NON-FINANCIAL REPORT

Non-financial report in accordance with section 315b HGB

EU Taxonomy

In accordance with the EU Taxonomy (Regulation (EU) 2020/852), companies subject to reporting obligations in conjunction with the Non-Financial Reporting Directive (NFRD)[1] must also include Taxonomy disclosures in their non-financial reporting. As a listed company with more than 500 employees, LEG Immobilien SE is also subject to these reporting requirements. The EU Taxonomy is the first "green" classification system for defining whether or not an economic activity is environmentally sustainable. The main objective of the EU Taxonomy is to help achieve the goals of the Paris Agreement through improved transparency on the capital market. The comparability of sustainability data across different industries is an essential part of this. The companies concerned must therefore disclose the shares of their revenue, capital expenditure (Capex) and operating expenditure (Opex) that relate to environmentally sustainable economic activities. The EU Taxonomy has defined the six following environmental objectives:

I. Climate change mitigation
II. Climate change adaptation
III. Sustainable use and protection of water and marine resources
IV. Transition to a circular economy
V. Pollution prevention and control
VI. Protection and restoration of biodiversity and ecosystems

For 2023, the reporting is to be expanded to cover environmental objectives III to VI as well as environmental objectives I and II. The EU Taxonomy has defined economic activities that are potentially environmentally sustainable and consistent with all its environmental objectives.

Taxonomy eligibility

In the context of Taxonomy eligibility, the revenue, Capex and Opex of all economic activities for which the EU has issued technical screening criteria must be reported. It is not yet necessary to indicate whether the economic activity satisfies the technical screening criteria stipulated in the Delegated Acts (cf. Delegated Regulation supplementing Regulation (EU) 2020/852 of the European Parliament and of the Council, Annex 1 & 2).

For the housing industry, for example, this includes all revenue from the rental and letting of residential buildings, regardless of whether the building in question is a low-energy house or is in the lowest energy efficiency class (H). To begin with, what matters is that these activities essentially have a direct link to EU environmental objective I ("Climate change mitigation").

Identification of Taxonomy-eligible economic activities

For the 2021 financial year[2], LEG conducted a review of its Taxonomy-eligible economic activities for the first time, i. e. it identified those activities of the company for which the EU Taxonomy has defined technical screening criteria. The results of the analysis show that selected economic activities in section 7 "Construction and real estate activities", which relate to our core business, as well as section 4 "Energy" and section 9 "Professional, scientific and technical activities" are considered Taxonomy-eligible. Regarding section 4, besides its obvious energy-related economic activities, such as photovoltaic electricity generation on the roofs of properties, LEG also operates its own biomass cogeneration plant. In the following section, we report on the economic activities in numerical order.

In the 2022 and 2023 financial years, LEG validated these results and determined their Taxonomy alignment. The company did this using the technical screening criteria published by the European Commission and currently applicable, including the "do no significant harm" (DNSH) and "minimum safeguards" criteria (MS) as well as relevant FAQ documents published by the European Commission. Furthermore, various current best practices of listed German companies were taken into account. The exact procedure is described under "Identification of Taxonomy-aligned economic activities".

Mainly on account of the entry into new business areas, the Taxonomy-eligible economic activities were reassessed, resulting in no changes here compared to last year. The consideration of environmental objectives III to VI for the first time in 2023 resulted in no additions. Essentially, all revenue, Capex and Opex from economic activities for which there are technical screening criteria are Taxonomy-eligible. In the 2023 financial year, the inclusion of the technical screening criteria again primarily related to economy activity 7.7 "Acquisition and ownership of buildings" in Annex I and II, with which almost all of LEG's consolidated revenue is generated from rental and leasing, though it also had implications for the disclosures for other economic activities.

The results of this year's analysis and central changes are as follows.

[1] In accordance with the CSR Directive Implementation Act in Germany.
[2] LEG's reporting period is from 1 January to 31 December.

Results of the qualitative analysis of Taxonomy eligibility
LEG has identified three Taxonomy-eligible economic activities in Annex I with which the company generates revenue. These include (i) 4.1 "Electricity generation using solar photovoltaic technology", (ii) 4.20 "Cogeneration of heat/cool and power from bioenergy" in the "Energy" sector and (iii) 7.7 "Acquisition and ownership of buildings" in the "Construction and real estate activities" sector.

In addition to the revenue from these three economic activities, relevant Capex was identified in the following economic activities: (i) 4.1 "Electricity generation using solar photovoltaic technology", (ii) 4.16 "Installation and operation of electric heat pumps" and (iii) 7.7 "Acquisition and ownership of buildings". This also included investments that could lead to future revenue.

On Opex: For the purposes of the EU Taxonomy, the denominator used to determine the share of Opex includes direct costs relating to research and development, short-term lease, maintenance and minor repairs, as well as all other direct expenditures relating to day-to-day servicing. The numerator equates to the part of the operating expenditure included in the denominator that relates to Taxonomy-eligible economic activities. Taxonomy-eligible Opex was assigned to the following economic activities: (i) 4.1 "Electricity generation using solar photovoltaic technology", (ii) 4.20 "Cogeneration of heat/cool and power from bioenergy", (iii) 7.7 "Acquisition and ownership of buildings" and (iv) 9.1 "Close to market research, development and innovation".

Further Taxonomy-eligible economic activities arising from environmental objectives III to VI newly added in 2023 – in particular 3.1 Construction of new buildings – are reported on in 7.7 Acquisition and ownership of buildings, in order to avoid dual reporting.

The identification of Taxonomy-eligible economic activities is followed by the analysis of Taxonomy alignment, as a result of which Taxonomy-eligible revenue, Capex and Opex could be found to be non-Taxonomy-aligned.

Taxonomy alignment

LEG is required to report on the Taxonomy alignment of relevant economic activities in addition to their Taxonomy eligibility. Revenue, Capex and Opex are deemed Taxonomy-aligned if they satisfy the technical screening criteria defined by the EU. Based on these criteria, it must be indicated whether an economic activity is Taxonomy-aligned for achieving the above-mentioned environmental objectives I to VI for the 2023 reporting year. Given its business operations, only environmental objective I ("Climate change mitigation") is relevant to LEG. It also has to be ensured that these economic activities do no significant harm (DNSH) to any of the other environmental objectives and that they satisfy certain minimum social safeguards.

Identification of Taxonomy-aligned economic activities
To determine Taxonomy alignment, LEG has analysed the above economic activities according to the technical screening criteria. As stated above, these include criteria from the "Construction and real estate activities" sector in section 7 as well as economic activities from the "Energy" sector in section 4 and from the "Professional, scientific and technical activities" sector in section 9.

A structured approach was used to analyse the Taxonomy alignment of revenue, Capex and Opex as follows: Capex and Opex that contribute to Taxonomy-aligned buildings follow the revenue-generating activity 7.7 "Acquisition and ownership of buildings" and are generally considered Taxonomy-aligned. They do not require a review of the technical screening criteria (Delegated Regulation 2021/2178; cat. a)).

The majority of the Taxonomy-eligible Capex and Opex relates to activity 7.7. According to the European Commission, the date for assessing Taxonomy alignment is the date of the construction permit. Revenue, Capex and Opex from or in buildings for which a construction permit was issued before 31 December 2020 must satisfy the technical screening criteria for economic activity 7.7 – all those buildings for which a construction permit was issued after 31 December 2020 must satisfy the criteria for economic activity 7.1 "Construction of new buildings" in order to qualify as Taxonomy-aligned.

All KPIs are calculated and published using the principles applied in preparing the consolidated financial statements. As LEG Immobilien SE prepares its financial statements in accordance with IFRS, "environmentally sustainable" revenue, Capex and Opex are therefore also calculated in accordance with IFRS, whereby Opex only comprises maintenance and repairs in conjunction with the Taxonomy Regulation. This also applies to our subsidiaries whose single-entity financial statements are incorporated into LEG's consolidated financial statements.

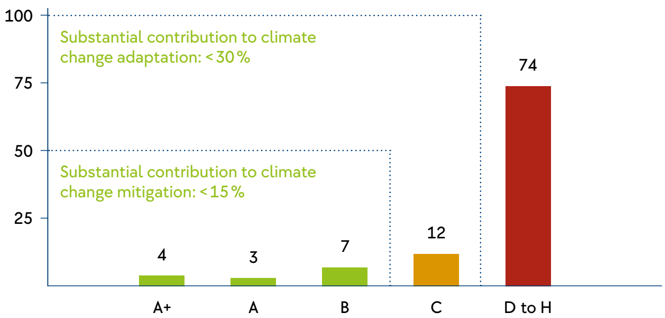
Substantial contribution
In order to determine Taxonomy alignment, on the basis of the above technical screening criteria, LEG analyses the extent to which the economic activity makes a contribution to the environmental objective "climate change mitigation". The technical screening criteria have to be applied to all material economic activities, though at LEG this primarily relates to economic activity 7.7 "Acquisition and ownership of buildings", as rental and lease revenue accounts for almost all of LEG's consolidated revenue. A majority of LEG's business model therefore falls within the scope of the Taxonomy.

The technical screening criterion relevant to economic activity 7.7 "Acquisition and ownership of buildings" states that only the revenue generated with buildings in Energy Performance Certificate (EPC) class A (+) or buildings within the top 15 % of the regional or national building stock as per PEB2 can be reported.

The room for interpretation stems from the reporting requirement in relation to the "national or regional building stock" without further reference to a database that could be used for this purpose. Also, the Delegated Acts do not provide any further definition of "regional" or differentiate between residential property types (e. g. between detached houses and apartment buildings). The definition thresholds for the individual EPC classes also differ considerably throughout Europe and therefore cannot be compared, which minimises the information value of the Taxonomy disclosures in a pan-European context. As the basis for calculating the top 15 % of the regional building stock for the current reporting of Taxonomy alignment, we therefore used the study by the German Ministry for Economic Affairs and Energy[1] (BMWi) for 2021.

The BMWi analysis indicates that buildings up to EPC class B satisfy the material screening criteria as they are among most efficient 14 % of the housing stock in Germany. The corresponding share of especially energy-efficient EPC C buildings with a final energy demand of around 77 kWh per square metre per year was used as a reference for one percent of the top 15 %. Based on the current values for our portfolio as a whole, there is an average primary energy factor of 1.18 and therefore a threshold for primary energy demand of 90.8 kWh per square metre per year.

Frequency distribution of EPC classes of German residential buildings (in %)



Source: Sven Bienert/Irebs, German Ministry for Economic Affairs and Energy (BMWi), 2021

Do no significant harm
Compliance with the DNSH criteria for environmental objective I and the other five environmental objectives in the 2023 reporting year was assessed on the basis of the specific Taxonomy requirements for the respective economic activities.

In order to counteract the significant harm in relation to **environmental objective II ("Climate change adaptation"),** all identified economic activities must undergo a climate risk and vulnerability assessment according to the Taxonomy. This was performed at the level of LEG as a whole and the result was taken into account in the reporting of Taxonomy alignment > see tables Taxonomy alignment.

No further DNSH criteria apply to economic activity 7.7 "Acquisition and ownership of buildings".

As the percentage share of the KPIs for other Taxonomy-eligible and Taxonomy-aligned economic activities is in the per thousand range for the 2023 reporting year, a more detailed description of the DNSH criteria associated with these activities and any compliance by LEG has been dispensed with, and this is also indicated in the table below and the associated footnotes. For economic activity 4.20 "Cogeneration of heat/cool and power from bioenergy", it must be pointed out that the associated revenue and Opex account for more than 1 % of the reportable KPIs.

To prevent activity 4.20 from causing significant harm to **environmental objective III ("Sustainable use and protection of water and marine resources"),** risks to water quality and in connection with water shortages must be calculated and surveyed. This necessitates disclosures on the water consumption of the equipment installed. A risk analysis is also required for **environmental objective VI ("Protection and restoration of biodiversity and ecosystems").** The priority here is the conservation and protection of environmental resources. In Germany, the conservation and protection of environmental resources is ensured by regulatory standards without which a facility will not be granted an operating permit. In addition, the facility has been declared sustainable by means of a SURE certificate. As for the fuel used, the environmental objective is taken into account by the fact that only certified scrap wood is burned in our biomass cogeneration plant.

For compliance with the DNSH criterion for **environmental objective V ("Pollution prevention and control"),** various statutory parameters and targets concerning emissions, air quality and digestate must be adhered to for activity 4.20. An environmental impact assessment is required to determine noise, dust and pollutant emissions, though in Germany this is a requirement for an operating permit under the German Pollution Protection Act and therefore can be taken as given.

[1] Since 2022: German Federal Ministry for Economic Affairs and Climate Action.

