPI/status
Tenant satisfaction at the same or increasing level	Annually	Tenant fluctuation 2017: 10.2 % 2018: 10.7 % Average rental duration 2017: 11.9 years 2018: 11.8 years
Steady, qualitative improvement of services	Annually	2018: 21 workshops on the service promise in all branches and in Centralised Customer Service; for 2019 placement and further development in other formats planned

Strategic target in the Employees area of action

LEG is an attractive employer with motivated and satisfied employees

Operationalised targets	Date	KPI/status
Increase in employee satisfaction	2019	Trust Index in the employee survey by the Great-Place-To-Work® institute (in 2019) Employee fluctuation 2017: 8.9 % 2018: 9.1 %
Increase in attractiveness as an employer	2021	Average number of applications for each advertised position (first measurement for 2019)

Strategic target in the Environment area of action

LEG is steadily reducing energy consumption and the CO₂ emissions in its property portfolio

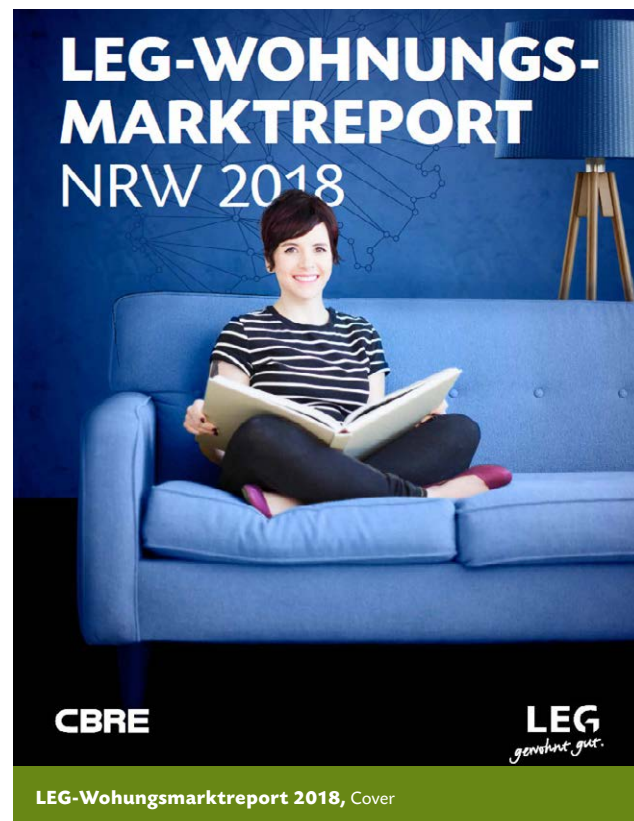
Operationalised targets	Date	KPI/status
Reduction of the number of buildings in energy efficiency classes G and H by > 20 %	2021	Percentage of residential buildings in energy efficiency classes G and H: 2017: 21.5 % 2018: 24.3 % ¹
To improve the energy efficiency of more than 15 % of the properties between 2017 and 2021 (on average 3 % per year)	2021	
Increase of consumption transparency for tenants	–	–

¹ Increase from 2017 to 2018 as a result of acquiring properties with poorer energy efficiency values and the comprehensive issuance of new energy efficiency certificates in the 2018 financial year

Strategic target I in the Society area of action:

LEG makes its contribution to maintain stable districts

Operationalised targets	Date	KPI/status
Promotion of local communities and neighbourhoods with active district management	Annually	Branches that implemented neighbourhood measures 2017: 8 Branches (100%) 2018: 8 Branches (100%)
Be a reliable partner for municipalities and institutions	Annually	–



LEG-Wohnungsmarktbericht 2018, Cover

Strategic target II in the Society area of action:

LEG makes a contribution to challenges in society

Operationalised targets	Date	KPI/status
Provision of apartments and services in line with demographic change and altered situations in life	2020	–
Provision of living space in conurbations	2023	Number of apartments in the Top 12 NRW cities from the LEG Housing Market Report

2017			
Cities	Free-financed	Rent-restricted	Apartment result
Aachen	18	652	670
Bielefeld	2,660	594	3,254
Bochum	1,209	361	1,570
Bonn	899	1,385	2,284
Dortmund	8,961	4,445	13,406
Duisburg	5,720	851	6,571
Dusseldorf	3,838	1,345	5,183
Essen	1,971	1,158	3,129
Gelsenkirchen	6,394	422	6,816
Cologne	2,301	1,601	3,902
Muenster	4,986	1,088	6,074
Wuppertal	1,510	616	2,126

2018			
Cities	Free-financed	Rent-restricted	Apartment result
Aachen	74	652	726
Bielefeld	2,647	585	3,232
Bochum	1,249	377	1,626
Bonn	898	1,385	2,283
Dortmund	9,033	4,563	13,596
Duisburg	5,991	916	6,907
Dusseldorf	4,101	1,206	5,307
Essen	2,129	1,243	3,372
Gelsenkirchen	6,980	345	7,325
Cologne	2,409	1,489	3,898
Muenster	5,037	1,088	6,125
Wuppertal	1,458	616	2,074

Business Management Area of Action

The aim of all stock corporations is to generate financial value for their shareholders. We support the economy and society both directly and indirectly by paying salaries, taxes and levies. In this area of action, we ensure that the value we create is generated fairly in compliance with national and international laws and regulations as well as the voluntary regulations to which we have committed. We make targeted ongoing investments in order to maintain and increase the quality as well as the environmental and economic added value of our portfolio.

Material topics

Economic performance

Financial results, amounts generated and disbursed (profit, expenses, taxes), profitability, financial stability.

Fair business

Avoiding corruption, bribery and anti-competitive behaviour.

Compliance

Observing national and international laws and regulations, and LEG's commitment to voluntary regulation.

Indirect economic impacts

Involvement in infrastructure projects (not exclusively serving LEG itself) and the economic impact (positive/negative) on the company and the local economy, e.g. on the local labour market, on the real estate sector, etc.

DOING BUSINESS FAIRLY AND RESPONSIBLY

Compliance Safeguards Value Added

LEG generates value for its shareholders, the employees, the local economy and society. It endeavours to generate value added fairly in compliance with national and international laws as well as the voluntary regulations to which it is committed.

Fair business and compliance were identified as key topics in the materiality assessment conducted in 2017. The topic of economic performance, which is discussed in detail in LEG's annual report www.leg-wohnen.de/unternehmen/investor-relations/news-publikationen/finanzberichte is likewise relevant, as is the topic of indirect economic impacts. The latter is handled both in the annual report (for example in the form of information regarding employees' vocational

REPUTABLE BUSINESSMAN

LEG ALSO ALIGNS ITSELF CLOSELY TO THIS GUIDING PRINCIPLE ORIENTED TO RESPECT, HONESTY AND DECENCY AS BASIS FOR RESPONSIBLE CONDUCT.

training and professional development) and in various chapters of this sustainability report (> see **Employees area of action** and **Society area of action GRI 203-1**). As no concept for the management of indirect economic impacts exists within LEG to date, this topic is not included in the description of the management approach below. The scope of the policies regarding the topics of fair business management and compliance comprises the entire LEG Group and all its employees. **GRI 103-1**

At LEG, compliance relates first and foremost to the observation of laws, rules and voluntary regulations. In addition the meeting statutory requirements, LEG understands fair business to be about basing one's conduct on the guiding principles of the 'reputable businessman', these being closely linked to responsible conduct on the basis of respect, honesty and decency. **GRI 103-1**

Fair business and compliance foster the trust of existing and future tenants, boost credibility, fulfil stakeholders' expectations and strengthen LEG's public reputation. They also ensure the company's long-term growth and protect the company's assets by avoiding criminal offences and fines. **GRI 103-1**

Compliance Management System Manages Goals and Measures

LEG's corporate culture is characterised by ethics, integrity and compliance with the law. These principles demand not only legal correctness, but also ethically sound independent conduct on the part of the employees. **GRI 103-2**

The avoidance of cases of non-compliance is a strategic goal pursued by LEG as is the identification of non-compliance. To achieve this goal in the 2018 reporting year, it primarily organised training of all new employees and created an intranet page on compliance in order to promote communication and raise awareness. Additionally, the business processes were improved with a view to preventing non-compliance. As a second strategic goal, LEG intends to consolidate its alignment with the guiding principles of the 'reputable businessman'. Here the key issue is to deal honestly and respectfully with customers, employees and business partners, and encounter them as equals. In this connection, LEG ensures in particular that the rental process and tenant communication are both fair and transparent. **GRI 103-2c**

GRI 103-2c

Compliance with all statutory and regulatory requirements is managed via a centralised compliance management system (CMS) pursuant to IDW standard AsS 980. The CMS comprises all the internal guidelines and regulations that require compliance of employees and business partners. These include the Code of Conduct, the Group Works Agreement on conduct in the business environment, LEG's management principles, information sheets on compliance for the LEG employees and the purchasing manual. The employees are given compliance training in particular with regard to corruption prevention. **GRI 103-2**

The CMS is reviewed in an annual risk inventory. Additionally, compliance risks and countermeasures are recorded and assessed within the risk management system on a quarterly basis. At least once a year, the Compliance Officer and executive managers review the relevance of the compliance goals for each of LEG's organisational units. **GRI 103-2**

Responsibility for the CMS lies with the Management Board, which determines the compliance goals. The Legal, Structure and Organisation division is responsible for the organisational and professional aspects of compliance. The compliance team comprises the Compliance Officer at its helm, an independent ombudsman, the Head of Human Resources and the Head of Auditing. The Compliance Officer is the person to contact regarding any compliance matters such as prevention, training and reporting.

Whistle-blower system for reporting violations

LEG has put a whistle-blower system in place via which employees and external third parties can address concerns to their direct superior, the Compliance Officer or the ombudsman. When compliance violations are reported, they are investigated by the Legal, Structure and Organisation division or by an external audit company. If a violation of compliance is confirmed, action is taken irrespective of the individual's position within the company, for example in the form of industrial law consequences or criminal charges. **GRI 103-2c**

The lawyer who acts as the ombudsman is obliged to observe secrecy and, insofar as is legally enforceable, has the right to withhold information vis-à-vis a public prosecutor or the company management. The ombudsman evaluates the violation reports and makes an independent decision regarding whether to pass on a suspicion to the company management or the Compliance Officer. LEG also has an internal Anti-Corruption Officer as an additional point of contact in the event of rule violations. The Supervisory Board's Audit Committee likewise regularly addresses the issue of compliance and reports on this to the Supervisory Board. **GRI 103-2c**

Investigating violations and taking countermeasures

The compliance goals are reviewed regularly and their achievement status is reported to the Management Board. Since 2016, there have also been audit reviews focusing on compliance. In the event of cases of non-compliance, a structured analysis of the causes is conducted, following by ad hoc training and improvement measures. **GRI 103-3**

The existence of non-compliance is continuously under review. In 2018, no significant fines were imposed as a result of non-compliance with environmental, social or other statutory requirements. **GRI 307-1; GRI 419-1** No legal proceedings were initiated in the reporting period on the basis of violations of competition law (> **Key performance indicators: Business management area of action**). **GRI 206-1** There were no confirmed cases of corruption in the reporting period. **GRI 103-3**

LEG is seeking to have its CMS certified in accordance with the certification system of Initiative Corporate Governance in the German Property Sector. The audit required to do so was conducted at the end of 2018. **GRI 103-3**



Transparency in all Business Processes

In addition to compliance training for employees and executives, LEG's compliance management is founded on the application of various sets of rules, of which the Code of Conduct is one of the most important. The Code of Conduct is part of the employees' contracts of employment and is contractually agreed with business partners with anticipated sales exceeding EUR 10,000. Additionally, master agreements contain anti-corruption clauses. **GRI 103-2**

At LEG, the "two sets of eyes" principle is applied. Additionally, prior to their application the Legal, Structure and Organisation division reviews all LEG's business processes regarding the extent to which they pay into the commitment to prevention and provide an incentive for LEG's compliance goals to be achieved. Since the fourth quarter of 2017, the organisational unit Business Process Management, which models the business processes, has been part of the Legal, Structure and Organisation division. **GRI 103-2**

LEG communicates fairly and frankly with all of its prospective tenants, for example by means of multilingual information sheets. It does not demand commission for brokering, advising on or concluding accommodation leases, either directly or through third parties, and does not work with individuals who demand such commission from prospective tenants. If interpreters are needed in talks, LEG reviews their background. LEG informs prospective tenants of the option of reporting behaviour to the Compliance Officer should LEG employees or third parties demand cash sums. **GRI 103-2**

General Statement on Respecting Human Rights

The protection of human rights is axiomatic for LEG. In order to underline this even more clearly, LEG intends to introduce successively the German government's "National Action Plan" to implement the principle measures for business and human rights resolved by the United Nations and in this connection the publication of the general statement on respecting human rights in 2019.

Compliance Training: Knowledge equals Prevention

LEG raises awareness among its employees and gives them training in order that they can act safely and entirely ethically in any work situation. A key area is compliance training, in which LEG focuses primarily on combating corruption.

COMPLIANCE TRAINING

LEB offers compliance for all new employees on a six-monthly basis.

2x annually

Until the middle of 2016, all employees were given initial training. Since then, compliance training has been held for all new employees on a six-monthly basis. LEG implements special training for managerial employees and trainees. Attention is paid to ensure full attendance of the training sessions. Follow-up sessions or phone-based sessions are arranged for employees who are unable to attend. Members of staff who are unable to attend any of these sessions are sent the training documents for them to study themselves and must give written confirmation that they have understood the contents in full.

As of 30 September 2018, all employees had participated in compliance training. This equates to 100 % of the workforce at that time, not including approximately 300 employees from the tradesman subsidiary TechnikServicePlus GmbH.

The members of the Supervisory Board and the Management Board are likewise actively involved in the most important compliance activities and are given instruction regarding anti-corruption strategies and measures. **GRI 205-2**

Training further expanded

The training was further expanded in the reporting year. Since 2017, there have additionally been separate compliance training sessions for employees working in especially sensitive divisions like Acquisitions and from 2018 also for Central Purchasing and Technology, which should also take place once a year.

Training to raise awareness of and further develop the compliance management system is especially important to the company, as it wishes to keep the risk of compliance violations to a minimum. These training sessions are conducted by the Compliance Officer, with the assistance of external experts depending on the topic being addressed.

In Focus

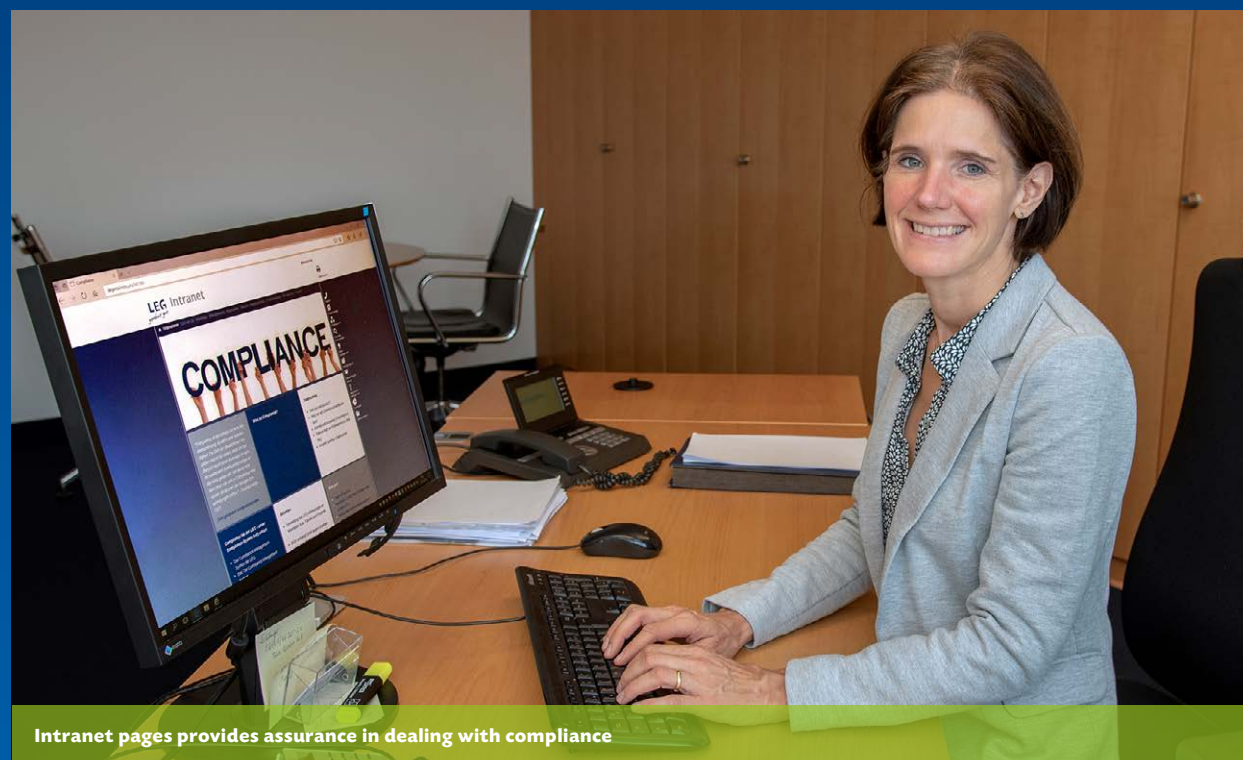
Over the last few years, Compliance has become a special challenge for companies. On a pre-emptive basis systematic misconduct or misconduct on the part of an individual is prevented and (criminal prosecution, regulatory and civil law) risks minimised, not only for employees but for the company as a whole. Simply reacting in a crisis situation is no longer state of the art.

Compliance Intranet Page for Employees

Compliance was and is a fundamental pillar of business at LEG. After all, this is the only way that trust and credibility is created internally and externally, that the reputation of the company is strengthened with stakeholders such as investors, employees, customers and policy-makers and that asset losses that result from fraud within the company are avoided, in combination with criminal and administrative sanctions such as fines and penalties. Only when each and every employee behaves within a specified framework is it possible to secure adherence to the legal framework. It is a matter of giving employees the assurance that they are acting correctly and showing how each and every individual can make a contribution to LEG positioning itself with sustained success on the basis of behaviour in line with regulations.

Taking the right decision

On Intranet pages set up in 2018, the Legal, Structure and Organisation division explains employees in an easily comprehensible manner how they make the right decisions for themselves and for the company in difficult situations. To do this the division processed various topic areas in new ways, linking them with training sessions and workshops. The spectrum of information on the Compliance Intranet ranges from explanations on the LEG compliance system, on tax compliance (describes behaviour in line with the law in respect to the existing legal and criminal regulations), the names of the contacts within the company to training documentation and internal regulations. But there is also a presentation on current developments in the area of compliance and case law.



Intranet pages provides assurance in dealing with compliance

“COMPLIANCE IS NOT AN END IN ITSELF, BUT AN ABSOLUTELY IMPORTANT ELEMENT OF OPERATING SUCCESSFULLY IN BUSINESS ON A SUSTAINED BASIS.”

Thomas Hegel, CEO

Help for all employees

The Legal, Structure and Organisation division prepared the contents in such a way that even legal laypersons can understand the information quickly, so they it can be perceived as a tool for day-to-day work. Here the aim is to make compliance - which is often an opaque topic - more tangible for employees. In this way the company provides the assistance necessary for everyone to take the right decisions in situations relevant for compliance.

Furthermore, the Compliance Intranet assists all employees in becoming aware of common values, thus integrating them even more deeply in the LEG organisation. And if there should ever be anything unclear or there are open questions, the employee can still contact those responsible for compliance.

Tenants Area of Action

Our actions have a systematic tenant focus, both in our core line of business and in our extra and added value services. We offer our tenants attractive housing and residential solutions at appropriate prices in which they can live well and safely. We know our tenants and are happy to assist them. This area of action also comprises social and neighbourhood management measures, measures designed to integrate tenants into our neighbourhoods and measures for fair and conflict-free coexistence.

Material topics

Tenants' health and safety

The health and safety of the tenants in LEG apartments and buildings, protection of the tenants' privacy, and data protection.

Tenant satisfaction

Tenant services, advisory services and general tenant satisfaction.

SATISFACTION AND SAFETY FOR THE TENANTS

OVER

155

EVENTS

2018 LEG ORGANISED FOR ITS TENANT AVERAGING ONE EVENT EVERY THREE DAYS

Tenant Focus as the Basis for LEG's Success

As the leading landlord in the region of North Rhine-Westphalia, LEG meets the fundamental needs of a broad array of social strata with a diverse portfolio of apartments in various locations, sizes and furnishings. The company creates attractive housing solutions and living space based on tenants' wishes. In particular this includes suitable options for low-income households. The tenants are especially important to LEG. Their satisfaction is the cornerstone of a sustainable business model.

In its materiality assessment, LEG identified tenant satisfaction and the tenants' health and safety as key sustainability issues, based on a consideration of LEG's own tenants. **GRI 103-1**

The company understands tenant satisfaction first and foremost to be about tenant services, identifying tenant expectations, implementing tenant-oriented solutions and tenant satisfaction in general. The topic of tenants' health and safety relates in particular to the conditions within LEG's residential buildings as well as protection of the tenants' privacy and data protection. **GRI 103-1**

The topics selected are highly relevant to LEG as satisfaction with one's living space not only promotes tenant well-being and cohesion, but is also a key factor in the economic success of a housing company. At the same time, appreciation of the tenants and targeted tenant retention have a positive effect on LEG's reputation. **GRI 103-1**

LEG can influence these issues directly. For example, LEG's services have an impact on tenant satisfaction, while the state of the property portfolio affects the tenants' health and safety. The state of the neighbourhood in question also has consequences for both areas. In this regard, LEG works with various partners such as social institutions, local authorities and other housing companies to exploit its opportunities to make a contribution to creating a safe and liveable environment with its neighbourhood management **GRI 103-1**

Systematic Management of Tenant Services and Safety

A key priority at LEG is to have happy tenants living in stable neighbourhoods in which they can live well, safely and at a fair rental price. High customer satisfaction reduces costs thanks to low tenant fluctuation, secures revenue and boosts the company's image. LEG pursues the strategic goal of achieving constant levels of tenant satisfaction, drawing on good value for money, improved quality of LEG services and a systematic focus on the tenants' needs to do so. **GRI 103-2; GRI 103-2c**

Tenant focus with clear responsibilities

LEG sees tenant satisfaction as the result of an intelligent and straightforward system of all clerical and technical processes within the company and of all the employees valuing the tenants. In 2018, various measures underpinning the processes were again examined and further optimised, for example in the area of customer correspondence and communication. LEG created a customer management working group in order to guarantee corresponding knowledge exchange and flow of communication within the company, make practical decisions quickly and improve the dialogue with external parties. **GRI 103-2; GRI 103-2c**

In the "Customer Orientation 2018" project, LEG implemented additional measures to increase customer satisfaction. To do this the company tracked the mapping of an internal customer satisfaction scoring model in operating reporting. The LEG also made numerous info bus tours for new and existing tenants (> page 21). **GRI 103-2; GRI 103-2c**

LEG engages in systematic neighbourhood management. Its short-term measures focus on reducing the vacancy rate and stabilising neighbourhoods by boosting tenant satisfaction. LEG simultaneously implements long-term and strategic management concepts (settlements) coupled with investments in modern living standards as well as safety, orderliness and cleanliness. In 2018, eight settlements were started. **GRI 103-2; GRI 103-2c**

All LEG positions are responsible for customer satisfaction, in particular those that have direct contact with the customers, such as the staff working within Centralised Customer Services and the eight branch offices. The Management Board and executive management are likewise involved. **GRI 103-2**

Preventative protection of safety and health

LEG maintains site safety systematically and comprehensively, with its own employees and also service providers performing building and facility inspections and checks. In the event of defects or accident hazards, tradespeople are contracted immediately. Once the work has been completed, the elimination of the defect is inspected and documented. **GRI 103-2**

To prevent hazards in the interests of the tenants, the safety maintenance processes are organised accordingly. The Management Board assigns responsibility by giving instructions to the respective regional branch where the branch office head is responsible. To secure quality and quantity, Operating Technology (OT) implements six-monthly spot checks in line with the "two sets of eyes" principle. In the 2018 financial year, LEG's systematic safety maintenance process enabled it to ensure that 97.1 % of its own buildings were checked for potential hazards in terms of the customers' health and safety and that defects on public spaces could be identified and remedied early on. Safety checks have been commissioned for the rest of the buildings and these will be concluded at the beginning of 2019. **GRI 103-2; GRI 416-1**

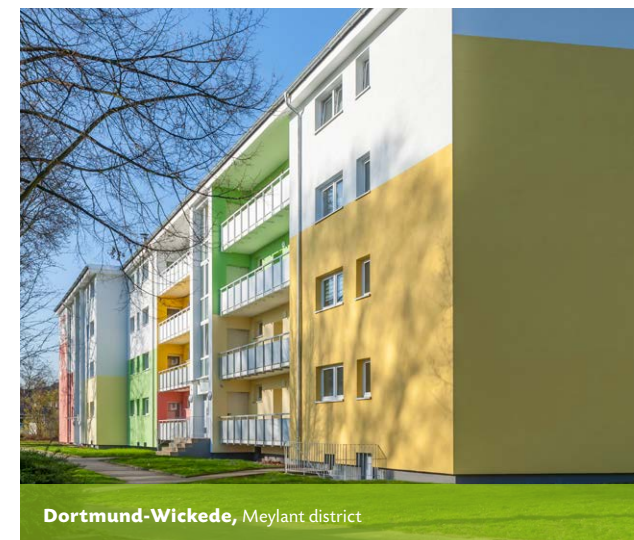
For matters concerning protection of their privacy, the tenants can turn to LEG's Data Protection Officer. Data protection complaints lodged by tenants and supervisory authorities as well as incidents of data loss or theft are logged centrally for management purposes. No justified complaints from external parties were registered during the reporting year. Due to the extension of terms and definitions as a result of the EU General Data Protection Regulation, in the reporting year there were 46 cases of data leaks, data theft and data loss in connection with LEG customer data. There were predominantly cases relating to the mass business and where the impact is low (incorrect addresses). **GRI 103-2; GRI 418-1**

Direct contact with LEG

LEG is aware of criticism on the part of tenants and attempts to do something about it by actively seeking out direct exchange with its tenants. There are various channels open to the tenants via they can use to contact LEG regarding problems or queries, such as phone, email, post, personally (with appointment) or digitally via the tenants' website or app. Complaints are systematically logged by means of a ticket system and are forwarded to those responsible for customer service. Generally any necessary repairs are carried out by the LEG investment, TechnikServicePlus GmbH (TSP). **GRI 103-2c**

Monitoring service quality and tenant satisfaction

LEG uses various tools to gauge the effectiveness of its measures. These include a company-internal scoring model for the development of tenant satisfaction, tenant satisfaction surveys, feedback received regarding neighbourhood improvement measures and the evaluation of safety inspections. In the second half of 2018, LEG implemented



Dortmund-Wickede, Meylant district

a tenant survey. This was done not only by voluntary personal interviews with tenants carried out by LEG employees, but also external service providers implemented voluntary tenant surveys. There is additionally a regular exchange of knowledge among those responsible for tenant management and neighbourhood management.

GRI 103-3

Innovative Services and Programmes within Neighbourhoods

One of the things the company does to achieve a strong tenant focus is to offer a wide array of housing-related services. The new company, VitalServicePlus (VSP; www.vitalserviceplus.de) aims to mediate services for LEG tenants relating to nursing, everyday assistance, comfort, safety, vitality and family. VSP is a wholly owned subsidiary of LEG Holding GmbH. The company is developing steadily and works regularly on new service elements with cooperation partners.

GRI 103-2

Cooperations for sustained tenant satisfaction

With the elements "Nursing & Everyday Assistance" and "Protection & Security", cooperations were initiated with strong partners in 2018, e.g. the pilot project for mediating support services at home with the well-known service provider Home Instead www.homeinstead.de. The company supports people dependent on care and caring family members in basic care and household work. Over 90 % of these services are covered by health insurance. For additional services Home Instead LEG tenants special conditions for services that have to be paid privately. The cooperation partner is being deployed in two large LEG neighbourhoods in Dortmund. After the project is completed, a decision will be made on provision in the whole portfolio and an alignment of the services. Weisser Ring is the second cooperation partner which VSP partners in the area of "Protection and Security". As a well-known association it works in the area of prevention to provide protection against urban crime such as burglary or pick-pocketing and for victim support (violent attacks, domestic violence).

In an initial cooperation stage LEG distributed to the entire portfolio flyers on protection against burglary, stalking, handbag theft and on neighbourhood watch activities. The aim is thoughtful clarification and preventive work. The focus is strengthening neighbourhoods as an important element to safeguard against criminal acts in the household communities. In the area of training LEG employees and direct assistance to victims, additional work with the cooperation partners is being considered. **GRI 103-2**

With this holistic approach of the company in the LEG group, we are working in a targeted fashion on service elements related to housing and are looking for individual partners for the relative implementation. The focus is supporting the tenants in having a uncomplicated, secure and agile life within their own four walls. **GRI 103-2**

In addition, the service unit EnergieServicePlus, which is a partnership between innogy SE and LEG, has not only provided tenants with electricity tariffs since 2018, but has also promoted energy conservation with efficient heating systems (since 2016) and increases the use of climate-friendly renewable energies. The company is at its tenants' disposal as the central point of contact regarding energy matters and has consolidated expertise in the areas of energy-related real estate management and supply. **GRI 103-2**

MODERN MULTIMEDIA CABLE CONNECTION

Via WohnServicePlus, a cooperation with Unitymedia, some 106,000 LEG apartments are connected.

106,000 apartments

With the company TechnikServicePlus, which LEG founded together with the housing industry skilled trades company B&O, LEG secures skilled trade capacities, which are in great demand, for its core market of North Rhine-Westphalia and offers minor repair services with its own staff. **GRI 103-2**

The company WohnServicePlus partners with Unitymedia to provide LEG tenants an attractive basic cable TV array at special conditions. To this end, the majority of the apartments are fitted with a modern multimedia cable connection with which the tenants can receive not only a wide array of digital TV channels and radio stations, but also a free 1 Mbit/s Internet flat-rate connection. As part of the basic service, all tenants can additionally have an HD option comprising 45 HD channels and a foreign language package of their choice activated at no extra cost. The tenants can subscribe to other services such as a fast Internet connection directly through Unitymedia. The existing in-house networks are continuously being modernised in order to offer as broad an availability of high-speed Internet as possible in all of LEG's portfolio properties. WohnServicePlus now serves approximately 106,000 LEG apartments. **GRI 103-2**

Free WiFi project in Monheim continued successfully

In addition to basic provision with cable TV, LEG makes other broadband and multimedia services available to its tenants. The Free WiFi pilot project within the LEG neighbourhood in Monheim am Rhein is an example of the company's innovative approach to service. This gives the residents unlimited and free Internet surfing in certain green and courtyard areas in and around the residential neighbourhood. The project also offers advantages with regard to general real estate management. When a user logs in to a hotspot on the estate, they are automatically taken to LEG's communications website, which provides the tenants with comprehensive information on tenant topics such as the next dates for bulky waste collection, vacant apartments or advance notice of upcoming modernisation work. **GRI 103-2**

Ideas competition for more comfort

Furthermore, since spring 2018 LEG joined Unitymedia to set up the Smart Living ideas competition to find for ideas to increase the appeal of properties and offer tenants more comfort. Things were ready in the middle of June. Start-up companies presented their innovative ideas to jurors at ANGA COM, the largest international broadband

specialist fair. They assessed the level of innovation, how well the project topic fitted LEG and the general benefits available for the housing industry. The winner was “PAUL – Digitalising Drinking Water” – with its digitalised drinking water system to avoid legionella in a building’s water system. PAUL is the name of the winning project from the ActAqua start-up and stands for “Permanent Analytic Use Log”. It regulates thermal and hydraulic compensation in a home’s drinking



water system. As the Monheim neighbourhood already has optimal connections to the network and is equipped with the necessary technology, the PAUL team was given the opportunity to implement its pilot project there, using the existing infrastructure. **GRI 103-2**

Valuing new and existing tenants

When it makes large acquisitions, the company sends the LEG info bus to the residential neighbourhoods in order to welcome the new tenants to LEG and to introduce the company. The info bus team and LEG experts are there to answer any questions concerning living with LEG. This personalised greeting of new tenants and the offer of detailed advice have been taken up well by the tenants. Added to this,

in 2018 LEG 2018 organised 20 info bus tours for existing clients. After tenant topics and issues were identified, LEG sent out invitations to information events – for example, on matters such as modernisation and waste management – in selected neighbourhoods. Here LEG sets great store on customer feedback obtained on a voluntary basis at the end of the events.

LEG also affords its long-standing tenants a high degree of attention. For example, customer managers, heads of customer management and branch office heads visit loyal and long-standing customers to present them with bouquets of flowers and small gifts to mark 25, 40 or 50 years of tenancy. In some places, LEG also invites the tenants on interesting excursions and to convivial afternoons with shared coffee and cake.