Compliance with minimum safeguards

Another criterion for the Taxonomy alignment of individual economic activities is ensuring that companies comply with the minimum social safeguards. These include due diligence within the company and in outsourced value chains by implementing suitable processes. Besides the issues of bribery and corruption, taxation and fair competition, human rights are essentially also addressed.

LEG uses a Group-wide approach to ensure that the MS criteria are fulfilled, which is also reflected in the corresponding reporting and further external documentation, such as the Code of Conduct and the Anti-Corruption Policy.

Results of the qualitative analysis of Taxonomy alignment

The following section presents and explains the material findings of the alignment analysis. Taxonomy-eligible and Taxonomy-aligned economic activities must be analysed with regard to the development of revenue and of Capex and Opex for the 2023 reporting year.

LEG reports an aggregate percentage value pro rata for the Taxonomy-eligible and Taxonomy-aligned share of economic activities in revenue, Capex and Opex. Only Taxonomy-eligible and Taxonomy-aligned revenue, Capex and Opex relevant to environmental objective I "climate change mitigation" are shown. The Taxonomy-eligible and Taxonomy-aligned revenue, Capex and Opex for environmental objective II "climate change adaptation" are a subset of the values under environmental objective I "climate change mitigation". This prevents revenue, Capex and Opex from being counted more than once in the numerator for multiple economic activities in calculating the KPIs.

In total, the share of consolidated revenue generated by letting buildings with a primary energy use of less than 90.8 kWh/m²/a was around 11.1 %.

If possible, the KPIs were allocated directly to the respective economic activities. If this was not possible, an allocation mechanism was used instead.

For the minor part of the LEG portfolio for which EPC certificates were not necessary/available (799 out of 25,446 buildings), it is assumed that the consumption and usage data break down in line with the rest of the portfolio.

A Capex plan has to be prepared for Capex and Opex that lead to an increase in Taxonomy-aligned economic activities or contribute to a transfer from Taxonomy-eligible to Taxonomy-aligned economic activities. As there is no Capex plan as referred to by the EU Taxonomy, this is not taken into account.

Reporting of the quantitative results of the EU Taxonomy analysis

> see tables Taxonomy alignment.

Excursus: Establishment and financing of joint ventures as solution providers for decarbonisation of our building stock

To comply with the German and European climate regulations and meet our own decarbonisation targets, the company pursues a three-step approach in founding its joint ventures.

Faster decarbonisation of our existing buildings is a key factor in achieving the climate objectives in the building sector. LEG has made it its mission to promote "serial energy-efficiency improvement" throughout the DACH region. With this in mind, at the end of 2021/start of 2022, the company founded a joint venture, Renowate GmbH, with the Rhomberg Group fromAustria. In addition, LEG is focused on cost-effective replacement of heating systems, especially gas central heating systems, with air-to-air heat pumps: To this end, in March 2023, the company entered into a partnership with Mitsubishi Electric as a major supplier of the systems. In September 2023, in conjunction with the Dusseldorf-based family company Soeffing, LEG founded the joint venture dekarbo, which installs the devices and provides digital maintenance across the entire life cycle as a one-stop solution. The service is to be used in LEG's own properties and offered to third parties. With the joint venture termios, LEG is optimising the use of existing heating systems by using AI-controlled thermostats and creating a scalable solution for the legally required hydraulic balancing in the property industry.

However, reporting in conjunction with the EU Taxonomy is not possible at this point, as RENOWATE, dekarbo and termios are not included in LEG's consolidated group. In theory, this could change with full consolidation. Instead, only the expenses for the implementation of energy-efficiency improvements in LEG properties by RENOWATE have been and will be included in the Taxonomy reporting in the coming years. For the young joint ventures dekarbo and termios, expenses will be included in the Taxonomy reporting for the installation of air-to-air heat pumps and the installation of AI-controlled thermostats in the LEG portfolio respectively. The associated Taxonomy-aligned Capex will then be reported by the respective contractor of the joint ventures. LEG's efforts to promote climate change mitigation throughout the property sector are therefore not included in its EU Taxonomy reporting.

Environmentally sustainable turnover related to taxonomy-aliged economic activities – disclosure for the 2023 financial year

Economic activities	Code	Absolute turnover (€ thousand)	Proportion of turnover (in %)	Minimum social standards	Proportion of Taxonomy-aligned (A.1) or Taxonomy-eligible (A.2)	Category (enabling activities)	Category (transition activities)
A. Taxonomy-eligible activities							
A.1 Environmentally sustainable activities (Taxonomy-aligned)							
Electricity generation using solar photovoltaic technology	CCM 4.1	124.68	0.0	Y			
Cogeneration of heat/cool and power from bioenergy	CCM 4.20	43,455.44	3.3	Y			
Acquisition and ownership of buildings	CCM 7.7/ CCA 7.7	145,554.99	11.0	Y			
Turnover of environmentally sustainable activities (Taxonomy-aligned)		189,135.12	14.3				
of which enabling						E	
of which transitional							T
A.2 Taxonomy-eligible, but not environmentally sustainable activities (non-Taxonomy-aligned activities)							
Electricity generation using solar photovoltaic technology	CCM 4.1	0.00	0.0				
Cogeneration of heat/cool and power from bioenergy	CCM 4.20	0.00	0.0				
Acquisition and ownership of buildings	CCM 7.7/ CCA 7.7	1,114,448.72	84.4				
Turnover of Taxonomy-eligible, but not environmentally sustainable activities (non-Taxonomy-aligned activities)		1,114,448.72	84.4				
A. Total (A.1 + A.2)		**1,303,583.83**	**98.8**				
B. Non-Taxonomy-eligible activities							
Turnover of non-Taxonomy-eligible activities (B)		**16,079.11**	**1.2**				
Total (A. + B.)		1,319,662.95	100.0				

Economic activities	Code	Substantial Contribution Criteria: Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems
A. Taxonomy-eligible activities							
A.1 Environmentally sustainable activities (Taxonomy-aligned)							
Electricity generation using solar photovoltaic technology	CCM 4.1	Y	N/EL	N/EL	N/EL	N/EL	N/EL
Cogeneration of heat/cool and power from bioenergy	CCM 4.20	Y	N/EL	N/EL	N/EL	N/EL	N/EL
Acquisition and ownership of buildings	CCM 7.7/ CCA 7.7	Y	N/EL	N/EL	N/EL	N/EL	N/EL
of which enabling		0	0	0	0	0	0
of which transitional		0					
A.2 Taxonomy-eligible, but not environmentally sustainable activities (non-Taxonomy-aligned activities)							
Electricity generation using solar photovoltaic technology	CCM 4.1	EL	N/EL	N/EL	N/EL	N/EL	N/EL
Cogeneration of heat/cool and power from bioenergy	CCM 4.20	EL	N/EL	N/EL	N/EL	N/EL	N/EL
Acquisition and ownership of buildings	CCM 7.7/ CCA 7.7	EL	N/EL	N/EL	N/EL	N/EL	N/EL

Economic activities	Code	"Do no significant harm" (DNSH) criteria: Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems
A. Taxonomy-eligible activities							
A.1 Environmentally sustainable activities (Taxonomy-aligned)							
Electricity generation using solar photovoltaic technology	CCM 4.1	–	Y	–	Y	–	–
Cogeneration of heat/cool and power from bioenergy	CCM 4.20	–	Y	Y	–	Y	Y
Acquisition and ownership of buildings	CCM 7.7/ CCA 7.7	–	Y	–	–	–	–

Environmentally sustainable Capex related to taxonomy-aliged economic activities – disclosure for the 2023 financial year

Economic activities	Code	Absolute Capex (€ thousand)	Proportion of Capex (in %)	Minimum social standards	Proportion of Taxonomy-aligned (A.1) or Taxonomy-eligible (A.2)	Category (enabling activities)	Category (transition activities)
A. Taxonomy-eligible activities							
A.1 Environmentally sustainable activities (Taxonomy-aligned)							
Electricity generation using solar photovoltaic technology	CCM 4.1	2,860.80	0.6	Y			
Installation and operation of electric heat pumps	CCM 4.16	154.80	0.0	Y			
Acquisition and ownership of buildings	CCM 7.7/ CCA 7.7	205,689.64	45.6	Y			
Capex of environmentally sustainable activities (Taxonomy-aligned)		208,705.24	46.2				
of which enabling						E	
of which transitional							T
A.2 Taxonomy-eligible, but not environmentally sustainable activities (non-Taxonomy-aligned activities)							
Electricity generation using solar photovoltaic technology	CCM 4.1	0.00	0.0				
Installation and operation of electric heat pumps	CCM 4.16	0.00	0.0				
Acquisition and ownership of buildings	CCM 7.7/ CCA 7.7	235,641.94	52.2				
Capex of Taxonomy-eligible, but not environmentally sustainable activities (non-Taxonomy-aligned activities)		235,641.94	52.2				
A. Total (A.1 + A.2)		444,347.17	98.4				
B. Non-Taxonomy-eligible activities							
Capex of non-Taxonomy-eligible activities (B)		7,049.35	1.6				
Total (A. + B.)		451,396.53	100.0				

		Substantial Contribution Criteria					
Economic activities	Code	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems
A. Taxonomy-eligible activities							
A.1 Environmentally sustainable activities (Taxonomy-aligned)							
Electricity generation using solar photovoltaic technology	CCM 4.1	Y	N/EL	N/EL	N/EL	N/EL	N/EL
Installation and operation of electric heat pumps	CCM 4.16	Y	N/EL	N/EL	N/EL	N/EL	N/EL
Acquisition and ownership of buildings	CCM 7.7/ CCA 7.7	Y	N/EL	N/EL	N/EL	N/EL	N/EL
of which enabling		0	0	0	0	0	0
of which transitional		0					
A.2 Taxonomy-eligible, but not environmentally sustainable activities (non-Taxonomy-aligned activities)							
Electricity generation using solar photovoltaic technology	CCM 4.1	EL	N/EL	N/EL	N/EL	N/EL	N/EL
Installation and operation of electric heat pumps	CCM 4.16	EL	N/EL	N/EL	N/EL	N/EL	N/EL
Acquisition and ownership of buildings	CCM 7.7/ CCA 7.7	EL	N/EL	N/EL	N/EL	N/EL	N/EL

		"Do no significant harm" (DNSH) criteria					
Economic activities	Code	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems
A. Taxonomy-eligible activities							
A.1 Environmentally sustainable activities (Taxonomy-aligned)							
Electricity generation using solar photovoltaic technology	CCM 4.1	–	Y	–	Y	–	–
Installation and operation of electric heat pumps	CCM 4.16	–	Y	Y	Y	Y	Y
Acquisition and ownership of buildings	CCM 7.7/ CCA 7.7	–	Y	–	–	–	–

Environmentally sustainable Opex related to taxonomy-aliged economic activities – disclosure for the 2023 financial year

Economic activities	Code	Absolute Opex (€ thousand)	Proportion of Opex (in %)	Minimum social standards	Proportion of Taxonomy-aligned (A.1) or Taxonomy-eligible (A.2)	Category (enabling activities)	Category (transition activities)
A. Taxonomy-eligible activities							
A.1 Environmentally sustainable activities (Taxonomy-aligned)							
Electricity generation using solar photovoltaic technology	CCM 4.1	34.57	0.0	Y			
Cogeneration of heat/cool and power from bioenergy	CCM 4.20	2,253.57	2.0	Y			
Acquisition and ownership of buildings	CCM 7.7/ CCA 7.7	8,841.86	7.7	Y			
Close to market research, development and innovation	CCM 9.1	2,133.67	1.9	Y			
Opex of environmentally sustainable activities (Taxonomy-aligned)		13,263.67	11.5				
of which enabling						E	
of which transitional							T
A.2 Taxonomy-eligible, but not environmentally sustainable activities (non-Taxonomy-aligned activities)							
Electricity generation using solar photovoltaic technology	CCM 4.1	0.00	0.0				
Cogeneration of heat/cool and power from bioenergy	CCM 4.20	0.00	0.0				
Acquisition and ownership of buildings	CCM 7.7/ CCA 7.7	99,341.69	86.4				
Close to market research, development and innovation	CCM 9.1	0.00	0.0				
Opex of Taxonomy-eligible, but not environmentally sustainable activities (non-Taxonomy-aligned activities)		99,341.69	86.4				
A. Total (A.1 + A.2)		112,605.37	97.9				
B. Non-Taxonomy-eligible activities							
Opex of non-Taxonomy-eligible activities (B)		2,399.20	2.1				
Total (A. + B.)		115,004.57	100.0				