LEG celebrated quite a different event with its tenants in the Europa district in Essen-Bergmannsfeld. The district can look back on an eventful past, and has been in existence now for 50 years. In cooperation with the Catholic Women’s Welfare Service, the German Caritas Association and the Essen Youth Welfare Office, LEG invited those living in the Europa district to an anniversary celebration in June 2018. The event provided all guests with a good opportunity for talks with their neighbours. The children on the housing estate were delighted to take advantage of such attractions as a roundabout, children’s face painting and balloon artists. In addition, Hubert Bente from Borken added flavour to the event with his petting zoo. Bergmannsfeld is home to various generations and cultures. Festivities such as this are factors which allow the inhabitants to network more strongly and get to know each other better.

LEG regularly involves its tenants in drives to beautify their residential environment, thereby boosting the local feeling of togetherness and sense of responsibility. For example, two school classes on the Canadian housing estate in Soest planted a heart of flowers. 2018 was the twelfth time that this campaign has been run and it was supported by the Soest Development Network, which has also agreed to maintain the plants.

Partnership-based and socially oriented neighbourhood management

LEG sets great store by tailored neighbourhood management oriented to the challenges in the individual residential areas. This includes taking a sensitive approach to occupancy management and accommodating displaced persons. As part of its neighbourhood and integration management, LEG offers its tenants an extensive year-round holiday and leisure programme. Its neighbourhood management also includes services for senior citizens, assistance from the independent LEG NRW Tenant Foundation www.leg-nrw-mieter-stiftung.de, in the event of tenancy hardship, social projects such as language development, debt advice and life coaching. For example, directly next to the entrance in Ernst-Reuter-Strasse in Bergkamen, LEG build a rollator garage, making life easier for those with a walking impediment. The LEG NRW Tenant Foundation financed the project. The mini-garage has an area of approximately 6.5 square metres and offers space for up to eight rollators. So that the tenants can reach the house door easily, the LEG additionally also a ramp and handrail. The company paid in full the costs for the construction and conversion. The rollator garage is just one of the many small and big ideas LEG has for making life for its tenants easier. In Bergkamen there is also a garage with a charging station for electric wheelchairs in Gedächtnisstrasse of the same neighbourhood and the popular tenant party.

Joint Campaigns and Celebrations Boost Cohesion

With numerous measures, LEG makes its contribution to the tenants well-being on the housing estates. Exchange between neighbours is intensified with celebrations together. Tenants’ parties are therefore an integral part of LEG’s neighbourhood management. LEG’s programmes, which are put together by trained LEG event managers in a variety of event formats such as petting zoos, dance classes, bouncy castles, human table football, kids’ face painting, Christmas and Easter parties and Martinmas lantern processions, bring tens of thousands of people from all over the world together every year. On average, an LEG event is held every three days, and in 2017 and 2018 more than 155 events were held each year.

In Focus

In Wickede there are spacious, park-like green areas, and a good infrastructure. It is also close to Dortmund Airport and the adjacent business park. Even so there is virtually no noise. There are a large number of homes in the direct vicinity of the Meylant district housing complex in which LEG supports over 4,000 tenants in approximately 1,400 apartments. Over the last few years, LEG has invested a great deal in the Meylant district, making a commitment to the location.

Good Marks for the LEG Housing Estate in Dortmund-Wickede

Seven years ago, the Dortmund Office for Housing and Urban Renewal implemented a neighbourhood analysis in the Meylant district. In 2018, the city published the "follow-up assessment". To do this, all the players in the district and its inhabitants were surveyed. The overall result is positive - attractively modernised buildings, improved local supply thanks to the construction of a new modern supermarket, the revitalisation of the shops, higher rental levels, numerous offerings from social institutions, more children and young people, many different cultures, which live well together. These are the key plus points.

Most tenants are happy to live in the Meylant district in Wickede. A contributory factor was the investments in the buildings, which also result in energy savings for tenants. But there is also good demand for the upgraded portfolio so that there are also prospective tenants who want to move back into the neighbourhood. With re-letting it is important for LEG that the district retains its character as a lively, varied secure neighbourhood which is good to live in.

In cooperation with the "Social City Action Area" of the City of Dortmund and the Wickede Protestant Family Education, LEG organises joint cooking evenings with the name "Pot in Pot" for its tenants in the training kitchen of the Family Education Centre.



One of our regular participants in the cooking course and a tenant of long standing

"WITH CREATIVE SERVICES AND COOPERATIONS FOR OUR TENANTS, WE ARE MAKING LEG FIT FOR THE FUTURE – AND ARE DEVELOPING FROM A HOUSING MANAGER TO A MANAGER FOR EVERYDAY LIFE."

Thomas Hegel, CEO

Various activities nurture good neighbourhood

In the cooking courses, under the professional instruction of an ecotrophologist, the tenants learn how to prepare food for a healthy daily lunch out of fresh seasonal ingredients. Afterwards, the tenants then enjoy the fruits of their culinary endeavours in a convivial atmosphere in the good company of their neighbours

This activity not only improves individual cooking skills, but also strengthens the neighbourhood. After all, when cooking and eating together, new contacts are forged and existing friendships intensified. For years, LEG has been successfully supporting the Meylant district neighbourhood on a sustained basis – also with additional events and seasonal activities. www.dortmund.de/media/p/wohnungsamt/downloads_afw/quartiersanalyse/Evaluationsbericht_LEG-Siedlung_Wickede.pdf

Employees Area of Action

We offer our employees a motivational work environment that will continue to secure committed and qualified employees and which boosts the appeal of our company to job applicants. In our day-to-day interactions, we are guided by our Principles of Management and Working Together and observe the principles of sustainability when selecting, developing and managing our employees. This area of action comprises measures relating to employee satisfaction, vocational and further training, and the topics of diversity and equal opportunity. We also actively involve our employees in our sustainability endeavours and seek to inspire them to make a contribution.

Material topics

Employment relationships for LEG employees, co-determination rights, remuneration structures, employee satisfaction, corporate culture and ethics.

Vocational and professional training

The promotion of vocational training and professional development for LEG employees.

Diversity and equal opportunity

Diversity and equal opportunity within the LEG workforce, bringing together family and career, and work-life balance.

RESPONSIBILITY FOR THE EMPLOYEES

Creating an attractive Work Environment

The employees are pivotal to securing LEG's business success in the long term. With their dedication, they decisively shape the business, including all the changes at LEG and serve as a bridge to the customers. In return, the company offers them an attractive and motivational work environment.

In the materiality assessment, the topics of employment, vocational training and professional development, diversity and equal opportunity were identified as material. This relates to all LEG employees – irrespective of the type of employment relationship or hierarchical level. The topics identified are especially important to LEG as trusting and fair interaction with the employees has a direct effect on their satisfaction and performance – leading to good productivity and

HR STRATEGY

2025

WITH NUMEROUS PROGRAMS, WE WOULD LIKE TO INCREASE EMPLOYEE SATISFACTION IN A QUANTIFIABLE FASHION.

innovation and boosting the company's appeal as an employer. LEG therefore endeavours to effectively nurture its employees and establish the best possible parameters for them. **GRI 103-1**

LEG faces up to the key labour market challenges that are intensifying competition for the most qualified job candidates, such as a shortage of skilled workers and executives and demographic change. LEG also acknowledges its responsibilities as a major employer in North Rhine-Westphalia. **GRI 103-1**

In the area of employment, LEG focuses on having a broad spectrum of employment relationships involving full- and part-time models, co-determination rights as exercised by employee representatives, market-oriented remuneration models and salary structures in the form of its own framework employment condition and collective remuneration agreements, a high level of employee satisfaction and a corporate culture with fixed principles guiding management and working together. In the area of vocational training and professional development, the focus is on personalised training so that each and every employee can live up to the responsibilities of their position.

GRI 103-1

When it comes to diversity and equal opportunity, LEG strives to have a balanced workforce characterised by gender equality and to reconcile having both a family and a career through the aid of workshops, seminars, family services and health management. Building on attaining the “Work and Family” seal in December 2018, it is planned to create a separate management approach on the issue of diversity and equal opportunity (> **“Work and Family: strengthening key areas of life”**). As such, the following sections focus on the company’s policies in the areas of employment and training and professional development. **GRI 103-1**



Strategy and Programme for future-oriented HR Activities

LEG’s HR Strategy 2025, which forms part of its corporate strategy, provides answers to megatrends such as demographic developments, changes in values, technological change (digitalisation, mobility, virtuality) and globalisation. Appropriate programmes are used to increase staff retention, reduce the fluctuation rate, enhance process and structure efficiency and improve the company’s image. At the same time, LEG expects all this to have a positive impact on its ability to achieve its financial targets. **GRI 103-2**

Boosting employee satisfaction is a strategic goal pursued by LEG. Based on this, its appeal as an employer is to be quantifiably increased by the end of 2019. The company aims to achieve by this time a better rating in the Trust Index employee survey conducted by the independent Great Place to Work® Institute, as compared with its 2017 result. **GRI 103-2c**

LEG’s HR Strategy 2025 is founded on four key pillars and success factors: **GRI 103-2**

1. Agility

In the context of change management, LEG wants to improve the strength, willingness and ability to innovate, as well as being a catalyst of change. Moreover, its aim is to create and demand awareness about digitalisation at all management levels. The relevant digital skills have to be developed by the employees and a slow-media culture created on the basis of an appropriate personal development concept.

2. Management development

Managers are taught Management Expertise 4.0. We understand this to be the embodying the principles of agile management - being a role model, inspiring others to perform, acting in an entrepreneurial fashion, developing competencies, communicating fairly, stimulating and promoting employees on the basis of their strengths, individual reflection about one’s own values, needs, motives and management at a distance. In addition, management work must be understood as change management, also in the context of digitalisation.

3. Demography, retention, management

With equal opportunities, a healthy work-life balance, measures to secure employed loyalty and allowing a mosaic career, LEG aims to secure executives and skilled workers and to lower its fluctuation costs. LEG intends to further reduce its current employee fluctuation rate of 9.1 %. Learning/performing without age limits, plus the integration of health management as well as promoting lifelong learning pays into this objective. Overall, LEG aims to further increase its appeal as an employee and strengthen its position on the employee market. **GRI 401-1**

4. Value management

We want to design the organisational culture in line with the current demands as well as developing further team development and the employee dialogue which takes place once a year. Particularly important for us is to live and nurture the trusting and constructive operating partnership between the co-determination and employer representatives. Our employees and our managers should function as guardians of working together fairly. Overall, the aim is to embody and comply with the LEG Principles of Management and Working Together. **GRI 404-2**

Responsibilities and lines of communication determined

The HR unit is overseen centrally at LEG, with the support of the HR Management, HR Development and Change Management departments and the vocational training officer. The Management Board is heavily involved in the topic discussions and approves the corresponding concepts and programmes. Additionally, the key HR figures are regularly reported to the Management Board. **GRI 103-3**

During annual HR talks, LEG’s executives can draw attention to scope for improvement regarding the HR division’s services. In the event of conflicts, all employees can first turn to a conflict manager, who records the situation confidentially and develops a way to resolve the conflict together with those involved. In accordance with Section 85 of Germany’s Works Constitution Act (BetrVG), the employees have the right to take their complaints to the works council.

With the “Dialogue with the Management Board” format which was established in 2016, the focus is direct dialogue between employees and top management. Employees can and should take the opportunity not only, but also, to indicate where there are deficiencies. In 2018, we implemented nine events of this sort. They took place in our eight branches and in Centralised Customer Service. **GRI 103-2c**

Employee Services

Occupational health management

LEG considers reconciling a career with a private life to be an important aspect of promoting good health. LEG uses the company PME Familienservice to offer tailored services in the areas of childcare and nursing for family members who are dependent on care, find employees support for household and garden work and motivate employees to participate in courses, coaching or informational events.

Employees can also use the services of the machtfit health platform and for this receive a company contribution worth EUR 80 a year. Its services range from stopping smoking courses, fitness programmes and meditation to nutritional coaching and general health management information. To promote healthy eating, LEG's Joint Committee implements a "Fruitful Office" campaign in the winter months, during which employees working in the administrative buildings can help themselves to produce from baskets of fruit. In 2018, in a pilot project LEG's Joint Committee offered skin screening appointments for early detection of skin cancer for the first time. There was also car driver safety training with a focus on accident prevention. And the company promotes greater physical activity by entering company runs such as the B2Run in Dusseldorf and Dortmund. **GRI 103-2**

Regular surveys on employee satisfaction

LEG conducted an employee survey in 2017 as part of a Great Place to Work®. The results were stable in comparison to the first survey conducted in 2014. LEG achieved a slight improvement of 2 % in the areas of credibility, fairness and team spirit, while its rating regarding respect increased by some 4 %. Its rating in respect of pride had deteriorated. The employees have a predominantly positive attitude towards the company and are motivated in their responsibilities.

GRI 103-2



Dusseldorf, Freiburger Weg – one of our family-friendly properties

The results of the employee survey were communicated to all employees and were discussed with the works council in a workshop. The division-specific result reports were evaluated and considered together with all the employees. One of the key follow-up measures for further improving employee satisfaction was the relaunch of the Principles of Management and Working Together. The next Great Place to Work® survey is scheduled to be conducted in 2019.

In dialogue with the employees

Regular communication between the employees and executives is especially important for the promotion of employee satisfaction. On this matter, there is annual dialogue between each employee and the responsible manager to meet the increasing demands regarding the quality of communications, appreciation and feedback. This LEG employee dialogue also gives an insight into the individual employees' skill levels and the promotional measures needed. On this occasion, employees also have the opportunity to talk to their supervisors about the support they would like, their satisfaction with their job and their further development within the company. LEG's executives were thoroughly prepared for these staff appraisals in workshops.

Career development and promotion

In August 2018, twelve trainees started their working lives at LEG Immobilien AG. LEG is currently pursuing the approach of supporting best potential, offering the two top-performing trainees of a given year financial support for studying while working. The trainees are involved in the day-to-day processes right from the outset. So a trainee project group worked on measures to boost the appeal of LEG vocational training as a follow-up measure to the Great Place to Work® survey, also accompanying the implementation of these measures. Furthermore, the "Digital License" is very popular with trainees and is being driven forward in a committed fashion. Trainees have developed a QR code which can be used by those interested in renting apartments to access information about what is available. The LEG trainees also visit schools, where they have presented the career of the property agent in their capacity as the Chamber of Commerce and Industry's 2018 trainee ambassadors.

LEG has an extensive professional development portfolio which is open to all the employees. It comprises seminars, training sessions and workshops on work techniques and organisation, communication, personal development, team development, leadership, IT and specialist topics. It also gives employees the opportunity to participate in individual subject-specific further training.

LEG focuses in particular on strengthening leadership skills. For example, the purpose of closed management conferences is to inform managerial staff about the latest leadership topics and to boost managerial cohesion. The company also organises special leadership coaching that focuses on promoting personal strengths, self-leadership, careful consideration of one's own conduct and the prudent use of resources. Importance is additionally attached to the promotion of management and leadership skills and the structuring of the development areas identified in employee dialogue.

Flexible working hours

For parts of the Group, LEG has concluded a works agreement in relation to making working hours more flexible. This will focus on extending the office hours to 6 a.m. to 10 p.m., doing away with core working hours and providing the option of working from anywhere.

GRI 103-2

Principles of Management and Working Together

The systematic deployment of the above Principles of Management and Working Together by executives and employees is of central importance to us.

Based on our corporate values, these principles serve to improve the effectiveness of our management and working together. They are mandatory for all our actions, shape our corporate culture and play an important part in our implementing our LEG Future Strategy 2025.

1. Joint assumption of responsibility

We base our actions comprehensively on the LEG Future Strategy 2025 and work together responsibly to implement the four strategic goals.

2. Autonomous actions

We work with a strong creative drive and have the courage to promote development, use our scope for making decisions and seize business opportunities.

3. Solution-oriented communication

We constructively strive for the best solutions. This calls for appreciative and frank communication between equals and the courage to adopt a clear position and to dissent if this is in the interests of the issue.

4. Performance facilitation

We critically question our own actions and learn from one another. We demand and promote commitment, innovative ideas and a constructive feedback culture in order to develop future-proof and sustainable solutions.

5. Customer-oriented actions

We serve our customers' current and future needs, both externally and internally, taking into account the company's entrepreneurial interests. In this way, we achieve maximum customer satisfaction and pride in shared meaningful success.