		Substantial Contribution Criteria					
Economic activities	Code	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems
A. Taxonomy-eligible activities							
A.1 Environmentally sustainable activities (Taxonomy-aligned)							
Electricity generation using solar photovoltaic technology	CCM 4.1	Y	N/EL	N/EL	N/EL	N/EL	N/EL
Cogeneration of heat/cool and power from bioenergy	CCM 4.20	Y	N/EL	N/EL	N/EL	N/EL	N/EL
Acquisition and ownership of buildings	CCM 7.7/ CCA 7.7	Y	N/EL	N/EL	N/EL	N/EL	N/EL
Close to market research, development and innovation	CCM 9.1	Y	N/EL	N/EL	N/EL	N/EL	N/EL
of which enabling		2	0	0	0	0	0
of which transitional		0					
A.2 Taxonomy-eligible, but not environmentally sustainable activities (non-Taxonomy-aligned activities)							
Electricity generation using solar photovoltaic technology	CCM 4.1	EL	N/EL	N/EL	N/EL	N/EL	N/EL
Cogeneration of heat/cool and power from bioenergy	CCM 4.20	EL	N/EL	N/EL	N/EL	N/EL	N/EL
Acquisition and ownership of buildings	CCM 7.7/ CCA 7.7	EL	N/EL	N/EL	N/EL	N/EL	N/EL
Close to market research, development and innovation	CCM 9.1	EL	N/EL	N/EL	N/EL	N/EL	N/EL

		"Do no significant harm" (DNSH) criteria					
Economic activities	Code	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems
A. Taxonomy-eligible activities							
A.1 Environmentally sustainable activities (Taxonomy-aligned)							
Electricity generation using solar photovoltaic technology	CCM 4.1	–	Y	–	Y	–	–
Cogeneration of heat/cool and power from bioenergy	CCM 4.20	–	Y	Y	Y	Y	–
Acquisition and ownership of buildings	CCM 7.7/ CCA 7.7	–	Y	–	–	–	–
Close to market research, development and innovation	CCM 9.1	–	Y	–	–	–	–

Notes on content of report and framework

LEG Immobilien SE is publishing a non-financial declaration in accordance with section 315b HGB for the 2023 financial year. It comprises key non-financial aspects that have a significant impact on the HGB aspects of environmental, social and employee concerns, combating corruption and bribery and human rights issues and that are relevant to LEG Immobilien SE's financial position and financial performance for the 2023 financial year.

The non-financial declaration provides information on key non-financial performance indicators, individual targets figures and the concepts, initiatives and objectives underpinning these. The measures introduced in 2022 to save energy and costs must also be taken into account when assessing the non-financial key figures, especially as compared to the previous year. The standard of the Global Reporting Initiative (GRI) served as the general framework for the structure of the materiality analysis and the description of concepts. Further information can be found in > section GRI key figures. This is not the subject of the company audit.

LEG regularly reviews and optimises the processes for collecting non-financial key figures, i. e. ESG data. ESG key figures are given equal importance to financial key figures the reporting. LEG has been using a partially automated data collection system to collect and archive all relevant non-financial key figures since 2021. The data owners enter their data into the database, which is then reviewed by the ESG department or Controlling to ensure consistency and to automatically guarantee two-person integrity. In preparation for reporting under CSRD starting in 2024, the previous database – the ESG cube – is currently being moved to a new and more comprehensive data warehouse system. In this transition phase, data owners, the ESG department and Controlling coordinate the preparation of this report using standard programmes.

Preparation for the CSRD also includes integrating the non-financial declaration as a separate section of the Group management report for the first time. With the exception of the disclosures marked as "not audited", it was subject to a voluntary limited assurance audit by the audit firm Deloitte. The recommendations from the Task Force on Climate-related Financial Disclosures (TCFD) expand the reporting standards listed. They are published online at the same time as the annual report. References to disclosures not included in the Group management report or the consolidated financial statements constitute additional information and are not part of the non-financial declaration. EPRA key performance figures for sustainability and SASB reporting will be published online in May 2024.

Business model

With around 166,500 rental properties (previous year: 167,000), approximately 500,000 tenants (previous year: 500,000) and 2,003 employees (as at 31 December 2023; previous year: 2,040), Dusseldorf-based LEG is one of Germany's leading listed housing companies. The company is listed on the MDAX and generated rental and lease income of around EUR 1,241 million in the 2023 financial year (2022: EUR 1,149 million).

As the biggest landlord in Germany's most populous federal state, North Rhine-Westphalia, as well as operating in other states in Germany, LEG helps meet rising demand for affordable housing. A consistently value-driven business model with a focus on resilience and customers combines the interests of shareholders and tenants.

Further information on LEG's business model can be found in the chapter > business activities and strategy.

Below, we report on key issues for the LEG Group. The non-financial declaration is structured in line with the aspects determined in conjunction with the materiality analysis.

Material topics

The LEG Group conducted a materiality analysis in 2020 to identify material non-financial topics in accordance with the Handelsgesetzbuch (HGB – German Commercial Code) and taking into account the requirements of the GRI standards. For the 2020 materiality analysis, non-financial topics that may be relevant to the LEG Group were initially identified on the basis of a field analysis, which took capital market requirements and various industry and reporting standards into account.

These topics were then assessed regarding the LEG Group's potential impact on the matters, their business relevance and with regard to the associated expectations of internal and external stakeholders. Tenants, employees and executives at the LEG Group, as well as external experts, were involved in the assessment, contributing points of view from civil society, academia, the capital market and politics.

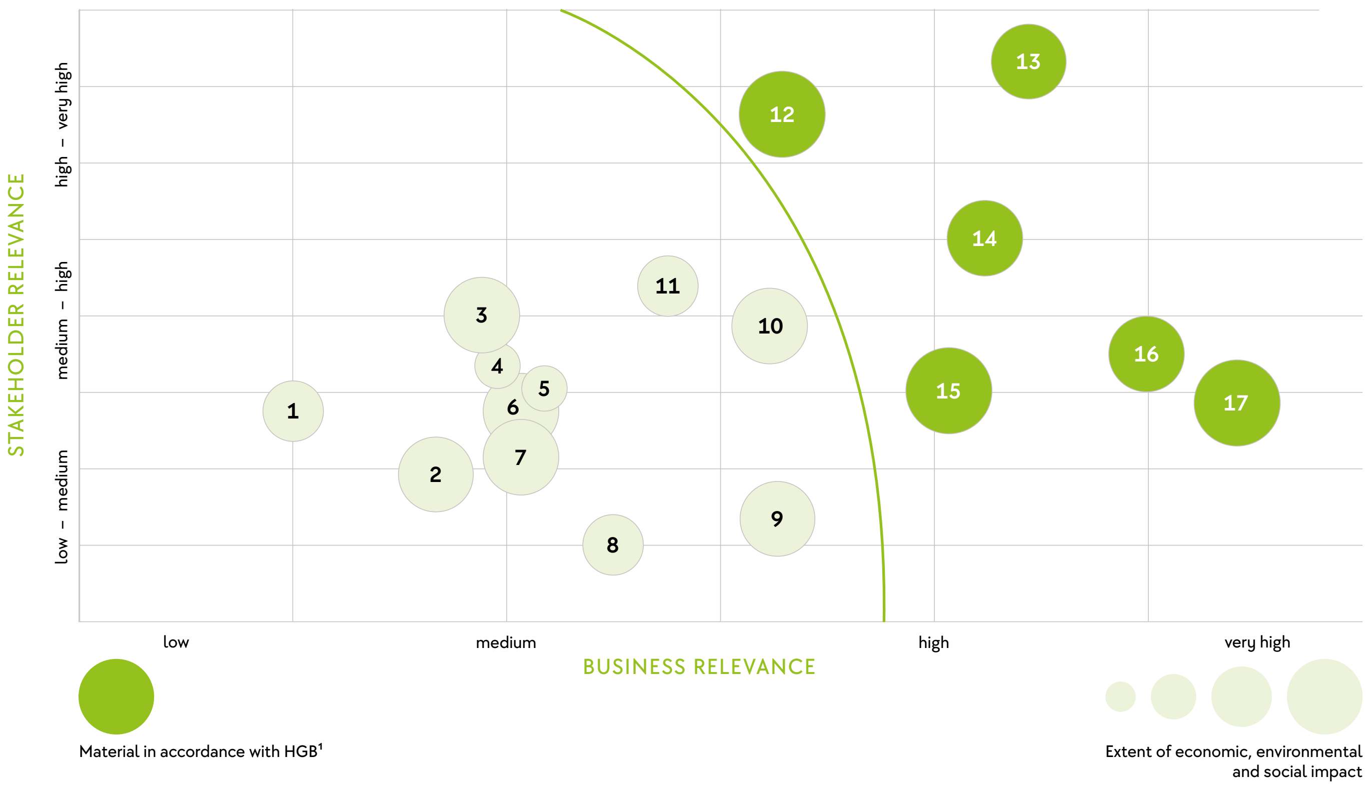
The results were consolidated and translated into a materiality matrix. The following report sets out our position on the six topics that were identified as high or very high regarding their business relevant to the LEG Group and the company's potential impact:

1. Sustainable growth and resilience
2. Customer satisfaction and participation
3. Corporate culture and values
4. Reduction of energy use and emissions
5. Fair and affordable rent
6. Neighbourhood development

We have not identified any other material topics within the meaning of HGB. We did not add or remove any issues in the 2023 reporting year. Our analysis determined that the aspects of the law "respect for human rights" and "combating corruption and bribery" are not material for the LEG Group in the strict sense of the law and so these are not discussed in detail here. Nevertheless, these are key issues for the industry, which is why they are briefly addressed under "Sustainable growth and resilience". The LEG sustainability strategy considers "respect for human rights" as well. We also signed the United Nations Global Compact in 2021 and support the ten principles of the United Nations Global Compact on human rights, labour, environment and anti-corruption. We have regularly published our progress reports on the UN Global Compact website since May 2022. We have been a member of the UN Global Compact Netzwerk Deutschland e. V. since August 2023.

This non-financial declaration is structured in line with the five action areas set out in our sustainability strategy, to which we have assigned the material topics detailed above. These five action areas are "business", "tenants", "employees", "the environment" and "society". They form the structural basis of our sustainability strategy and the targets identified by way of this.

Materiality analysis



1 Human rights standards in the supply chain
2 Social commitment
3 Land use and nature conservation
4 Health protection and occupational safety
5 Training and professional development
6 Diversity and equality of opportunity
7 Local social dialogue
8 Transparent financing and liquidity strategy
9 Good governance and compliance
10 Sustainable construction materials and environmental management
11 Work-life-balance and family friendly policies
12 Fair and affordable rent
13 Customer satisfaction and participation
14 Reduction of energy use and emissions
15 Neighbourhood development
16 Corporate culture and values
17 Sustainable growth and resilience

[1] Materiality threshold (very) high business relevance and (very) high impact

List of key areas

HGB aspects	Key areas	Issue
Environmental issues	Key area: environment	Reduction of energy use and emissions
Employee concerns	Key area: employees	Corporate culture and values
Social concerns	Key area: tenants, key area: society	Customer satisfaction and participation, fair and affordable rent, neighbourhood development
Respect for human rights	Not material for LEG according to 2020 materiality analysis, but nonetheless included in the LEG sustainability strategy	Not material for LEG according to 2020 materiality analysis, but nonetheless included in the LEG sustainability strategy
Tackling corruption and bribery	Key area: business	Sustainable growth and resilience

Risk assessment

Under HGB, non-financial risks associated with the company's business operations and that would very likely have a severe negative impact on the aspects stated if they occurred are to be reported along with concepts and efforts.

As part of our comprehensive risk management, we also assess potential risks in our action areas. Since 2020, sustainability risks (non-TCFD) have been entered in the risk inventory report without a monetary valuation as the impact of LEG's actions on external third parties, the environment and its surroundings cannot be straightforwardly quantified in monetary terms. The relevant aspects and risks in accordance with section 289c(2) HGB cover the areas of "respect for human rights", "employee and social issues", "environmental issues" and "combating corruption and bribery", together with relevant subareas. Since the 2021 reporting year, the TCFD risks have also been integrated into the risk inventory report together with a monetary valuation, as the risks that climate change poses to LEG can be estimated and could affect LEG's financial result. The management of climate-related risks includes both risks resulting from climate change, i. e. physical risks, and risks resulting from the transition to a climate-friendly economy, i. e. transitional risks. The existing Audit Committee of the Supervisory Board became the Risk and Audit Committee of the Supervisory Board in the 2021 reporting year to further highlight the ever-increasing significance of risk management. At the end of 2022/start of 2023, LEG introduced a climate risk tool that can be used to identify physical risks in particular.