In Focus

From health management, through cooperation with the PME Familienservice right up to flexitime and flexibilisation of working time, LEG has numerous ways for achieving a work-life balance. What is important for us is to examine the measures we are deploying and their effectiveness, also by third parties. For this reason, the company was audited to attain the prestigious “Work and Family” seal (> www.berufundfamilie.de). Key aspects of the audit is HR resources development in line with the relevant phase of life as well as diversity and equal opportunity.

Work and Family: underpinning the Key Areas of Life

It thus serves as a strategic management instrument for optimising a HR policy which is aware of family and phases in life, something that LEG supports by achieving the optimum balance between company objectives and employee interests. The seal is an initiative of the charitable Hertie Foundation and is under the auspices of the Federal Ministry for Family Affairs, Senior Citizens, Women and Youth and the Federal Ministry of Economics and Technology. By implementing the “Work and Family Seal”, we obtain impulses on developing company-specific and HR strategies to implement specific objectives in the areas of work and age, generation management, individual life plans, digitalisation or inclusion and much more.

In 2018, LEG went through the audit process, with a strategy and audit workshop, management meeting, and the final submission of the relevant target agreement. In the middle of December 2018, the company received the “Work and Family” audit certificate for the first time in recognition of its HR policy which is aligned to families and employees. The official presentation of the document will take place in 2019.



Reconciling a career with private life at LEG

“THE “WORK AND FAMILY” SEAL UNDERLINES OUR APPEAL AS EMPLOYER AND IS AN INCENTIVE FOR US TO FURTHER INCREASE EMPLOYEE SATISFACTION.”

Thomas Hegel, CEO

Integration into the network of certified employers

The audit was implemented by observers specially trained by Work and Family. They managed the audit process in the areas of working time, place and organisation, communication, personal development, team development, leadership and specialist topics. berufundfamilie Service GmbH is now also supporting LEG in the three-year implementation period after the certificate award and ensures the integration of the company in the network of certified employers. After three years, on the basis of the status quo compliance is assessed in terms of the formal and content criteria on developing a HR policy which is aware of family and life-phase issues.

Environment Area of Action

The real estate industry has a major role to play in sustainable development, in particular with regard to the environmental dimension. In Germany, it is primarily the topics of energy efficiency and emissions reduction that are highly relevant to the sector. In this area of action, we therefore focus on measures that contribute to the achievement of global climate goals. We involve our tenants in this development by raising their awareness of environmental issues and teaching and informing them about targeted energy conservation measures.

Material topics

Energy

LEG's (operational) energy consumption, energy consumption of the let buildings (electricity, gas, heating oil, fuels, etc.) and energy efficiency of the portfolio.

Emissions

LEG's (operational) emissions and emissions of the let buildings (greenhouse gases such as CO₂, ozone-depleting substances and other air pollutants).

PROTECTING THE ENVIRONMENT AND CLIMATE

ABOUT

253

MILLION EUROS FOR MODERNISATION AND MAINTENANCE

IN 2018, LEG INVESTED AROUND 30 EUROS PER SQUARE METRE IN THE MAINTENANCE AND MODERNISATION OF ITS PORTFOLIO PROPERTIES.

Focus on Energy Efficiency and Emissions Reduction

The buildings sector is responsible for a significant portion of Germany's overall energy consumption and is therefore one of the primary causes of carbon emissions. The housing industry in general and LEG in particular are supporting the energy transition and climate protection. As the largest provider of apartments in Germany's most populous federal state, North Rhine-Westphalia, LEG believes it has a major responsibility for the environmental impact of its actions. It makes strategic use of its considerable leverage for impacting energy efficiency and emissions reduction, and involves its tenants in improvement measures. In the materiality assessment, the topics of energy and emissions were classified as having high materiality in the environment area of action.

This classification applies to the LEG Group's entire property portfolio, including its administrative buildings. LEG supports the achievement of the climate goals set by policymakers and meets the statutory requirements of Germany's Energy Conservation Ordinance (EnEV) when implementing measures. In doing so, the company carries out energy modernisation programmes that focus on building insulation, window replacement, heating system optimisation, the use of renewable energies and targeted information for the tenants. **GRI 103-1**

In implementing these, LEG pays attention to appropriate modernisation, meaning that the energy-saving and emission reduction measures must result in a better home environment for the tenants. At the same time, the modernisations must be financially manageable for the tenants, in other words ideally not increase their service charges and keep the housing affordable. If these two aspects can be reconciled with one another, there are all sorts of opportunities. The property portfolio's sustainability and value are enhanced, the rental properties are made more attractive, letting the properties becomes easier and customer satisfaction increases, as does the length of the leases. What's more, it reduces impact on the environment. **GRI 103-1**

LEG is also preparing itself for future developments and seeking partnerships within the nationwide “Alliance for Carbon-Neutral Housing” (> **Effectively increasing energy efficiency in residential buildings**). It is furthermore dedicated to the highly relevant topic of digitisation, implementing concepts for smart homes, efficiency management for its heating systems, as well as age-appropriate and energy-efficient living. **GRI 103-1**

Investment Programme for Energy Modernisation

To offer its tenants energy-efficient apartments and to assist them in reducing consumption and emissions, LEG adopted a set of measures with concrete goals as part of its strategic investment planning and has set its sights on improving the efficiency of its heating systems via its own energy company. **GRI 103-2**

The company is pursuing the strategic goal up to the end of 2021 of reducing the energy consumption and carbon emissions of its portfolio of properties. The key instrument in this respect is implementing energetic improvements to the portfolio: The aim is to improve the energy efficiency of more than 15 % of the properties between 2017 and 2021 (on average 3 % per year). Additionally, the number of residential buildings in energy efficiency classes G and H is to be reduced by more than 20 % over the same period and consumption transparency is to be increased for the tenants. **GRI 103-2 c**

The energetic improvement of the portfolio properties is carried out as part of modernisation measures that constitute a significant element of LEG's strategic investment programme. The ongoing project planning and preparation for this is handled by the relevant technical units, supported by idea gathering on the part of the branches and the centralised Portfolio Management division. The financing of the project ideas is calculated and they are evaluated in terms of categories such as traffic safety, regulatory requirements and obligations pursuant to private law. **GRI 103-2**

CO₂-REDUCTIONS

Thanks to energy modernisation activities, CO₂ emissions were further reduced in 2018.

more than 7,300 metric tons of CO₂ can be saved

The measures are selected on the basis of internal company requirements regarding profitability, value enhancement, financing regulations, budgeting, sustainability and LEG's strategic goals. All of the project portfolio is approved by the Management Board. **GRI 103-2**

LEG already invested approximately 115.5 million euros in value-enhancing measures in the financial year of 2017. The focus in terms of energy-related and emission-reducing measures was on insulating facades and storey ceilings and on replacing windows. Additionally, unoccupied apartments were modernised, balconies were added and bathrooms were renovated. **GRI 103-2**

In the 2018 financial year, LEG increased its investments in value-enhancing measures, which focus on energy modernisation in particular, to 179 million euros. The company intends to keep its investment activities on the same scale for the coming 2019 financial year. **GRI 103-2**

In 2018, LEG spent an average of around 30 euros per square metre of living space on maintaining and/or modernising its portfolio properties and increasing the residential value for the tenants. This is the largest investment that has been made in the last 20 years and exceeds the previous year's value by roughly 7 euros per square metre. LEG is thereby emphasising its strategy of the sustainable, value-enhancing development of its apartments. The improvement of energy efficiency, i.e. climate protection and the potential reduction of service charges, is often at the very top of this agenda. **GRI 103-2**

LEG is well on the way to achieving its own strategic aims in terms of energy efficiency. After energy modernisation measures were started on buildings with a total of more than 5,000 residential units (approximately 4 % of the total portfolio) in the 2017 financial year, this number increased to more than 6,000 residential units (approximately 5 % of the total portfolio) in the 2018 financial year. Overall, almost 60 % of the target with regard to improving the energy efficiency of the properties by 2021 will thus have been achieved after just 40 % of the term. As regards the buildings in energy efficiency classes G and H, the acquisition of properties with poorer energy efficiency values and the comprehensive issuance of new energy efficiency certificates in the 2018 financial year overcompensated for the positive effect of the energy modernisation of portfolio properties. As a result, the percentage of buildings in these energy efficiency classes initially rose slightly from 21.5 % in the previous year to 24.3 % in the reporting year. However, LEG expects this percentage to decrease again in the coming years due to the energy modernisation programme. **GRI 103-2**



Monheim, Lankwitzer Weg

In the context of the energy modernisation activities, the measures started in the 2017 financial year can save approximately 3,000 metric tons of CO₂, and those started in the 2018 financial year can save more than 7,300 metric tons of CO₂ (based on: energy saving calculations by external experts). **GRI 103-2**

In the time between its IPO in 2013 and 2017 alone, LEG has invested 625 million euros in its apartments and locations and modernised thousands of apartments. A further 253 million euros were invested in 2018. LEG is continuing with this strategy of sustainable value growth by means of a targeted mixture of different investment measures in the interests of its tenants and shareholders as well as the municipalities in North Rhine-Westphalia: LEG is planning to invest roughly 1 billion euros in maintenance and modernisation between 2018 and 2021. In doing so, LEG is also creating jobs in the region, predominantly for craftsmen, and thereby strengthening North Rhine-Westphalia as a business location. **GRI 103-2**

Monheim am Rhein: the company's largest modernisation project

The LEG housing estate in Monheim am Rhein is one example of the energy modernisation. LEG has been working on improving the Berliner Viertel neighbourhood here since April 2016. It is the biggest modernisation project LEG has ever tackled, involving an investment of around 54 million euros, a composite thermal installation system spanning 96,000 square metres, new flat roof insulation on an area of around 36,000 square metres and new windows on an area of 33,000 square metres. Further modernisations include new cellar ceiling insulation and modern exhaust-air units for the bathrooms. The overall programme is scheduled to run until 2020. The modernisation measures carried out on the roughly 1,770 apartments will achieve energy savings of approximately 40 % and increase the value of the portfolio. This, in turn, will enhance the portfolio in terms of quality and appearance.

Transparency regarding consumption and environmental metrics

Transparency is required in order for LEG to have direct control over consumption levels and emissions. LEG employs energy efficiency certificates for this and uses consumption-based utility and heating cost invoicing for many of its portfolio properties. This enables the tenants to understand their energy costs and modify their consumption behaviour. LEG strictly adheres to the EnEV ordinance and observes the principle of efficiency regarding the invoicing of service charges. **GRI 103-2**

In 2017, LEG began to log centralised energy consumption and emissions metrics for its property portfolio and administrative buildings. This establishes a quantitative basis for the future management of the topics within the environment area of action (> **Key performance indicators: environment area of action**). **GRI 103-2**

In the 2018 financial year, LEG performed a large-scale update of the energy-related key performance indicators of its portfolio. As part of this, new energy efficiency certificates were issued for just under 6,600 properties (approximately 35 % of the total portfolio). **GRI 103-2**

Waste management

In the context of our building and modernisation activities, we make sure that our activities are environmentally acceptable and comply with the waste disposal standards regulated by numerous national and international laws and regulations. During maintenance and modernisation activities, LEG is frequently confronted with pollutants and hazardous waste that require special attention. As a rule, contamination reports are always obtained in the context of more extensive building measures in order ensure that pollutants are identified in good time and disposed of properly. This way, potentially contaminated components and materials are analysed at specialist laboratories and assessed by experts. In addition, appropriate disposal concepts are coordinated with the contractors and the authorities involved. **GRI 103-2**

We obligate our contractors to take complete charge of waste management and keep complete records of the waste disposal. This is also done in view of the fact that occupational safety and environmental protection usually go hand in hand and that proper handling of pollutants is part of the (further) training of our contractors' employees who are working on site. The execution of the work is monitored by specialist and management staff of the contractors on the construction site and reviewed by health and safety coordinators commissioned by LEG. Due to this procedure, the exact volume of hazardous waste is not recorded within LEG, as LEG has such little economic, legal, organisational or any other influence on the waste-generating activities of its contractor that LEG does not qualify as the waste generator within the meaning of waste legislation. **GRI 103-2**

The system for recording and evaluating environmental metrics is continuously reviewed and developed further so as to derive the correct action strategies. **GRI 103-3**

Responsibility for target attainment assigned

The Management Board and Supervisory Board are involved in setting the strategic investment programme first and foremost with regard to budgeting. A team comprising employees from multiple divisions is responsible for the implementation of this investment programme. Realisation of the strategic investment programme and the modernisation measures is firmly embedded in LEG's target attainment system and is linked to target agreements. This applies to executives and employees at different levels.

Effectively increasing Energy Efficiency in residential Buildings

LEG is continuing its involvement as a member of the Alliance for Carbon-Neutral Residential Buildings, which was founded in Berlin in 2016. Its other members include the Federal Association of German Housing and Real Estate Companies (GdW), various housing companies, Techem Energy Services, Danfoss and research institutes such as EBZ Business School and the TU Dresden. The aim of the alliance is to raise awareness of affordable climate protection within the residential sector. It focuses in particular on improving the technical infrastructure of buildings in order to tap potential for greater heating supply efficiency. This is primarily achieved on the basis of measures with an attractive cost-benefit ratio, a high degree of innovation and digitisation, and strong practical relevance. **GRI 103-2**

As part of its commitment, LEG is supporting the Energy Efficiency pilot project, which evaluated new valve systems within the heating cycle, intelligent thermostats and smart home systems in terms of their energy-saving effects during the 2016/2017 and 2017/2018 heating periods. LEG pilot properties in Bottrop, Marl, Mönchengladbach and Wetter were chosen for this and were fitted with the necessary technology. The technology allowed the tenants' heating behaviour to be recorded and evaluated by separate data loggers. **GRI 103-2**

In the context of this, the following main insights emerged:

- The consumption developments at the user level vary strongly due to the different heating behaviour of the users, the location of the apartment and the heating behaviour of the neighbours.
- Optimising the heat distribution results in a more even distribution of the values for all users that are read off the heat cost allocators. Depending on the user, smart thermostats and smart home systems, by contrast, result in a considerable increase of the scattering.
- Appropriate use of smart home systems results in savings at the user level. However, when these systems are used incorrectly, there is a considerable potential of increasing energy consumption.
- Essentially, the overall system, that is the interaction of heat generation, heat distribution, efficient use of new technical systems such as smart home and, in particular, the users' behaviour, is decisive when it comes to decreasing the energy consumption.

In this connection, LEG is also supporting the planned project "Balt-Best" initiated by the Federal Association of German Housing and Real Estate Companies (GdW). This project aims at increasing the energy efficiency of the heating systems in the portfolio properties and exploiting the savings potential that lies in user behaviour with low-investment measures. **GRI 103-2**



New building: accessible and environmentally friendly

LEG is also planning to increase its involvement in new construction over the coming years – in particular in the contexts of the redensification of existing neighbourhoods or additional development – and taking sustainability criteria into account while doing so. In doing so, the company is creating modern rental space and staying abreast of the demographic development. A new construction project on an undeveloped plot of land in Hilden that is owned by LEG is a perfect example of this. Three apartment buildings along with outdoor spaces and a children's playground are to be built here, including roughly 40 accessible apartments, three of which will be suitable for wheelchair users. Each building features a lift.

Shared spaces on the ground floor where walking frames, wheelchairs, buggies and bicycles can be stored will be provided in all buildings. Bicycle garages that protect the bicycles against theft and from the weather will be erected in the outside area. The apartments will be heated by a modern and environmentally friendly combined heat and power plant with a gas condensing boiler that covers the peak load and also partially covers the electric energy demand in addition to the required heat supply. The three buildings will feature green roof surfaces. The parking spaces for cars and the access roads to be built on the building plot will be paved with special concrete paving that uses photocatalysis through the exposure to sunlight and artificial light to reduce nitrogen oxide pollution demonstrably and for the long term.

In addition, empty conduits for potential charging stations for an initial number of three electric vehicles will be installed beneath the paved outside areas. Construction started in October 2018. The buildings are scheduled to be ready for occupancy in the spring of 2020.

In 2018, we completed and fully rented out four modern residences in the Weissenburg garden estate in Münster. A total of 51 rental apartments ranging in size from 46 to 82 square metres that feature balconies or terraces have been built here. The apartments on the ground and first floors are also suitable for seniors. This is a car-free estate. Residents can cycle to the centre in just ten minutes. The infrastructure is excellent: In addition to everyday commodities ranging from retail to services, there are schools, day-care centres, social and community facilities located in the direct vicinity. The same applies to public transport. Use of environmentally friendly construction materials was also ensured during the construction of the houses. Neither construction materials containing CFC and HCFC nor tropical timber were used. The residences meet the KfW Efficiency House 55 standard and have a particularly low energy demand. Large areas of the flat roofs are greened, which benefits the environment and the thermal insulation performance at the same time.