In the opinion of the LEG Group's management, there are no non-financial risks that meet materiality criteria under section 289c(3) no. 3 and 4 HGB after taking risk mitigation measures into account.

Further information on risk management is included in the > Risk, opportunities and forecast report.

Key area: business

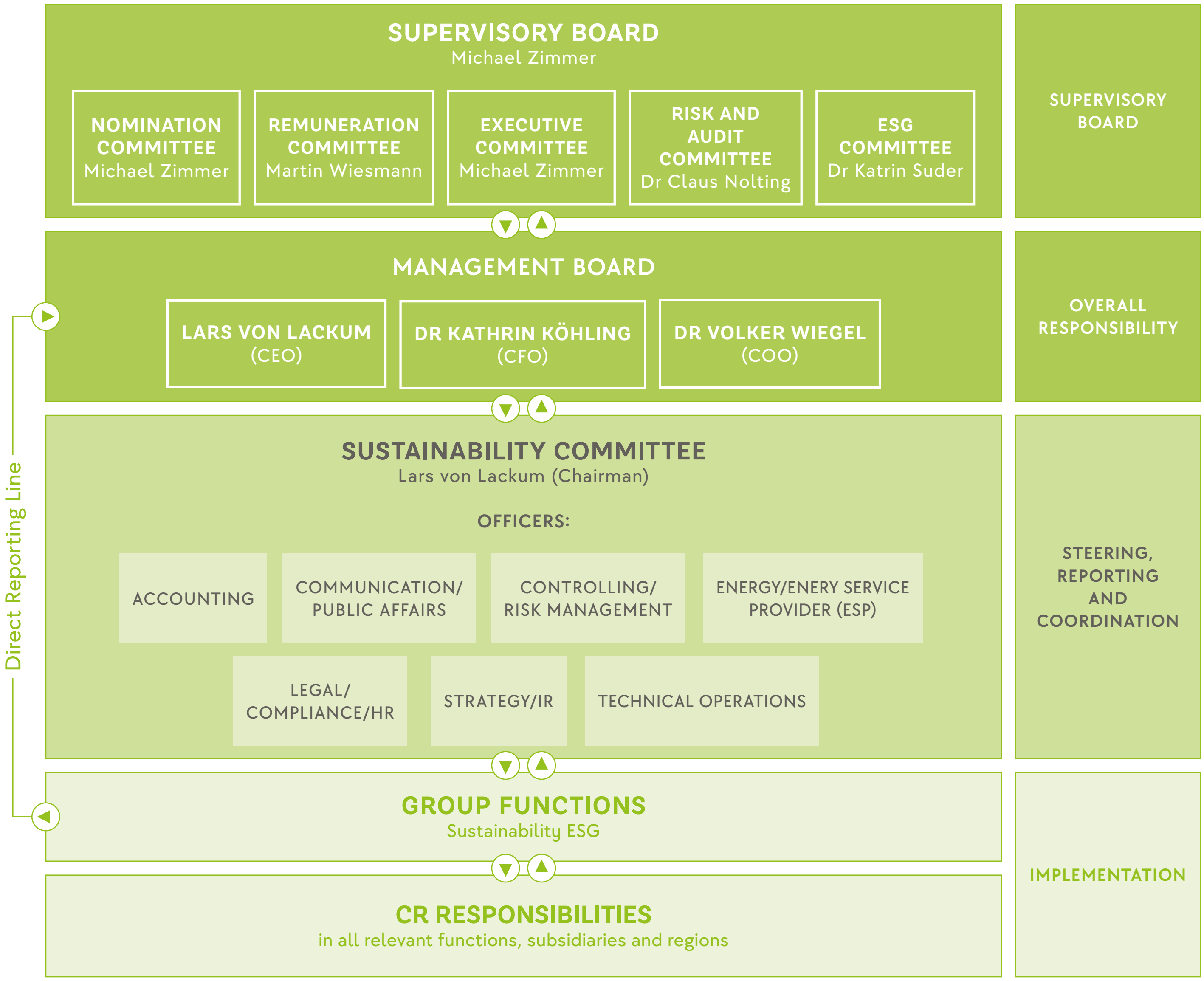
Sustainable growth and resilience

LEG defines successful sustainable business as taking environmental and social criteria, as well as aspects of good corporate governance, into consideration in the company's long-term business strategy, while remaining flexible in responding to changes in the general environment and challenges. LEG's Management Board and Supervisory Board are committed to corporate governance that is based on sustainability.

This is also reflected in corresponding organisational structures, processes and documentation. LEG has been steadily working on implementing its sustainability strategy, sustainability roadmap and ESG targets since 2018. The sustainability strategy has undergone constant refinement since this time. One key milestone here was the publication of the full LEG ESG strategy in June 2021. To enshrine sustainability in the remuneration system for the Management Board and the second management level, LEG has set specific short-term and long-term sustainability targets (STIs and LTIs) since the 2021 reporting year, which can all be measured and verified. These targets cover all three aspects of sustainability (environmental, social and governance) and must be achieved individually. The ESG targets for 2024 were communicated when the business figures were published for the third quarter of 2023. Further information can be found in the > remuneration report.

In recent years it has become increasingly vital to have an overview of strategy, identify risks and opportunities and make optimal use of capital in terms of sustainability aspects. In line with this development, the LEG Immobilien SE Supervisory Board established an ESG Committee in the middle of 2022. The three-person body is headed by Dr Katrin Suder. The ESG Committee met four times in the 2023 reporting year. The Remuneration Committee of the LEG Immobilien SE Supervisory Board was also established in the 2023 financial year. This was the result primarily of the Supervisory Board's self-assessment, which identified the need to clearly regulate the responsibility of the committees for Management Board remuneration and, if necessary, to establish the Remuneration Committee. The implementation of a remuneration committee was also the explicit wish of the shareholders.

Our ESG governance structure



The Supervisory Board's existing Audit Committee had already become the Risk and Audit Committee in the 2021 reporting year in order to further highlight the ever-increasing significance of risk management and discuss in detail key changes in the assessment of relevant individual risks. The Management Board reports to this committee on the LEG Group's risk assessment each quarter and discusses the current risk situation. This explicitly includes sustainability risks and climate-related physical and transitional risks as part of the Task Force on Climate-related Financial Disclosures (TCFD). In turn, the Risk and Audit Committee reports on this to the Supervisory Board as a whole.

The three-member LEG Management Board still bears management responsibility for sustainability. The primary decision maker for sustainability issues on the Management Board is CEO Lars von Lackum. The Sustainable Finance Committee was also established in 2021 to manage sustainable financing. The Chairwoman is the CFO, Dr Kathrin Köhling. The Sustainable Finance Committee prepared the "Sustainable Finance Framework", which LEG issued for sustainable financing. This framework sets out investment in the areas of affordable housing/social housing, certified environmentally friendly buildings, high standards for energy-efficiency improvement of existing buildings, community engagement, the use of renewable energy and low-emission transport options, and helped LEG to issue its first sustainable bond in 2021. The bond was extended in the reporting year.

Since July 2022, the new ESG department has been the central interface between the departments and is responsible for strategic decisions and bundles sustainability activities. This also includes reviewing our sustainability model each quarter, determining sustainability targets and following up on their implementation. The head of department reports directly to the CEO. The department convenes the Sustainability Committee once per quarter and liaises across the departments with all other ESG stakeholders and operations managers.

Other Corporate Responsibility officers (data owners) from the various areas of LEG are involved as well. They provide relevant data and put specific issues into practice.

Relevant non-financial key figures are collected in line with recognised reporting standards to review our sustainability strategy and targets. The above Corporate Responsibility managers in the areas are in charge of this. They also ensure that necessary operational measures are taken to achieve the sustainability targets.

The capital market has recognised the progress we have made in implementing our sustainability strategy as well. We are frequently rated by international ratings agencies specialised in assessing efforts relating to environmental, social and responsible corporate governance. These assessment periods vary – the most recent ratings are given below: For example, the ESG risk rating agency Sustainalytics reassessed our previously low ESG risk profile at the end of 2022 and, with an improved score of 6.7, again placed us in the lowest risk category of "negligible". As a result, the short-term governance target of the Management Board and second management level for the 2022 financial year of remaining in the "negligible" risk category in the Sustainalytics rating was achieved. LEG was again rated "B" ("management level") on a scale from A to D- in the 2023 CDP rating, which essentially assesses environmental issues. In addition, LEG was also awarded Prime status in the ISS sustainability rating for the first time in the 2022 financial year. ISS Prime Status is awarded to companies that meet ISS ESG's sustainability requirements (Prime threshold) for a specific industry in the ISS ESG corporate ratings. The progress made and milestones achieved in ESG in the 2021 financial year also play a role here. MSCI upgraded our ESG rating in December 2022 from AA to AAA ("Leader" category), giving us the highest score in this rating.

In our 2020 GRI materiality analysis, our stakeholders determined that the aspects "Respect for human rights" and "Combating corruption and bribery" are not material for the LEG Group. Nonetheless, we attach great importance to these key aspects:

The LEG Group maintains a compliance management system (CMS) that bundles measures aimed at compliance with legal provisions and internal regulations and guidelines, in particular in the areas of anti-corruption, competition, taxation, housing, data protection, diversity and the capital market. Responsibility for the CMS lies with the Management Board, which determines the compliance goals. The compliance targets are reviewed on a regular and ad hoc basis and the Management Board receives reports on the extent to which they have been achieved. The 2023 governance target that 85 % of employees from the subsidiaries Nord FM (facility management), TSP (minor repairs) and the Siegerland biomass cogeneration plant and 99 % of all other employees of LEG Group companies have completed digital compliance training was met.

The LEG CMS was certified by the Corporate Governance Institute of the German Real Estate Industry Association in 2019. The certification was confirmed after another audit in the 2021 reporting year and is valid until 2024.

LEG is committed to respecting human rights as defined by the United Nations (UN Guiding Principles on Business and Human Rights) and signed the United Nations Global Compact in 2021. The principles of this compact and internationally recognised agreements such as the United Nations Universal Declaration of Human Rights and the eight fundamental Conventions of the International Labour Organization (ILO) are the cornerstones of our corporate culture and everything we do.

We conduct our business activities on the basis of these principles and expect our business partners to do the same. The values and standards established in these international agreements are reflected in our internal company documents, including the LEG declaration of fundamental values, the Code of Conduct and the Business Partner Code.

LEG has also taken additional steps to satisfy the requirements of the German Supply Chain Due Diligence Act, which became effective at LEG in January 2024. For example, a human rights officer was appointed, a new policy statement published and the risk analysis for own business operations and the supply chain was expanded by using a software tool.

LEG has a keen interest in learning of compliance breaches to avert damage for the company. To this end, it established a secure whistleblowing portal for reporting compliance breaches that allows employees, customers and third parties to report potential white-collar crimes and conduct harmful to the company round the clock. Whistleblowers can remain anonymous if they wish. This whistleblower system was expanded into a complaints portal to satisfy the requirements of the German Supply Chain Due Diligence Act and to prevent risks and breaches of environmental law and human rights due diligence obligations in own business operations and in the supply chain.

Confirmed compliance breaches are penalised regardless of the position of the person's position at the company, for example with consequences under labour law or criminal charges.

Key area: tenants

Customer satisfaction and participation

Customer satisfaction and participation are key performance indicators for LEG's economic performance. Both require active, open communication with our tenants and taking customer requests into account in portfolio management and other services.

One of LEG's main goals is to have satisfied tenants in stable neighbourhoods where they can live well, safely and at fair rental conditions. High customer satisfaction reduces costs by ensuring lower tenant turnover, guarantees income and improves the company's reputation. LEG's objective is thus to ensure sustained customer satisfaction. We aim to achieve this by offering fair value for money, continually optimising LEG services and consistently focusing on our tenants' needs.

All LEG functions are responsible for ensuring high customer satisfaction, in particular those with direct customer contact such as employees at our central customer service and the eight branches. The Management Board and management also play a vital role in direct customer contact and are actively committed to increasing customer satisfaction. As an indicator of customer satisfaction, LEG regularly carries out customer satisfaction surveys using a recognised institution. The four aspects of service, product, image and price/performance ratio are assessed in order to calculate the Customer Satisfaction Index (CSI). Our goal is to increase the CSI to 70% in the period from 2022 to 2025. The figure at the time the report was completed was 60%. We started in 2020 with a CSI of around 54%. Many of our measures are already showing signs of success. In particular, satisfaction with customer service in terms of service times and availability by phone has increased. In the 2023 reporting year, in view of the energy crisis, LEG also set itself the short-term target of resolving tenant inquiries in connection with outstanding receivables within 13 days on average. This target was met across all relevant areas with an average of 11.5 days in 2023. Both targets, increasing CSI and the resolution speed for tenant inquiries in connection with outstanding receivables, are relevant to remuneration (see remuneration report).

In 2022, the customer satisfaction survey was conducted every quarter (instead of annually as before) with around 5,000 tenants each time. We switched to a half-yearly survey in the 2023 reporting year. 10,000 tenants per half-year are surveyed here. We made this switch because of our increased focus on the point of contact survey, which was extended to all relevant areas during the 2023 reporting year and now serves as the main tool in operational quality control.

Through direct point of contact surveys in the central customer service, LEG has been measuring the effectiveness of all customer satisfaction enhancement measures since 2020, and in the Rental Management, Receivables Management and Operating Costs departments since the end of 2021. Our customers are asked about their opinion of our processes and service quality after handling of customer concerns. To build up the quantity of feedback from our customers, we extended the point of contact surveys to our eight branches in May 2023. In addition, central customer service quality management was enhanced in the reporting year. The focus here was on developing an employee-related structure in which feedback-based measures, training and continuous coaching are carried out. Another key element was stepping up the application of processes by employees.

The content of the customer satisfaction survey and the point of contact survey is coordinated. Since the 2023 reporting year, the focus has been on the point of contact surveys. The results of both surveys are discussed with the managers from the relevant units in a quarterly deep-dive call. Drawing on the results of both surveys, the manager develops customer satisfaction measures and assesses their implementation. On this basis, we have introduced open tenant consultation sessions at selected locations for our customers. In addition, joint initiatives to improve cleanliness in the neighbourhoods have been carried out.

The CEO of LEG meets with tenants and residents face-to-face at "customer talks/CEO on tour" events, e.g. to introduce new projects and listen to customer concerns, and/or to engage with representatives from towns, cities and municipalities. Two of these events were held in the reporting year. The format clearly shows that LEG, with the CEO, has a clear top-management responsibility for this type of community relations.

One established institution for regular, face-to-face customer contact is the Customer Advisory Council, which meets once per quarter. It brings together dedicated tenant representatives from all branches and helps them play an active role in neighbourhood development decision processes and in developing and improving services. Key issues are discussed with the company COO and joint solutions are developed. The Customer Advisory Council met four times in a hybrid format in the 2023 reporting year. Information on heating and energy saving accounted for a large share of discussions in 2023.

Our tenants can contact us regarding their issues in a number of ways, namely by telephone, e-mail, letter, in person or digitally via the tenants portal or the tenants app. At selected locations, branches and departments such as Operating Costs and Construction Project Management offered consultation sessions on a range of topics with no appointment needed in the reporting year. Issues and complaints are processed on a standardised basis using a ticket system and passed on to the person responsible. Smaller necessary repairs are usually carried out by the subsidiary TechnikServicePlus GmbH (TSP). The company can be contacted 24/7 in emergencies.

As well as providing a quick solution to their concerns, the health and safety of our customers in their homes is central to their satisfaction. LEG puts systematic and comprehensive safety precautions in place to guarantee this as best possible. These are provided by the company's own employees as part of inspections and checks on buildings and facilities, as well as by service providers. Craftsmen are promptly hired if any shortcomings or accident risks are identified. After completion, the repair work is checked and documented.

The Management Board delegates responsibility for risk prevention to the regional branch. Twice a year, the Property Management department carries out spot checks in line with the dual control principle to ensure work is of a high quality and complete.

Thanks to its systematic safety precautions process, in the 2023 financial year LEG ensured that 99.7 % (2022: 99.1 %) of its own buildings were thoroughly tested for potential hazards and defects in common areas were identified at an early stage so that they could be promptly remedied. Safety precautions checks for the remaining buildings will be completed at the start of 2024.

We also implemented additional measures to increase customer satisfaction in the current reporting year, for example in customer correspondence and communication. For example, we made changes to our tenant manual and published information on energy saving. Letters to tenants and notices are continually updated and digital communication improved on an ongoing basis. Additional features are offered in the tenants portal, and we regard this as ongoing improvement of digital communication. We also optimised our processes for the call-back service at the central customer service and further expanded contactless letting.

The start-up Youtilly GmbH, a subsidiary of LEG, provides the first digital platform in the housing industry for transparency when awarding contracts in the areas of gardening and landscaping, building cleaning and winter maintenance for the property sector as a whole. Youtilly unites the interests of home-owners, service providers and tenants, as the platform enables tenants to rate services directly, actively help design their living environment and gain a better understanding of their utilities costs thanks to the transparent digital format. The commissioned service providers also benefit from the direct feedback on their services. At the same time, owners and servicers receive a new basis for quality control in their own portfolio. In recognition of this, Youtilly GmbH won Gold at the German Innovation Award 2023 in the "Excellence in B2B" category, and the Young Gun Award at the Federal Association of German Housing and Real Estate Companies' WohnZukunftsTag 2023. In addition, Youtilly was included in the innovation radar of the German Property Federation (ZIA).

Tenant turnover and average length of occupancy are key performance indicators for tenant satisfaction. Tenant turnover improved to 9.3 %, below the comparable figure from 2022. The average length of occupancy (in years) remained largely constant against the previous year.

Tenant turnover and average length of occupancy

	2023	2022
Tenant turnover (as %)	9.3	9.5
Average length of occupancy (in years)	11.6	11.5

Fair and affordable rent

By providing affordable and diverse housing including in urban areas, LEG plays a role in addressing pressing social challenges such as demographic change and migration.

Our focus on affordable housing and our units helps meet rising demand by the rapidly growing number of smaller households that are characteristic of our market. We want to offer all tenants long-term home prospects. At the end of 2023, our portfolio contained around 166,500 rental properties (end of 2022: 167,000) with an average size of 63 square metres (previous year: 63 square metres) and around 1,550 commercial units (previous year: 1,600).

We provide homes to average earners and to those eligible for social housing at affordable prices and create a home worth living in for people. At the end of the reporting year, around 19 % of our properties were social housing (2022: 20 %), with an average rent of EUR 5.36 (previous year: EUR 5.05) per square metre.

Upgrading existing properties is a key driver of rent costs. LEG takes a careful approach to modernisation work. Measures that reduce energy consumption and emissions create a better and more environmentally friendly living environment for tenants. However, the modernisation work must also be economically viable for the tenants, i. e. reducing their utilities costs as much as possible and still ensuring affordable housing. Bringing environmental protection into line with economic viability for tenants opens up a whole array of opportunities. It increases the sustainability and value of the housing portfolio, makes the rental property more attractive and improves both customer satisfaction and tenancy duration.

Digital and serial processes are increasingly important here. With this in mind, at the end of 2021/start of 2022, LEG founded a joint venture, RENOWATE, with the Austrian construction company Rhomberg, focusing on serial refurbishment. In serial refurbishment, CO_2 emissions are lower and the tenants reduce their heating costs. In addition, digitalisation of construction processes reduces the need for highly in-demand skilled workers. Renovations take far less time and there is much less of an impact on residents and the neighbourhood during the construction phase compared to conventional modernisation work. This is a win-win situation for everyone involved, from tenants to landlords, residents and society. Consequently, serial refurbishment not only makes a vital contribution to protecting the climate, it also has social benefits, as it makes rent and bills affordable in the long term. RENOWATE successfully completed its first projects at the end of 2022 and delivered further projects in the reporting year, while constantly optimising the holistic, scalable and efficient process to decarbonise existing properties (see also key area: environment).

If tenants demonstrate that they can no longer afford the higher rent after modernisation work, LEG's hardship provisions come into effect. As a general rule, the company then offers a more affordable apartment. LEG aims to retain its loyal customers, prevent the gentrification of stable neighbourhoods that have developed over time and, in turn, offer customers not just a house but a reliable home.

LEG's core business is portfolio management. However, in 2023, LEG still invested around EUR 137 million in new construction and completed seven projects with a total of 552 residential units. Just under 21% of these are publicly subsidised homes that benefit tenants on lower incomes. In addition, three further projects with a remaining total investment volume in 2024/2025 of around EUR 78 million and a total of 396 residential units are currently under construction, with completion scheduled for 2025. Unfortunately, it is not possible to build affordable housing under the current market and subsidy conditions, and so LEG will be discontinuing its small new construction business once the projects described above are complete.

Working together to overcome the energy crisis

To minimise the financial strain on our tenants as much as possible, we have instigated many measures to cope with the energy crisis. For example, the Management Board sent out a letter to all tenants discussing how to reduce energy consumption, how tenants can prepare for higher costs and what specific assistance LEG offers, from the option to pay in instalments to help with applying for housing benefit. Detailed information for our tenants and interested members of the general public can also be found online. Social managers at the "Your Home Helps" foundation also advise on financial strain caused by the energy crisis and give information on suitable assistance so that tenants can still afford their homes.

Key area: employees

Corporate culture and values

LEG's corporate culture is based on the values of integrity, fairness, commitment and professionalism, confidentiality, transparency and sustainability that characterise our collaboration.

We aim to further consolidate this culture that puts team development at its heart. Through our occupational health management, we offer our employees a wide range of benefits that are constantly being optimised. We also offer a wide range of employment contracts and flexible working time models. LEG has had an employee share programme since 2022 as well. We particularly value the trusting and constructive partnership between employee representatives and the employer.

The Human Resources department provides a framework for responsible, values-driven human resources work, translating social megatrends such as demographic and technological change, digitalisation and the challenges of modern society into measures and concepts that serve our company's performance aspirations.

The objectives are to attract suitable talented candidates to LEG, optimise training, professional development and succession processes, strengthen employee loyalty and reduce turnover. Training programmes are open to all employees. In coordination with managers, training can be selected and requested directly through the internal digital LEG Akademie or at annual employee appraisals between managers and employees. Our overarching goal is to continuously enhance the company's image and appeal as an employer. LEG is committed to diverse teams, supports talented employees and encourages networks, including with its mentoring programme for female, gender-diverse and, since 2023, male colleagues. 16 traineeships were again offered in the 2023 reporting period in view of the skills shortage. Every two years, LEG also runs two three-and-a-half year dual study programmes in "Business management with a focus on tax consulting, accounting and controlling", which incorporate practical training. After completing the dual study programme, the "Finance" student was taken on in "Accounting & Taxes" in 2023. In a study by the business magazine Capital, LEG was also named "Germany's best training company in 2023".

LEG's Human Resources department manages and is responsible for all central and non-central personnel-related processes and tasks. It comprises the areas of HR Management, Staff Recruitment, Staff Development, Staff Controlling and the person in charge of training.

The Management Board is closely involved in discussions and approves the related concepts and programmes. Detailed HR key figures are also regularly reported to the Management Board.

The Human Resources department helps implement the LEG strategy through its HR strategy, which was updated in the middle of 2023, by focusing on the core elements of worker participation, employer branding, recruiting and the company's social objectives. Worker participation is key to our company. The HR department thus actively encourages collaboration with all management bodies, for example by implementing a key issues paper agreed with the participation of employees and by engaging in an open dialogue through regular trusting communication at fixed dates. To tackle the shortage of skilled and executive personnel, recruit suitable talented employees to LEG and strengthen the employer brand in the long term, recruiting activities are being expanded and adapted to meet current labour market trends and the needs of LEG and potential applicants. The LEG careers page was redesigned in 2023.

In the 2023 reporting year, LEG launched the new "Employees recruit employees" programme, whereby employees can recruit qualified, ambitious team players to fill vacancies. By recommending suitable candidates, employees can have a say in new additions to their team. If the recommended candidate is hired and successfully passes their probation, the employee who recommended them receives a bonus.

We offer our employees flexible and remote working solutions, as well as hybrid (learning) methods, online training and other digital content. Health management measures in the 2023 reporting year included sending out invitations to take part in company runs, self-defence training for customer-facing employees, encouraging bicycle leasing, implementing various preventative measures and providing fruit boxes in the winter.

In order to maintain an open and transparent corporate culture, the Management Board as a whole held an employee call with the entire workforce each quarter in 2023. Instead of being carried out entirely online through webcasts and audio casts, this moved to a hybrid format at the end of 2023, known as the employee talk. At the events, the Management Board regularly reports on the company's position and then holds an open Q&A round where employees can ask questions. Participants were invited to vote on certain issues online. Between November 2022 and February 2023, the Management Board held various in-person meetings to explain changes in the business strategy designed to ensure maximum capital efficiency.

LEG ensures systematic and comprehensive occupational health and safety. To prevent workplace accidents and employee absences due to illness, health and safety measures are systematically integrated into the organisation. Information on workplace health and safety is available to all employees on the LEG intranet. The LEG occupational health and safety coordinator organises workplace health and safety throughout LEG and reports directly to the LEG Management Board. Occupational health and safety measures in 2023 included invitations for flu vaccinations and eye tests.