Tenant support provided by EnergieServicePlus

The LEG subsidiary EnergieServicePlus has an important role to play regarding the economic and technical management and supply of energy for LEG's properties. The company is a joint project of LEG and innogy SE. LEG holds 51 % of the shares in EnergieServicePlus and innogy SE 49 %. The company is the customers' primary point of contact for all matters relating to energy. It ensures safe power supply, guarantees that the heating systems work efficiently and handles many of the energy-related services within the LEG Group.

In Focus

In 2018, more than 4.1 million euros were invested in the maintenance and modernisation of 129 apartments in Leverkusen that LEG had acquired in 2015.

Protecting the Climate and Increasing Living Quality

The record amount spent benefits the neighbourhoods of Quettingen and Opladen and their residents. 1.4 million euros were spent on maintenance measures alone, for example the renovation of roofs and garages. These costs were born entirely by LEG. LEG is carrying out extensive energy-related modernisation measures on the buildings constructed between 1908 and 1968 on Bahnallee, Lützenkirchener Strasse and Treuburger Strasse. Depending on the location and type of building, the work comprises some of the following measures, with different focal points:

- new colour design of the facades with a composite thermal insulation system,
- replacement of the roofs,
- insulation of the ceilings on the upper floors and in the cellar,
- mounting of built-on balconies or renovation of existing balconies,
- painting of the stairwell,
- replacement of the windows in the stairwell,
- replacement of the house entrance and cellar exit doors,
- renovation of the awnings,
- installation of an intercom system,
- renovation of the garages,
- and redesign of the home environment and waste facilities.

The package of sustainable measures also offers LEG tenants various technical advantages. By installing thermal insulation and new roofs, LEG is making the buildings more efficient. As a result, they will require less energy in the future, which will, in turn, save heating costs and make an important contribution to protecting the environment. Thanks to the modernisation, the CO₂ emissions in the buildings can be reduced significantly. The fresh coat of paint simply makes the



“LEG IMPLEMENTS MODERNISATIONS WITH A SENSE OF PROPORTION, THEREBY CREATING AFFORDABLE LIVING SPACE AND ACHIEVING A WIN-WIN-WIN SITUATION FOR TENANTS, COMMUNITIES AND INVESTORS.”

Eckhard Schultz, CFO

buildings look inviting and increases the tenants' living quality. In the interest of customer proximity, LEG paid close attention in advance as to which measures benefit both the tenants and the buildings.

With its modernisation project in Leverkusen, LEG is also contributing to sustainable urban development. In the direct vicinity of the apartments, the new CampusLeverkusen is being built as part of the “Neue Bahnstadt Opladen” district which is being developed

with great commitment on the grounds of a former railway workshop, using funds provided by the state of North Rhine-Westphalia and the federal government. The location is currently undergoing a major change due to the construction of campus grounds for Cologne University of Applied Sciences. LEG took this as an opportunity to further develop its properties accordingly.

Society Area of Action

The strengthening of local structures for sustainable and liveable neighbourhoods is a key task to which we are committed. In addition to our social and integrative work within neighbourhoods, this area of action comprises measures through which we can contribute our real estate expertise toward the solving of general societal challenges, for example by maintaining living space in conurbations.

Material Topics

Local communities

Impact (positive/negative) of LEG's business activities on local communities (neighbourhoods), civic participation and co-determination, contribution to society made locally by the business activities.

Societal challenges

LEG's contribution to general societal challenges such as the creation and provision of living space in conurbations, accommodation which is suitable in view of demographic change, etc.

A liveable environment

LEG's contribution to the development of sustainable and liveable neighbourhoods, the promotion of quality of life, the promotion of historic buildings and heritage protection, the tackling of future-oriented topics (new living concepts, smart cities, smart homes, etc.).

RESPONSIBILITY FOR SOCIETY

OVER
155
DISTRICT EVENTS

100 % OF LEG'S BRANCH OFFICES REALISED SOCIAL RESPONSIBILITY MEASURES WITHIN THEIR NEIGHBOURHOODS.

Strengthening Social Cohesion within Neighbourhoods

LEG acknowledges its responsibility to create sustainable and liveable residential neighbourhoods and to strengthen them by means of social and inclusive work. It provides housing that meets tenants' highly diverse needs. LEG ensures its long-term success on the basis of stable neighbourhoods.

The company has identified local communities, societal challenges and a liveable environment as topics of material relevance. This applies equally to all of the residential neighbourhoods managed by LEG. The high materiality of these issues is derived directly from LEG's business model. For example, the company is conscious of the effect that its actions have on local communities and therefore assumes a particular social responsibility. The promotion of civic participation, cooperation and co-determination is a key factor in achieving a broad consensus within society. **GRI 103-1**

LEG can play a part in resolving societal challenges such as demographic change and immigration by making affordable housing available in conurbations too. A liveable environment can be established only if sustainable neighbourhoods offering a high quality of life are developed. **GRI 103-1**

In contrast, insensitive occupancy management coupled with a lack of integration work can jeopardise local structures and foster instability. At the tenant level, these risk factors can have an impact on districts, neighbourhoods and even entire towns. Sensitivity is also called for when choosing cooperative partners as the quality of the business relations has a direct influence on the development of housing estates and on quality of life. If service providers are not sufficiently qualified, this can jeopardise the quality of neighbourhoods and LEG's image. These risks can be avoided only on the basis of shared values and standards within partnerships. **GRI 103-1**



Köln-Bocklemünd, LEG solar housing estate

Neighbourhood Management Promotes Local Integration

As a company with an awareness of its responsibilities, LEG endeavours to maintain and create liveable neighbourhoods and to provide sustainable housing. The overarching framework of this is neighbourhood management throughout the entire LEG portfolio. LEG focuses on systematic networking that makes it possible to identify the local societal structures and develop projects and, based on this, to promote integration of networks. These partnerships breathe life into neighbourhoods and play a part in stabilising local communities. At the same time, a network of contact points leads to greater tenant satisfaction and retention. **GRI 103-2**

LEG pursues three strategic goals in the Society area of action and continuously works towards achieving these goals:


- LEG uses active neighbourhood management to maintain stable neighbourhoods and promote local communities.
- LEG is a reliable partner to the local authorities and institutions, with which it maintains close dealings.
- The company also plays its part in resolving societal challenges such as housing shortages in conurbations and demographic change.

GRI 103-2c

Measures managed efficiently and based on dialogue

LEG's neighbourhood management seeks to address the three highly material topics of local communities, societal challenges and a liveable environment. The company engages in direct dialogue with municipalities and local stakeholders in order to improve residential and living conditions at the local level and contributes in the form of staff and financial resources. LEG promotes intercultural exchange and supports local integration and immigration work for displaced persons. **GRI 103-2**

The measures are managed with the aid of a neighbourhood database in which responsibilities, budgets, partnerships, stakeholder contacts, integration projects, analyses, new customer acquisition activities and the projects of the LEG NRW Tenant Foundation are logged. In the reporting period, 100 % of LEG's branch offices realised social responsibility measures within their neighbourhoods. Overall, over 155 neighbourhood measures were implemented. **GRI 103-2; GRI 413-1**

In addition to the Management Board and management staff, each and every employee involved in operating activities is responsible for the relevant topics related to the societal challenges. Neighbourhood management is the responsibility of the heads of customer management and letting, the clerical customer managers with the support of the branch office management, the landlords and caretakers, and possibly also the technical customer assistants. The Centralised Letting and Customer Management, Centralised Purchasing and Technology (due to energy modernisation), Corporate Communications, Corporate Development and Innovation Management divisions are likewise involved. As well as staffing, LEG provides funds to promote neighbourhoods, for tenant events, for ongoing upkeep and for energy modernisations. Furthermore, the independent LEG NRW Tenant Foundation  www.leg-nrw-mieter-stiftung.de supports tenants who have got into difficulties through no fault and promotes infrastructure projects. In 2018, approximately 100 projects or tenants in need of assistance received funding of around EUR 168,000. **GRI 103-2**

Open to criticism and suggestions

LEG makes it possible for tenants and all other interested parties, affected parties and partners to contact the company with suggestions and criticism in person (via appointment), over the phone, in writing or digitally. Enquiries from, for example, residents, municipalities or NGOs, are systematically logged and processed by the company's own ticket system. **GRI 103-2c**

Success of the measures evaluated

LEG uses its neighbourhood database and the project managers' assessments of their respective neighbourhood measures to monitor the success of its activities. It also uses the customer management team's regular analyses of tenant satisfaction (> **Tenants area of action**). At LEG, new ideas are developed within the Innovation Management division, within the Customer Management working group and during the customer manager days, which are held every two years. **GRI 103-3**

Dedication to Liveable Neighbourhoods

LEG engages in active neighbourhood management comprising a broad spectrum of measures that strengthen social cohesion. **GRI 103-2**

"Living Space for Generations" initiative helps families and senior citizens

In view of the shortage of spacious, family-friendly apartments in many cities in North Rhine-Westphalia, LEG launched an initiative called "Living Space for Generations" in 2017. With this initiative LEG gave senior citizens the possibility to downsize from accommodation which is too large to more affordable apartments within their neighbourhood. As a result the tenants can remain in their accustomed environment, while at the same time having a lower financial burden. It was also driven by the idea that each larger apartment which

become available could be provided to a family. In doing so the company deploys personal and sensitive dialogue with its tenants and takes the wishes of its senior citizen tenants into account when seeking an appropriate solution. The "Living Space for Generations" initiative was supported by Germany's Federal Ministry for the Environment, Nature Conservation, Building and Nuclear Safety (BMUB). The pilot phase has since been concluded, and LEG now has initial experience from the project processing. In essence the general outline of the concept will be pursued. However, it has become quite evident that demand for this concrete pilot project has not been very high. For this reason the intention is to expand the "Living Space for Generations" project, aligning it in a more targeted fashion to tenant requirements. **GRI 103-2**

Gelsenkirchen: Eichkamp housing estate with new playground

In spring 2018, the LEG designed a new playground in Gelsenkirchen on the Eichkamp housing estate and celebrated its opening with a big party. There was something for everyone, young and old. With children's face painting, imaginative faces were created on the faces of the young questions with paint and glitter. A balloon artist conjured up some mementoes to take home. And there were also exciting competitions for table soccer players. With the playground, LEG has created a new meeting point in the housing estate, where young and old alike will be able to spend time together. This also promotes a sense of community and cooperation among the tenants in the housing estate. Overall, LEG maintains some 1,800 playgrounds and play facilities in its neighbourhoods. **GRI 103-2**



Cologne-Bocklemünd, close-up solar balcony

Sports promotion with the LEG Arminia Football School

LEG believes that sport, especially for young people, contributes to social integration and health awareness of children and their families. The company therefore supports youth work as a cooperative partner in the area of football and has been the main sponsor of the LEG Arminia Football School since 2010. In holiday camps up to 60 children aged between six and 14 can learn everything about dribbling, feinting, one-on-ones or shooting. There is now even a special football camp for children with diabetes which is always booked out. **GRI 103-2**

In 2018, there was the addition of the first camp for futsal, a variation of indoor football which is still relatively unknown in Germany. Approximately 25 talented youngsters found out what it means to train like a professional. The young players were able to show their skills, impressing even MCH Sennestadt player Cleverson Pelc, who came as futsal professional from Brazil to Germany. **GRI 103-2**

SPORTS PROMOTION

Since 2010, LEG has been the main sponsor of the LEG Arminia Football School.

up to 60 children in holiday camps

LEG supports cultural offerings for people with a migration background

LEG assigned part of a building in Düsseldorf-Garath to a support centre run by the integration agency Kin-Top. **GRI 203-01** This highly networked agency helps people with a migration background find their feet within society with education and cultural offerings. In this reporting year, LEG again provided rent-free space. The agency paid only operating and heating costs. Additionally, the independent LEG NRW Tenant Foundation supported Kin-Top as a sponsor of building conversion for its future use. **GRI 103-2**

"Zelt Zeit" – 20th anniversary of the creative festival

From the very start, as the main sponsor LEG supported the "Zelt Zeit" (Tent Time) cultural festival held at the Grüner See lake in Ratingen. Every year, during the festival held over the Whitsun weekend, visitors can participate in a variety of events such as cabaret and comedy, and can experience music, games, fun and excitement. On the traditional LEG family Sunday at "Zelt Zeit", there are running events, and dragon boat races for everyone as well as outdoor attractions such as climbing walls and bouncy castles for kids. The "Zelt Zeit" originated in 1998 as an initiative from people in Ratingen-West

to show just what the district can do. In 2018, it celebrated its 20th anniversary. Over the last two decades, the event has made a name of itself far beyond the Ratingen city boundaries. **GRI 103-2**

Kreuztal: Committed to the district

To develop a viable perspective for the Fritz-Erler-housing estate, LEG has been cooperating with the City of Kreuztal and AWO since 2005. During this time, the cooperation has been steadily expanded. The City of Kreuztal, AWO and LEG are together operating a district office in premises created specially for the purpose by LEG. Until 2017, this was supported by Stadtumbau West. Subsequently funds were acquired from the "Social City" programme. LEG supports the work of the district office not only on a financial basis, but also in terms of organisation with joint activities such as tenant parties, information events and other activities related to the housing estate. **GRI 103-2**

"Living in Scharnhorst is Colourful!" – Partnership for a Neighbourhood

The cooperation in Dortmund-Scharnhorst-Ost shows just how successfully neighbourhood cooperation can upgrade a district on a sustained basis. Since 2004, together with the City, Dogewo21 and the Savings and Construction Association, LEG has been working there to upgrade the district. In April 2018, the cooperation partners signed an agreement, extending the cooperation for another year. A budget totalling EUR 21,000 has been made available.

With the motto "Living in Scharnhorst is colourful" the participants manage a total of 3,800 apartments in the districts – LEG alone approximately 3,200 – and invest in the modernisation of buildings and park-like green areas. What is more, in the monthly meetings of the district partners new ideas for the tenants are proposed – from a game box with toys and handicraft activities for children, to graffiti workshops and dragon boat race for young people right up to tenant trips for the whole family.

In Focus

There is tailwind for the model of the Cologne District Caretaker. In September 2018, the second position of District Problem Solver was created. The key tasks of the two District Caretakers are networking tenants, social facilities, housing companies and the City of Cologne.

Social Commitment for Tenants and the District

Alongside the normal caretakers, who are responsible for safety, cleanliness and orderliness in the housing estates, the District Problem Solvers help tenants with administrative and social matters. For example, they accompany tenants to the local authorities, clarify grievances in the neighbourhoods, provide support in writing letters to the authorities and organise small-scale neighbourhood parties.

Realising ideas together

The idea for the concept came from the Bocklemünd Housing Estate Coalition (BOSKO). This cooperation of the housing companies LEG, GAG Immobilien AG and Vonovia SE with the Antoniter Siedlungsgesellschaft mbH in the Cologne and Regional Protestant Church Association (ASG) was established in 2014 together with the Cologne University of Applied Sciences to develop concepts for weaker city districts. Other successful BOSKO projects include the lighting concept, bulky waste collection and cooperation at tenant parties. The project lives from the commitment and creativity of the various partners in the district. The cooperation makes it possible to provide the necessary financial foundation for practical every-day assistance.

New district champion in Bocklemünd

The new district caretaker for Cologne Bocklemünd is employed in the Civic Centre. The position is financed by the four cooperating housing companies who together manage 2,210 apartments there. The role model is a pilot project in Kalk launched in 2012 by GAG and Vonovia with approximately 7,400 apartments in the district, and where the success is ongoing.



“THE JOINT COMMITMENT IN SOCIETY OF PRIVATE, CHURCH AND STATE PLAYERS FOR THE DISTRICT CONTRIBUTES TO IT BEING A GOOD NEIGHBOURHOOD.”

Thomas Hegel, CEO

Tenant concerns are the focus for the cooperation partners and all other parties. People should be happy to live and work in their district. In addition to the caretakers and other local employees, the District Problem Solvers make a valuable contribution to social harmony. Extending the concept to other districts is possible.

Key facts

In order to manage the topics identified as highly material, we gauge our performance with regard to sustainability on the basis of specific key performance indicators. These are shown in the table below. Unless indicated otherwise, the key performance indicators relate to the financial year in question and the entire LEG Group (i.e. all the

fully consolidated companies as per the consolidated annual financial statements).

The figures presented here are rounded to one decimal place. As such, there may be minor totalling deviations.