Overall, it is clear that we enjoy high employee satisfaction rates, as regularly measured by the "Great Place to Work" (GPtW) survey. The last survey was held in 2022. The key figure, known as the Trust Index – an average of all core aspects of employee satisfaction measured by GPtW – was 73 % (2020: 66 %), 11 percentage points higher than the average for the GPtW model (62 %). The international research and consultancy institution thus named LEG an "attractive employer". Employee satisfaction is a vital factor in lasting company success, and so it is an integral part of LEG's sustainability targets relevant to remuneration for the Management Board and the second management level (see remuneration report). The next GPtW employee survey is scheduled for 2024. GPtW also named LEG one of Germany's best employers in March 2023. LEG came in third place in the "Best employer in NRW" award for companies with more than 1,000 employees and 15th in the top 100 for companies with between 501 and 2,000 employees.

Employee turnover was around 11.2 % in the 2023 reporting year (2022: 13.5 %). At around 10.4 %, the hiring rate in 2023 was roughly the same as turnover for this year (2022 hiring rate: 15.3 %).

Employee turnover

in %	2023	2022	2021	2020
Employee turnover	11.2	13.5	6.2	7.5

We have reported the number of applications for each advertised vacancy increase since the start of 2021 as an indicator of our appeal as an employer to new employees. There were around 11 applicants per position in 2023 (2022: around 15). Despite the ever-increasing labour shortage in Germany, our goal is to stabilise this figure.

Respect for employee diversity is a factor in LEG's success. To further underscore these guiding principles of diversity management, an in-person and online information rally was organised at LEG headquarters in Dusseldorf to mark Diversity Day on 23 May 2023. Employees had the opportunity to discuss a wide range of diversity issues and report on their own experiences, for example as mentors for issues such as generational diversity, religion and social background. LEG also ran a female empowerment programme in 2023 with the aim of making participants more aware of their own strengths.

Key area: environment

Reduction of energy use and emissions

Reducing buildings' direct and indirect energy consumption and the greenhouse gases that they emit has become a key issue in the housing industry. This is essentially being driven by German, as well as European, climate regulations.

The German federal government's climate package enshrined environmental targets and carbon pricing in law. For the building sector, this means reducing greenhouse gas emissions in Germany to 67 million tonnes by 2030 (2020: 118 million tonnes). LEG supports the federal government's target of making the building stock in Germany virtually carbon neutral by 2045. To this end, for example, it is modernising its portfolio in terms of energy efficiency and developing innovations and technologies to reduce carbon as efficiently as possible.

We began preparing a climate strategy in the 2020 reporting year and produced a carbon footprint report for 2019 consisting of 80 % current data and 20 % extrapolated data, thus representing LEG's overall portfolio. The figures for 2020 were extrapolated based on this data, adjusted to account for portfolio changes in the reporting year. We took the same approach in the reporting years from 2021 to 2023. We always work with reliable underlying data and can accurately measure the (annual) effects of our measures > see GRI table.

In November 2023, the Science Based Target Initiative (SBTi) officially confirmed LEG's near-term emission reduction targets as science-based and in line with the 1.5 degrees Celsius target set out in the Paris Agreement. In accordance with its decarbonisation roadmap, LEG set the goal of reducing its Scope 1 and Scope 2 emissions by around 46 % by 2030 compared to 2019 levels. Scope 3 emissions in the upstream and downstream value chain are also to be reduced by around 28 % of 2019 levels by 2030.

We have a team of experts so that we can better assess and manage the environmental risks and opportunities for LEG. This team is responsible for monitoring carbon, working out ways to reduce our carbon emissions and conducting research in carbon reduction. A separate ESG Supervisory Board committee and an ESG department that reports directly to the CEO were established in the 2022 reporting year, further underscoring the high value the company places on sustainability.

To mitigate potential future climate-related physical and transitional risks, LEG has integrated risks into the risk management system in line with the TCFD recommendations since 2021. At the end of 2022/start of 2023, LEG launched a climate risk tool that identifies locations where long-term physical climate risks could occur. This allows LEG to create long-term climate forecasts specifically for its own property portfolio. In addition, we continuously evaluate whether the risks recorded are complete > see Risks, opportunities and forecast report.

LEG has also set short-term and long-term environmental sustainability targets that can be individually measured and are part of the remuneration system for the Management Board and senior management > see remuneration report.

Long-term targets are to reduce relative CO_2e emission saving costs – in EUR/ton of carbon – by 10 % by 2026 through permanent structural changes to residential buildings. LEG had set a target for the 2023 reporting year of reducing carbon emissions by 4,000 tonnes through own modernisation projects and changes to customer behaviour. It achieved this target. Changes in customer behaviour were a significant contributing factor here.

Influencing user behaviour, known as nudging, can help reduce carbon emissions – and the same is true for the amount of heat used by rental households. A pilot project conducted by the ESG department at the start of the 2021/22 winter period created individual use cases. This found that putting up posters and sending letters with heating consumption comparisons are the most cost-efficient ways of reducing energy usage. Posters reduced energy consumption by around 5 % and letters including peer comparisons by 8 %. These measures have now been rolled out and are used within LEG on a large scale. The pilot project was supported by the Hasso Plattner Institute and the University of St. Gallen. The related study was accepted for scientific publication at the annual conference of the "Academy of Management", the international professional association for management and organisation scholars, and selected as one of the "Best Papers". Since the end of 2022, LEG has written to its tenants once a month during the winter period detailing their individual heating and warm water consumption. The letters include figures for the previous month and previous year, comparisons with other tenants and areas where usage could be reduced. The letter was further improved in the 2023 reporting year. Over the year, specific additional energy saving tips were added that differ from month to month. Once residents turned off their heating for the summer, the posters were taken down and the letters stopped. We are making further improvements in winter 2023/24 and carrying out new studies to verify effectiveness.

Moving forwards, we will also make increased use of serial modernisation procedures through our joint venture RENOWATE, which we founded at the end of 2021/start of 2022 with the Austrian construction company Rhomberg, to make modernisation work quicker, fairer, more resident-friendly and, in the long term, cheaper > see key area: tenants. Serial refurbishment plays a key role in protecting the climate, in addition to many other benefits, and so the German government provides special subsidies. We reduced carbon emissions by around 94 % in 2022 in a pilot project in Moenchengladbach-Luerrip, Zeppelinstrasse, thanks to energy-efficiency improvement in eight buildings with 47 apartments. RENOWATE was awarded the DW Future Prize of the Property Industry under the slogan "Intelligently shaping the heating transition in existing buildings" for this in the 2023 reporting year. RENOWATE began or completed further serial modernisation work in Moenchengladbach and Soest, as well as with three other external housing companies, in 2023.

In conventional energy-efficiency improvement in neighbourhoods in Wolfsburg, Goettingen, Dortmund, Dusseldorf, Essen, Muenster, Koblenz and Moers – around 680 residential units in total – we achieved average calculated energy savings of around 38 % to 53 % through comprehensive insulation, replacement of windows and roof renewals. At the end of 2023 we also received DGNB gold certification for our new, sustainable F99 LEG headquarters in Dusseldorf, which we moved into in spring 2022. This is issued by the German Sustainable Building Council.

We use green district heating where possible. Around 30 % of all LEG homes are currently connected to the district heating network. Green district heating supplies 3 % of our apartments. We are also running pilot projects to test concepts for green local heating networks, the use of solar power and combined heat and power systems.

Furthermore, LEG has the Siegerland biomass power plant, which helps further reduce carbon emissions as the plant already produces 100 % green energy. Around 105,000 MWh of carbon-neutral electricity has been produced over the year. This could be used, for example, to make around 45,000 LEG residential units carbon neutral each year. The heat generated is also fed into the local district heating grid, which supplies carbon-neutral district heating to Siegerland airport and most of the surrounding commercial area. The green energy produced is not available to LEG apartments at this time. The current EU ETS I regulatory framework does not include this offsetting option, but from 2027 the legal framework will be expanded with the introduction of EU ETS II, allowing the BMHKW to be used.

For LEG tenants, we have created an energy page on our website with a video explaining how tenants can help save energy and what we, as the landlord, are doing to minimise increases in utilities costs as a result of higher energy prices. Tenants can also receive support, for example if they have questions about applying for housing benefit or agreeing instalment payments if they are worried about their energy costs.

LEG initiated several strategic partnerships in the 2023 reporting year to actively promote the heating and energy transition in the housing sector and to reduce carbon emissions. Through these innovative projects, we develop practical and scalable solutions to help us and others to comply with regulatory requirements.

In March 2023, LEG founded the joint venture termios together with the family business Oventrop and the business developer mantro. The joint venture develops green heating and sustainability solutions for residential properties. The termios Pro solution automatically regulates the hydraulic balancing of the heating system for each individual radiator. This also lowers heating costs thanks to smart and demand-based temperature control. termios reduces energy consumption significantly overall, with hydraulic balancing resulting in savings of up to 15 %. Unlike the manual method, no dimensions have to be calculated in advance and the radiator valve does not need to be pre-set. Once installed on the radiator, the digital thermostats automatically regulate hydraulic balancing after a short learning period. The three partners have combined their many years of expertise and core strengths and are working together on innovative ideas and products for the sector as a whole. The joint venture's ultimate goal is to translate the sustainability targets into pragmatic, cost-efficient solutions.

To replace existing, fossil fuel-based heating systems with efficient air-to-air heat pumps, LEG entered into a strategic cooperation agreement with Mitsubishi Electric Europe B.V., based in Ratingen, in March 2023. The aim is to install air-to-air heat pumps in existing properties that were previously fitted with decentralised gas heaters. In the target picture, the air-to-air heat pumps should be operated with green electricity to avoid 100 % of CO_2 emissions. In doing so, LEG wants to be an industry pioneer, accelerating the decarbonisation of its housing portfolio while at the same time ensuring that this is affordable for its tenants.

In September 2023, LEG founded the company dekarbo together with Soeffing Kälte Klima GmbH, Dusseldorf. The joint venture combines housing industry know-how and trade expertise in air conditioning and heating technology. Dekarbo offers a comprehensive solution comprising air-to-air heat pump installation including a hot water solution and subsequent system support over the entire life cycle for each apartment. It uses environmentally friendly appliances from Mitsubishi Electric and can be used for heating in the winter and air conditioning in the summer. Installation takes just a few days per home. LEG has already tested the technology in several pilot projects and had positive experiences with the solution, which were also confirmed in tenant surveys. The joint venture will optimise the process for retrofitting hundreds of LEG apartments, make it scalable through the use of digital solutions and provide this solution to the broader market.

Together with the Fraunhofer institutes UMSICHT and FIT, at the start of 2023 we launched the Future iQ research and development cluster project (integral neighbourhood solutions), which is supported by the German Federal Ministry for Economic Affairs and Climate Action. The project centres around implementing and testing innovative energy supply concepts in practice in two archetypal neighbourhoods in Gelsenkirchen and Cologne, whose building and ownership structure allows for rapid, broad implementation and offers considerable potential for expanding the concept to the housing industry as a whole. The first four-year project phase will lay the foundations for accelerating and preparing innovative solutions. This involves developing and testing ways to equitably reduce carbon emissions in existing neighbourhoods of apartment buildings. Tenants in both neighbourhoods are kept up to date with the project's progress. Construction work is scheduled to begin in Cologne in 2024 and in Gelsenkirchen in 2025.

In addition, LEG is a founding member of "Initiative Wohnen.2050", a cooperative association set up by housing companies to support a carbon-neutral future. LEG also supports studies, advises and comments on various publications by a range of institutes on climate protection and maintains dialogue with politicians at federal and state level to actively contribute its expertise to the discussion and develop viable solutions.

LEG's core business is portfolio management, and achieving the German climate protection targets will depend on this portfolio as well. Nevertheless, we are also committed to protecting the climate in our more modest new construction business, which is being phased out moving forwards. All three ongoing projects will satisfy the Efficiency House 55 standard in accordance with the German Federal Funding for Efficient Buildings (BEG), which requires primary energy requirements to be 45 % lower than those of a benchmark building under the Gebäudeenergiegesetz (GEG – German Building Energy Saving Act). Our new builds are fitted with an environmentally friendly source of heating, good insulation, energy saving windows and the option to install green roofing.

In 2023, LEG thus helped to gradually increase the availability of affordable and environmentally friendly housing right where it is needed, without losing sight of economic viability for tenants. However, given the massive rise in construction costs and interest rates combined with poorer subsidy conditions, new construction at affordable rents is no longer feasible. After weighing up climate aspects and the social and economic environment, the company therefore made the decision in November 2022 to suspend its project development business after completing projects that are already underway.

Further KPIs for the environment action area > see GRI table.

Key area: society

Neighbourhood development

In addition to the condition of one's own four walls, people's living environment is vital to their quality of life. As a responsible landlord, LEG is thus committed to systematically maintaining and constantly improving an environment worth living in for our tenants. As well as creating stable neighbourhoods, one of LEG's objectives is to help solve social challenges in the long term. This includes providing affordable housing with 19.3 % price-controlled apartments and an actual rent below the median asking rent in North Rhine-Westphalia, taking into account changing living conditions. Satisfied residents and full occupancy in almost all of our properties, with a vacancy rate of 2.4 % in 2023, are proof of stable and attractive neighbourhoods. At the same time, in the long-term LEG relies on strategic management combined with targeted, moderate investments in modern living standards and in safety, order, cleanliness and environmental responsibility. LEG also aims to strengthen its reputation as a reliable property company and partner to local communities.

We attach great value to individual neighbourhood management and development approaches that address the specific challenges faced by the particular residential areas, develop properties' potential and boost management efficiency. This requires a broad range of measures that strengthen social cohesion, improve quality of life and housing and create infrastructure for the future, including sensitive occupancy management and providing housing to people who would otherwise struggle to find affordable housing on the free housing market. For example, people who have experienced being refugees, have lost their home, vulnerable social groups and single parents often face considerable challenges in finding suitable permanent housing. To help provide these people with a home, LEG has a policy commitment to consult with various municipalities, associations and initiatives.

LEG maintains a close dialogue with local, regional and federal governments. It has always had close ties with local municipalities, thanks in part to being a former state holding.

Given how relevant the "residential" product is to society, ongoing consultation with local councils is extremely important. Maintaining a close dialogue is particularly important to us when it comes to involving cities and communities in the early stage of projects, modernisation work and climate measures or providing strategic support for urban development work. Neighbourhood initiatives and meeting places, listening to complaints and working with municipal service companies are also part of discussions with local authorities, as well as with representatives at other levels. LEG's branches arrange a continuous dialogue with the administrative bodies of towns, cities and communities. In addition, in 2020 it launched a systematic dialogue programme with municipal representatives headed by LEG's COO, Dr Volker Wiegel. Numerous corresponding meetings were held again in 2023. In 2023, LEG also further intensified its involvement in industry associations and direct exchanges at the local, state and federal political level through various legal initiatives, such as the Gebäudeenergiegesetz (GEG – German Building Energy Saving Act). To present its innovative solutions for achieving climate targets, LEG and its partner companies organised the first Parliamentary Evening in Berlin in September 2023. Discussions focused on affordable climate protection in the building sector.

Furthermore, by establishing the "Your Home Helps" Foundation at the end of 2019, with endowment assets of EUR 21 million, LEG created a basis to make an even stronger commitment to social responsibility and to step up its efforts to create more stable neighbourhoods worth living in and a good environment for people who live in LEG apartments or in the neighbourhood.

The foundation supports the expansion of existing social projects, while also helping launch new projects needed in the neighbourhoods together with charitable and municipal network partners. For example, LEG opened the "Quartierstreff am Brunnen" meeting place in Bocholt-Friedhofsviertel in the reporting year. At the new centre of the Friedhofsviertel neighbourhood, the project "Leben im Alter e. V." (L-i-A) offers care and housing advice and runs creative and exercise classes and cultural events for the local community. With the financial support of the foundation, a similar free two-year programme (06/23 to 05/25) was also set up for tenants in the Eppmannssiedlung residential area in Gelsenkirchen-Hassel for senior citizens in particular.

To consolidate its approach of helping where it is really needed, the foundation has built up its own team of social managers in addition to the points of contact. The team of eight social managers has been complete since October 2023. It works to systematically pinpoint problem areas, identify emergency situations that tenants face and help to guide them to local support networks. Social spaces are analysed and the development of networks and their maintenance are focused on. This sustainable, structural support offers prospects to neighbourhood residents and those in need of help. Top priorities include help for children living in challenging circumstances, educational support, day-to-day living assistance for seniors, support services for families, and support with illnesses or addiction and acute challenges such as those posed by the energy crisis.

Neighbourhood and intercultural exchange are also promoted by holding joint events, and so tenant parties are an integral part of LEG's neighbourhood management. Tenant parties are organised professionally using a neighbourhood database – LEG has a formal system for identifying local communities of interest in the neighbourhoods. As in the previous year, the focus in the reporting year was on holiday activities for families, such as the interactive circus. Once again, neighbourhoods at all LEG branches benefited from the event measures.

The long-standing "LEG NRW Tenant Foundation" is also involved. In the financial year, it set up 32 (previous year: 39) charitable and 96 non-profit projects (previous year: 100), providing around EUR 142,000 (previous year: EUR 182,200) in funding for social cohesion in our neighbourhoods and the welfare of our tenants.

Not audited by Deloitte

GRI key figures

In order to manage the topics identified as highly material, we gauge our sustainability performance on the basis of specific key performance indicators. These – and also the key performance indicators from the non-financial report – are shown in the following tables. Unless indicated otherwise, the key performance indicators relate to the financial year in question and the entire LEG Group (i.e. all consolidated companies as per the consolidated annual financial statements). The figures shown here are typically rounded to one decimal place, which can cause minor deviations in totals.

Key area: business

Key performance indicator(s)	Unit	2021	2022	2023	GRI standards
Scale of the organisation					
Total number of employees[1]	Number	1,770	2,040	2,003	102–07
Total number of operations (NL)	Number	7	8	8	
Net sales[2]	€ million	522	413.5	581.6	
Total capitalisation broken down in terms of debt and equity[3]	%	43	43.9	48.4	
Quantity of products or services provided[4]	Number	166,189	167,040.0	166,546.0	
Direct economic value generated and distributed					
Direct economic value generated: revenues[5]	€ million	684	799.1	834.3	201–01
Economic value distributed[6]	€ million	253	510.8	406.0	
CRE sector supplement: payments to government[7]	€ million	4	10.5	3.0	
Economic value retained[8]	€ million	431	288.3	428.3	
Confirmed incidents of corruption and actions taken					
Total number and nature of confirmed incidents of corruption[9]	Number	1	0	0	205–03
Total number of confirmed incidents in which employees were dismissed or disciplined for corruption[10]	Number	1	0	0	
Total number of confirmed incidents when contracts with business partners were terminated or not renewed due to viola-tions related to corruption[11]	Number	0	0	0	
Public legal cases regarding corruption brought against the organisation or its employees during the reporting period and the outcomes of such cases	Number	–	–	–	

[1] Average number of employees.
[2] Equates to the revenue from renting and leasing.
[3] The figures equate to the loan to value ratio, i.e. net debt in relation to the real estate assets.
[4] Equates to the number of residential units within the LEG portfolio.
[5] Equates to the net rent (excl. utilities and services costs) from renting and leasing.
[6] Equates to the expenses from renting and leasing.
[7] Equates to net income tax payments in accordance with the statement of cash flows.
[8] Equates to the difference between net rent (excl. utilities and service costs) and expenses.
[9] Relates to all confirmed cases of corruption, bribery and the granting or receiving of advantages.
[10] 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.
[11] 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.

Key area: business

Key performance indicator(s)	Unit	2021	2022	2023	GRI standards
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 organisation has been identified as a participant[1]	Number	0	0	0	206–01
Important events of concluded legal actions, including all decisions and judgements[2]	Number	–	–	–	
Non-compliance with environmental laws and regulations					
Total monetary value of significant fines[3]	€	0	0	0	307–01
Total number of non-monetary sanctions[4]	Number	0	0	0	
Cases brought through dispute resolution mechanisms[5]	Number	0	0	0	

[1] Number of pending and concluded legal actions and cases is disclosed.
[2] There were no legal proceedings on the basis of violations of competition law.
[3] Fines of EUR 100,000 or more are considered significant.
[4] Repressive, i. e. punitive, measures for past misconduct not consisting of a monetary sanction are reported.
[5] Dispute resolution mechanisms are reported, i. e. judicial proceedings and out-of-court dispute resolution based on mediation or conciliation.

Key area: tenants

Key performance indicator(s)	Unit	2021	2022	2023	GRI standards
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[1]	%	99.8	99.1	99.7	416–01
Substantiated complaints concerning breaches of customer privacy and losses of customer data					
Complaints received from outside parties[2] and substantiated by the organization	Number	10	0	0	418–01
Complaints from regulatory bodies	Number	3	1	1	
Total number of identified leaks, thefts, or losses of customer data[3]	Number	1	2	5	

[1] Percentage of LEG portfolio buildings for which safety checks were performed in the year under review is reported.
[2] "Outside parties" refers to any external party.
[3] Reported is the number of reportable breaches of personal data in line with Article 33 EU General Data Protection Regulation.

Key area: employees

Key performance indicator(s)	Unit	2021	2022	2023	GRI standards
Information on employees and other workers					
Total number of employees by employment contract (permanent and temporary) and gender[1]					102–08
Total number of employees	Number	1,770	2,040	2,003	
Of which women	Number	625	711	687	
Of which men	Number	1,145	1,329	1,316	
Of which temporary	Number	139	172	127	
Of which women	Number	68	79	36	
Of which men	Number	71	93	91	
Total number of employees by employment type (full-time and part-time) and gender[2]					
Full-time	Number	1,018	1,750	1,752	
Of which women	Number	403	497	498	
Of which men	Number	615	1,253	1,254	
Part-time	Number	252	290	251	
Of which women	Number	172	215	189	
Of which men	Number	80	75	65	
Collective agreements					
Percentage of employees covered by LEG collective agreements[3]	%	64.2	63.4	60.4	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					401–01
Total[4]	Number	175	311	212	
Rate[4]	%	14.0	15.3	10.4	
Of which women[5]	%	42.9	31.6	28.8	
Of which men[5]	%	57.1	68.4	71.2	
Under 30 years old[5]	%	35.7	34.7	30.7	
30–50 years old[5]	%	50.0	47.1	53.8	
Over 50 years old[5]	%	14.3	18.2	15.6	
Total number and rate of employee turnover during the reporting period by age group gender and region					
Total[6]	Number	79	263	227	
Rate[6]	%	6.2	13.5	11.2	
Of which women[5]	%	40.3	32.9	30.5	
Of which men[5]	%	59.7	67.1	69.5	
Under 30 years old[5]	%	16.1	19.6	19.1	
30–50 years old[5]	%	48.4	40.8	52.3	
Over 50 years old[5]	%	32.3	39.6	28.6	

[1] The figures do not include employees in the passive stage of partial retirement, employees on parental leave at the reporting date, employees with no further claim to insurance benefits and trainees. The temporary employment figures do not include trainees.
[2] The figures do not include employees in the passive stage of partial retirement, employees on parental leave at the reporting date, employees with no further claim to insurance benefits and trainees.
[3] LEG employees covered by the LEG collective agreements. Managerial employees and employees not covered by collective agreements are not included in LEG collective agreements. Employees with no further claim to insurance benefits, trainees and students are not included in the calculation.
[4] Not including trainees, casual workers or students.
[5] Not including trainees, casual workers, students or employees of LWS Plus GmbH.
[6] Not including the departure of trainees, casual workers or students.

Key area: employees

Key performance indicator(s)	Unit	2021	2022	2023	GRI standards
Work-related injuries					
Number of employees					403–09
Deaths resulting from work-related injuries					
Number[1]	Number	0	0	0	
Rate[1]	%	0	0	0	
Work-related injuries with severe consequences (excluding deaths)					
Number[1]	Number	0	0	1	
Rate[1]	%	0	0	0.1	
Documented work-related injuries					
Number[2]	Number	27	28	61	
Rate[3]	%	3.6	3.0	5.8	
Hours worked[4]	Number	1,522,337	1,870,927	2,454,611	
Staff who are not employees but whose work and/or working place is controlled by the organisation[1]	Number	–	–	–	
Work-related illnesses					
Absence rate[5]	%	4.5	6.9	6.8	403–10
Average hours of training per year per employee[6]					
Number of employees who participated in a seminar or other training measure during the reporting period	Number	888	1,449	1,538	404–01
Cumulative number of seminar days in the reporting period	Number	2,133	2,715	3,048	
Percentage of employees receiving regular performance and career development reviews					
Percentage of total employees who received a regular performance and career development review in the reporting period	%	83.1	86.8	83.0	404–03
Women[7]	%	35.0	44.5	43.7	
Men[7]	%	65.0	55.5	56.3	

[1] No surveys are carried out in this respect.
[2] According to first aid log entries (not including TSP, Biomasse Heizkraftwerk Siegerland or RENOWATE).
[3] Based on 200,000 hours (excluding TSP, Biomasse Heizkraftwerk Siegerland and RENOWATE).
[4] As at 6 January 2023 (not including TSP, Biomasse Heizkraftwerk Siegerland or RENOWATE).
[5] An absence rate for LEG is determined. This excludes TechnikServicePlus GmbH and LWS Plus GmbH as they are not settled using the SAP system. Casual workers, trainees and students are not included in the calculation. Days absent is divided by total possible days.
[6] The employees of TechnikServicePlus 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.
[7] The employees of TechnikServicePlus GmbH, EnergieServicePlus, Biomasse Heizkraftwerk Siegerland GmbH & Co. KG and LWS Plus GmbH as well as apprentices, casual workers, students, employees with no further claim to insurance benefits, trainees, employees on parental leave and in the passive stage of partial retirement are not included.