Business Management area of action

Key performance indicator(s)	Unit	2016	2017	2018	Definition/explanation	GRI Standards/ EPRA
Scale of the organization						
Total number of employees	Number	955	1,246	1,368	Average number of employees.	102-7
Total number of operations	Number	8	8	8	The total number of operations equates to the eight LEG branch offices.	
Net sales	€ million	373.1	399.4	418.6	Equates to the revenue from renting and leasing.	
Total capitalization broken down in terms of debt and equity	%	44.9	42.3	40.7	The figures equate to the so-called loan-to-value ratio, i.e. net debt in relation to the real estate assets.	
Quantity of products or services provided	Number of residential units	128,488	131,341	133,969	Equates to the number of residential units within the LEG portfolio.	
Direct economic value generated and distributed						
Direct economic value generated: revenues	€ million	511.7	534.7	560.2	Equates to the net rent (excl. utilities and services costs) from renting and leasing.	201-1
Economic value distributed	€ million	236.5	230.9	224.5	Equates to the expenses from renting and leasing.	
CRE sector supplement: payments to government	€ million	14.7	14.7	5.7	Equates to net income tax payments in accordance with the statement of cash flows.	
Economic value retained	€ million	275.2	303.8	335.7	Equates to the difference between net rent (excl. utilities and service costs) and expenses.	
Confirmed incidents of corruption and actions taken						
Total number and nature of confirmed incidents of corruption	Number	0	0	0	Relates to all confirmed cases of corruption, bribery and the granting or receiving of advantages.	205-3
Total number of confirmed incidents in which employees were dismissed or disciplined for corruption	Number	0	0	0	The number of confirmed cases of corruption, bribery and the granting or receiving of advantages on the basis of which employees were terminated or warned.	
Total number of confirmed incidents when contracts with business partners were terminated or not renewed due to violations related to corruption	Number	0	0	0	The number of confirmed cases of corruption, bribery and the granting or receiving of advantages on the basis of which contracts with business partners were terminated or not renewed is disclosed.	
Public legal cases regarding corruption brought against the organization or its employees during the reporting period and the outcomes of such cases	Number	–	–	–	Investigation proceedings initiated by LEG itself were conducted in the reporting period. In May 2018, the investigation proceedings were terminated by the public prosecutor in line with Article 170 (2) Code of Criminal Procedure.	

Business Management area of action

Key performance indicator(s)	Unit	2016	2017	2018	Definition/explanation	GRI Standards/ EPRA
Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices						
Total number of legal actions pending or completed during the reporting period regarding anti-competitive behaviour and violations of anti-trust and monopoly legislation in which the organization has been identified as a participant	Number	0	0	0	The number of pending and concluded legal actions and cases is disclosed.	206-1
Important events of concluded legal actions, including all decisions and judgements.	Number	–	–	–	No legal proceedings on the basis of violations of competition law.	
Non-compliance with laws and regulations in the social and economic area						
Total monetary value of significant fines	EUR	0	0	0	Significant fines are thus EUR 100,000 or more.	307-1; 419-1
Total number of non-monetary sanctions	Number	0	0	0	Repressive, i.e. punishing, measures for past misconduct not consisting of a monetary sanction are reported.	
Cases brought through dispute resolution mechanisms	Number	0	0	0	Dispute resolution mechanisms are reported, i.e. judicial proceedings and out-of-court dispute resolution based on mediation or conciliation.	
Non-compliance with environmental laws and regulations						
Total monetary value of significant fines	EUR	0	0	0	Fines of EUR 100,000 or more are considered significant.	307-1
Total number of non-monetary sanctions	Number	0	0	0	Repressive, i.e. punishing, measures for past misconduct not consisting of a monetary sanction are reported.	
Cases brought through dispute resolution mechanisms		0	0	0	Dispute resolution mechanisms are reported, i.e. judicial proceedings and out-of-court dispute resolution based on mediation or conciliation.	

Tenants area of action

Key performance indicator(s)	Unit	2016	2017	2018	Definition/explanation	GRI Standards/ EPRA
Assessment of the health and safety impacts of product and service categories						
Percentage of significant product and service categories for which health and safety impacts are assessed for improvement	%	97,5	98,1	97,1	The percentage of LEG portfolio buildings for which safety checks were performed in the year under review is reported. Safety checks have been commissioned for the rest of the buildings and will be concluded at the beginning of 2019.	416-1

Tenants area of action

Key performance indicator(s)	Unit	2016	2017	2018	Definition/explanation	GRI Standards/ EPRA
Substantiated complaints concerning breaches of customer privacy and losses of customer data						
Complaints received from outside parties and substantiated by the organization	Number	1	0	0	"Outside parties" refers to any external party.	418-1
Complaints from regulatory bodies	Number	1	0	0		
Total number of identified leaks, thefts, or losses of customer data	Number	0	1	46	Reported is the number of reportable breaches of personal data in line with Article 33 EU General Data Protection Regulation.	

Employees area of action

Key performance indicator(s)	Unit	2016	2017	2018	Definition/explanation	GRI Standards/ EPRA
Information on employees and other workers						
Total number of employees by employment contract (permanent and temporary) and gender						102-8
Total number of employees	Number	990	1,311	1,380	The figures do not include employees in the passive stage of partial retirement, employees on parental leave at the reporting date or trainees. The increase in 2017 is attributable primarily to the addition of the company TechnikServicePlus GmbH (317 employees). The temporary employment figures do not include trainees or the employees of TechnikServicePlus GmbH and Biomasse Heizkraftwerk Siegerland GmbH & Co. KG.	
Of which women	Number	465	476	504		
Of which men	Number	525	835	876		
Of which temporary	Number	–	74	103		
Of which women	Number	–	25	38		
Of which men	Number	–	49	65		
Total number of employees by employment type (full-time and part-time) and gender						
Full-time	Number	807	801	817	The figures do not include employees in the passive stage of partial retirement, employees on parental leave at the reporting date or trainees. The employees of TechnikServicePlus GmbH and Biomasse Heizkraftwerk Siegerland GmbH & Co. KG are not included.	
Of which women	Number	–	314	320		
Of which men	Number	–	487	497		
Part-time	Number	183	176	187		
Of which women	Number	–	140	153		
Of which men	Number	–	36	34		

Employees area of action

Key performance indicator(s)	Unit	2016	2017	2018	Definition/explanation	GRI Standards/ EPRA
Collective bargaining agreements						
Percentage of total employees covered by collective bargaining agreements	%	92.0	91.9	90.5	Percentage of LEG employees covered by the LEG collective agreement. Managerial employees, employees not covered by collective bargaining agreements, trainees, students and the employees of TechnikServicePlus GmbH and Biomasse Heizkraftwerk Siegerland GmbH & Co. KG are not included.	102-41
New employee hires and employee turnover						
Total number and rate of new employee hires during the reporting period by age group, gender and region						401-1
Total	Number	88	108	119	Trainees, casual workers and students and new employee hires at TechnikServicePlus GmbH and Biomasse Heizkraftwerk Siegerland GmbH & Co. KG are not included. A further breakdown of the figures is not possible at this time.	
Rate	%	8.9	11.1	11.9		
Total number and rate of employee turnover during the reporting period by age group, gender and region						
Total	Number	68	87	91	Expiring partial retirement contracts, retirements, mortalities, the departure of trainees, casual workers and students, and the employees of TechnikServicePlus GmbH and Biomasse Heizkraftwerk Siegerland GmbH & Co. KG are not included. A further breakdown of the figures is not possible at this time. The total population is in line with the information on 102-8 c.	
Rate	%	6.9	8.9	9.1		
Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities						
Absence rate	%	4.5	7.1	6.8	An absence rate for LEG is determined. This excludes TechnikServicePlus GmbH and Biomasse Heizkraftwerk Siegerland GmbH & Co. KG as these are not settled via the SAP system. Casual workers, trainees and students are not included in the calculation. Days absent is divided by total possible days. From the SAP conversion in 2017, both the absences with a certificate of incapacity (>3 days) and absences without a certificate of incapacity (<3 days) are used to make the calculation. Before 2017, it was only absences with certificate of incapacity which were calculated. This is the reason for the increase from 2016 to 2017.	403-2; EPRA H&S-Emp
Average hours of training per year per employee						
Number of employees who participated in a seminar or other training measure during the reporting period	Number	877	520	539	The employees of TechnikService-Plus GmbH and Biomasse Heizkraftwerk Siegerland GmbH & Co. KG are not included. A breakdown by gender and type of employee is not possible at this time.	404-1
Cumulative number of seminar days in the reporting period	Number	3,000	1,610	1,630		
Percentage of employees receiving regular performance and career development reviews						
Percentage of total employees by gender and by employee category who received a regular performance and career development review during the reporting period	%	89.1	46.3	72.2	Not included are employees of TechnikServicePlus GmbH, EnergieServicePlus and Biomasse Heizkraftwerk Siegerland GmbH & Co. KG. apprentices, casual workers, students, trainees, employees on parental leave and in the passive stage of partial retirement. The deadline for performance reviews was postponed in the 2017 reporting year for organisational reasons.As such, only 452 staff appraisals were conducted. A breakdown by gender and type of employee is not possible at this time.	404-3

Employees area of action

Key performance indicator(s)	Unit	2016	2017	2018	Definition/explanation	GRI Standards/ EPRA
Diversity of governance bodies and employees						
Percentage breakdown of people in governance bodies by:						
Gender					The figures relate to the six members of the Supervisory Board.	405-1
Women	%	16.7	16.7	16.7		
Men	%	83.3	83.3	83.3		
Age						
Under 30 years old	%	0	0	0		
30–50 years old	%	16.7	16.7	16.7		
Over 50 years old	%	83.3	83.3	83.3		

Employees area of action

Key performance indicator(s)	Unit	2016	2017	2018	Definition/explanation	GRI Standards/ EPRA		
Percentage of employees per employee category by:								
Gender								
LEG total					Employees in the passive stage of partial retirement, employees on parental leave at the reporting date (31 December), trainees and the employees of TechnikServicePlus GmbH and Biomasse Heizkraftwerk Siegerland GmbH & Co. KG are not included.	405-1		
Women	%	46.8	36.3	47.1				
Men	%	53.2	63.7	52.9				
LEG Wohnen and Wohnen Service								
Women	%	45.5	45.3	45.7				
Men	%	54.5	54.7	54.3				
LEG management								
Women	%	53.7	54.7	56.3				
Men	%	46.3	45.3	43.7				
Specialist companies								
Women	%	33.8	11.7	33.3	Employees in the passive stage of partial retirement, apprentices, trainees, students, casual workers and the employees of TechnikServicePlus GmbH and Biomasse Heizkraftwerk Siegerland GmbH und Co. KG are not included.			
Men	%	66.2	88.3	66.7				
Age								
LEG total								
Under 30 years old	%	12.1	11.7	12.5				
30–50 years old	%	51.2	48.9	48.3				
Over 50 years old	%	36.6	39.4	39.2				
LEG Wohnen and Wohnen Service								
Under 30 years old	%	12.6	12.4	13.2				
30–50 years old	%	50.7	48.6	47.9				
Over 50 years old	%	36.8	39.0	38.9				
LEG Management								
Under 30 years old	%	13.9	12.6	12.2				
30–50 years old	%	56.1	51.4	51.1				
Over 50 years old	%	30.0	36.0	36.7				
Specialist companies								
Under 30 years old	%	4.3	3.0	6.2				
30–50 years old	%	44.9	45.5	47.7				
Over 50 years old	%	50.7	51.5	46.2				

Environment area of action

Key performance indicator(s)	Unit	2016	2017	2018	2016 Lfl	2017 Lfl	Definition/explanation	GRI-Standards/ EPRA
Energy consumption within the organization (administrative offices)								
Fuel consumption from non-renewable sources								
Diesel	MWh	1,446.0	1,264.4	968.7			The figures relate to LEG's vehicle fleet and company cars with the exception of TechnikServicePlus GmbH and to the fuel oil consumption of Biomasse Heizkraftwerk Siegerland. Energy consumption was calculated on the basis of the respective fuel consumption levels. Business trips taken for LEG by LEG employees in their own vehicles are not included. As the precise passenger car fuel consumption data for December 2018 was not available at the data collection cut-off date, a figure was extrapolated for the month of December 2018. The increase to previous years is due primarily to the considerably increased fuel oil consumption of Biomasse Heizkraftwerk Siegerland.	302-1; EPRA Fuels-Abs
Regular petrol	MWh	32	37	20				
Premium petrol		135	169	427				
Heating oil	MWh	1,054	1,202	1,936				
Fuel consumption from renewable sources	MWh	433,000	440,276	436,872			As the proportion of total diesel/premium-grade fuel attributable to biodiesel/bioethanol cannot be determined, this is not reported separately here. Therefore, only the waste wood consumption of Biomasse Heizkraftwerk Siegerland is disclosed here.	
Electricity consumption	MWh	n/a	n/a	n/a			A key performance indicator cannot be given here as LEG did not take the consumption meter readings at rented properties itself in the past and can therefore only draw on the respective landlords' utility bills. However, not all utility bills were available at the time at which the data was collected for the 2017 and 2018 calendar years.	302-1; EPRA Elec-Abs
Heating energy consumption	MWh	n/a	n/a	n/a				
Electricity sold	MWh	98,771	99,182	95,307			This figure relates exclusively to the electricity fed into the public grid by Biomasse Heizkraftwerk Siegerland.	302-1; EPRA Elec-Abs
Heating sold	MWh	1,885	1,918	2,223			This figure relates exclusively to the district heating supplied by Biomasse Heizkraftwerk Siegerland.	302-1
Standards, methodologies, assumptions, and/or calculation tools used							Unless stated otherwise, the information relates to the whole year for the companies of the LEG Immobilien Group that hold personnel or properties and are directly or indirectly involved in the administration of LEG's residential real estate (incl. management companies).	
Source of the conversion factors used							In general, publicly accessible sources were used for the conversion factors; as a rule, the publications of or information from Germany's Federal Ministry for the Environment (BMU) were used, in particular, BMU: "CO2-Emissionsfaktoren – Brennstoffbezogene Emissionsfaktoren" (excerpt, as of 15 April 2016), BMU: "Bestimmung spezifischer Treibhausgas Emissionsfaktoren für Fernwärme", BMU: "Entwicklung der spezifischen Kohlendioxid-Emissionen des deutschen Strommix in den Jahren 1990 bis 2017". The heat performance can be calculated on the basis of conversion factors related to the respective fuel consumption (source: German Federal Environment Agency, municipal utilities).	