Key area: employees

Key performance indicator(s)	Unit	2021	2022	2023	GRI standards
Diversity of governance bodies and employees					
Percentage breakdown of people in governance bodies by:					405–01
Gender[1]					
Women	%	14.3	33.3	33.3	
Men	%	85.7	66.7	66.7	
Age[1]					
under 30 years old	%	0.0	0.0	0.0	
30–50 years old	%	14.3	16.7	16.7	
over 50 years old	%	85.7	83.3	83.3	
Percentage of employees per employee category by:					
LEG (total)[2]					
Gender					
Women	%	45.0	34.9	34.4	
Men	%	55.0	65.2	65.7	
Age					
under 30 years old	%	14.0	18.4	16.7	
30–50 years old	%	48.0	48.6	49.8	
over 50 years old	%	38.0	33.0	33.5	
LEG Wohnen[2]					
Gender					
Women	%	44.0	43.4	44.1	
Men	%	56.0	56.7	55.9	
Age					
under 30 years old	%	15.0	15.9	14.0	
30–50 years old	%	47.0	48.2	50.2	
over 50 years old	%	38.0	35.8	35.8	
LEG management[2]					
Gender					
Women	%	58.0	57.6	55.6	
Men	%	42.0	42.4	44.4	
Age					
under 30 years old	%	8.0	32.1	27.0	
30–50 years old	%	51.0	38.6	39.1	
over 50 years old	%	41.0	29.4	33.9	
Special companies[2]					
Gender					
Women	%	30.0	16.7	16.4	
Men	%	70.0	83.3	83.6	
Age					
under 30 years old	%	12.0	17.0	16.7	
30–50 years old	%	53.0	52.3	52.3	
over 50 years old	%	35.0	30.8	31.0	

[1] The figures relate to the seven members of the Supervisory Board.
[2] The figures do not include employees in the passive stage of partial retirement, employees on parental leave at the reporting date (31 December), employees with no further claim to insurance benefits and trainees.

Key area: environment

Key performance indicator(s)	Unit	2021	2022	2023	2021 lfl	2022 lfl	GRI standards
Energy consumption within the organisation (administrative offices)							
Fuel consumption from non-renewable sources[1]							302–01
Diesel	MWh	614	1,935	1,912			
Heating oil	MWh	1,044	1,044	2,116			
Regular petrol	MWh	0	0	0			
Premium petrol	MWh	711	887	1,069			
Fuel consumption from renewable sources[2]	MWh	478,275	448,489	496,763			
Electricity consumption[3]	MWh	382	1,153	639			
Heating energy consumption[3]	MWh	2,265	4,341	5,619			
Heating sold[4]	MWh	1,982	2,198	2,141			
Electricity sold[5]	MWh	100,650	86,853	91,106			
Energy consumption outside the organisation (housing portfolio)							
Total electricity consumption (communal areas)	MWh	25,282	26,315	–	25.068	25.052	302–02
Total heating energy consumption (rental units)[6]		1,554,682	1,473,851	1,432,984			
of which natural gas	MWh	1,038,037	997,655	964,678			
of which heating oil	MWh	55,235	33,935	32,952			
of which district heating	MWh	409,816	406,808	400,539			
of which other energy sources	MWh	51,594	35,453	34,815			
Energy consumption outside the organisation (housing portfolio)							
Building energy intensity[7]	kWh/m² a	147	140	136			302–03
Type and number of sustainability certification							
Percentage of residential buildings by energy efficiency certificates[8]							302–05
Energy efficiency level A+	%	0.4	0.3	0.4			
Energy efficiency level A	%	0.3	0.3	0.5			
Energy efficiency level B	%	2.6	2.5	3.8			
Energy efficiency level C	%	10.6	10.2	12.5			
Energy efficiency level D	%	25.8	25.1	29.1			
Energy efficiency level E	%	20.3	19.9	21.0			
Energy efficiency level F	%	17.7	17.5	17.2			
Energy efficiency level G	%	11.3	13.8	10.2			
Energy efficiency level H	%	11.2	10.5	5.4			

[1] The figures relate to LEG's vehicle fleet and company cars with the exception of TechnikServicePlus GmbH and the heating oil consumption of Biomasse Heizkraftwerk Siegerland. Energy consumption was calculated on the basis of the respective fuel consumption levels. Not included: Business trips taken by LEG employees in their own vehicles. Vehicle charging outside the internal charging infrastructure. Regular petrol is no longer used.

[2] 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.

[3] All administrative buildings are reported from the 2020 calendar year onwards. Information was provided from 13 locations, both internally and externally rented properties for 2023. Only consumption at headquarters in Dusseldorf was reported in previous years.

[4] This figure relates exclusively to the district heating supplied by Biomasse Heizkraftwerk Siegerland.

[5] This figure relates exclusively to the electricity fed into the public grid by Biomasse Heizkraftwerk Siegerland. In 2019, the co-generation plant was not in operation for almost three months due to a major overhaul of the turbines. As a result, electricity fed into the public grid in 2019 was considerably lower.

[6] The extrapolated figure for the 2022 reporting year is based on the reported consumption data for 2021. All the portfolio properties of the consolidated portfolio companies as at 31 December 2023 were included.

[7] Includes the heating energy consumption from the projection for all portfolio properties of the consolidated portfolio companies as at 31 December 2023 based on the lettable space.

[8] Included are buildings with sustainability certificates and residential building energy clustering in line with the classification specifications of the legislator. 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 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. The changes compared with the previous year relate to acquisitions and energy efficiency upgrades to portfolio properties.

Key area: environment

Key performance indicator(s)	Unit	2021	2022	2023	2021 lfl	2022 lfl	GRI standards
Water withdrawal by source (housing portfolio)							
Total volume of water withdrawn[1]	m^3	5,511,321	5,456,644	–	5,436,647	5,270,386	303–03
Building water intensity	m^3/m^2	1	1	–	1	1	
Total direct greenhouse gas (GHG) emissions (Scope 1)							
Administrative offices							305–01
Gross direct (Scope 1) GHG emissions[2]	tCO_2e	820	1,698	2,271			
Biogenic CO_2 emissions[3]	tCO_2e	12,913	12,109	13,413			
Housing portfolio							
Biogenic CO_2 emissions[4]	tCO_2e	0	0	–			
Gross direct (Scope 1) GHG emissions[5]	tCO_2e	236,859	215,660	208,660			
Energy indirect (Scope 2) GHG emissions							
Administrative offices							305–02
Gross location-based energy indirect (Scope 2) GHG emissions	tCO_2e	509	704	577			
Housing portfolio							
Gross location-based energy indirect (Scope 2) GHG emissions for communal areas (electricity only)[6]	tCO_2e	1,877	3,776	–	1,830	3,498	
Gross location-based energy indirect (Scope 2) GHG emissions for rental units (heating energy only)[7]	tCO_2e	115,414	118,212	116,329			
Gross market-based energy indirect GHG emissions for rental units (heating energy only)[8]	tCO_2e	62,505	65,564	63,603			

[1] Only water withdrawals (fresh water consumption) by the municipal water supply or other public or private waterworks are reported, as other sources are not relevant. Water consumption is based on fully consolidated rental properties (commercial, residential) as at 31 December 2022 and 31 December 2021, for which the cold water and/or hot water items were allocated to tenants or recorded separately from waste water as part of integrated billing depending on consumption. In 2022, this applied to 77,881 residential and commercial properties and thus around 46 % of the portfolio (2021: 75,623 residential and commercial properties or 45 % of the portfolio). Consumption from settlements during the year are not taken into account. In addition, the figures do not include the water consumption of business units consisting of mixed-use tenant-privatised rental properties and rental properties under external management. The like-for-like analysis includes 77,881 rental properties. Consumption for 2023 can only be determined after the editorial deadline for this Sustainability Report in the course of 2024.

[2] Figures relate exclusively to the aforementioned energy consumption volumes. Only CO_2 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 the Germany Federal Environment Agency were used (in particular: BMU: in particular –"CO_2-Emission Factors for Fossil Fuels" (15 April 2016); BMU: "Determining Specific Greenhouse Emission Factors for District Heat"; BMU: "Development of the Specific Carbon Dioxide Emissions of the German Electricity Mix between 1990 and 2017"). The CO_2 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 compared to previous years is essentially on account of the substantially higher heating oil consumption at Biomasse Heizkraftwerk Siegerland. The prior-year figures were corrected for an arithmetical error.

[3] Includes the CO_2 emissions equivalent for electricity generation and district heating less the indirect CO_2 emissions caused by the combustion of heating oil for at Biomasse Heizkraftwerk Siegerland.

[4] Due to the selective use of renewable energies, there are no significant CO_2 equivalents for biogenic CO_2 emissions.

[5] 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 the German Federal Office of Economics and Export Control were used, especially the information leaflet on CO_2 factors (11/2021).

[6] 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 the Germany Federal Environment Agency were used (in particular: BMU: in particular – "CO_2-Emission Factors for Fossil Fuels" (excerpt, 15 April 2016); BMU: "Determining Specific Greenhouse Emission Factors for District Heat"; BMU: "Development of the Specific Carbon Dioxide Emissions of the German Electricity Mix between 1990 and 2017"). The conversion factors between electricity emissions and electricity consumption were calculated on the basis of samples of electricity bills from utility companies and the emissions for specific rates/utility companies indicated here in the individual financial years. The reduction in CO_2 emissions for electricity is essentially due to the lower CO_2 emissions caused by electricity generation by the main utility company.

[7] 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 the German Federal Office of Economics and Export Control were used, especially the information leaflet on CO_2 factors (11/2021).

[8] 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 the German Federal Office of Economics and Export Control were used, especially the information leaflet on CO_2 factors (11/2021). Utility-specific, certified figures were used for the district heating emission factors where available.

Key area: environment

Key performance indicator(s)	Unit	2021	2022	2023	2021 lfl	2022 lfl	GRI standards
Energy indirect (Scope 3) GHG emissions							
Gross energy indirect (Scope 3) GHG emissions for rental units	tCO_2e	–	228,546	213,048			305–03
Waste by type and disposal method							
Administrative offices							306–03
Total weight of hazardous waste[1]	t	–	–	–			
Total weight of non-hazardous waste[2]	t	1,629	1,982	2,225			
Housing portfolio							
Total weight of hazardous waste[3]	t	–	–	–			
Total weight of non-hazardous waste	t	29,809	30,901	31,593			
Residual waste	t	18,106	18,398	18,812			
Recyclable materials (lightweight packaging, Green Dot materials)	t	1,912	1,965	2,045			
Paper, card, cardboard packaging	t	8,657	9,215	9,398			
Biodegradable waste	t	1,135	1,323	1,338			
Total weight of hazardous and non-hazardous waste[4]	t	–	–	–			

[1] No hazardous waste is generated in the administrative offices.
[2] All administrative buildings are reported from the 2020 calendar year onwards. Information was provided from 13 locations, both internally and externally rented properties for 2023. Only consumption at headquarters in Dusseldorf was reported in previous years.
[3] Hazardous waste is generated in the course of renovating and modernising buildings and apartments. However, the exact volume is not recorded, 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.
[4] N. a. as there are no data for hazardous waste.

Key area: society

Key performance indicator(s)	Unit	2021	2022	2023	GRI standards
Operations with local community engagement, impact assessments, and development programs					
Branches that implemented neighbourhood measures in the reporting period	%	100	100	100	413–01
Neighbourhood measures implemented	Number	50	91	59	
Percentage of cooperations with local communities	%	–	11	29	
Percentage of cooperation measures[1]	%	–	41	7	

[1] All measures include the city as a partner.

Dusseldorf, 3 March 2024

LEG Immobilien SE, Dusseldorf
The Management Board

LARS VON LACKUM **DR KATHRIN KÖHLING** **DR VOLKER WIEGEL**