Environment area of action

Key performance indicator(s)	Unit	2016	2017	2018	2016 Lfl	2017 Lfl	Definition/explanation	GRI-Standards/ EPRA
Energy consumption outside of the organization (housing portfolio)								
Total electricity consumption (communal areas)	MWh	20,774.4	20,514.6	–	20,116.4	19,615.2	<p>The consumption figures relate largely to the electricity costs for the communal areas (e.g. stairwells) – not including large commercial properties – in relation to the portfolio properties of the fully consolidated portfolio companies as of 31 December 2016 and 31 December 2017. The volumes consumed in 2018 can only be calculated in the course of 2019 subsequent to the editorial deadline for this sustainability report.</p> <p>As LEG is not provided with consumer data digitally by the utilities, the consumption values were extrapolated on the basis of the costs logged using samples. The figures do not include economic units consisting of mixed-use tenant privatisation rental properties and billing periods during the year. The tenants' electricity consumption volumes within their apartments (e.g. room lighting) are not included – these are billed directly to the tenants by the utilities.</p>	302-2; EPRA Elec-Abs/Lfl
Bergkamen	MWh	1,955.7	1,716.9	–	1,754.1	1,703.2		
Dortmund	MWh	2,860.2	2,854.6	–	2,811.0	2,818.6		
Duisburg	MWh	2,512.3	2,685.8	–	2,482.9	2,466.2		
Dusseldorf	MWh	3,079.3	3,354.6	–	2,858.2	2,834.6		
Gelsenkirchen	MWh	2,841.2	2,435.5	–	2,818.7	2,374.0		
Hamm/Bielefeld	MWh	2,068.4	2,078.2	–	2,043.2	2,054.1		
Cologne	MWh	3,348.4	3,301.0	–	3,246.3	3,277.1		
Muenster	MWh	2,108.8	2,088.0	–	2,102.2	2,087.5		

Environment area of action

Key performance indicator(s)	Unit	2016	2017	2018	2016 Lfl	2017 Lfl	Definition/explanation	GRI-Standards/ EPRA
Total heating energy consumption (rental units)	MWh	685,265.8	669,114.7	–	672,842.7	661,379.1	The consumption figures relate exclusively to the heating consumption billed to the tenants by LEG in relation to the portfolio properties of the fully consolidated portfolio companies as of 31 December 2016 or 31 December 2017. Consumption billed directly to the tenants by the energy utilities, on the other hand, is excluded as LEG does not have this data at its disposal.	302-2; EPRA DH&C-Abs/Lfl
Of which natural gas	MWh	490,602.6	496,376.8	–	484,653.9	475,492.0		
Bergkamen	MWh	60,991.7	60,177.7	–	55,958.9	53,724.7	The volumes consumed in 2018 can only be calculated in the course of 2019 subsequent to the editorial deadline for this sustainability report.	
Dortmund	MWh	43,885.7	46,246.7	–	43,729.2	42,739.9		
Duisburg	MWh	74,334.3	77,758.0	–	74,334.3	73,128.6	Volumes consumed in billing periods during the year and volumes which are attributable to LEG commercial units managed by third parties are not taken into account. The figures additionally do not include the volumes consumed by economic units consisting of mixed-use tenant privatisation rental properties. Consumption relates to 74,975 rental properties in 2016 and 77,923 rental properties in 2017 (residential and commercial). The like-for-like analysis encompasses 73,922 rental properties.	
Dusseldorf	MWh	40,224.3	40,906.2	–	40,224.3	39,902.6		
Gelsenkirchen	MWh	80,759.5	82,070.6	–	80,651.9	79,690.3		
Hamm/Bielefeld	MWh	52,843.4	52,364.6	–	52,214.6	51,987.3		
Cologne	MWh	89,322.5	89,055.5	–	89,299.6	86,846.3		
Muenster	MWh	48,241.2	47,797.6	–	48,241.2	47,472.4		
Of which heating oil	MWh	48,646.8	48,266.4	–	44,204.1	45,374.2		
Bergkamen	MWh	8,069.5	6,500.4	–	4,406.4	5,029.4		
Dortmund	MWh	857.9	728.9	–	282.9	271.0		
Duisburg	MWh	18,758.6	18,591.3	–	18,729.0	18,394.5		
Dusseldorf	MWh	2,061.0	1,954.3	–	2,061.0	1,954.3		
Gelsenkirchen	MWh	0.0	261.6	–	0.0	0.0		
Hamm/Bielefeld	MWh	8,040.4	8,456.9	–	8,040.4	8,146.2		
Cologne	MWh	6,653.3	7,732.7	–	6,478.2	7,538.4		
Muenster	MWh	4,206.1	4,040.4	–	4,206.1	4,040.4		
Of which district heating	MWh	146,016.4	154,471.5	–	143,984.7	140,512.9		
Bergkamen	MWh	11,450.5	21,099.8	–	11,450.5	11,378.3		
Dortmund	MWh	18,499.6	16,485.7	–	16,467.9	16,183.3		
Duisburg	MWh	11,843.9	12,800.9	–	11,843.9	11,207.1		
Dusseldorf	MWh	1,840.7	1,941.0	–	1,840.7	1,897.8		
Gelsenkirchen	MWh	52,393.7	52,075.9	–	52,393.7	50,775.5		
Hamm/Bielefeld	MWh	16,714.6	16,058.9	–	16,714.7	16,058.9		
Cologne	MWh	12,501.6	12,669.4	–	12,501.6	12,513.0		
Muenster	MWh	20,771.8	21,340.2	–	20,771.8	20,499.1		

Environment area of action

Key performance indicator(s)	Unit	2016	2017	2018	2016 LfI	2017 LfI	Definition/explanation	GRI-Standards/ EPRA
Standards, methodologies, assumptions, and/or calculation tools used							Unless stated otherwise, the information relates to the companies of the LEG Immobilien Group that hold personnel or properties and are directly or indirectly involved in the administration of LEG's residential real estate (incl. management companies).	
Source of the conversion factors used							The factors used for conversion between electricity costs and electricity consumption were determined on the basis of samples taken from the utilities' electricity bills in each financial year. In general, publicly accessible sources were used for the conversion factors; as a rule, the publications of or information from Germany's Federal Ministry for the Environment (BMU) were used, in particular, BMU: "CO ₂ -Emissionsfaktoren – Brennstoffbezogene Emissionsfaktoren" (excerpt, as of 15 April 2016), BMU: "Bestimmung spezifischer Treibhausgas Emissionsfaktoren für Fernwärme", BMU: "Entwicklung der spezifischen Kohlendioxid-Emissionen des deutschen Strommix in den Jahren 1990 bis 2017".	
Building energy intensity	kWh/m ² a	139.9	140.6	145.9			The median consumption figure of all the energy efficiency certificates for LEG's let property portfolio is taken into account. The consumption figure is calculated according to the rules stipulated in Germany's Energy Conservation Ordinance (EnEV). Properties for which no energy efficiency certificate is required pursuant to EnEV (e.g. properties under heritage protection) and which are therefore not available, are not included. Non-residential buildings and properties sold in 2018 are not included. The increase is the result of acquiring properties with poorer energy efficiency values and the comprehensive issuance of new energy efficiency certificates in the 2018 financial year.	CRE1; EPRA Energy-Int
Type and number of sustainability certification								
Percentage of residential buildings by energy efficiency certificates							Included are buildings with sustainability certificates and residential building energy clustering in line with the classification specifications of the legislator.	CRE8; EPRA Cert-Tot
Energy efficiency level A+	%	0.03	0.02	0.02			Regarding sustainability certificates, reference is made to the energy efficiency certificates required pursuant to Germany's Energy Conservation Ordinance (EnEV) and the classification information applicable in this respect. All the energy efficiency certificates for LEG's let property portfolio are included. Properties for which no energy efficiency certificate is required pursuant to EnEV (e.g. properties under heritage protection) and which are therefore not available, are not included. As in the previous year, non-residential buildings and properties sold are not included.	
Energy efficiency level A	%	0.5	0.4	0.3				
Energy efficiency level B	%	2.0	1.7	1.8				
Energy efficiency level C	%	8.4	7.7	8.6				
Energy efficiency level D	%	22.9	23.0	23.5				
Energy efficiency level E	%	24.2	23.8	21.9			The changes are the result of acquiring properties with poorer energy efficiency values and the comprehensive issuance of new energy efficiency certificates in the 2018 financial year and overcompensated for the positive effect of the energy modernisation of portfolio properties.	
Energy efficiency level F	%	21.7	21.9	19.6				
Energy efficiency level G	%	11.5	12.4	12.2				
Energy efficiency level H	%	8.7	9.1	12.0				

Environment area of action

Key performance indicator(s)	Unit	2016	2017	2018	2016 Lfl	2017 Lfl	Definition/explanation	GRI-Standards/ EPRA
Water withdrawal by source (housing portfolio)								
Total volume of water withdrawn	m³	4,040,548.9	4,050,107.6	–	3,932,447.4	3,912,406.7	Only water withdrawal (fresh water consumption) by municipal water supply companies and other public or private waterworks is presented here, as other sources are not relevant. The water consumption volumes are based on fully consolidated rental properties (commercial, residential) as of 31 December 2017 and 31 December 2016 for which the item cold and/or hot water was recorded or allocated to the tenants separately from waste water on the basis of their consumption, as part of integrated billing. This related to 56,924 residential and commercial properties in 2017 (2016: 56,201). Volumes consumed in billing periods during the year and volumes which are attributable to LEG commercial units managed by third parties are not taken into account. The figures additionally do not include the volumes of water consumed by economic units consisting of mixed-use tenant privatisation rental properties. The like-for-like analysis encompasses 54,350 rental properties. The volumes consumed in 2018 can only be calculated in the course of 2019 subsequent to the editorial deadline for this sustainability report.	EPRA Water-Abs/Lfl
Building water intensity	m³/m²	1.1	1.1	–	1.1	1.1		EPRA Water-Int
Total direct greenhouse gas (GHG) emissions (Scope 1)								
Administrative offices								
Gross direct (Scope 1) GHG emissions in metric tons of CO2 equivalent	t CO2e	694	694	886	–	–	The figures relate exclusively to the aforementioned energy consumption volumes. Only CO2 emissions were considered in the calculation of GHG emissions. In general, publicly accessible sources were used for the conversion factors; as a rule, the publications of or information from Germany's Federal Ministry for the Environment (BMU) were used, in particular, BMU: "CO2-Emissions-Faktoren – brennstoffbezogene Emissionsfaktoren" (as of 15 April 2016); BMU: "Bestimmung spezifischer Treibhausgasemissions-Faktoren für Fernwärme"; BMU: "Entwicklung der spezifischen Kohlendioxid-Emissionen des deutschen Strommix in den Jahren 1990-2017"). The CO2 emission figures for fleet vehicles and company cars were supplied directly by the billing company. Business trips taken for LEG by LEG employees in their own vehicles are not included. The increase to previous years is due primarily to the considerably increased fuel oil consumption of Biomasse Heizkraftwerk Siegerland.	305-1; EPRA GHG-Dir-Abs
Biogenic CO2 emissions in metric tons of CO2 equivalent	t CO2e	57.459	57.556	55.203				
Total direct greenhouse gas (GHG) emissions (Scope 1)								
Housing portfolio								
Gross volume of GHG-Dir-Abs Direct greenhouse gas (GHG) emissions (Scope 1)	t CO2e	74,287	74,470	–	72,494	71,271	The figures relate exclusively to the aforementioned energy consumption volumes. In general, publicly accessible sources were used for the conversion factors; as a rule, the publications of or information from Germany's Federal Ministry for the Environment (BMU) were used, in particular, BMU: "CO2-Emissions-Faktoren für fossile Brennstoffe" (27/2016), BMU: "Bestimmung spezifischer Treibhausgasemissions-Faktoren für Fernwärme"..	305-1; EPRA GHG-Dir-Abs/Lfl
Biogenic CO2- emissions in metric tons of CO2- equivalent	t CO2e	–	–	–	–	–		Due to the selective use of renewable energies, there are no significant CO2 equivalents for biogenic CO2 emissions.

Environment area of action

Key performance indicator(s)	Unit	2016	2017	2018	2016 Lfl	2017 Lfl	Definition/explanation	GRI-Standards/ EPRA
Total direct greenhouse gas (GHG) emissions (Scope 1)								
Administrative offices								305-2; EPRA GHG- Indir-Abs
Gross location-based energy indirect (Scope 2) GHG emissions in metric tons of CO2 equivalent	t CO ₂ e	n/a	n/a	n/a	n/a	n/a	A key performance indicator cannot be given here as LEG did not take the consumption meter readings at rented properties itself in the past and can therefore only draw on the respective landlords' utility bills. However, not all utility bills were available at the time at which the data was collected for the 2017 and 2018 calendar years.	
Energy indirect (Scope 2) GHG emissions								
Housing portfolio								305-2; EPRA GHG- Indir-Abs/Lfl
Gross location-based energy indirect (Scope 2) GHG emissions for communal areas (electricity only) in metric tons of CO2 equivalent	t CO ₂ e	9,351	8,019	–	9,058	7,630	The figures relate exclusively to the aforementioned energy consumption volumes. In general, publicly accessible sources were used for the conversion factors; as a rule, the publications of or information from Germany's Federal Ministry for the Environment (BMU) were used, in particular, BMU: "CO2-Emissions-Faktoren – brennstoffbezogene Emissionsfaktoren" (excerpt as of 15 April 2016); BMU: "Bestimmung spezifischer Treibhausgasemissions-Faktoren für Fernwärme"; BMU: "Entwicklung der spezifischen Kohlendioxid-Emissionen des deutschen Strommix in den Jahren 1990/2017". The factors used for conversion between electricity emissions and electricity consumption were determined on the basis of samples taken from the utilities' electricity bills and the tariff-/utility-specific emissions given here in each financial year. The reduction of CO2-emissions for electricity is due primarily to lower CO2 emissions for electricity generation by the main utilities.	
Gross location-based energy indirect (Scope 2) GHG emissions for rental units (heating energy only) in metric tons of CO2 equivalent	t CO ₂ e	73,015	75,954	–	71,931	70,776		
Waste by type and disposal method								
Administrative offices								EPRA Waste-Abs
Total weight of hazardous waste							No hazardous waste is generated by the administrative offices.	
Total weight of non-hazardous waste	–	–	–	–	–	–	Data could not be collected.	

Environment area of action

Key performance indicator(s)	Unit	2016	2017	2018	2016 Lfl	2017 Lfl	Definition/explanation	GRI-Standards/ EPRA
Waste by type and disposal method								
Housing portfolio								Waste-Abs/Lfl
Total weight of hazardous waste							Hazardous waste is generated in the course of renovating and modernising buildings and apartments. The exact volume is not recorded, however, as LEG has such little economic, legal, organisational or any other influence over the waste-generating activities of its contractor that LEG does not qualify as the waste generator within the meaning of waste legislation.	
Total weight non-of hazardous waste							Data of a service provider that acts as the waste manager for approximately a third of LEG's total portfolio is reported. This company managed approximately 26% (40,513 rental properties) of the LEG portfolio in 2018 (2017: approximately 26% or 34,008 rental properties). The volumes of the waste containers provided by LEG were assessed. These volumes do not correspond to the waste containers' actual filled volumes. Additionally, these figures do not correspond to the actual volume of waste generated as a proportion of the waste is disposed of in public containers (for example, public waste paper containers). The volumes are converted into weights based on general conversion factors for the various types of waste. 10% was added to these conversion factors across the board as the waste containers hold an above-average volume of waste due to the service provider's active waste management. Biodegradable waste is not included as there is no active waste management in this area (conversion factors – residual waste: 0.11 t/m³; recyclable materials: 0.033 t/m³; paper, card, cardboard packaging: 0.22 t/m³; biodegradable waste: 0.25 t/m³).	
Residual waste	t	13,249.2	14,810.9	18,074.1	–	–		
Recyclable materials (lightweight-packaging, Green Dot materials)	t	1,193.2	1,557.9	1,811.7	–	–		
Paper, card, cardboard packaging	t	9,786.7	6,325.8	7,335.8				
Biodegradable waste	t	429.8	928.4	919.0	–	–		
Total weight of hazardous and non-hazardous waste	–	–	–	–	–	–	n/a, as there is no data for hazardous waste	GRESB Performance Indicator Waste / absolute

Society area of action

Key performance indicator(s)	Unit	2016	2017	2018	Definition/explanation	GRI-Standards/ EPRA
Operations with local community engagement, impact assessments, and development programs						
Branches that implemented neighbourhood measures in the reporting period	%	100	100	100	LEG involves local communities by means of neighbourhood measures, which are stated here accordingly. A neighbourhood database was introduced in 2016/17 to document the measures. Approximately 93 measures are recorded in the database for 2016. The number of measures is actually higher, however, as not all measures were systematically logged in the early stages in 2016. LEG already implemented neighbourhood measures outside of this documentation prior to 2016. The explanation relates to measures logged in the database – no claim is made that the measures are exhaustive.	413-1
Neighbourhood measures implemented	number	approx. 93	approx. 154	approx. 156		
Percentage of cooperation measures	%	27	43	31		
Percentage of cooperations with local communities	%	5	10	8		

GRI Content Index

In the following GRI content index, we list all the GRI Standards applied and cross-reference the sections of the report in which the corresponding details can be found. **GRI 102-55**

GRI-Standard	Disclosure	Reference/explanation	Omission
General disclosures			
GRI 102: General disclosures 2016	102-1 Name of the organization	Company profile, p. 5	
	102-2 Activities, brands, products, and services		
	102-3 Location of headquarters		
	102-4 Location of operations		
	102-5 Ownership and legal form		
	102-6 Markets served		
	102-7 Scale of the organization	Key performance indicators: business management area of action, p. 39f.	
	102-07 CRE supplement	In terms of strategy, LEG sees itself in a portfolio maintenance role, though growth may come about both organically and from external sources, e.g. through acquisitions as defined in LEG's purchasing criteria. New builds and other investment alternatives are given equal consideration. The specific challenges of a new build project (e.g. cost risk, time risk, risk of bankruptcy on the part of business partners, quality risks) are taken into account before an investment decision is made. Through the use of appropriate specialist expertise, competences and organisational structures, provisions have been made to mitigate the specific risks of new build projects. In particular, new build projects on existing portfolio lots and redensification measures are attractive for LEG from an economic standpoint.	
	102-8 Information on employees and other workers	Key performance indicators: employees area of action, p. 41ff.	
	102-9 Supply chain	Company profile, p. 5	
	102-10 Significant changes to the organization and its supply chain	There are no changes to be reported.	
	102-11 Precautionary principle or approach	We are monitoring the current course of scientific discussion and orient our entrepreneurial decisions on these developments. Nonetheless, the precautionary principle is at this time not yet integrated into all corporate decision making.	
	102-12 External initiatives	Sustainability mission statement and strategy developed p. 9	

GRI-Standard	Disclosure	Reference/explanation	Omission
	102-13 Membership of associations	<p>LEG Group is a member of the following associations and societies:</p> <ul style="list-style-type: none"> • AGV Arbeitgeberverband der Deutschen Immobilienwirtschaft e.V. • AGW Arbeitsgemeinschaft großer Wohnungsunternehmen • Bundesverband der Unternehmensjuristen e.V. • DESWOS Deutsche Entwicklungshilfe für soziales Wohnungs- und Siedlungswesen e.V. • Deutscher Verband für Wohnungswesen, Städtebau und Raumordnung e.V. • DIIR Deutsches Institut für Interne Revision e.V. • EPRA European Public Real Estate Association • Förderer des Fachbereichs Wirtschaftswissenschaften der Hochschule Düsseldorf e.V. • Förderverein für die Aus- und Fortbildung im EBZ e.V. • GdW Bundesverband deutscher Wohnungs- und Immobilienunternehmen e.V. • Gesellschaft der Freunde und Förderer des InWIS e.V. • Gesellschaft zur Förderung der Forschung auf dem Gebiet des Siedlungs- und Wohnungswesens e.V. • Initiative Corporate Governance • VdW Verband der Wohnungs- und Immobilienwirtschaft Rheinland Westfalen e.V. • ZIA Zentraler Immobilien Ausschuss e.V. 	
	102-14 Statement from senior decision-maker	Foreword by the Management Board, p. 4.	
	102-16 Values, principles, standards, and norms of behaviour	Sustainability mission statement and strategy developed p. 9	
	102-18 Governance structure	Sustainability management and governance structures established, p. 6	
	102-40 List of stakeholder groups	Materiality assessment and stakeholder dialogue, p. 7f.	
	102-41 Collective bargaining agreements	Key performance indicators: employees area of action, p. 42	
	102-42 Identifying and selecting stakeholders	Materiality assessment and stakeholder dialogue, p. 7f.	
	102-43 Approach to stakeholder engagement		
	102-44 Key topics and concerns raised		
	102-45 Entities included in the consolidated financial statements	About this report, p. 3	
	102-46 Defining report content and topic boundaries	Materiality matrix created p. 9	
	102-47 List of material topics		
	102-48 Restatements of information	No restatements.	
	102-49 Changes in reporting		
	102-50 Reporting period	About this report, p. 3	

GRI-Standard	Disclosure	Reference/explanation	Omission
	102-51 Date of most recent report	March 2019	
	102-52 Reporting cycle	About this report, p. 3	
	102-53 Contact point for questions regarding the report	Contact details and imprint, p. 62	
	102-54 Claims of reporting in accordance with the GRI Standards	About this report, p. 3	
	102-55 GRI content index	GRI content index, p. 52ff.	
	102-56 External assurance	Audit certificate, p. 60ff.	
Material topics			
Economic performance			
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its boundary	Annual Report 2018 (www.leg-wohnen.de/unternehmen/investor-relations/news-publikationen/finanzberichte/)	
	103-2 The management approach and its components		
	103-3 Evaluation of the management approach		
GRI 201: Economic performance 2016	201-1 Direct economic value generated and distributed	Key performance indicators: business management area of action, p. 39f.	
Indirect economic impacts			
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its boundary		Compliance safeguards value added, p. 14
	103-2 The management approach and its components		
	103-3 Evaluation of the management approach		
GRI 203: Indirect economic impacts 2016	203-1 Infrastructure investments and services supported	Compliance safeguards value added, p. 14, Dedication to liveable neighbourhoods, p. 36f.	
Anti-corruption			
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its boundary	Compliance safeguards value added, p. 14	
	103-2 The management approach and its components	Compliance management system manages goals and measures, p. 15; Transparency in all business processes, p. 16.	
	103-3 Evaluation of the management approach	Compliance management system manages goals and measures, p. 15.	
GRI 205: Anti-corruption 2016	205-3 Confirmed incidents of corruption and actions taken	Key performance indicators: business management area of action, p. 39f.	

GRI-Standard	Disclosure	Reference/explanation	Omission
Anti-competitive behaviour			
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its boundary	Compliance safeguards value added, p. 14	
	103-2 The management approach and its components	Compliance management system manages goals and measures, p. 15.; Transparency in all business processes, p. 16.	
	103-3 Evaluation of the management approach	Compliance management system manages goals and measures, p. 15.	
GRI 206: Anti-competitive behaviour 2016	206-1 Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	Compliance management system manages goals and measures, p. 15.; key performance indicators: business management area of action, p. 40.	
Energy			
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its boundary	Focus on energy efficiency and emissions reduction, p. 28f.	
	103-2 The management approach and its components	Investment programme for energy modernisation, p. 29f.; Effectively increasing energy efficiency in residential buildings, p. 31f.	
	103-3 Evaluation of the management approach	Investment programme for energy modernisation, p. 31	
GRI 302: Energy 2016	302-1 Energy consumption within the organization	Key performance indicators: environment area of action, p. 45ff.	Data on electricity and heating consumption cannot be reported at this time.
	302-2 Energy consumption outside of the organization		
GRI CRE 1	Building energy intensity		
GRI CRE 8	Type and number of sustainability certification, rating and labelling schemes for new construction, management, occupation and redevelopment		
Emissions			
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its boundary	Focus on energy efficiency and emissions reduction, p. 28f.	
	103-2 The management approach and its components	Investment programme for energy modernisation, p. 29f.; Effectively increasing energy efficiency in residential buildings, p. 31f.	
	103-3 Evaluation of the management approach	Investment programme for energy modernisation, p. 31f.	
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	Key performance indicators: environment area of action, p. 49f.	
	305-2 Energy indirect (Scope 2) GHG emissions		Data relating to administrative functions cannot be reported at this time.
GRI CRE 3	Greenhouse gas intensity from buildings		Cannot be reported at this time.

GRI-Standard	Disclosure	Reference/explanation	Omission
Environmental compliance			
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its boundary	Compliance safeguards value added, p. 14	
	103-2 The management approach and its components	Compliance management system manages goals and measures, p. 15; Transparency in all business processes, p. 16.	
	103-3 Evaluation of the management approach	Compliance management system manages goals and measures, p. 15.	
GRI 307: Environmental compliance 2016	307-1 Non-compliance with environmental laws and regulations	Compliance management system manages goals and measures, p. 15.; key performance indicators: business management area of action, p. 40f.	
Employment			
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its boundary	Creating an attractive work environment, p. 23f.	
	103-2 The management approach and its components	Strategy and programme for future-oriented HR activities, p. 24; Employee services, p. 25.	
	103-3 Evaluation of the management approach	Strategy and programme for future-oriented HR activities, p. 24	
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	Strategy and programme for future-oriented HR activities, p. 24; key performance indicators: employees area of action, p. 42f.	A breakdown of the information by age and gender is not currently possible.
Vocational and professional training			
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its boundary	Creating an attractive work environment, p. 23f.	
	103-2 The management approach and its components	Strategy and programme for future-oriented HR activities, p. 24; Employee services, p. 25f.	
	103-3 Evaluation of the management approach	Strategy and programme for future-oriented HR activities, p. 24	
GRI 404: Training and education 2016	404-1 Average hours of training per year per employee	Key performance indicators: employees area of action, p. 42f.	A breakdown of the information by gender and type of employee is not currently possible.
	404-3 Percentage of employees receiving regular performance and career development reviews		
Diversity and equal opportunity			
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its boundary		Creating an attractive work environment, p. 23
	103-2 The management approach and its components		
	103-3 Evaluation of the management approach		
GRI 405: Diversity and equal opportunity 2016	405-1 Diversity of governance bodies and employees	Key performance indicators: employees area of action, p. 43f.	
	405-2 Ratio of basic salary and remuneration of women to men	Due to an existing collective bargaining agreement, there are no differences in remuneration for female and male employees.	

GRI-Standard	Disclosure	Reference/explanation	Omission
Non-discrimination			
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its boundary	Creating an attractive work environment, p. 23f.	
	103-2 The management approach and its components	Strategy and programme for future-oriented HR activities, p. 24f.; Employee services, p. 25f.	
	103-3 Evaluation of the management approach	Strategy and programme for future-oriented HR activities, p. 24f.	
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	No instances of discrimination came to light during the reporting period.	
Local communities			
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its boundary	Strengthening social cohesion within neighbourhoods, p. 34	
	103-2 The management approach and its components	Neighbourhood management promotes local integration, p. 35f.; Dedication to liveable neighbourhoods, p. 36f.	
	103-3 Evaluation of the management approach	Neighbourhood management promotes local integration, p. 35f.	
GRI 413: Local communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	Measures managed efficiently and based on dialogue, p36: key performance indicators: society area of action, p. 51.	The presentation of LEG's neighbourhood measures only partially satisfies the requirements of the disclosure.
Societal challenges and liveable environment (no topic-specific GRI Standard available)			
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its boundary	Strengthening social cohesion within neighbourhoods, p. 34	
	103-2 The management approach and its components	Neighbourhood management promotes local integration, p. 35f.; Dedication to liveable neighbourhoods, p. 36f.	
	103-3 Evaluation of the management approach	Neighbourhood management promotes local integration, p. 36	
Customer health and safety			
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its boundary	Tenant focus as the basis for LEG's success, p. 18	
	103-2 The management approach and its components	Systematic management of customer services and safety, p. 19f.; Innovative services and programmes within neighbourhoods, p. 20f.	
	103-3 Evaluation of the management approach	Systematic management of customer services and safety, p. 19f.	
GRI 416: Customer health and safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	Systematic management of customer services and safety, p. 19f.; key performance indicators: tenants area of action, p. 40f.	

GRI-Standard	Disclosure	Reference/explanation	Omission
Customer privacy			
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its boundary	Tenant focus as the basis for LEG's success, p. 18	
	103-2 The management approach and its components	Systematic management of customer services and safety, p. 19f.; Innovative services and programmes within neighbourhoods, p. 20f.	
	103-3 Evaluation of the management approach	Systematic management of customer services and safety, p. 19f.	
GRI 418: Customer privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	Systematic management of customer services and safety, p. 19; key performance indicators: tenants area of action, p. 41f.	
Tenant satisfaction (no topic-specific GRI Standard available)			
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its boundary	Tenant focus as the basis for LEG's success, p. 18	
	103-2 The management approach and its components	Systematic management of customer services and safety, p. 19; Innovative services and programmes within neighbourhoods, p. 20f.	
	103-3 Evaluation of the management approach	Systematic management of customer services and safety, p. 19f.	
Socioeconomic compliance			
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its boundary	Compliance safeguards value added, p. 14	
	103-2 The management approach and its components	Compliance management system manages goals and measures, p. 15.; Transparency in all business processes, p. 16.	
	103-3 Evaluation of the management approach	Compliance management system manages goals and measures, p. 15.	
GRI 419: Socioeconomic compliance 2016	419-1 Non-compliance with laws and regulations in the social and economic area	Compliance management system manages goals and measures, p. 15.; key performance indicators: business management area of action, p. 40.	

EPRA-Index

Code	Performance measure	Unit	Reference
Elec-Abs	Total electricity consumption	Annual MWh	p. 45f.
Elec-Lfl	Like-for-like total electricity consumption	Annual MWh	p. 46
DH&C-Abs	Total district heating and cooling consumption	Annual MWh	p. 45, p. 47
DH&C-Lfl	Like-for-like total district heating and cooling consumption	Annual MWh	p. 47
Fuels-Abs	Total fuel consumption	Annual MWh	p. 45
Fuels-Lfl	Like-for-like total fuel consumption	–	–
Energy-Int	Building energy intensity	kWh/m ² /year	p. 48
GHG-Dir-Abs	Total direct greenhouse gas (GHG) emissions (Scope 1)	t CO ₂ e/year	p. 49
GHG-Indir-Abs	Total indirect greenhouse gas (GHG) emissions (Scope 2)	t CO ₂ e/year	–
GHG-Dir-Lfl	Like-for-like total direct greenhouse gas (GHG) emissions (Scope 1)	t CO ₂ e/year	–
GHG-Indir-Lfl	Like-for-like total indirect greenhouse gas (GHG) emissions (Scope 2)	t CO ₂ e/year	–
GHG-Int	Greenhouse gas (GHG) intensity from building energy consumption	–	–
Water-Abs	Total water consumption	m ³ /year	p. 49
Water-Lfl	Like-for-like total water consumption	m ³ /year	p. 49
Water-Int	Building water intensity	m ³ /m ² /year	p. 49
Waste-Abs	Total weight of waste	annual t	p. 50 f.
Waste-Lfl	Like-for-like total weight of waste	annual t	p. 51
Cert-Tot	Buildings with sustainability certificates	Number	p. 48

Audit Certificate 2018

Independent Practitioner's Report on a Limited Assurance Engagement on Non-financial Reporting¹

To LEG Immobilien AG, Dusseldorf

We have performed a limited assurance engagement on the separate non-financial group report pursuant to § (Article) 315b Abs. (paragraph) 3 HGB ("Handelsgesetzbuch": "German Commercial Code") of LEG Immobilien AG, Dusseldorf, (hereinafter the "Company") for the period from 1 January to 31 December 2018 (hereinafter the "Non-financial Report").

Responsibilities of the Executive Directors

The executive directors of the Company are responsible for the preparation of the Non-financial Report in accordance with §§ 315b and 315c in conjunction with 289c to 289e HGB and the relevant GRI-Criteria.

This responsibility of Company's executive directors includes the selection and application of appropriate methods of non-financial reporting as well as making assumptions and estimates related to individual non-financial disclosures which are reasonable in the circumstances. Furthermore, the executive directors are responsible for such internal control as they have considered necessary to enable the preparation of a Non-financial Report that is free from material misstatement whether due to fraud or error.

Independence and Quality Control of the Audit Firm

We have complied with the German professional provisions regarding independence as well as other ethical requirements.

Our audit firm applies the national legal requirements and professional standards – in particular the Professional Code for German Public Auditors and German Chartered Auditors ("Berufssatzung für Wirtschaftsprüfer und vereidigte Buchprüfer": "BS WP/vBP") as well as the Standard on Quality Control 1 published by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany; IDW): Requirements to quality control for audit firms (IDW Qualitätssicherungsstandard 1: Anforderungen an die Qualitätssicherung in der Wirtschaftsprüferpraxis - IDW QS 1) – and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Practitioner's Responsibility

Our responsibility is to express a limited assurance conclusion on the Non-financial Report based on the assurance engagement we have performed. Within the scope of our engagement, we did not perform an audit on external sources of information or expert opinions, referred to in the Non-financial Report.

We conducted our 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, issued by the IAASB. This Standard requires that we plan and perform the assurance engagement to allow us to conclude with limited assurance that nothing has come to our attention that causes us to believe that the Company's Non-financial Report for the period from 1 January to 31 December 2018 has not been prepared, in all material aspects, in accordance with §§ 315b and 315c in conjunction with 289c to 289e HGB and the relevant GRI-Criteria.

In a limited assurance engagement the assurance procedures are less in extent than for a reasonable assurance engagement, and therefore a substantially lower level of assurance is obtained. The assurance procedures selected depend on the practitioner's judgment.

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

- Obtaining an understanding of the structure of the sustainability organization and of the stakeholder engagement
- Inquiries of personnel involved in the preparation of the Non-financial Report regarding the preparation process, the internal control system relating to this process and selected disclosures in the Non-financial Report
- Identification of the likely risks of material misstatement of the Non-financial Report
- Analytical evaluation of selected disclosures in the Non-financial Report
- Comparison of selected disclosures with corresponding data in the consolidated financial statements and in the group management report
- Evaluation of the presentation of the non-financial information

¹ PricewaterhouseCoopers GmbH has performed a limited assurance engagement on the German version of the separate non-financial group report and issued an independent assurance report in German language, which is authoritative. The following text is a translation of the independent assurance report.

Assurance Conclusion

Based on the assurance procedures performed and assurance evidence obtained, nothing has come to our attention that causes us to believe that the Company's Non-financial Report for the period from 1 January to 31 December 2018 has not been prepared, in all material aspects, in accordance with §§ 315b and 315c in conjunction with 289c to 289e HGB and the relevant GRI-Criteria.

Intended Use of the Assurance Report

We issue this report on the basis of the engagement agreed with the Company. The assurance engagement has been performed for purposes of the Company and the report is solely intended to inform the Company about the results of the limited assurance engagement. The report is not intended for any third parties to base any (financial) decision thereon. Our responsibility lies only with the Company. We do not assume any responsibility towards third parties.

Frankfurt, 6 March 2019

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

Nicolette Behncke

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Note

The separate non-financial Group report is published in German and English. The German version is always authoritative.

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